

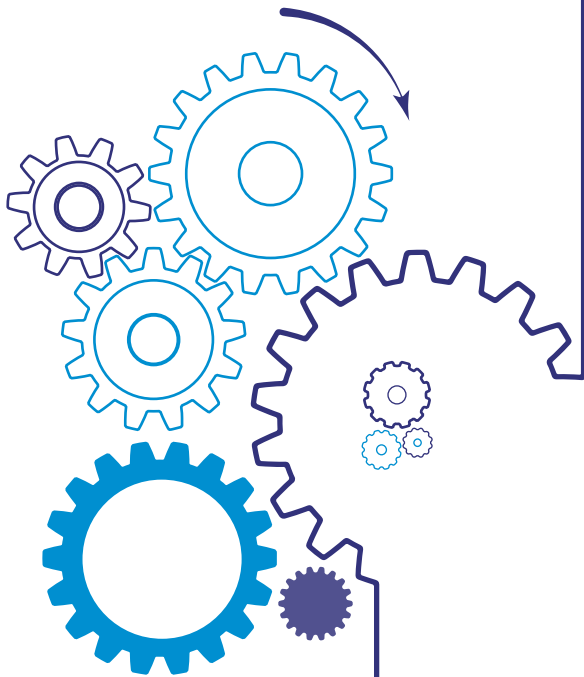
Powering Progress

Annual Report 2019



Community Bank

• Trust • Security • Progress



Powering Progress

Customer expectations are shifting due to disruptive technologies. At Community Bank, we appreciate and embrace change. In fact, company's initiation took place to adapt to disruptive forces that will guide us into the coming decades of change.

We believe utilities of the future not only will continue to play a central role for customers, for communities and for the world around us, but also that they must play that role to ensure easy access to those benefits.

At Community Bank we are also responsible to take into account environmental, social and governance issues that have real and quantifiable financial impacts over the long-term for our company, the business and people in which we invest. Long-term responsibility and sustainability are integrated into our business model and shareholder value creation framework and in the way we conduct our business, serve our clients and give back to the communities in which we and our clients live and work. We emphasize on inclusion and diversity that will be key to our success to power the future. By fully leveraging our diverse experiences, backgrounds and insights, we can inspire innovation, challenge the status quo and create better outcomes for our people, our clients and nation at large.

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Letter of Transmittal

Honorable Shareholders of the Bank
Bangladesh Bank
Bangladesh Securities and Exchange Commission
Financial Reporting Council
Registrar of Joint Stock Companies & Firms

Dear Sir (s),

Annual Report of Community Bank Bangladesh Limited for the year 2019.

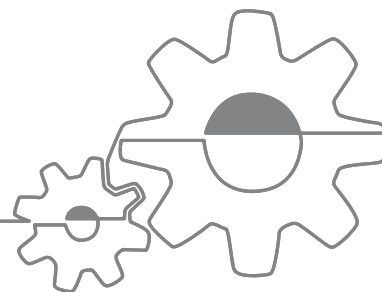
We are pleased to present a copy of Annual Report of the Bank together with the Audited Financial Statements as on December 31, 2019 of Community Bank Bangladesh Limited. The Annual Report-2019 of the Bank comprises Balance Sheet, Profit and Loss Account, Statement of Changes in Equity, Cash Flow Statement along with the Notes to the Accounts for your kind information and record.

With best regards,

Sincerely yours,



Saiful Alam, FCS
EVP & Company Secretary



Notice of the 1st Annual General Meeting

Notice is hereby given that the 1st Annual General Meeting (AGM) of the Honorable Members/Shareholders of Community Bank Bangladesh Limited (the Bank/ the Company) will be held on Saturday, March 28, 2020 at 11.30 a.m. at Police Plaza Concord (Tower-2, Level-10) Gulshan, Dhaka, Bangladesh to transact the following business:

Agenda

1. To receive, consider and adopt the Audited Financial Statements of the Company together with the Auditors' Report thereon and the Directors' Report for the period ended December 31, 2019.
2. To elect/re-elect Directors.
3. To confirm appointment of External Auditors (Post facto approval) for the period ended December 31, 2019 and new appointment of External Auditors for the year 2020 and fix up their remuneration.
4. To confirm appointment of Corporate Governance Compliance Auditors (Post facto approval) for the year 2019 and new appointment for the year 2020 regarding certification on compliance of Corporate Governance Code of BSEC and fix up their remuneration.

By order of the Board of Directors

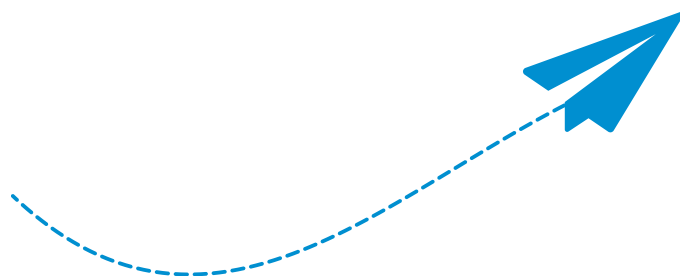


Saiful Alam, FCS
EVP & Company Secretary

Dated: Dhaka
March 12, 2020

Vision

Reach out to the members of different communities with innovative banking service.



Mission

Deliver seamless services to the clients.

Emphasize development of human capital.

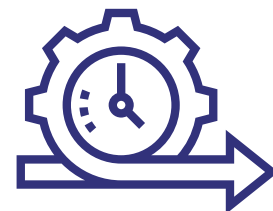
Adopt state-of-the-art technology to ensure transparency and accountability.

Abide by the rules and regulations to establish the highest level of corporate governance.

Offer services to the unbanked members of different communities to include them in the banking system gradually.

Brand Pillars

Community Bank runs on three building blocks i.e. *Trust, Security and Progress.*



Corporate Profile

Registered Name of the Company	Community Bank Bangladesh Ltd.
Legal Form	A public limited company & Scheduled Bank. Sponsor Shareholder: Bangladesh Police Kallyan Trust
Capital (December 31, 2019)	Authorized Capital: BDT 1000,00,00,000.00 (Taka One Thousand Crore) Paid-up Capital: BDT 400,00,00,000.00 (Taka Four Hundred Crore) Face value per share: BDT 10.00 (Taka Ten)
Company Registration No	C-147611/2018
Bangladesh Bank License	BRPD (P-3)745(71)/2018-8337; Date: 01 November 2018
Tax Payer Identification No	136115643249
VAT Registration No	001810084-0101
Chairman	Dr. Mohammad Javed Patwary, BPM (Bar) Inspector General, Bangladesh Police
Managing Director & CEO	Mr. Masihul Huq Chowdhury
Company Secretary	Mr. Saiful Alam, FCS
Chief Financial Officer	Mr. Benozeer Ahmed, FCMA, CPA
Statutory Auditors	A. Qasem & Co. Chartered Accountants
Corporate Governance Certificate Issuer	Suraiya Parveen & Associates
Registered Office & Head Office	Police Plaza Concord (Level 10, Tower 2) Plot 2, Road 144, Gulshan 1, Dhaka 1212, Bangladesh
Website of the Bank	www.communitybankbd.com

Milestones



Chairman's Statement



“Thanks to the massive developmental initiatives of the government. The encouraging bit here is that the honorable Prime Minister herself established the very foundation of Bangladesh Police Kallyan Trust in 2000 for the welfare of police members. With the core values Trust, Security and Progress - Community Bank Bangladesh Limited has already started its journey under Bangladesh Police Kallyan Trust.”

Dr. Mohammad Javed Patwary, BPM (Bar)
Inspector General, Bangladesh Police

Chairman's Statement

The year 2020 is a unique year for our nation, as this year would be observed as 'Mujib Borsho' across the country to mark the birth centenary of Father of the Nation Bangabandhu Sheikh Mujibur Rahman. The present democratic government, defying all odds, has been working relentlessly to build a 'Golden Bangladesh' as Bangabandhu dreamt of. In line with the aspirations of our people, our government has achieved enviable success in all indicators of development. Father of the Nation Bangabandhu Sheikh Mujibur Rahman had gifted the nation an independent country while his daughter 'Mother of Humanity', Honorable Prime Minister Sheikh Hasina is making great strides towards development of the country by her prudent leadership.

Our government's development spectrum has similarly extended to Bangladesh Police, the prime law enforcing organization of the country. We are happy to note that government considers the budgetary allocation for Police to be an investment rather than expenditure. There have been substantive qualitative changes in Police. Thanks to the massive developmental initiatives of the Government. The encouraging bit here is that the honorable Prime Minister herself established the very foundation of Bangladesh Police Kallyan Trust in 2000 for the welfare of police members. With the core values Trust, Security and Progress - Community Bank Bangladesh Limited has already started its journey under Bangladesh Police Kallyan Trust.

I express my heartiest gratitude to the Honorable Prime Minister for launching the Community Bank Bangladesh Limited through video conferencing on 11 September 2019. We aim to run the Bank in the light of the dreams of Bangabandhu Sheikh Mujibur Rahman to reach out even to the grassroots people. I also express my heart-felt thanks to the Governor of Bangladesh Bank, Mr. Fazle Kabir for gracefully issuing Banking license.

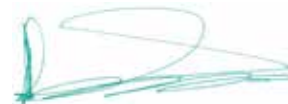
Community Bank Bangladesh Limited is owned by Bangladesh Police Welfare Trust. The paid up capital (BDT 400 Crore) of the Bank was raised from the salary contribution of the members of Bangladesh Police. High officials from Bangladesh Police are appointed as Directors and highly qualified professionals from different fields like Chartered Accountants, Banking Professional and Educationist have been appointed as Independent Directors of the Bank. I believe, under the able guidance of such experts, the Bank will thrive by ensuring the highest level of corporate governance.

To ensure efficient service, the Bank has incorporated state-of-the-art Core Banking System, stronger IT infrastructure, user-friendly products and services and transparent recruitment policies. I wish to believe, such corporate governance and efficient service will result in the strong growth and flourishing of the bank.

I would expect that in order to increase their competitive edge, this Bank must seek continuous change and innovation in service delivery process and constantly evolve to match the client's demand for satisfaction.

I would like to convey my heartfelt appreciation to all the stakeholders of the Bank who have all along trusted and supported us for the launching of the bank. I thankfully acknowledge the all-out cooperation of the print and electronic media during the entire process.

May the Almighty Allah bless our journey towards excellence.



Dr. Mohammad Javed Patwary, BPM (Bar)
Inspector General, Bangladesh Police

Statement from Managing Director & CEO



“We are committed to strengthen our risk management framework, audit procedures and embed sound internal control system in the business, process and operation. We promise to set a very high compliance standard to establish ourselves as a well-governed Bank in Bangladesh.”

Masihul Huq Chowdhury
Managing Director & CEO

Statement from Managing Director & CEO

Bismillahir Rahmanir Rahim,

By the grace of Almighty Allah, it is my immense pleasure to present the performance and position of the company since incorporation till 31 December 2019. The Honourable Prime Minister of People's Republic of Bangladesh gave concern to the demand from Bangladesh Police force for the long-cherished dream of having a Bank of their own. As a result of that and with the kind consent and support of the Regulators, the Community Bank Bangladesh Limited was formed on 10 October 2018 and subsequently received its Banking License as a Scheduled Commercial Bank from Bangladesh Bank on 1 November 2018. The Honorable Prime Minister inaugurated the launch of commercial operation of the Bank on 11 September 2019. The Bank is fully owned by Bangladesh Police Kalyan Trust (BPKT).

Community Bank Bangladesh Limited is a rare example of its own where the capital of the Bank was raised by the members of law enforcing agency on one hand and they are customer of the bank on the other.

Robust core banking software, advanced technology, state-of-the-art data centre and talented workforce made us cover the 64 districts and reach-out to around 200 thousand customers in a short span of time since the commercial launch of the Bank. The Honorable Chairman and Members of the Board of Directors put emphasis on maintaining good corporate governance standard and sound ethical practices in everything that we do, which will lead us to achieving our mission built on the three pillars of the Bank-Trust, Security and Progress.

Going forward, our strategy will revolve around connecting different communities, which will contribute to the economic development of the country through financing Small and Medium Enterprise (SME), Corporates and taking part in large infrastructure for both public and private sector projects. In order to better manage the journey, utmost importance is given towards the development of Human Resources by way of careful recruitment, training and development.

The age of digital era forces us to embrace the technological change and adopt the ways to improve

the efficiency and bring innovations. We have launched Mobile Applications, Community Cash to provide digital service to our valued customers. We are happy to let you know that the client base of this mobile application has reached the top quartile in terms of number of customers and transaction volumes within a few months after the launch.

We pledge to stay vigilant about the regulatory changes, remain transparent and provide adequate disclosures to our customers, shareholders, regulators and other stakeholders. In our journey at Community Bank, we try to build partnership with our stakeholders and promote constructive dialogues with them to make sure that our strategies and decisions are consistent with their expectations.

We are committed to strengthen our risk management framework, audit procedures and embed sound internal control system in the business, process and operation. We promise to set a very high compliance standard to establish ourselves as a well-governed Bank in Bangladesh.

I, on behalf of the Management, would like to take this opportunity to express our heartiest felicitation to the Honourable Chairman of our Bank, Dr. Mohammad Javed Patwary, BPM (Bar), Inspector General, Bangladesh Police for his invaluable guidance, attention and directions. I, would also like to thank the Honourable Members of Board of Directors for their invaluable contribution and express gratitude to the Governor and other Officials of Bangladesh Bank, Bangladesh Securities and Exchange Commission, the Registrar of Joint Stock Companies and Firms, National Board of Revenue and other officials of the regulatory bodies for their continuous support and guidance.

May Allah shower us with the choicest of the blessing in this journey.



Masihul Huq Chowdhury
Managing Director & CEO

Board of Directors



Chairman

Dr. Mohammad Javed Patwary, BPM (Bar)
Inspector General, Bangladesh Police

Directors

Dr. Benazir Ahmed, BPM (Bar)
Additional Inspector General, Bangladesh Police &
Director General, Rapid Action Battalion (RAB)

Dr. Md. Moinur Rahman Chowdhury, BPM (Bar)
Additional Inspector General (A&O), Bangladesh Police,

Mr. Siddiqur Rahman, BPM
Additional Inspector General-APBn, Bangladesh Police (PRL)

Mr. Md. Mohsin Hossain ndc
Additional Inspector General, Railway Police, Bangladesh Police

Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM
Additional Inspector General, CID, Bangladesh Police

Mr. Abu Hasan Muhammad Tarique, BPM
Deputy Inspector General (F&D), Bangladesh Police

Mr. Habibur Rahman, BPM (Bar), PPM (Bar)
Deputy Inspector General, Dhaka Range, Bangladesh Police

Dr. Shoeb Reaz Alam
Additional Deputy Inspector General (Development 1), Bangladesh Police

Mr. Md. Ferdoush Ali Chowdhury
Assistant Inspector General (Welfare Trust), Bangladesh Police,

Mr. Masud Khan FCA, FCMA
Independent Director

Professor Shibli Rubayat UI Islam
Independent Director

Mr. Kazi Masihur Rahman
Independent Director

Managing Director & CEO

Mr. Masihul Huq Chowdhury

Executive Committee



Chairman

Dr. Mohammad Javed Patwary, BPM (Bar)
Inspector General, Bangladesh Police

Members

Dr. Benazir Ahmed, BPM (Bar)
Additional Inspector General, Bangladesh Police &
Director General, Rapid Action Battalion (RAB)

Dr. Md. Moinur Rahman Chowdhury, BPM (Bar)
Additional Inspector General (A&O), Bangladesh Police

Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM
Additional Inspector General, CID, Bangladesh Police

Mr. Md. Ferdoush Ali Chowdhury
Assistant Inspector General (Welfare Trust), Bangladesh Police

Mr. Kazi Masihur Rahman
Independent Director

Managing Director & CEO

Mr. Masihul Huq Chowdhury

Risk Management Committee



Chairman

Dr. Md. Moinur Rahman Chowdhury, BPM (Bar)
Additional Inspector General (A&O), Bangladesh Police

Members

Mr. Siddiqur Rahman, BPM
Additional Inspector General-APBn, Bangladesh Police (PRL)

Mr. Md. Mohsin Hossain ndc
Additional Inspector General, Railway Police, Bangladesh Police

Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM
Additional Inspector General, CID, Bangladesh Police

Mr. Habibur Rahman, BPM (Bar), PPM (Bar)
Deputy Inspector General, Dhaka Range, Bangladesh Police

Audit Committee



Chairman

Mr. Masud Khan FCA, FCMA
Independent Director

Members

Mr. Abu Hasan Muhammad Tarique, BPM
Deputy Inspector General (F&D), Bangladesh Police

Mr. Habibur Rahman, BPM (Bar), PPM (Bar)
Deputy Inspector General, Dhaka Range, Bangladesh Police

Dr. Shoeb Reaz Alam
Additional Deputy Inspector General (Development 1), Bangladesh Police

Professor Shibli Rubayat Ul Islam
Independent Director

Directors' Profile



Dr. Mohammad Javed Patwary, BPM (Bar)

Inspector General, Bangladesh Police
Chairman

Dr. Mohammad Javed Patwary, BPM (Bar) hails from Chandpur District of Bangladesh. He joined Bangladesh Police as an Assistant Superintendent of Police through Bangladesh Civil Service (BCS) Exam in 1984 and topped the merit list in BCS (Police) Cadre. He was appointed as Inspector General of Bangladesh Police on 31 January, 2018.

He obtained his Bachelor's degree with Honours in Social Welfare from University of Dhaka and also completed his Masters from the same university securing first class. In pursuance of academic excellence and professional skills, he did his PhD on 'Combating Terrorism in Bangladesh: Challenges and Prospects' from Jahangirnagar University.

He went on to obtain Post Graduation Certificate in 'Criminal Justice and Police Management' from University of Leicester, UK and Certificate of Achievement in 'Criminal Justice Education' from University of Virginia, USA. He also attended the Crisis Management Program in University of Maryland, USA. He is a graduate of Police Staff College, Bramshill, UK and FBI National Academy, Virginia, USA and received advanced professional training. Dr. Patwary left an indelible mark of distinction at Harvard University while attending 'US-South Asia Leader Engagement Program'.

In his brilliant career spanning over thirty four years, he served in various capacities of Bangladesh Police and upheld his image by maintaining a high degree of professionalism, efficiency, integrity and wisdom. He held many important commanding positions which include Additional Inspector General (Grade-1) of Special Branch, Additional Inspector General of CID, Additional Inspector General at Police Headquarters, Commissioner of Rajshahi Metropolitan Police & Commissioner of Khulna Metropolitan Police.

Dr. Patwary served in four United Nations Peacekeeping Missions and earned accolades in international arena for his outstanding contributions. He was appointed as Deputy Police Commissioner (Acting) in United Nations Mission in Sudan (UNMIS). He served as the Chief of Administration, Missing Persons Unit in United Nations Mission in Kosovo (UNMIK). His international career was also furnished with the exalted position of Chief of Operations in United Nations Mission in Sierra Leone (UNAMSIL) and Station Commander in United Nations Protection Force (UNPROFOR) in Croatia. For his excellent performance in these missions, he was awarded the prestigious UN Medal.

Dr. Patwary immensely contributed to the collection and preservation of documents that led to the penning of the book 'Karagarer Rojnamcha'-the memoir by Father of the Nation Bangabandhu Sheikh Mujibur Rahman. Apart from that, he played significant role in collecting and compiling 'Secret Documents of Intelligence Branch on Father of the Nation Bangabandhu Sheikh Mujibur Rahman'.

After taking over as IGP (Senior Secretary), he took holistic and innovative approaches to address organizational inadequacies and to strictly ensure transparency and accountability of the organization. The recent recruitment process of new constables in Bangladesh Police has earned widespread reputation due to its fairness and transparency which speaks volume for his unwavering commitment in the process.

His pivotal role in addressing terrorism and extremism has earned great admiration and won him twice the most prestigious award of Bangladesh Police Medal (BPM). He also achieved IGP's Exemplary Good Service Badge twice in recognition of his highest professional acumen.

Dr. Patwary is a visiting faculty of Institute of Social Welfare and Research, University of Dhaka and teaches 'Victimology and Restorative Justice' and also Department of Criminology and Police Science, Mawlana Bhashani Science and Technology University, Tangail. He is widely travelled and has attended a number of notable international trainings, seminars and symposiums.

In his personal life, he is married and blessed with two sons and a daughter.

Directors' Profile



Dr. Benazir Ahmed, BPM (Bar)

Director General, RAB Forces
Director

Dr. Benazir Ahmed, BPM (Bar) was born in 1963 in a respectable family in Gopalganj, Bangladesh. He is an exceedingly educated person. Apart from MA, MBA and LLB, he has completed his PhD from the Faculty of "Business Studies" in the University of Dhaka. He has joined Bangladesh Police Service as ASP in February 1988. He has served in various capacities of Bangladesh Police where he proved his professionalism, dedication and excellence. Throughout his professional endeavor, he has served as SP Kishoregonj, DC North-DMP, AIGP- PHQ, DIG (Finance) and DIG (Admin & Op)-PHQ, Police Commissioner-DMP. Moreover, he also had the opportunity to serve as Chief Instructor in Bangladesh Police Academy, Sardah and as Commandant of Police Training Center, Tangail.

Currently Dr. Benazir has been serving as Director General, RAB Forces-the Elite force of Bangladesh Police since January 2015.

Dr. Benazir has served in the UN Mission in Bosnia (UNMIBH) and UN Mission in Kosovo (UNMIK) where he served as the Contingent Commander, Bangladesh Police Contingent. He also worked as the Chief of "**Mission Management & Support Section**", Police Division, Department of Peace Keeping Operations,

United Nations Headquarters, New York, U.S.A and as the OIC of the Police Division of UNDPKO.

He has ornamented and flourished himself with various professional training from home and abroad; out of mentionable are: Comprehensive Security Response to terrorism, Asia Pacific Center for Security Studies, Hawaii, United State of America, Intelligence Analysis & Assessment, Charles Strut University, Canberra, Australia in association with Australian Crime Commission & Australian Federal Police, Anti Money Laundering & Financing of Terrorism, IMF regional Training Center, Singapore, Human Resource Management, UN training Center New York, USA. He also attended a number of Seminar & Workshops relating to Law Enforcement Issues in different countries around the world.

He has profound skills and mastery and specialization on different arena of policing like Terrorism & Terror financing, Intelligence, Organizational Reform, Rebuild, and Restructuring & Change Management. UN appointed him as an Expert member in a Global Level "**Independent Panel**" to review the UN Police Division (December 15- May 16).

Dr. Benazir has been blessed with different accolades, awards and medals for his outstanding and glorious professionalism and dedication among which Inspector General Police Exemplary Good Service Badge, UN Medal for the Service for Peace in Bosnia-1996, in Kosovo-2003, UN HQ, USA-2009 and outstanding Bangladesh Police Medal, (BPM) in 2011, 2012,2014& 2016 are notable.

The Director General is also affiliated with a considerable number of Social Organizations in home and abroad. He is a proud member of IACP (International Association of Chiefs of Police) USA, International Police Association (IPA) UK.

Dr. Benazir is an extensive traveler. He widely traveled in different countries in all 5 continents while on overseas & National assignments.

Dr. Benazir is happily married with Jissan Mirza and blessed with three daughters.

Directors' Profile



Dr. Md. Moinur Rahman Chowdhury, BPM (Bar)
Additional Inspector General (Administration and Operations),
Bangladesh Police
Director

Dr. Md. Moinur Rahman Chowdhury, BPM (Bar) Additional Inspector General (Administration and Operations), Bangladesh Police was born on 03 September 1963 in Satkhira, Bangladesh. He joined Bangladesh Civil Service as Assistant Superintendent of Police on 15 Feb 1988 and took over the charge of present position on 08 May 2019.

Mr. Moinur Rahman received tertiary schooling in University of Dhaka and majored in Public Administration with distinction both at undergraduate and graduate level. He was later on enrolled with American International University Bangladesh and earned Master's degree in Human Resource Management. In furtherance of professional excellence, he pursued doctoral degree and obtained Ph.D. with dissertation "Police reform in Bangladesh: An analysis of the role of selected institutional actors and factors in its implementation" from the department of Public Administration, University of Dhaka in 2018. Dr. Rahman took part in a number of professional courses, workshops, seminars, training programs, symposiums, and conferences at home and abroad. He is credited with publishing a lot of articles on civil administration and criminal justice.

During his illustrious career, Dr. Moinur Rahman served in many operational, tactical and strategic appointments in foreign engagement. Apart from positions of command and control, he worked in

numerous policy decision levels. He occupied the position of Provincial Commander of Zambezia Province, ONUMOZ, Mozambique while in peace keeping missions under United Nations for a span of one year which led to his being awarded with UN medal and badge in 1994. Government of Bangladesh conferred Bangladesh Police Medal (BPM) on him twice in recognition of his best professional standard and practices. Beneath the badges, Mr. Rahman retains the code of ethics in all layers of professional dispensations.

With a view to heightening professional skills and technicalities, he participated in a lot of training programs like basic training in Bangladesh Police Academy, Foundation Training in Bangladesh Public Administration Training Centre, Savar, BCS Orientation Course, Unarmed Combat and Tactics Course, Senior Staff Course, Command Officer Investigation and Court Course, Leadership Development Course, Police Professional Management Course, Hostage Negotiation Course, USA, Traffic Police Administration, Japan, INTERPOL Crisis & Major Event Conference, France, Tetra World Congress 2010, Singapore, National Crime Control Operation Monitoring, Philippine, Police Service Training & Forensic Investigation Facilities Inspection, South Africa.

He served in different criminal administrations ranging from circle to metropolitan area. Apart from occupying the position of SP in three general districts, he held the capacity of Police Commissioner in Chattogram and Khulna for a considerable span of time. During his glorious and dignified career span of 32 years, he has been awarded with the Bangladesh police medals twice for distinguished services.

Insightful administrator and a visionary civil servant, Dr. Moinur assumed the post of Director of Community Bank Bangladesh since its establishment. With a deep insight into financial services inter alia corporate finance, public finance, risk management, wealth management, regulatory and policy experience earned from senior positions in a range of administrative fronts, he continually promises enthusiasm and commitment to serving people which adds immense worth to the management of the bank. His long service life is studded with positions of command and control, unit management, strategic planning, and leadership development.

Mr. Rahman is a well-travelled man with a deep impulse to explore the unknown. He is happily settled in a family of five members including wife and three children. His son stays abroad for higher education and a daughter is studying at school while another daughter pursues higher secondary education at a college in Dhaka.

Directors' Profile



Mr. Md. Mohsin Hossain ndc

Additional Inspector General, Railway Police, Bangladesh Police Director

Additional Inspector General of Police (Addl. IGP) Md. Mohsin Hossain ndc was born in Pirojpur district of Bangladesh. He joined Bangladesh Police Service through 7th BCS in 1988.

He obtained his Bachelor's degree with Honors and Masters in Public Administration from the University of Dhaka. In pursuance of academic excellence and professional skills, he earned another master degree in Human Resource Management from the same university.

In 2016, he attended and added Prestigious National Defense Course (NDC) to his credit. In 2017, he also attended 80th Senior Staff Course, at BPATC, Savar.

In his long 32 years of career, he held various important command and staff appointments that included Superintendent of Police of five different districts. He also rendered his services more than 2 years as Director (Addl. DIG) in Rapid Action Battalion. In 2010, he was promoted to the rank of DIG and served in CID as DIG forensic, DIG crime division etc. He also got his experiences serving as DIG Media & Planning at Police Headquarters. In 2017, he was elevated to the rank of Addl. IGP and was entrusted with the role of leading training wing at Police Headquarters. Presently he has been serving as Additional Inspector General, Railway police. In recognition to his outstanding contribution and distinguished service to Bangladesh police, Addl. IGP Mohsin

Hossain ndc has been awarded with the Inspector General's exemplary Good Service Badge in 1997.

In his international career, he rendered exemplary services in two United Nations-led peacekeeping missions in Mozambique and Liberia and he was adorned with UN medal for his commendable role in peacekeeping missions over there. Addl. IGP Mohsin Hossain ndc attended several professional trainings and seminars both in home and abroad which includes 'Strengthening Government through capacity development of the BCS cadre officials course' in Duke University, USA, 'Senior Crisis Management Seminar' at US Department of State Anti-terrorism Assistance Program in Washington DC, USA and 'International Senior Police Officers Command Course' at Royal Police College, Malaysia. He also visited Thailand, Japan, Bhutan, Indonesia and Vietnam.

In his personal life, Addl. IGP Mohsin is married with Mrs. Foyzun Nahar and blessed with two sons and one daughter. His hobby is reading books and listening to music.

Directors' Profile



Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM

Additional Inspector General, CID, Bangladesh Police
Director

Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM, the current Additional Inspector General, Bangladesh Police, CID was born on 12 January 1964 in a respectable Muslim family of Shreehail village under Sullah thana, Sunamgonj. He joined Bangladesh Police as Assistant Superintendent (ASP) in 1989 as an officer of the 1986 Batch of BCS Police Cadre.

In his long illustrious career, Mr. Mamun has served various important units of Bangladesh Police notably Police Headquarters, Metropolitan Police, Armed Police Battalion and different districts. He also made brilliant contributions to global peacekeeping by working in three UN Missions. His glorious career has been furnished with assignments like Assistant Commissioner of Dhaka Metropolitan Police (DMP), ASP of Armed Police Battalion (APBn), Sadar Circle ASP of Brahmanbaria district, Raigonj Circle ASP of Sirajganj district, Hazigonj Circle ASP of Chandpur district, Additional SP of Chandpur district and ADC, DMP. He has also served as Superintendent of Police (SP) of Nilphamari district, Deputy Commissioner (DC) Protection Protocol & Supply of DMP, AIG (Establishment) and AIG (Confidential) at Police Headquarters, Dhaka. Later he served Dhaka Range as Additional DIG. On promotion, he held vital positions like DIG (Operations), DIG (Administration) at Police Headquarters, DIG Mymensingh Range,

Dhaka Range, Additional IGP (HRM), Police Headquarters before taking over as Additional IGP, CID. In recognition of his outstanding contribution and distinguished service to Bangladesh Police, he has been awarded the prestigious “Bangladesh Police Medal (BPM)” and “President Police Medal (PPM)-Service.”

Mr. Mamun played pivotal roles while working in United Nations-led peacekeeping missions in Bosnia-Herzegovina, Liberia and Darfur. He attended quite a few noteworthy professional trainings both at home and abroad, which include *International Commanders Program at NPIA, Bramshill, UK* and *23rd Session of Pacific Training Initiative (PTI) & Global Challenges for Law Enforcement Course* organized by FBI and the US Embassy in Bangkok, Thailand. He is widely travelled and has visited many countries of Asia, Africa and Europe.

In his personal life, Mr. Mamun is happily married to Dr. Tayyaba Musarrat Jaha Chowdhury and blessed with two sons and a daughter.

Directors' Profile



Mr. Abu Hasan Muhammad Tarique, BPM
Deputy Inspector General (F&D), Bangladesh Police
Director

Mr. Abu Hasan Muhammad Tarique, BPM was born on 23rd June 1967 in Rajshahi. He started his career in Bangladesh Police as Assistant Superintendent of Police in 1991. Presently he is serving as Deputy Inspector General (Finance & Development) at the Police Headquarters, Bangladesh Police, Dhaka.

He passed SSC examination from Government Laboratory High School, Rajshahi and HSC examination from Rajshahi College, Rajshahi. He graduated in Finance and Banking from the University of Dhaka.

Along with all mandatory trainings and courses at home, he participated in several professional courses in the USA, Japan and Australia. He got the opportunity for sharing his knowledge and experience with divergent participants from different countries at the seminars held in France, UK, Indonesia and Singapore. He also travelled a good number of countries in his official capacities which enriched his professional competency.

In his vivid career, he served in versatile areas of policing which includes the tenure in Bagerhat District Police, 4th Armed Police Battalion Chittagong, Narayanganj District Police and Kishoreganj District Police as Assistant Superintendent of Police & Senior Assistant Superintendent of Police. He also worked in Dhaka Metropolitan Police as Senior Assistant Commissioner and Additional

Deputy Commissioner of Police. At the Police Headquarters, he held notable appointments as Assistant Inspector General, Additional Deputy Inspector General and Deputy Inspector General of Police.

Beyond the national horizon, he served in the United Nations Peace Keeping Mission in Bosnia-Herzegovina in 2001-2002. He also worked in UN mission in Sudan in 2009-2010.

In 2019, he was awarded with Bangladesh Police Medal (BPM), the most prestigious recognition for his excellent professional performance.

Mr. Abu Hasan Muhammad Tarique is proud to be one of the few Founding Team Member of the Community Bank Bangladesh Limited. His contribution is fuelling the endeavor of this Bank in playing its desired roles in the Financial Sector of Bangladesh.

He has keen interest in reading, travelling and watching television programs in his leisure time. He is happily married to Humayra Sultana PhD, member of BCS (Administration) cadre of 15th BCS and blessed with two daughters Tasfia Tasnim Revu and Tahniat Tazmin Bevu.

Directors' Profile



Mr. Habibur Rahman, BPM (Bar), PPM (Bar)

Deputy Inspector General (DIG) of Dhaka Range Police
Director

Mr. Habibur Rahman, BPM (Bar), PPM (Bar) is a prominent police officer who was born on 01 January 1967 in Gopalganj. Being Graduated from Dhaka University, he joined in Bangladesh Police as Assistant Superintendent of Police (ASP) through 17th BCS. He currently holds office of the Deputy Inspector General (DIG), Dhaka Range, Bangladesh Police. He served as DIG (Administration and Discipline) and Additional DIG (Personnel Management-1) in Police Headquarters, Dhaka. His preceding significant appointments were Police Super, Dhaka and Deputy Commissioner (Headquarters) of Dhaka Metropolitan Police (DMP). He also served as 'Deputy Commander' at United Nation Peace Keeping Mission (BANFPU) in Kosovo.

He is also the General Secretary of Bangladesh Kabaddi Federation, Vice President of International Kabaddi Federation, Vice President of Police Service Association, Vice President of Bangladesh Sports Secretary's Forum and Counsellor of Bangladesh Olympic Association. Beside the responsibilities of his official capacity in Police, he is also known for his special activities and working for underprivileged people of the country, especially Transgender People (Hijra), Water gypsies (Bede) and Children born in Brothel. His social responsibilities are unveiled in his role of Chairman & Founder of Uttaran Foundation, Dhaka and in his affiliation with various

prestigious social and sports clubs in Dhaka. He is also founder President of 'Police Muktijuddo Jadhughor' in Rajarbagh, editor of different publications namely 'Muktijuddhe Prothom Protirodh', 'Nondito So-rastro Montri Bir Muktijoddha Asadujjaman Khan' and 'Pita Tumi Bangladesh'. In addition to those, he is the Editor of 'the Detective'- a monthly magazine published by Bangladesh Police. It is the oldest magazine of Bangladesh (61 years in Publication).

Mr. Rahman is not keen for popularity but his philanthropic behaviour made him a Pro-People personality. His contribution and commitment to Society is revealed in the establishment of 'Rabeya-Ali Government Primary School' and 'Rabeya-Ali Girls School & College' in Gopalganj. Furthermore, he has been contributing in educational and religious institution building (physical) in different parts of the country.

Mr. Rahman was awarded the Bangladesh Police Medal (BPM) three times, President Police Medal (PPM) two times and IGP's badge three times for his discipline, leadership, extraordinary and exemplary services rendered in different appointments of Bangladesh Police.

Habibur Rahman BPM (Bar), PPM (Bar) have been completed numerous training in home and abroad. He was also represented Bangladesh police in different international events & occasions and visited across the world namely, United States of America (USA), United Kingdom (UK), United Arab Emirates (UAE), Kingdom of Saudi Arabia (KSA), State of Qatar, Japan, Republic of Turkey, Republic of Singapore, Kingdom of Thailand, Malaysia, Republic of Indonesia, Italian Republic, Federative Republic of Brazil, French Republic, Swiss Confederation, Slovak Republic, Hellenic Republic (Greece), Republic of India, Federal Democratic Republic of Nepal, People's Republic of China, Hong Kong (Special Administrative Region of the People's Republic of China), Democratic Republic of Congo, Republic of Kenya, Republic of Kosovo etc.

Mr. Rahman is a proud father of his son- Aftan Afeef Abdullah and in a happy connubial life with Dr. Wazed Sumsunnahar.

Directors' Profile



Dr. Shoeb Reaz Alam

Additional DIG (Development-1), Bangladesh Police
Director

Dr. Shoeb Reaz Alam was born on 30th December 1969 in a respectable Muslim family in Dhaka. He completed his graduation from BUET in Civil Engineering and post-graduation from Lamar University, Texas, USA. He also completed his PhD in Civil Engineering from Lamar University, Texas, USA.

Dr. Alam started his career as ASP in Bangladesh Police in the year 1998 through 17th BCS. Throughout his professional career he has served in Mymensingh, Meherpur & Barguna district. He has also served in Special Branch, DMP & Police Headquarters. He has promoted to the rank of SP in the year 2006 and also

promoted to the rank of Additional DIG in the year 2016. Presently he has been serving as Additional DIG (Development-1) at Police Headquarters. In his current posting he looks after construction & development of offices, residence & other structures of Bangladesh Police throughout the country.

Dr. Alam also played an important role from very beginning regarding establishment of Community Bank Bangladesh Limited.

He is married to Mrs. Anindita Rahman. He is blessed with three sons.

Directors' Profile



Mr. Md. Ferdoush Ali Chowdhury
AIG (Welfare Trust), Bangladesh Police
Director

Mr. Md. Ferdoush Ali Chowdhury was born in Chuadanga district of Bangladesh. He obtained his B.Sc Engineering degree from Bangladesh University of Engineering and Technology. He also completed Masters in Applied Criminology and Police Science from National University. He joined Bangladesh Police Service in 2005 through 24th BCS as Assistant Superintendent of Police and served in different capacity at Dhaka Metropolitan

Police, Police Bureau of Investigation, Cox's Bazar District. He participated in the United Nations Peace Keeping Missions at Darfur, Sudan. Now he is appointed as AIG (Welfare Trust) of Bangladesh Police. In recognition to his contribution and service to Bangladesh police, he has been awarded with the Inspector General's exemplary Good Service Badge. He is married and blessed with one son.

Directors' Profile



Mr. Masud Khan FCA, FCMA
Independent Director

Mr Masud Khan is the Chairman of GSK Bangladesh and currently working as the Chief Advisor of the Board of Crown Cement Group Bangladesh. He is a seasoned professional with 38 years' work experience in leading multinational companies in Bangladesh. Prior to joining Crown Cement Group, he worked in LafargeHolcim Bangladesh as Chief Financial Officer for 18 years. Earlier, he worked for British American Tobacco in finance and related fields for 20 years both at home and abroad.

He is an independent director of Marico Bangladesh, Berger Paints Bangladesh Limited, Community Bank and Viyellatex Limited. His articles on professional and industry issues regularly feature in newspapers and international and local magazines. He regularly features on electronic

media on talk shows and interviews and is often in the news for comments on industry and professional issues. He also does public speaking on professional issues in educational institutions and all the Professional Institutes such as Institute of Chartered Accountants of Bangladesh, ACCA and ICMA Bangladesh. He is also a lecturer in the Institute of Chartered Accountants of Bangladesh for the past 38 years.

He did his Bachelor of Commerce with Honours from St Xaviers' College under University of Kolkata. Thereafter, he qualified with distinction both as a Chartered as well as a Cost and Management Accountant from the Indian Institutes being a silver medalist at all India level in the Chartered Accountancy Examination in the year 1977.

Directors' Profile



Professor Shibli Rubayat UI Islam

Independent Director

Professor Shibli Rubayat UI Islam joined Community Bank Bangladesh Ltd. as an Independent Director in 2019. Professor Shibli was born in a renowned Muslim family on the 1st day of January 1968 in Dhamrai, Dhaka. He is currently serving as the Dean of the Faculty of Business Studies (3rd time elected).

Professor Shibli Rubayat has been in the field of Finance, Banking and Insurance education for more than 25 years. During this period Professor Shibli has played an active role in many Business, Chamber and Research related to Finance, Banking and Insurance field at home and abroad.

Author of 'E Banking and E-Commerce', 'Fundamental of Insurance' book for the tertiary level and Finance and Banking text book for the secondary students published by the National Board. Professor Shibli has more than 16 research publication in his field and 5 international research papers. Recently he has been awarded as the 'Guest professor' at Sichan University in Chengdu, China and also awarded as the best research paper presenter at the BAKU international research conference. All through first class in his academic carrier, he also has research degrees, diploma and training in the field of Finance and Banking in UK, Australia and Japan. He is also the elected Senator and Syndicate member of University of Dhaka and taking care of the Switzerland

Bangladesh Chamber of Commerce and Industry as the Secretary General. He has also been appointed as the Chairman of Sadharan Bima Corporation-the largest state owned insurance company by the Govt. of Bangladesh.

Member of many other academic and professional selection boards engaged with many academic institutions-Prof. Shibli was also the elected General Secretary of Dhaka University Teachers Association (DUTA) and presently Vice President of Federation of Bangladesh University Teachers Association (FBUTA).

A very widely traveled (more than 30 countries) man Prof. Shibli is married with 2 sons, his wife Shenin Rubayat is a faculty of English Department, Brac University and a TV news caster. His father Late Rafiqul Islam Khan was a reputed banker of his time and mother Hasina Mamtaz is a famous singer from the mind 60s and has contributed in the liberation war and is currently a social worker.

Directors' Profile



Mr. Kazi Masihur Rahman

Independent Director

Mr. Kazi Masihur Rahman, Ex Managing Director & CEO of Mercantile Bank Limited and Exim Bank Limited developed an international banking career with in-depth knowledge, skills and experience, over a period of 41 years in 09 banks located in 5 countries, i.e. Bangladesh, U.K, Saudi Arabia, U.A.E and Canada.

He was born on 23 February 1954 in Bangladesh. He is a dynamic person with an academic background of Masters in Economics and post-graduation in Advanced Economics and Quantitative Techniques coupled with professional Diploma in Commercial & Investment Banking. He also completed M. Phil level 9-month Certificate Course on "Advanced Economics and Quantitative Techniques" sponsored by WIDER and United Nations University, Tokyo (1987-1988), conducted by BIDS and secured first position in first class. He also completed Banking Diploma (DAIBB) from the Institute of Bankers, Bangladesh, (1980) and completed Canadian Investment Fund Course (CIFC) Exam conducted by IFSE, Canada.

Mr. Rahman have comprehensive knowledge & understanding of Corporate, Retail and SME banking products and services, with special focus on regulatory compliance and possess a solid track record of progressive accomplishments in Strategic and Innovative Change Management, Centralized Processing and Branch

Operations, Standard Operating Procedures (SOP), Process Re-engineering, Operational, Credit, Reputational and Market Risk Management, Productivity Analysis and Cost-Efficiency, Digital Financial Services and Product Development (both Liability and Asset), Corporate and Retail Credit Administration, IT Project Implementation, Budgeting, Asset & Liability Management (ALCO), Capital Planning, Cash Management, Internal Audit and Compliance, Merchant Banking. Highly exposed to the concepts and practices of TQM, MBO, KPI, Process Rationalization and Rightsizing of human resources. He is a highly customer-focused and result-oriented banker.

Mr. Rahman participated in international training courses and seminars on Leadership Skills, Operations Management, Change Management, Six Sigma, Problem Solving and Decision Making, Internal Control and Core Risk Management. Mr. Rahman served as a Member of Board of Governing Body, Association of Bankers BD (ABB), Member of Finance & Admin Committee, Institute of Bankers Bangladesh (IBB), Vice Chairman of Primary Dealers Bangladesh Ltd. (PDBL) and Member of Governing Board, BD Institute of Bank Management (BIBM). He also served on the Board of Directors of Mercantile Bank Securities Ltd., MBL Exchange UK Limited, Exim Exchange UK Limited & Exim Exchange Canada Limited.

Directors' Profile



Mr. Masihul Huq Chowdhury

Managing Director & CEO

Masihul Huq Chowdhury is presently the Managing Director and Chief Executive Officer of Community Bank Bangladesh Ltd. Community Bank Bangladesh is the 59th Scheduled Bank in the country obtaining the license on 1st of November 2018. The Bank is fully owned by Bangladesh Police Kalyan Trust.

Mr. Masihul started his career with American Express Bank in 1992 just after obtaining Masters of Business Administration from The Institute of Business Administration (IBA), Dhaka University. During the 26 years career he worked for Standard Chartered, Citi, IPDC

and other leading financial institutions both in country and overseas. An Omega Certified Credit Professional, Masihul has in-depth work experience in Wholesale Banking, Retail Banking, Structured & Syndication Financing, Credit, Trade, SME, Operations and Process Re-engineering. Masihul takes keen interest on education and was adjunct faculty member in BRAC University. He is regular contributor to various English Dailies. In personal life Masihul is married and blessed with a daughter.

Senior Management



Managing Director & CEO

Mr. Masihul Huq Chowdhury

Senior Officials

Mr. Mohammad Abdul Qaium Khan
SEVP & Chief Information Technology Officer

Mr. Mohammad Khairul Alam FCA
SEVP & Head of Internal Control & Compliance

Mr. Saiful Alam FCS
EVP & Company Secretary

Mr. A H M Kamal FCMA
EVP & Head of Human Resources

Mr. Benozeer Ahmed FCMA, CPA
EVP & Chief Financial Officer

Mr. Shamsul Haque Sufyani
EVP & Head of Operations

Mr. Mohammad Yasser Noor
SVP & Chief Marketing Officer

Ms. Hasi Rani Bepari
SVP & Head of Credit Risk Management

Mr. Z M Masir Bin Quddus
SVP & Head of Credit Administration

Mr. Md. Mizanur Rahman
VP & Branch Manager, Panchabati Branch

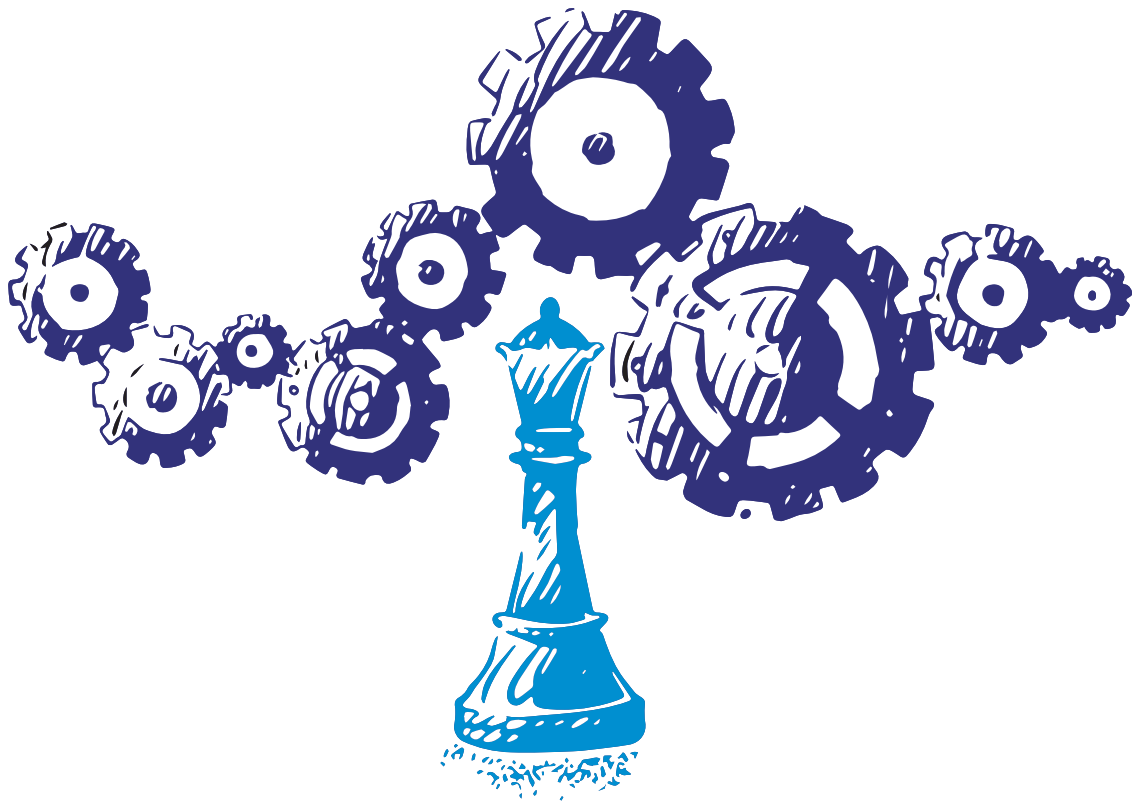
Mr. Sk. Zalal Uddin Ahmed
SAVP, Unit Head of Corporate Business

Ms. Hasina Ferdous
AVP & Branch Manager, Gulshan Corporate Branch

Mr. Md. Monzur-A- Moula
AVP & Head of General Service Division

Mr. Nabadip Roy
AVP & Head of Treasury (Current Charge)

Corporate Governance



Corporate Governance

Report of Corporate Governance

Corporate Governance is the system of rules, practices and processes by which a company is directed and controlled. The governance structure specifies the distribution of rights and responsibilities among different participants in the corporation and specifies the rules and procedures for making decisions in corporate affairs. Corporate governance essentially involves balancing the interests of the many stakeholders in a company these includes its shareholders, management, customers, suppliers, financiers, government and the community. Since corporate governance also provides the framework for attaining a company' of management, from action plans and internal controls to performance measurement and corporate disclosure.

Corporate Governance comprises carefully considered rules and practices by which Board of Directors and Management of the Bank ensures accountability, fairness, transparency and independence of the operational activities of the Bank. The Bank has adequately complied with all the Corporate Governance Guidelines of Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC). It is ensured by the Board that all activities and transactions of the Bank are conducted in compliance with international best practices to protect the highest interest of all the stakeholders.

The objective is to earn and maintain trust and confidence of the stakeholders and help the business to attain sustainability. Maximizing value through performance with good governance is the responsibility of corporate management. In line with the best practice, the corporate governance systems and practices in Community Bank Bangladesh Ltd. are designed to ensure adequate internal control in operational process, transparency and accountability in doing business and proper and timely disclosures in financial reporting so that value is maximized for all the stakeholders.

Corporate Governance Practice in Bangladesh

Bangladesh Securities and Exchange Commission (BSEC) issued 'Corporate Governance Code' vide notification no. BSEC/CMRRC/2006-158/207/Admin/80 dated June 03, 2018 repealing the earlier issued 'Corporate

Governance Guidelines'. The code has been designed to set higher standards of corporate governance practice in Bangladesh so as to promote fairness, accountability, transparency, responsibility and integrity in business and ensuring the best practice for benefiting the economy.

Bangladesh Bank vide BRPD Circular No. 11, dated October 27, 2013 directed Banks to demarcate the responsibilities and authorities of Board of Directors in respect of risk management, internal controls, internal audit and compliance. Moreover Bangladesh Bank has set strict guidance on risk management principles assuming that, there is strong relation between good corporate governance and sound risk management. In this regard, BASEL guidelines on Corporate Governance Principles for Banks has been adopted by Central Bank for implementation.

Corporate Governance Practice by Community Bank Bangladesh Limited

Community Bank Bangladesh Limited is very meticulously follow Corporate Governance set by the Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank.

The Bank adequately complied with Corporate Governance as follows:

- There are three independent directors in the Board of the Bank.
- Two of the independent directors are members of the Audit Committee of the Board with one appointed as its Chairman.
- A certificate has been obtained from M/s. Suraiya Parveen & Associates, Chartered Secretaries on reporting and compliance of Corporate Governance Code of BSEC.
- Code of Conduct for the directors as laid down by Bangladesh Bank and Bangladesh Securities and Exchange Commission in their respective Corporate Governance Code, is followed by the directors and annual compliance has been reviewed and recorded.
- The Board has also clearly defined the respective roles, responsibilities and duties of the Company Secretary, Chief Financial Officer (CFO), and the Head of Internal Audit in line with Regulatory Authorities.

- Audit Committee of the Board has been functioning as per guidelines stipulated in BRPD Circular No.11 dated October 27, 2013 and Corporate Governance Code dated June 03, 2018 issued by Bangladesh Securities & Exchange Commission (BSEC) respectively.

The Board

The Board is comprised of directors having highly educated, experience and expertise to add value towards better corporate governance of the Bank and maximizing value for all stakeholders.

The Board discharges its responsibilities itself or through various committees. The Board meets on a regular basis to discharge its responsibilities.

The Board is made up of fourteen directors including a non-executive chairman and nine non-executive Directors, three Independent Directors and one executive Managing Director & CEO as follows:

Chairman

Dr. Mohammad Javed Patwary, BPM (Bar)
Inspector General, Bangladesh Police

Directors

Dr. Benazir Ahmed, BPM (Bar)
Additional Inspector General, Bangladesh Police &
Director General, Rapid Action Battalion (RAB)

Dr. Md. Moinur Rahman Chowdhury, BPM (Bar)
Additional Inspector General (A&O), Bangladesh Police,

Mr. Siddiqur Rahman, BPM
Additional Inspector General - APBn, Bangladesh Police (PRL)

Mr. Md. Mohsin Hossain ndc
Additional Inspector General, Railway Police, Bangladesh Police

Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM
Additional Inspector General, CID, Bangladesh Police

Mr. Abu Hasan Muhammad Tarique, BPM
Deputy Inspector General (F&D), Bangladesh Police

Mr. Habibur Rahman, BPM (Bar), PPM (Bar)
Deputy Inspector General, Dhaka Range, Bangladesh Police

Dr. Shoeb Reaz Alam
Additional Deputy Inspector General (Development 1), Bangladesh Police

Mr. Md. Ferdoush Ali Chowdhury
Assistant Inspector General (Welfare Trust), Bangladesh Police,

Mr. Masud Khan FCA, FCMA
Independent Director

Professor Shibli Rubayat UI Islam
Independent Director

Mr. Kazi Masihur Rahman
Independent Director

Managing Director & CEO

Mr. Masihul Huq Chowdhury

Chairman of the Board

The non-executive Chairman of the Board is fully independent of the Managing Director & CEO of the Bank.

Independent Director

As per existing rules and regulations, Independent Directors are not required to have any significant relationship, whether pecuniary or otherwise, with the Bank, its top management and the Board apart from receiving directors' remuneration for attending Board / Board Committee Meeting.

The Bank complies with the requirement and appoints Independent Directors who do not hold any shares in the Bank and do not have any family or other relationship with its Board of Directors and its executive management. The Bank also ensures compliance with Bangladesh Bank's guidelines and Bangladesh Securities and Exchange Commission's notification relating to appointment of Independent Directors and seeks approval from Bangladesh Securities and Exchange Commission and Bangladesh Bank for appointing a person as an Independent Director which ensures the independence of the Independent Director.

Community Bank Bangladesh Ltd. has three independent directors in the Board of the Bank. In compliance with Corporate Governance Code of BSEC and as per rule of Bangladesh Bank, three independent directors have been appointed by the Board of Directors.

Mr. Kazi Masihur Rahman is an independent director in the Board of the Bank. He was the Managing Director of Exim Bank Ltd. and Mercantile Bank Ltd. Moreover he has 41 years of working experience in serving local and foreign Banks.

Mr. Masud Khan, FCA, FCMA is an independent director in the Board of the Bank. He is a Professional Chartered Accountant as well as Cost & Management Accountant having 39 years of working experience in leading multinational and local company of which 19 years are as a Senior Director of Board Level.

Professor Shibli Rubayat UI Islam is an independent director in the Board of the Bank. He is Dean of Faculty of Business Studies, University of Dhaka. Professor Shibli is a Professor, Department of Banking & Insurance, University of Dhaka having more than 25 years of teaching experience in the field of Finance, Banking and Insurance. During this period Professor Shibli has played an active role in many Business, Chamber and Research related to Finance, Banking and Insurance field at home and abroad. Professor Shibli Rubayat-UI-Islam also appointed by Govt. as the Chairman of Sadharan Bima Corporation.

Appointment of Managing Director & CEO, Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC).

The Board appointed a Managing Director & CEO, a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC) as per the policy of the Bank and related rules and regulations. The positions of Managing Director & CEO, Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) are held by different individuals and they are well conversant in the field of regulatory, financial and corporate laws to carry out their assigned roles, responsibilities and duties.

Key objectives of the directors

The Board is responsible for ensuring governance and performance of the company by directing and overseeing activities of the executive management by making them transparent, accountable and responsible. The directors are expected to protect the long term interest of the shareholders and all stakeholders by setting key objectives for the management and by monitoring and ensuring that those objectives are achieved by the management in a sustainable way while maintaining transparency and accountability at every stage of operations.

The Board must be satisfied that sufficient risk management systems are in place to mitigate core risks of the Bank and that there are adequate checks and balances in the internal control system to protect the value and quality of assets of the Bank.

The Board of Directors is entitled to timely, accurate and adequate information & data to ensure effective control over operational, financial, strategic, compliance, governance and risk management issues of the Bank.

The Board is responsible for ensuring the following

- Policy formulation and implementation, risk management, internal control, internal audit and its compliance.
- Setting key targets of the Bank and monitoring progress towards achievement of such targets.
- Approval of major policy decisions and long term strategic plans to achieve key objectives in an efficient and effective way.
- Disclosure of accurate, timely and reliable information to shareholders.

They are expected to

- Demonstrate the highest professional and ethical standards.
- Be fully independent from management.
- Be knowledgeable about the business and challenges that Community Bank Bangladesh Ltd. is facing.
- Apply prudence and judgment in decision making.
- Display commitments to the Bank and its all stakeholders through participation in the affairs of the Bank.

Number of Board Meetings held in 2019 and Remuneration

The details of Board Meeting and Remuneration is found in Page 70 of Annexure-C of this Annual Report.

The Committees of the Board of Directors

As per Bangladesh Bank guidelines, the Board has three committees namely

- Executive Committee,
- Audit Committee and
- Risk Management Committee.

Each Committee operates under specific Terms of Reference (TOR) that sets out its responsibilities and composition.

The TORs are designed and reviewed to ensure that the objectives of each committee are achieved in an effective way and that regulatory obligations and obligation to shareholders are fulfilled.

The Committee regularly evaluates progress towards key objectives. Accordingly, time and efforts are dedicated to focus on responsibilities those are central to achieve the core objectives of respective committees.

However Bangladesh Securities and Exchange Commission (BSEC) by its Notification No. BSEC/CMRRC-D/2006-158/207/ Admin/80 dated 03 June 2018 of Corporate Governance Code advises to form another committee namely Nomination and Remuneration Committee in addition to the aforementioned Committees. Formation of the NRC is under decision of primary Regulator Bangladesh Bank.

Executive Committee of the Board

The Executive Committee of the Board is comprised of the following members of the Board.

Sl. No.	Name	Status with the Bank	Status with the Committee
1	Dr. Mohammad Javed Patwary, BPM (Bar) Inspector General, Bangladesh Police	Chairman	Chairman
2	Dr. Benazir Ahmed, BPM (Bar) Additional Inspector General, Bangladesh Police & Director General, Rapid Action Battalion (RAB)	Director	Member
3	Dr. Md. Moinur Rahman Chowdhury, BPM (Bar) Additional Inspector General (A&O), Bangladesh Police	Director	Member
4	Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM Additional Inspector General, CID, Bangladesh Police	Director	Member
5	Mr. Md. Ferdoush Ali Chowdhury Assistant Inspector General (Welfare Trust), Bangladesh Police	Director	Member
6	Mr. Kazi Masihur Rahman	Independent Director	Member

Responsibility of Executive Committee (EC)

The responsibility of Executive Committee of the Board is clearly delegated by the Board in line with regulatory guidelines. Accordingly, the EC exercises all the powers and functions on behalf of the Board in regard to:

- Approving credit proposals and monitoring quality of loan portfolio
- Administrative affairs and
- Financial affairs

However, all policy matters and strategic issues are dealt with by the Board of Directors of the Bank.

Audit Committee of the Board (AC)

The Audit Committee of the Board is comprised of the following members of the Board.

Sl. No.	Name	Status with the Bank	Status with the Committee
1	Mr. Masud Khan FCA, FCMA	Independent Director	Chairman
2	Mr. Abu Hasan Muhammad Tarique, BPM Deputy Inspector General (F&D), Bangladesh Police	Director	Member
3	Mr. Habibur Rahman, BPM (Bar), PPM (Bar) Deputy Inspector General, Dhaka Range, Bangladesh Police	Director	Member
4	Dr. Shoeb Reaz Alam Additional Deputy Inspector General (Development 1) Bangladesh Police	Director	Member
5	Professor Shibli Rubayat UI Islam Dean, Faculty of Business Studies, University of Dhaka	Independent Director	Member

Salient Feature of the Objectives and Responsibilities of the Audit Committee of the Board and Report of the Audit Committee of the Board are given on page 57 to 58 of this Annual Report.

Number of Audit Committee Meeting held in 2019 and Remuneration

The details of Board Meeting and Remuneration is found in Page 72 of Annexure-C of this Annual Report.

Risk Management Committee of the Board (RMC)

The Risk Management Committee of the Board is comprised of the following members of the Board.

Sl. No.	Name	Status with the Bank	Status with the Committee
1	Dr. Md. Moinur Rahman Chowdhury, BPM (Bar) Additional Inspector General (A&O), Bangladesh Police	Director	Chairman
2	Mr. Siddiqur Rahman, BPM Additional Inspector General-APBn, Bangladesh Police (PRL)	Director	Member
3	Mr. Md. Mohsin Hossain ndc Additional Inspector General, Railway Police, Bangladesh Police	Director	Member
4	Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM Additional Inspector General, CID, Bangladesh Police	Director	Member
5	Mr. Habibur Rahman, BPM (Bar), PPM (Bar) Deputy Inspector General, Dhaka Range, Bangladesh Police	Director	Member

Salient Feature of the Objectives and Responsibilities of the Risk Management Committee of the Board are given below:

The TORs of the RMC is to oversee as to whether various core risks of the Bank i.e. credit risk, foreign exchange risk, internal control & compliance risk, money laundering risk, ICT risk, operational risk, interest rate risk, liquidity risk and other residual risks have been identified and measured by the Bank management and whether adequate risk management and risk mitigation systems have been put in place by the

Bank management and whether adequate provisions and capital have been maintained against combined risks undertaken by the Bank.

Preparation of Financial Statements

Financial statements of Community Bank Bangladesh Ltd. give a true and fair view of the state of affairs of the Bank and the results of its operations and cash flows. All the applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)

adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) are complied with for preparation of financial statements. The financial statements are prepared by the management and approved by the Board of Directors and audited by auditors appointed in the Annual General Meeting.

Directors' Responsibility for Internal Control and Financial Reporting

Directors' statement on their responsibility for internal control and financial reporting of the Bank is given on page 57 to 58 of this Annual Report.

External audit

M/s. A. Qasem & Co., [A member firm of Ernst & Young Global Limited], Chartered Accountants is the statutory (external) auditors of the Bank. They don't provide any other accounting, taxation or advisory services.

Compliance with Bangladesh Bank regulations

As a commercial bank, Community Bank Bangladesh Ltd. is regulated and supervised by Bangladesh Bank

under the Banking Companies Act, 1991 and rules and regulations made there under. Community Bank Bangladesh Ltd. attaches highest priority to strict compliance with all regulatory requirements of Bangladesh Bank in terms of core risk management, capital adequacy ratio, foreign exchange regulations, liquidity management, KYC and anti-money laundering compliance etc.

Audit and Inspection by Bangladesh Bank

In addition to Annual Comprehensive Inspection of Community Bank Bangladesh Ltd., Bangladesh Bank also undertakes audit & inspection of Community Bank Bangladesh Ltd. timely. Compliance with observations and recommendations made by Bangladesh Bank helps the Bank to improve internal control, risk management, corporate governance and regulatory compliance maximizing benefit for all stakeholders.

Shareholder's Information

The pattern of Shareholding of Community Bank Bangladesh Limited as of 31 December 2019 as per BSEC's Notification No. BSEC/CMRR D/2006-158/207/Admin/80 dated 03 June 2018:

a. Shareholding by Parent/Subsidiary/Associated Companies and other related parties:

Sl. No.	Name of the Shareholder	No of Shares	Percentage (%) of Share holding
1	Bangladesh Police Kallyan Trust (BPKT) (Sponsor)	39,99,99,990	99.9999975
2	Sponsor Director	10	0.00000025
	Total	40,00,00,000	100

b. Shareholding of Directors and their spouses and minor children

Sl. No.	Name of the Director	Status	No of Shares	No. of Shares Spouse & Minor Children
1	Dr. Mohammad Javed Patwary, BPM (Bar) Inspector General, Bangladesh Police	Chairman	01	Nil
2	Dr. Benazir Ahmed, BPM (Bar) Additional Inspector General, Bangladesh Police & Director General, Rapid Action Battalion (RAB),	Director	01	
3	Dr. Md. Moinur Rahman Chowdhury, BPM (Bar) Additional Inspector General (A&O), Bangladesh Police	Director	01	
4	Mr. Siddiqur Rahman, BPM Additional Inspector General -APBn, Bangladesh Police (PRL)	Director	01	

Sl. No.	Name of the Director	Status	No of Shares	No. of Shares Spouse & Minor Children
5	Mr. Md. Mohsin Hossain ndc Additional Inspector General, Railway Police, Bangladesh Police	Director	01	Nil
6	Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM Additional Inspector General, CID, Bangladesh Police	Director	01	
7	Mr. Abu Hasan Muhammad Tarique, BPM Deputy Inspector General (F&D), Bangladesh Police	Director	01	
8	Mr. Habibur Rahman, BPM (Bar), PPM (Bar) Deputy Inspector General, Dhaka Range, Bangladesh Police	Director	01	
9	Dr. Shoeb Reaz Alam Additional Deputy Inspector General (Development 1) Bangladesh Police	Director	01	
10	Mr. Md. Ferdoush Ali Chowdhury Assistant Inspector General (Welfare Trust), Bangladesh Police	Director	01	
11	Mr. Kazi Masihur Rahman	Independent Director	Nil	
12	Mr. Masud Khan FCA, FCMA	Independent Director	Nil	
13	Professor Shibli Rubayat UI Islam	Independent Director	Nil	

c. Shareholding of Managing Director & CEO, Company Secretary, Chief Financial Officer, Head of Internal Control and Compliance and their spouses and minor children

Sl. No.	Name of the Person	Status	No of Shares	No. of Shares Spouse and Minor Children
1	Mr. Masihul Huq Chowdhury	Managing Director & CEO	Nil	Nil
2	Mr. Mohammad Khairul Alam, FCA	SEVP & Head of Internal Control & Compliance		
3	Mr. Saiful Alam FCS	EVP & Company Secretary		
4	Mr. Benozeer Ahmed, FCMA, CPA	EVP & Chief Financial Officer		

d. Shareholding by Executives : Nil

e. Shareholders holding 10% or more voting interest in the Bank

Sl. No.	Name of the Shareholders who hold 10% or more shares as on December 31, 2019	Status	No of Shares held as on December 31, 2019	% of total no. of paid-up shares
1	Bangladesh Police Kallyan Trust	Sponsor	39,99,99,990	99.9999975

Information of Directors in compliance with the condition No. 1(5) (xxiv) of Corporate Governance guidelines dated 03 June 2018 of Bangladesh Securities and Exchange Commission (BSEC):

Sl. No.	Name of the Director	Status	Membership of Board Committees of the Bank	Experience
1	Dr. Mohammad Javed Patwary, BPM (Bar) Inspector General, Bangladesh Police	Chairman	Board of Directors, Executive Committee	Service experience with Bangladesh Police
2	Dr. Benazir Ahmed, BPM (Bar) Additional Inspector General, Bangladesh Police & Director General, Rapid Action Battalion (RAB)	Director	Board of Directors, Executive Committee	Service experience with Bangladesh Police
3	Dr. Md. Moinur Rahman Chowdhury, BPM (Bar) Additional Inspector General (A&O), Bangladesh Police	Director	Board of Directors, Executive Committee, Risk Management Committee	Service experience with Bangladesh Police
4	Mr. Siddiqur Rahman, BPM Additional Inspector General-APBn, Bangladesh Police (PRL)	Director	Board of Directors, Risk Management Committee	Service experience with Bangladesh Police
5	Mr. Md. Mohsin Hossain ndc Additional Inspector General, Railway Police, Bangladesh Police	Director	Board of Directors, Risk Management Committee	Service experience with Bangladesh Police
6	Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM Additional Inspector General, CID, Bangladesh Police	Director	Board of Directors, Executive Committee, Risk Management Committee	Service experience with Bangladesh Police
7	Mr. Abu Hasan Muhammad Tarique, BPM Deputy Inspector General (F&D), Bangladesh Police	Director	Board of Directors, Audit Committee	Service experience with Bangladesh Police
8	Mr. Habibur Rahman, BPM (Bar), PPM (Bar) Deputy Inspector General, Dhaka Range, Bangladesh Police	Director	Board of Directors, Audit Committee, Risk Management Committee	Service experience with Bangladesh Police
9	Dr. Shoeb Reaz Alam Additional Deputy Inspector General (Development 1) Bangladesh Police	Independent Director	Board of Directors, Audit Committee	Service experience with Bangladesh Police
10	Mr. Md. Ferdoush Ali Chowdhury Assistant Inspector General (Welfare Trust), Bangladesh Police	Director	Board of Directors, Executive Committee	Service experience with Bangladesh Police
11	Mr. Kazi Masihur Rahman	Independent Director	Board of Directors, Executive Committee	41 years of working experience in serving local and foreign Banks
12	Mr. Masud Khan FCA, FCMA	Independent Director	Board of Directors, Audit Committee	39 Years of Professional Experience with various multinational and local companies
13	Professor Shibli Rubayat UI Islam	Independent Director	Board of Directors, Audit Committee	More than 25 Years of Teaching Experience in Faculty of Business Studies, University of Dhaka
14	Mr. Masihul Huq Chowdhury	Managing Director & CEO		28 years of Banking Experience.



Suraiya Parveen & Associates

(Chartered Secretaries, Financial & Management Consultants)

[Certificate as per condition No.1 (5) (XXVII)]

Report to the Shareholders of Community Bank Bangladesh Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Community Bank Bangladesh Limited for the year ended on December 31, 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion;

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The Governance of the company is satisfactory.

Dhaka, Dated
February 25, 2020



**For Suraiya Parveen & Associates
Chartered Secretaries**

**Suraiya Parveen, FCS
Chief Executive Officer**

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Corporate Governance Compliance Status

[As per condition No. 1(5)(xxvii)]

Status of compliance with the conditions imposed by Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	Board of Directors			
1 (1)	Size of the Board of Directors The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓		
1 (2)	Independent Directors All companies shall have effective representation of independent directors on their Boards, so that the Board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following:-			
1 (2) (a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s)	✓		
1 (2) (b)	For the purpose of this clause "independent director" means a director-			
1 (2) (b) (i)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company	✓		
1 (2) (b) (ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company	✓		
1 (2) (b) (iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years	✓		
1 (2) (b) (iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies	✓		

Corporate Governance Compliance Status

Continued

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1 (2) (b) (v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange	✓		
1 (2) (b) (vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1 (2) (b) (vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		
1 (2) (b) (viii)	who is not independent director in more than 5 (five) listed companies	✓		
1 (2) (b) (ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBF); and	✓		
1 (2) (b) (x)	who has not been convicted for a criminal offence involving moral turpitude;	✓		
1 (2) (c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	✓		
1 (2) (d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days	✓		
1 (2) (e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only	✓		
1 (3)	Qualification of Independent Director			
1 (3) (a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business	✓		
1 (3) (b)	Independent director shall have following qualifications:			
1 (3) (b) (i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	None		

Corporate Governance Compliance Status

Continued

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1 (3) (b) (ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or	✓		
1 (3) (b) (iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or	None		
1 (3) (b) (iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	✓		
1 (3) (b) (v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification	None		
1 (3) (c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b)	✓		
1 (3) (d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission			N/A
1 (4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1 (4) (a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals	✓		
1 (4) (b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1 (4) (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1 (4) (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		

Corporate Governance Compliance Status

Continued

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	None		No such situation arisen in the reporting year
1(5)	The Directors' Report to Shareholders The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):			
1(5) (i)	An industry outlook and possible future developments in the industry	✓		
1(5) (ii)	The segment-wise or product-wise performance	✓		
1(5) (iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5) (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;			Not applicable
1(5) (v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	None		No such situation arisen in the reporting year
1(5) (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
1(5) (vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	None		N/A
1(5) (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;	None		N/A
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	None		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity	✓		

Corporate Governance Compliance Status

Continued

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	✓		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;			N/A
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;			N/A
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized			N/A
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			N/A
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;			N/A
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓		

Corporate Governance Compliance Status

Continued

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxiii)(c)	Executives;	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	✓		
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-			
1(5)(xxiv)(a)	a brief resume of the director;	✓		
1(5)(xxiv)(b)	nature of his / her expertise in specific functional areas;	✓		
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv) (a)	accounting policies and estimation for preparation of financial statements;	✓		
1(5)(xxv) (b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;			N/A
1(5)(xxv) (c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;			N/A
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	No		Financial performance of peer bank are not available
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	✓		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A ; and	✓		

Corporate Governance Compliance Status

Continued

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C	✓		
1(6)	Meetings of the Board of Directors The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7) (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	✓		Under Process (The Matter is under review of Bangladesh Bank)
1(7) (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	✓		
2.	Governance of Board of Directors of Subsidiary Company			
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company			Not applicable
2 (b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company			Not applicable
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company			Not applicable
2 (d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also			Not applicable
2 (e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company			Not applicable
3.	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			

Corporate Governance Compliance Status

Continued

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3(1)	Appointment			
3(1) (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC)	✓		
3(1) (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals	✓		
3(1) (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time	✓		
3(1) (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS	✓		
3(1) (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s)	✓		
3(2)	Requirement to attend Board of Directors' Meetings The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters	✓		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3) (a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3) (a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		
3(3)(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws	✓		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members	✓		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report	✓		

Corporate Governance Compliance Status

Continued

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
4.	Board of Directors' Committee			
	For ensuring good governance in the company, the Board shall have at least following subcommittees:			
4.(i)	Audit Committee; and	✓		
4.(ii)	Nomination and Remuneration Committee			Under Process (The Matter is under review of Bangladesh Bank)
5.	Audit Committee			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	✓		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing	✓		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members	✓		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be nonexecutive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director	✓		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;			Not applicable

Corporate Governance Compliance Status

Continued

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(2)(e)	The company secretary shall act as the secretary of the Committee	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director	✓		
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director	✓		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes	✓		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	✓		
5(4)	Chairperson of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must	✓		
5(5)	Role of Audit Committee			
5(5)(a)	Oversee the financial reporting process	✓		
5(5)(b)	monitor choice of accounting policies and principles	✓		
5(5)(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5(5)(d)	oversee hiring and performance of external auditors	✓		

Corporate Governance Compliance Status

Continued

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption	✓		
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval	✓		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval	✓		
5(5)(h)	review the adequacy of internal audit function	✓		
5(5)(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report	✓		
5(5)(j)	review statement of all related party transactions submitted by the management	✓		
5(5)(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5(5)(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		
5(5)(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.	✓		Not Such Event Occured
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board	✓		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:-			
5(6)(a)(ii)(a)	report on conflicts of interests;			Not applicable
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			Not applicable

Corporate Governance Compliance Status

Continued

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			Not applicable
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			Not applicable
5(6)(b)	Reporting to the Authorities: If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier			Not applicable
5 (7)	Reporting to the Shareholders and General Investors : Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company	✓		
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board			Under Process (The Matter is under review of Bangladesh Bank)
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;			
6(2)(b)	All members of the Committee shall be non-executive directors;			
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;			
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;			

Corporate Governance Compliance Status

Continued

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			
6(2)(g)	The company secretary shall act as the secretary of the Committee;			
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;			
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company			
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.			
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;			
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);			

Corporate Governance Compliance Status

Continued

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC			
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to 13 the remuneration of the directors, top level executive, considering the following:			
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and			
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;			
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;			
6(5)(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;			
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;			
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and			
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;			
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report			

Corporate Governance Compliance Status

Continued

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
7	External / Statutory Auditors			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-	✓		
7(1)(i)	appraisal or valuation services or fairness opinions;	✓		
7(1)(ii)	financial information systems design and implementation;	✓		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	✓		
7(1)(iv)	broker-dealer services;	✓		
7(1)(v)	actuarial services;	✓		
7(1)(vi)	internal audit services or special audit services;	✓		
7(1)(vii)	any service that the Audit Committee determines;	✓		
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
7(1)(ix)	any other service that creates conflict of interest.	✓		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	✓		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
8	Maintaining a website by the Company			
8(1)	The company shall have an official website linked with the website of the stock exchange.	✓		
8(2)	The company shall keep the website functional from the date of listing	✓		New Company Incorporated with RJSC at 2018
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		New Company Incorporated with RJSC at 2018

Corporate Governance Compliance Status

Continued

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
9	Reporting and Compliance of Corporate Governance			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.			To be complied in the 1st Annual General Meeting (AGM)
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not	✓		

Declaration by Managing Director & CEO and Chief Financial Officer (CFO)

Date February 29, 2020

The Board of Directors
Community Bank Bangladesh Ltd.
Head Office, Dhaka

Subject: Declaration on Financial Statements for the year ended on 31 December 2019.

Dear Sirs,

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

- (1) The Financial Statements of Community Bank Bangladesh Limited for the year ended on 31 December 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on 31 December 2019 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Benozeer Ahmed, FCMA, CPA
Chief Financial Officer (CFO)



Masihul Huq Chowdhury
Managing Director & CEO

Report of the Audit Committee

The Audit Committee of Community Bank Bangladesh Limited was constituted in the 1st meeting of the Board of Directors held on 29 November, 2018 in compliance with the BRPD Circular #11, dated: 27 October, 2013. The Audit Committee was formed to assist the Board in fulfilling its oversight responsibilities. The Company Secretary acts as Secretary of the Audit Committee of the Board. The present Audit Committee consists of the following members:

Name	Status with the Bank	Status with Committee	Educational Qualifications	Meeting Attendance
Mr. Masud Khan FCA, FCMA	Independent Director	Chairman	FCA, FCMA	2/2
Mr. Abu Hasan Muhammad Tarique BPM	Director	Member	M.Com	2/2
Mr. Habibur Rahman BPM (Bar), PPM (Bar)	Director	Member	M.Ed	1/2
Dr. Shoeb Reaz Alam	Director	Member	PHD, MSC (Eng.)	2/2
Professor Shibli Rubayat UI Islam	Independent Director	Member	M.Com	1/2

Roles and Responsibilities of the Audit Committee

The Audit Committee is mainly responsible for the following:

Internal Control

- To evaluate whether management is setting an appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities.
- To review Management's actions in computerization of the Bank and its applications and Management Information System (MIS) of the Bank.
- To consider whether internal control strategies recommended by internal and external auditors have been implemented by the Management.
- To consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the Board after reviewing whether necessary corrective measures have been taken by the management.

Financial Reporting

- To check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to existing rules and regulations and standards enforced in the country and as per relevant prescribed accounting standards set by Bangladesh Bank.
- To discuss with management and the external auditors to review the financial statements before the finalization.

Internal Audit

- To monitor whether internal audit team working independently from the Management.
- To review the activities and the organizational structure of the internal audit and ensure that no unjustified restriction or limitation hinders the internal audit process.
- To examine the efficiency and effectiveness of internal audit function.
- To examine whether the findings and recommendations made by the internal auditors are duly considered by the Management or not.

External Audit

- To review the performance of the external auditors and their audit reports.
- To examine whether the findings and recommendations made by the external auditors are duly considered by the Management or not.
- To make recommendations to the Board regarding the appointment of the external auditors.

Report of the Audit Committee

Compliance with existing Laws and Regulations

- To review whether the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations approved by the board are being complied with.

Other Responsibilities

- To submit compliance report to the board on a quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities.
- External and internal auditors will submit their related assessment report, if the committee solicit.
- To perform other oversight functions, as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.

In the year 2019, 02 (Two) meetings of the Audit Committee were held in which, the following issues, amongst others, were reviewed and discussed:

- i) External Audit Report of the Bank and the recommendations made there under.
- ii) Recommended the appointment of external Auditors for the year 2019.
- iii) Implementation of amended Manual on Internal Control and Compliance.
- iv) Implementation of Internal Audit Charter of the Bank.
- v) Compliance Policy of the Bank.
- vi) Finance and Accounting Policy of the Bank.
- vii) Whistleblower Policy of the Bank.

The Audit Committee has further satisfied that:

- The rules and regulations of the Bangladesh Bank and all other regulatory authorities and Bank's own policy guidelines approved by the Board of Directors are duly complied with.
- Internal control and security measures have been adequately undertaken by the Bank towards facilitating Information Technology (IT) based banking.
- The system of internal control and the business processes have been strengthened by creation of a compliance culture in the Bank.
- The efforts have been made to keep assets of the Bank safeguard along with liabilities and commitments are made for credibility & transparency.
- The Financial Statements of the Bank have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), enforced in the country and as per relevant prescribed accounting standards set by Bangladesh Bank.

Acknowledgement

The Audit Committee expresses its sincere gratitude to the members of the Board, Management and Auditors for their excellent support extended to the Committee, which facilitated in helping discharge their duties and responsibilities.



Masud Khan FCA, FCMA
Chairman, Audit Committee

Directors' Report

Dear Shareholders,

The Board of Directors of Community Bank Bangladesh Limited takes great pleasure in welcoming you to the 1st Annual General Meeting of the Bank. On behalf of the Board of Directors, I am presenting the Directors' Report on the operational and financial activities of your Company of its launching year, together with the Audited Financial Statements for the year ended 31 December 2019. This also includes reports on business, strategy, risk management, corporate governance, internal control system, financial and operational highlights for your valued consideration, approval and adoption. This report has been prepared in compliance with Section 184 of the Companies Act 1994, Banking Companies Act 1991 and the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC), Bangladesh Bank and other regulatory authorities.

Community Bank Bangladesh Limited launched its Banking operations on 11 September 2019 by opening Corporate Branch at Police Plaza, Gulshan-1 with a slogan-“Trust Security Progress”. The Honorable Prime Minister of People's Republic of Bangladesh announced the commercial launching of the Bank on 11 September 2019. Prior to this event, the Bank received its banking license on 1 November 2018 from Bangladesh Bank. A Gazette notification was published in 2019. The authorized capital of the Bank is BDT 10,000 million and paid up capital is BDT 4,000 million.

The Board remains extremely focused on ensuring that we have high compliance standard and effective corporate governance, risk management framework and internal control systems in place which are essential for the long-term sustainability of the business.

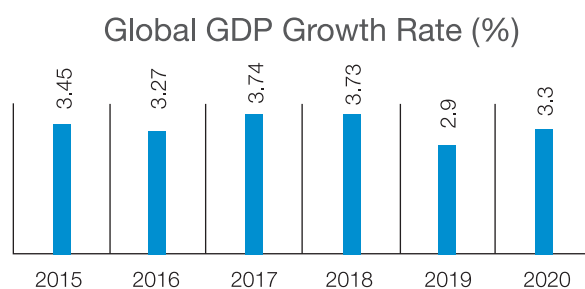
Key Performance Highlights

The Bank registered its Total Asset at BDT 7,034 million at the end of the year 2019. The portfolio of Loans and Advances reached BDT 682 million and Deposits stood around BDT 2,844 million at the end of the year 2019. On the profitability front, interest income has been recorded at BDT 313 million and Operating Income at BDT 320 million and Operating Expenses at BDT 266 million, which resulted in BDT 54 million Operating Profit for the year. Net Profit After Tax has been BDT 20 million taking EPS (Earnings per Share) to BDT 0.05. Nonperforming Loan and Capital Adequacy Ratio stood at 0.0% and 150.28% respectively at the end of the year 2019.

From the very beginning, we have been carefully investing in building long term capabilities of the Bank. From a

technology point of view, we chose to implement world-class universal Core Banking System (CBS) which is Finacle, constructed state-of-art Data Center and build internet banking platform to serve our customer better and stay fortified against any data and cyber security risks. On the distribution side, in 2019 we opened 6 Branches and 62 ATMs in different places of the country. We booked more than 160 thousand customers within a span of three months.

Global Economic Review



After the strong growth during 2017 and the first half of 2018, global economy registered a lower rate of growth in the year of 2019. International Monetary Fund (IMF) in its World Economic Outlook (WEO) January 2020, explained this global growth rate with downside risks, blaming the escalation of trade tension between the United States and China, loss of momentum in Europe and uncertainty surrounding Brexit.

Global GDP growth rate peaked at 3.8% in 2017, highest ever after 2008 financial crisis, softened to 3.6% in 2018. In the year of 2019 World GDP growth again fell to 2.9% and is expected to remain stuck around 3.0% over the next two years (as per IMF).

China endeavored to withstand the effect through monetary policy and ongoing economic reforms. Despite tightened financial conditions, most of the emerging economies remained buoyant, which continued to drive the growth of the global economy.

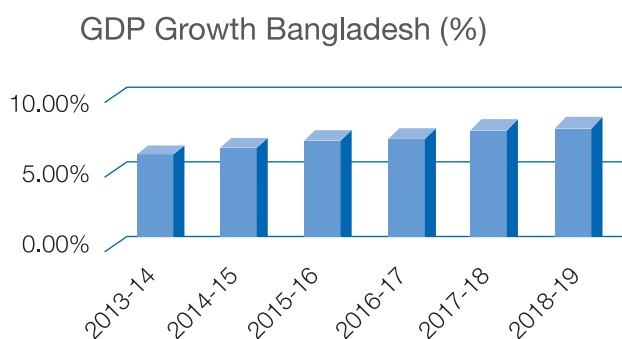
Regional Economy Review

Asian economies continue to be the major driver of the world's GDP growth. It is expected that the average GDP growth in Emerging Asian Economies will be 6.1% during 2019 to 2023. GDP in Southeast Asia is forecasted to grow by 5.2% during 2019 to 2023, China to grow by 5.9% and India by 7.3% in the same period. Source: IMF

Directors' Report

Private consumption remains strong in the South Asian region supported by stability in the labor market, growing purchasing power and emergence of middle-class population. The momentum is expected to continue in the coming years. However, there are many challenges facing the region which includes inadequate infrastructure, insufficient supply of energy and power, lack of skilled and educated manpower, income disparity, and slower adoption of newer technologies, inadequate framework for managing market risks and combating cybersecurity crimes and slower progress in social aspects of development.

Bangladesh Economy Review



Contrasting the economic scenario of the world, GDP growth of Bangladesh for FY 2018-19 reached 8.15 percent, significantly higher than the growth of 7.86 percent in the preceding fiscal year. Inflation was held in check and remained almost flat at 5.44% (P2P) on year-on-year basis, mainly due to contained food inflation. The monetary policy stances for FY 2018-19 aimed at attaining price and macro-financial stability along with supporting domestic demand to promote economic growth in tune with the government's sustainable development agenda. Country's export earnings stood at US\$ 40,535 million during FY 2018-19, which is 10.55 percent higher than the export earnings of FY 2017-18 which was US\$ 36,678 million. Country's imports (C&F based) stood at US\$ 56,020 million in FY 2018-19, up by 5.9% percent from the FY 2017-18. Inward remittances was recorded at US\$ 16,420 million during FY 2018-19 which was around 9.6% higher than that of FY 2017-18. Bangladesh Bank maintained stability in retaining foreign exchange reserves. The foreign exchange reserves stayed flat, yet healthy at US\$ 32,550 million on 30 June 2019. (Source: Bangladesh Bank Website)

Banking Sector Review

Credit risk remains one of the most major concerns in the financial sector, but the sector remains resilient to

other market and liquidity risks. Bangladesh Bank took several measures to restore stability in the financial sector such as relaxation in Advance Deposit Ratio (AD Ratio) of banks, re-fixation of Cash Reserve Ratio (CRR), exemption of provision against certain off-balance sheet items and rationalization of deposit and lending rates to reduce interest rate spread. As of June 2019, Nonperforming Loan Ratio (NPL) stood at 11.74% vis-a-vis 10.40% a year ago. In addition, Banks and NBFIs (Non-banking Financial Institutions) are facing challenges to arrest growing NPL trend and maintain minimum Capital Adequacy Ratio of 12.5% as set by Bangladesh Bank under Basel III framework. (Source: Bangladesh Bank Website)

On the funding side, deposit mobilization could be a major challenge with more industry players coming into the market, the latest move of the Government to reduce deposit rates, Government increasing its borrowing through banking system and continued sale of national savings certificates. Unless Banks and NBFIs manage spread and find ways to pull-back the classified loan trend, managing bottom line could be a major hurdle. With the expectation that investment climate would improve in 2020, financial industry would regain its momentum.

Economy and Industry Outlook

Global GDP growth rate of around 3.0% per annum is likely to sustain till 2030. It is estimated that the global GDP would increase by 40% in 2030 from the base year 2017 with 70% of the growth coming from current emerging countries, according to HSBC. China is expected to continue to be largest contributor to this growth with annual gross GDP reaching USD 26.0 trillion, followed by the United State (USD 25.2 trillion) in second position and India (USD 5.9 trillion) in the third position (HSBC Research Report). However, the latest outbreak of coronavirus is expected to have a major effect in China's growth and the spillover effect will certainly be felt in the world economy.

Economic development of Bangladesh has been remarkable from the perspective of GDP growth rate. However, the economy has the potential to grow even at a faster pace in the coming years and emerge as a major player in the world economy in 10-15 years. The coming few years are expected to be very crucial for Bangladesh in many ways as the country prepares to graduate from the least-developed nation to a middle-income country. This transformation will be aided by the significant infrastructure investment, including but not limited to, construction of deep-sea port, Dhaka power grid, Padma Bridge and railway and

Directors' Report

Akhaura Sylhet railway, Dhaka mass rapid- transit development projects, modernization of the rail network and so on.

In the short term, GDP growth of Bangladesh in FY 2019-20 is forecasted to stay above 8.0% (according to ADB) surpassing India at 7.5% and other neighboring countries such as Nepal, Pakistan, Sri Lanka and Bhutan. The growth will mainly be driven by strong increase in private consumption and gross fixed investment. The growth is expected to be fueled by greater public spending in infrastructure and various mega projects, increased private investments, rising exports, inward remittance and buoyant aggregate demand.



In the long term, Bangladesh is projected to maintain its high economic growth level up to 2030 making it as one of the biggest movers in terms of GDP growth, according to a global research conducted by HSBC. It is expected that Bangladesh will move up in rank by 15 places from now to mark itself as the 26th largest economy surpassing Philippines, Pakistan, Vietnam and Malaysia by the end of 2030. (Source: HSBC Global Research Report)

Our Business Philosophy

In this growing economic state of the country Community Bank Bangladesh Limited has started its commercial operation in September 2019. It has been established with a vision to serve communities with the tailor-made secured solutions. It aims to contribute to the economic growth of the country by providing financial products and services to the communities across geographies. State-of-the-art Core Banking System is an enabler to operate centrally in optimum magnitude. Community Bank runs on its three core building blocks i.e. Trust, Security and Progress.

The Vision of the bank-reach out to the members of different communities with innovative banking service- is aimed at ensuring financial inclusion of different communities of the nation, which will contribute to the balanced and sustainable growth of the economy.

Principal Activities

The principal businesses of the Company are related to banking and associated activities. These areas include deposit mobilization, credit distribution, trade finance, remittance services, card operations, treasury, cash management, payroll management and bill collections and so on. However, as of December 2019 our operation is confined to lending, deposit mobilization and treasury business.

Business Review

Community Bank Bangladesh Limited (CBBL) has started its journey with the commitment of providing financial services to all the communities of the nation based on their needs. We have, therefore, designed our business plan to cater to all market segments such as Corporate, Retail and CMSME segments. The bank has formulated different deposit and loan products and digital transaction services for the customers in the very first year of its operation. The bank opened more than 180 thousand retail savings accounts within 3 months' time. During this period, our main business effort revolved around managing pay-roll services of Bangladesh Police and rolling out distribution points including Branch, ATMs and Service Points and create technology platform to build the long term capabilities of the Bank.

In Q4 2019, the Bank mobilized total deposits of BDT 2,845 million and disbursed loan of BDT 682 million. The client groups are police and general individuals, big Corporates, NGOs and Government Bodies. Fixed Deposit takes the larger portion of the total deposit pie, which is 55%.

Sustainable Finance

Community Bank Bangladesh Limited is strategically moving towards a sustainable future and envisage playing a pivotal role in community-based Financial Inclusion and hence contributing to achieving 'Sustainable Development Goals (SDGs)' of the country. The Bank started its commercial operation in the year 2019 with the firm commitment towards excellence in customer service with a mission to be an efficient, market driven, customer focused and well-governed institution of the country. The bank also pledges to support environment friendly and socially impactful business initiatives.

Green Banking

Green Banking refers to practices and guidelines of the Bank that creates positive impacts on the environment. It aims to make banking processes and the use of IT and physical infrastructures as efficient and effective as possible with zero or minimal impact on the environ-

Directors' Report

ment. Community Bank Bangladesh Limited always believes that Green Banking will not only improve its own standards but also promote socially responsible business activities and save the planet. From the beginning, we started Green Transformation of Internal Operations like SMS notification of transaction, Debit Card for encouraging cash less transaction, Community Cash App through which E-Statement, fund transfer to CBBL and other Bank accounts through BEFTN, Mobile Recharge etc can be done.

Corporate Social Responsibility

Corporate social responsibility is widely accepted as a strategically important issue for the sustainable growth and competitiveness of business now-a-days. CSR is the way in which an organization strikes a balance between economic, social and environmental imperatives on the one hand and the expectations and welfare of the stakeholders on the other. For Community Bank, CSR is a commitment to manage the social, environmental and economic effects of its operations responsibly and in line with the public expectations.

People

Community Bank considers its human resources as the most important asset. The company continues its effort to implement effective human resource policies and procedures with a view to attract, develop and retain best human resources. Community Bank, from its inception, is recruiting the best professionals and implementing programs to develop and retain high-caliber employees to face the challenges of 21st Century and achieving objectives of the Bank. The Bank provides equal opportunity for all employees in its process of recruitment, selection, career progression and all aspects of performance management. The Bank will continue its effort towards the development of its Human Resources by providing them adequate training to make sure that they remain relevant to the current and future need of the company as well as maximize self-development opportunities.

Technology

To ensure robust and dependable tech-enabled banking operation, the Bank has selected one of the world's best Core Banking Solutions (CBS), Finacle. The CBS (Finacle) went live on July 2019. Additionally, the Bank has developed solid IT platform with high-level security architecture and other satellite systems to accommodate new products and services in a secured and efficient manner. In addition, the bank created an application "Community Cash" - to meet customers' digital banking expectations.

Distribution Network

Community Bank offers multiple business services through its 6 branches in, Chattogram, Sylhet, Gazipur, Narayangonj, Gulshan-Dhaka and Motijheel-Dhaka. The Bank has also established 62 ATMs in different parts of the country.

Internal Control System

Board of Directors have the responsibility of setting policies and reviewing the adequacy and effectiveness of internal control system given the different layers of risks the organization is facing. The senior management is responsible to implement such policies. The management develops operational processes, formulates control mechanisms, sets up right organizational structure with clear responsibility, authority, delegation and reporting relationships to ensure that responsibilities are effectively carried out and internal control system works effectively at every layer of management.

Control Environment

The Board of Directors sets the tone for an effective control environment through regular reviews of the processes for identifying, evaluating, and managing the risks. Top management creates the right control framework and cascades down the tone across all business functions. Every year the top team conducts a self-assessment of key controls that affect the business and develops action plans to make sure that the internal control environment is aligned with our business philosophies, strategic objectives of the company and risk appetite of the shareholders.

Risk Management

The Board is responsible for defining risk appetite of the company and the management is responsible to work within the risk appetite. Risk management is embedded in the organizational structure, culture, operations, systems and process. Business risks across the Company are addressed in a structured and systematic way through a predefined risk management framework. The Board continuously assess the risks facing the company and updates policies to strike a balance between risk and growth. While the Board sets the policies, management is responsible for executing those policies across the organization. A summary of Risk Management approach is given below:

Directors' Report

Types of Risks	Risk Management Response
<p>Credit Risk Risk of loss from failure of clients or customers to honor their obligations including the whole and timely payment of principal, interest, collateral and other receivables.</p>	<ul style="list-style-type: none"> • Selecting good borrowers • Robust credit assessment • Diversifying credit portfolio • Strong monitoring • Dedicated recovery team • Reducing large borrower concentration • Avoiding risky sectors
<p>Liquidity Risk Risk that the organization fails to meet its contractual obligations, or it does not have adequate funding and liquidity to support its assets.</p>	<ul style="list-style-type: none"> • Matching tenor wise asset and liability • Maintaining strong line of credit with banks and financial institutions • Maintaining good relationship with banks and Financial Institutions • Reducing concentration on volatile deposits • Making short term callable investments • Increasing focus on deposit customer retention. • Observing and predicting state of market liquidity and taking position upfront • Setting trading limit and trigger points on treasury borrowing or lending.
<p>Interest Rate Risk Risk of loss and negative impact on cash flow due to adverse changes in the interest rates.</p>	<ul style="list-style-type: none"> • Tenor wise matching of interest-bearing asset and liabilities to maintain desired spread • Offering floating rate for long term loans to protect against adverse interest rate movement • Embedding callability feature when necessary while borrowing or lending • Reviewing interest rate frequently • Repricing assets or liabilities when necessary • Offering higher interest rate on the long-term loans to safeguard against volatility in market interest rates and adverse business conditions.
<p>Compliance Risk Risk of penalties, damages or fines due to failure to meet its legal and compliance obligations.</p>	<ul style="list-style-type: none"> • Embedding ethical and compliance culture throughout the organization • Maintaining strict compliance with relevant laws and regulations • Ensuring that sufficient internal policies and control mechanism are in place and monitoring their effective implementation.
<p>Reputational Risk Risk of loss due to damage in reputation of the organization leading to a loss of current or future business of the company.</p>	<ul style="list-style-type: none"> • Managing good relationship with the stakeholders • Serving customers with greatest integrity and sincerity • Treating suppliers with respect • Treating employees fairly

Directors' Report

Types of Risks	Risk Management Response
	<ul style="list-style-type: none"> • Promoting transparency and ensuring proper communication with the stakeholders • Not engaging in any activities which has a negative ethical, environmental and social consequences.
<p>Technology Risk Risk of business loss due to failure of IT system.</p>	<ul style="list-style-type: none"> • Creating IT security awareness and training among all employees • Implementing proper business continuity plan and disaster recovery plan • Assessing security threat on regular basis and taking appropriate measures to address the same. • Testing and monitoring system sanity on a regular interval • Building IT capacity in pace with the business volume and objectives.
<p>Operational Risk The risk of loss due to inadequate or failure of system, processes, human or external factors</p>	<ul style="list-style-type: none"> • Conducting employee training and raising awareness about policies, procedures and controls • Assessing control system and policies on regular intervals to deal with the changing business and environmental needs • Ensuring adequate supervision, delegation of authority, maker-checker principle and segregation of duties. • Drawing up a Risk Management plan, identifying and assessing risk magnitude, and drawing up plan to reduce the same using the prevention, detective, directive and corrective principles. • Ensuring proper record keeping and documentation and archiving under a record management policy.

Corporate and Financial Reporting Framework

The Board of Directors, in accordance with BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 confirms compliance with the financial reporting framework for the following:

- The financial statements prepared by the management of Community Bank fairly presents the state of affairs, the results of its operations, cash flows and changes in equity
- Proper books of accounts of the Company have been maintained
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment
- International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed in preparation of the financial statements and any departure there from has been adequately disclosed
- The company has designed sound internal sound internal control system and it is being effectively implemented and monitored
- Minority shareholders have been protected from abusive actions by, or in the interest of controlling shareholders acting either directly or indirectly and have effective means of redress
- There are no significant doubts upon the Company's ability to continue as a going concern

Directors' Report

The Preparation of Financial Statements

The Bank shall confirm to the best of its knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
- Adequate internal control system is in place to ensure integrity of the financial reports.
- Adequate disclosure has been provided for the users of financial statement to understand the impact of financial information, other events and conditions on the entity's financial position and financial performance.
- Reasonable efforts have been made to safeguard company assets and detect and prevent any fraud or other irregularities.

Board Committees

As per Bangladesh Bank Regulation the Board has three sub-committees: Executive Committee, Audit Committee and Risk Management Committee This can be found in other section of this Annual Report.

Appointment of Member of the Senior Management Team

At Community Bank we believe that a competent senior management team is very critical to the success of the organization. Therefore, we try to recruit top level executives who have proven track record and possess right set of skills and competences. The Board, therefore, finally selects the incumbent after he/she is screened and interviewed by a separate Recruitment Committee.

Statutory Payments

The Directors are satisfied that to the best of their knowledge and belief all statutory payments to all authorities have been made on a regular basis. In the year 2019 the Bank paid BDT 68.7 million to Government Exchequer. Details is given below:

Particulars	BDT Million
VAT (including withheld VAT)	26.9
Withholding Tax	27.0
Excise Duty	1.4
Advance Income Tax	13.4
Sum	68.7

Insider Trading

Being a non-listed company, this provision is not applicable to Community Bank.

Interim Dividend

No bonus share or stock dividend or cash dividend has been declared as interim dividend.

Proposed Dividends and Appropriation of Profit

While taking dividend decision, the Company focuses on creating shareholder value by striking a balance between paying out dividend and retaining the surplus to plough back into the business. Given the fact that the company started its commercial operation in 2019 and growth potential, while maintaining minimum regulatory capital requirement, the Directors recommends no dividend for the year 2019. This will be placed for the approval of Shareholders in the 1st Annual General Meeting.

Related Party Transaction

In the normal course of business, the Bank entered into a few transactions with related parties during the year 2019. The Bank makes sure that all transactions with the related parties are made on arm's length basis. A party is deemed to be related if it can control or exercise significant influence over the other party in making financial or operating decisions. These transactions have taken place on an arm's length basis and include rendering or receiving of services. The details of related party transactions are disclosed in the "Notes to the Financial Statements."

Capital Expenditure

In 2019 the company incurred capital expenditure of BDT 265.36 million mainly for the Head office and branch construction, furniture and fixture, interior and purchase of office equipment and vehicles and acquisition and development of various software and hardware. The details of capital expenditure are reflected in the Fixed Asset Schedule in the Notes to the Financial Statements.

Extra-ordinary Gain and Loss

During the year 2019 there were no incidence or events which led to any extra ordinary gain or loss.

Statutory Auditors

A Qasem and Co Chartered Accountants were appointed as the Statutory Auditor of the Company by the Board of Directors till the conclusion of 1st AGM (Annual General Meeting) at a fees of BDT 400,000 plus VAT (BDT Four Hundred Thousand Only). Out of this fees

BDT 200,000 plus VAT is applicable for the audit of Statutory Report (from inception to 28 February 2019) and BDT 100,000 plus VAT for the audit of the Financial Statements for the period (from 10 October 2018 to 31 December 2018) and BDT 100,000 plus VAT for the audit of Financial Statements for the year ended 2019. Both Financial Statements will be placed before the shareholders in the 1st AGM for their post-facto approval. The Auditor's term will expire after the 1st AGM. A Qasem and Co Chartered Accountants offered themselves for the re-appointment for statutory audit service for the year 2020 at a fee of BDT 350,000 (BDT Three Hundred and Fifty Thousand) plus VAT. Subject to the recommendation of the Board Audit Committee and subsequently by the Board, their appointment and fees will be approved by the shareholders in the 1st AGM.

Pattern of Shareholding

This can be found in Annexure-A of the Directors' Report.

Statement of Going Concern

This can be found in Annexure-B of the Directors' Report.

Board and Committee Meeting and Attendance

During the year 2019 10 number of Meeting of Board of Directors and 02 number of Audit Committee Meeting were held. But no Executive Committee Meeting and Risk Management Committee Meeting was held during the year 2019. This can be found in Annexure-C of the Directors' Report.

Directors' Remuneration

Community Bank pays remuneration to its directors based on the guidelines issued by Bangladesh Bank and other applicable laws. The detail of Director's Remuneration can be found in Annexure-C of the Directors' Report.

Key Operating and Financial Information

Key operating and financial data of the preceding five years and significant deviation as per requirement of BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 are presented in the Annexure of Financial Statements.

Status of Compliance on Corporate Governance

Corporate Governance status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMR-

RCD/2006-158/207/Admin/80 dated June 03, 2018 issued under Section 2CC of the Securities and Exchange Commission Ordinance 1969 and other circular issued by Bangladesh Bank is enclosed in the subsequent section of the Directors' Report. Statement of Compliance with Good Governance Guideline Issued by Bangladesh Bank is included in other section of the Annual Report.

Acknowledgement

The Board of Directors would take this opportunity to express their gratitude and extend appreciation to the valued shareholders, clients, bankers, depositors, lenders, business partners and other stakeholders for their continued support and co-operation. The Board offers thanks to Bangladesh Bank, Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, National Board of Revenue, Ministry of Industries, Ministry of Finance and other Government Agencies for their support and collaboration. I would also like to thank my colleagues on the Board, who have extended their cooperation, to meet all the adverse internal and external conditions. Last but not the least, the Board has a special note of thanks to the customers and shareholders for their unstinted faith in the bright future of the Bank and to management and employees for their outstanding commitment and hard work in meeting the expectations of the customers and shareholders and indeed, all the stakeholders in the company.

For and on behalf of the Board of Directors,



Dr. Mohammad Javed Patwary, BPM (Bar)
Inspector General of Bangladesh Police and
Chairman of Community Bank Bangladesh Limited

Pattern of Shareholding

Annexure-A

Sl. No.	Name of the Shareholder	Status	No of Shares	Percentage (%) of Share holding
1	Bangladesh Police Kallyan Trust (BPKT)	Sponsor	39,99,99,990	99.9999975
2	Dr. Mohammad Javed Patwary, BPM (Bar) Inspector General, Bangladesh Police,	Chairman	01	0.00000025
3	Dr. Benazir Ahmed, BPM (Bar) Additional Inspector General, Bangladesh Police & Director General, Rapid Action Battalion (RAB),	Director	01	0.00000025
4	Dr. Md. Moinur Rahman Chowdhury, BPM (Bar) Additional Inspector General (A&O), Bangladesh Police	Director	01	0.00000025
5	Mr. Siddiqur Rahman, BPM Additional Inspector General -APBn, Bangladesh Police (PRL)	Director	01	0.00000025
6	Mr. Md. Mohsin Hossain ndc Additional Inspector General, Railway Police, Bangladesh Police	Director	01	0.00000025
7	Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM Additional Inspector General, CID, Bangladesh Police	Director	01	0.00000025
8	Mr. Abu Hasan Muhammad Tarique, BPM Deputy Inspector General (F&D), Bangladesh Police	Director	01	0.00000025
9	Mr. Habibur Rahman, BPM (Bar), PPM (Bar) Deputy Inspector General, Dhaka Range, Bangladesh Police	Director	01	0.00000025
10	Dr. Shoeb Reaz Alam Additional Deputy Inspector General (Development 1) Bangladesh Police	Director	01	0.00000025
11	Mr. Md. Ferdoush Ali Chowdhury Assistant Inspector General (Welfare Trust), Bangladesh Police	Director	01	0.00000025
	Total		40,00,00,000	100

Statement on Going Concern

Annexure-B

Going concern is one of the fundamental assumptions in the preparation of financial statements. As per the requirements of International Accounting Standards, Companies Act, Listing Rules and Bangladesh Securities & Exchange Commission Guidelines, management and directors should satisfy themselves about the appropriateness of using going concern assumption in the preparation of the financial statements. The management of an entity therefore has a responsibility to assess the entity's ability to continue as a going concern in the foreseeable future. Under the going concern assumption, an entity is normally viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or

regulations. The management and directors of the Company has made annual assessment for the year ended December 31, 2019 of whether the Company is a going concern and makes appropriate inquiries including review of budget and future outcome of inherent risk associated in the business. The management and directors of the Company are satisfied from the following factors that the preparation of financial statement for the year ended December 31, 2019 on the basis of going concern assumption is appropriate.

The company displays no symptoms (as indicated below) of possible problems of going concern; thus the financial statements have been prepared on a going concern basis.

Particulars	Indication*
Deteriorating liquidity position of the company not backed by sufficient financing arrangements	No
High financial risk arising from increased gearing level which could lead to delays in payment of interest and loan principal	No
Inability of making debt payments when falling due	No
Over-trading, that is, growing beyond financial capacity of the company	No
Significant trading losses being incurred for several years	No
Aggressive growth strategy not backed by sufficient finance	No
Increasing level of short term borrowing and overdraft not supported by increase in business	No
Inability of the company to maintain liquidity ratios as defined in the loan covenants	No
Serious litigations faced by the company or high off-balance sheet liability for which the company does not have the financial strength to pay the possible settlement	No
Inability of the company to develop a new range of commercially viable products	No
Refusal by finance providers to renew existing facility or give new funds	No
Operating in an industry which is no more profitable	No
Failure to innovate and respond to the changes in the external environment	No
Failure to adjust high operating gearing (fixed cost to total cost) while industry or company revenue is falling	No
Falling margin with no sign or possibility of increase in sales volume in future	No

* Indication of possible inability to continue as going concern

Statement on Going Concern

Annexure-B

The following indicators underline the company's ability to continue as a going concern:

Dividend Pay-out	The company has no obligation to pay dividend in the initial period of operation
Strong Capability in Settling of Obligation	The Company has strong credibility in terms of settlement of obligation to the lenders. Company has no default payment history for settlement of its obligation.
Positive Operating Profit	Despite initial year of operation the company posted a operating profit of BDT 54.20 million
Expansion of Business	Company expanded its distribution channel and launched many retail, SME and Corporate product even though the company started its commercial operation in September 2019.
Employee Satisfaction and Working Environment	Community Bank promise to be an employee friendly organization. There exists a very good corporate environment in the Company. The Company pays a very competitive compensation package with fringe benefits like car facilities, provident fund and so on.
Maintenance of Capital Adequacy Ratio (CAR)	Company maintains higher-than-required CAR (Capital Adequacy Ratio) which indicates company's strong ability to absorb any external shock
Ability to Pay Day-to-day Operational Expenses	The company has not faced any difficulties in meeting its day to day operational expenses and has continued its reputation of paying vendors in time. The company generates sufficient operating cash flow to meet operational expenses.
Off-balance Sheet Obligations	The company has no exposure in off-balance sheet liabilities as of end of period 2019
Changes in Government's Policy	Management and Board anticipate no significant changes in legislation or government policy which may materially affect the business of the Company.

Based on the review of the major indicators, the management and Directors of the Company is of the view that the preparation of the financial statements of the Company for the year ended 31 December 2019 on the basis of "going concern assumption" is appropriate.

Board Meeting Attendance and Remuneration of Community Bank Bangladesh Ltd.

Annexure-C

10 (Ten) Meetings of the Board of Directors were held in the year 2019. Attendance & Remuneration of the Honorable Directors is given below:

Sl. No.	Name of the Director	Designation	No of Total Meeting	No of Attendance	Total Remuneration	Remarks
1	Dr. Mohammad Javed Patwary, BPM (Bar) Inspector General, Bangladesh Police, Police Headquarters, Dhaka	Chairman	10	10	Tk.76,000/-	
2	Dr. Benazir Ahmed, BPM (Bar) Additional Inspector General, Bangladesh Police & Director General, Rapid Action Battalion (RAB),	Director	10	09	Tk.68,000/-	Leave of absence was granted by the Board
3	Dr. Md. Moinur Rahman Chowdhury, BPM (Bar) Additional Inspector General (A&O), Bangladesh Police	Director	10	09	Tk.69,000/-	Leave of absence was granted by the Board
4	Mr. Siddiqur Rahman, BPM Additional Inspector General -APBn, Bangladesh Police (PRL)	Director	10	03	Tk.21,000/-	The concerned person now been availing PRL
5	Mr. Md. Mohsin Hossain ndc Additional Inspector General, Railway Police, Bangladesh Police	Director	10	09	Tk.69,000/-	Leave of absence was granted by the Board.
6	Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM Additional Inspector General, CID, Bangladesh Police	Director	10	10	Tk.76,000/-	
7	Mr. Abu Hasan Muhammad Tarique, BPM Deputy Inspector General (F&D), Bangladesh Police	Director	10	10	Tk.76,000/-	
8	Mr. Habibur Rahman, BPM (Bar), PPM (Bar) Deputy Inspector General, Dhaka Range, Bangladesh Police	Director	10	09	Tk.69,000/-	Leave of absence was granted by the Board.
9	Dr. Shoeb Reaz Alam Additional Deputy Inspector General (Development 1) Bangladesh Police	Director	10	10	Tk.76,000/-	
10	Mr. Md. Ferdoush Ali Chowdhury Assistant Inspector General (Welfare Trust), Bangladesh Police	Director	10	10	Tk.76,000/-	
11	Mr. Kazi Masihur Rahman Flat-501, House No. 15, Road No. 5, Baridhara, Gulshan-2, Dhaka	Independent Director	04	03	Tk.24,000/-	- Leave of absence was granted by the Board. - Appointed as Independent Director of the Bank as 09/07/2019 - During his time 04 meetings were held

Board Meeting Attendance and Remuneration of Community Bank Bangladesh Ltd.

Annexure-C

Sl. No.	Name of the Director	Designation	No of Total Meeting	No of Attendance	Total Remuneration	Remarks
12	Mr. Masud Khan FCA, FCMA Flat-501, House No. 15, Road No. 5, Baridhara, Gulshan-2, Dhaka	Independent Director	05	04	Tk.32,000/-	Leave of absence was granted by the Board. - Appointed as Independent Director of the Bank as 27/06/2019 - During his time 05 meetings were held
13	Professor Shibli Rubayat Ul Islam Dean, Faculty of Business Studies, University of Dhaka	Independent Director	04	04	Tk.32,000/-	Appointed as Independent Director of the Bank as 27/06/2019 - During his time 04 meetings were held
14	Mr. Masihul Huq Chowdhury Community Bank Bangladesh Limited Head Office, Police Plaza (Level-10, Tower-2) Gulshan-1, Dhaka	Ex-officio Director (Managing Director & CEO)	10	10	Nil	Managing Director & CEO did not receive any remuneration

Attendance & Remuneration of Audit Committee Meeting of Community Bank Bangladesh Ltd.

Annexure-C

02 (Two) Meetings of the Audit Committee of the Board of Directors were held from 01/01/2019 to 31/12/2019. Attendance & Remuneration of the Audit Committee Meeting is given below:

Sl. No.	Name of the Director	Status with the Bank	Status with the Committee	No of Attendance	Total Remuneration	Remarks
1	Mr. Masud Khan FCA, FCMA Chief Adviser, Crown Group	Independent Director	Chairman	02	Tk.16,000/-	
2	Mr. Abu Hasan Muhammad Tarique, BPM Deputy Inspector General (F&D), Bangladesh Police	Director	Member	02	Tk.16,000/-	
3	Mr. Habibur Rahman, BPM (Bar), PPM (Bar) Deputy Inspector General, Dhaka Range, Bangladesh Police	Director	Member	01	Tk.8,000/-	Leave of absence was granted by the Chairman
4	Dr. Shoeb Reaz Alam Additional Deputy Inspector General (Development 1) Bangladesh Police	Director	Member	02	Tk.16,000/-	
5	Professor Shibli Rubayat Ul Islam Dean, Faculty of Business Studies, University of Dhaka	Independent Director	Member	01	Tk.8,000/-	Leave of absence was granted by the Chairman

Asset & Liability Management Report

Treasury division of Community Bank Bangladesh Limited is currently comprised of multi-functional activities with a healthy portfolio with diversified asset characteristics. With the rapid expansion pace of the Bank, Treasury Division is playing a vital and contributory role in its operations considering the upcoming challenges and risks involved in the day-to-day functions. Under the banner of Treasury Division, four important desks-investment & govt. securities desk, money market operation desk, foreign exchange operation desk and ALM desk are operating in full swing.

The Treasury Department is also regarded as a Profit Center, which generates income by trading instruments in the Financial Market. The Treasury is constituted with well-set Front Office, Mid Office and Back Office.

Major Functions of Treasury Division:

- Fund Management
- Management of Statutory Requirement
- Investment
- Trading of F Ex. & Money Market Instruments
- Asset Liability Management
- Risk Management

Money Market Desk

Money market dealers arrange short and medium term funds at most economical terms which are required by the bank aside from customer deposit mobilization efforts. Money market desk ensures that the bank remains sufficiently liquid, meeting all its financial commitments and obligations to its customers besides meeting the SLR & CRR requirement at minimum risk and cost to the bank. In stress liquidity condition, the desk always manages sufficient fund to provide business needs.

Investment Desk

Investment desk in Treasury Front Office operates within the policy frame approved by the Board of Directors of the Bank. The motive is to invest bank's surplus funds in optimal level in terms of revenue generation and strengthen rapport to the clients.

Govt. Securities Desk & Primary Dealership Business

Banks need to maintain liquidity in form of CRR (Cash Reserve Ratio) & SLR (Statutory Liquidity Ratio) as per Banking Company Act. Investment in various Govt. securities like Treasury bills and Bonds in different tenors, debentures qualify for SLR. CBBL actively participates in Govt. Securities auctions for investment in SLR maintenance and also generation of risk free fixed return on Securities Investment.

With a view to activating a secondary market in Treasury Bills/Bonds and other Government securities, Bangladesh Bank nominated Community Bank Bangladesh Limited as a primary dealer. From the very beginning we are actively trading Government securities.

Foreign Exchange Desk

We are a scheduled commercial bank, we have already got our Authored Dealer (AD) license. We will actively deal in foreign currencies since we have an immense prospect in this market.

Asset Liability Management Desk

Asset Liability Management is one of the major functions of Treasury Division. Community Bank Bangladesh Ltd. has a highly efficient ALM Desk, which is an independent unit within the Treasury Front Office. Objective of the desk is to ensure efficient allocation of fund within an acceptable, measurable and defined risk structure. The desk monitors & analyzes various cash flows, cash positions, balance sheet gaps, daily P&L, economic trends, investment options, arbitrage opportunities, future business growth and place the facts & findings before the ALCO. Regular ALCO meeting is conducted once in month but in case of urgent situation special meeting is arranged. The desk proposes balance sheet strategy to the management.

Adjustment for Approved Securities HTM:

As on December 31, 2019

As per Bangladesh Bank's DOS Circular Letter # 5 dated May 26, 2008 all Government Securities holding by scheduled banks with effect from July 1, 2008 must be segregated into HTM (Held to Maturity) and HFT (Held for Trading). HTM securities are to be amortized at the end of each year and any increase/decrease due such amortization is to be adjusted in the changes in equity system. HFT securities are to be revalued weekly as per Mark to Market method. Any increase/decrease due to such valuation (Mark to Market) cannot be taken into Profit & Loss account until sale or maturity rather the same is to be transferred to Reserve for Revaluation Accounts.

	(Amount in BDT)
Revaluation Reserve (for HFT securities)	
Balance as on January 1, 2019	-
Add adjustment during the year in Mark to Market Method on Treasury Bond	2,136.17
Balance as on December 31, 2019	2,136.17

Disclosures On Risk Based Capital (Basel III)

Disclosures on Risk Based Capital (Basel III) based on 31 December 2019

Introduction

Basel III is a global regulatory capital and liquidity framework established by the Basel Committee on Banking Supervision ('BCBS'). Basel III includes three complementary pillars:

Pillar 1 establishes minimum capital requirements, defines eligible capital instruments, and prescribes rules for calculating Risk Weighted Asset (RWA).

Pillar 2 requires banks to have an internal capital adequacy assessment process and requires that banking supervisors evaluate each bank's overall risk profile as well as its risk management and internal control processes.

Pillar 3 encourages market discipline through disclosure requirements which allow market participants to assess the risk and capital profiles of banks.

Pillar 3 recognizes that market discipline has the potential to reinforce capital regulation and other supervisory efforts to promote safety and soundness in banks and financial systems. Market discipline imposes strong incentives on banks to conduct their business in a safe, sound and efficient manner. It can also provide a bank with an incentive to maintain a strong capital base as a cushion against potential future losses arising from its risk exposures.

In line with the Bangladesh Bank BRPD Circular 18 dated December 21, 2014 on 'Guideline on Risk Based Capital Adequacy', detailed qualitative and quantitative disclosures are provided in accordance with the central bank directions.

Components of Disclosure

Disclosure is organized as per Bangladesh Bank requirement in the following components:

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

a) Scope of Application:

Qualitative Disclosures	
a) The name of the top corporate entity in the group to which this guidelines applies	Community Bank Bangladesh Limited
b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (i) that are fully consolidated; (ii) that are given a deduction treatment; and (iii) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).	Community Bank Bangladesh Limited Community Bank Bangladesh Limited (the "Bank") was incorporated in Bangladesh on 10 October 2018 under the Companies Act, 1994 as a Public Limited Company and received its banking license from Bangladesh Bank on 1 November 2018 as a scheduled commercial bank. The principal activities of the Bank are to provide all kinds of conventional banking services to its customers through its branches, service desks, and vibrant alternative delivery channels (ATM Booths, Mobile Banking app) in Bangladesh.
c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not applicable
Quantitative Disclosures	
d) The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.	Not applicable

b) Capital Structure:

Qualitative Disclosures	
a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1 or in Tier 2 capital.	As per Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for Banks in line with Basel III) introduced by Bangladesh Bank, 'Common Equity Tier-1 (CET 1)' Capital of Community Bank Bangladesh Limited consists of (i) Paid-up Capital, (ii) Statutory Reserve and (iii) Retained Earnings. Community Bank does not have 'Additional Tier 1 (AT 1)' Capital since it did not issue any instrument that meets the qualifying criteria for Additional Tier 1 Capital. Tier-2 Capital consists of General provision against unclassified loans and advances.

	Compliance with Regulatory Requirements by Community Bank: Conditions for maintaining regulatory capital: The Bank complied with all the required conditions for maintaining regulatory capital as stipulated in the Basel III guidelines as per following details:		
	Particulars	Minimum Criteria	Status of compliance
	Common Equity Tier 1 (CET1) Capital Ratio	4.50%	Complied
	Tier 1 capital Ratio	6.00%	Complied
	Minimum capital to Risk Weighted Asset Ratio (CRAR) including Capital Conservation Buffer	12.50%	Complied
Maximum limit of Tier-2 capital: Tier 2 capital can be maximum up to 4% of the total RWA or 88.89% of CET-1, whichever is higher.		Complied	

Quantitative Disclosures

b) The amount of Regulatory capital of Community Bank Bangladesh Limited under Basel-III for 31 December, 2019 as below:

1. Common Equity Tier-1 (Going Concern Capital)	Solo
	Amount in Million
Paid-up Capital	4,000.00
Statutory Reserve	9.33
Retained Earnings	(8.68)
	4,000.65
Less: Regulatory Adjustment for Tier-1 Capital Goodwill and all other intangible assets (WDV of Software)	(23.99)
Total Common Equity Tier-1 Capital	3,976.66
2. Tier-2 Capital (Gone-Concern Capital)	
General Provision	7.54
Revaluation Reserves for Securities up to 50%	-
Less: Revaluation Reserves for Fixed Assets, Securities & Equity Securities (Phase-in deductions as per Basel III Guideline)	-
Total Admissible Tier-2 Capital	7.54
Total Regulatory Capital	3,984.20

c) Capital Adequacy:

Qualitative Disclosures	
a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities	<p>The Bank follows following approaches for calculating Risk Weighted Asset (RWA) as per Basel-III guidelines stated in BRPD Circular No.18 dated December 21, 2014 of Bangladesh Bank:</p> <ul style="list-style-type: none"> • Standardized approach for credit risk • Standardized approach for Market risk • Basic indicator approach for operational risk

Quantitative Disclosures	
Capital requirement under following Risk:	Amount in Million
b) Capital requirement for Credit Risk	248.15
c) Capital requirement for Market Risk	0.96
d) Capital requirement for Operational Risk	16.01
e) Total Capital Requirement (b+c+d)	265.13
Minimum Capital Requirement (MCR) Capital Adequacy Ratio (CRAR):	
1. Common Equity Tier 1 (CET 1) Ratio [%]	149.99%
2. Tier 1 Capital Adequacy Ratio [%]	149.99%
3. Tier-2 Capital Adequacy Ratio [%]	0.28%
Capital to Risk-weighted Asset Ratio (CRAR) [%]	150.28%
f) Capital Conservation Buffer (2.50% of RWA) [Million]	66.28
Minimum Capital Requirement (MCR) [Million]	4,000.00

d) Credit Risk:

Qualitative Disclosures	
a) The general qualitative disclosure requirement with respect to credit risk:	
(i) Definitions of past due and impaired (for accounting purposes);	<p>As per relevant Bangladesh Bank guidelines, the Bank defines the past due and impaired loans and advances for strengthening the credit discipline and mitigating the credit risk of the Bank. The impaired loans and advances are defined on the basis of (i) Objective/ Quantitative Criteria and (ii) Qualitative judgment. For this purposes, all loans and advances are grouped into 4 (four) categories namely- (a) Continuous Loan, (b) Demand Loan, (c) Fixed Term Loan, and (d) Short-term Agricultural & Micro Credit.</p> <p>Definition of past due/ overdue</p> <ul style="list-style-type: none"> Any Continuous Loan if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date. Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date. Whereas, In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue after six months of the expiry date. <p>However, a continuous loan, demand loan or a term loan which will remain overdue for a period of 2 (two) months or more, will be put into the "Special Mention Account (SMA)", the prior status of becoming the loan into impaired/ classified/ non-performing.</p> <p>Definition of impaired/ classified/ non-performing loans and advances are as follows:</p> <ul style="list-style-type: none"> A Continuous Loan, Demand Loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 03 (three) months or beyond but less than 09 (nine) months, the entire loan will be put into the "Sub-standard (SS)". A Continuous Loan, Demand Loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 09 (nine) months or beyond but less than 12 (twelve) months, the entire loan will be put into the "Doubtful (DF)".

	<ul style="list-style-type: none"> • A Continuous loan, Demand loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 12 (twelve) months or beyond, the entire loan will be put into the "Bad/Loss (B/L)". • Loans have to be treated as defaulted loan as per section 5(GaGa) of the Banking Companies Act, 1991 and to be reported accordingly as per formats given in BRPD Circular No.08 dated August 02, 2015. In this regard, a portion of the "Sub-standard (SS)" loans will be reported as defaulted loan. <p>Short-term Agricultural and Micro-credit: The Short-term Agricultural and Micro Credit will be considered irregular if not repaid within the due date as stipulated in the loan agreement. If the said irregular status continues, the credit will be classified as 'Sub-standard' after a period of 12 months, as 'Doubtful' after a period of 36 months and as 'Bad/Loss' after a period of 60 months from the stipulated due date as per the loan agreement.</p>						
ii) Description of approaches followed for specific and general allowances and statistical methods;	<p style="text-align: center;">Loan Type</p>		Rates of Provision				
			Un- Classified		Classified		
	Standard	SMA	SS	DF	BL		
	All unclassified loans (other than loans under small enterprise and consumer financing and BHs, MBs, SDs)	1.00%	1.00%	20%	50%	100%	
	Small and medium enterprise financing	0.25%	0.25%	20%	50%	100%	
	Consumer financing (other than housing finance, credit card and loans for professionals under consumer financing scheme)	5.00%	5.00%	20%	50%	100%	
	Consumer financing (for housing finance)	1.00%	1.00%	20%	50%	100%	
	Consumer financing (for credit card)	2.00%	2.00%	20%	50%	100%	
	Consumer financing (for professionals)	2.00%	2.00%	20%	50%	100%	
	Loans to Brokerage Houses (BHs)/ Merchant Banks(MBs)/ Stock Dealers (SDs) against Shares etc.	2.00%	2.00%	20%	50%	100%	
	Short term Agricultural & Micro-Credits	1.00%	-	5%	5%	100%	
iii) Discussion of the Bank's credit risk management policy	<p>The Bank has put in place a well-structured Credit Risk Management Policy duly approved by the Bank's Board of Directors. The Policy document defines Credit risk organization structure, role & responsibilities and the processes whereby Credit Risks carried out by the Bank can be identified, quantified & managed within policy. Credit Risk is monitored on a bank-wide basis and compliance with the risk limits approved by Board/Risk Management Committee of Board.</p> <p>Community Bank has taken earnest steps to put in place best credit risk management practices in the bank. Besides, the bank has framed a policy on Valuation Methodology with the approval by the Board. According to methodology, such securities normally accepted by the Bank to protect the interest. These securities act as mitigation against the credit risk to which the bank is exposed.</p>						

Quantitative Disclosures			
(b) Total gross credit risk exposures broken down by major types of credit exposures:			
	Major types of credit exposure as per disclosures in the audited financial statements as of 31 December 2019		
	In Million Taka		
	Particulars	Outstanding Amount	Mix (%)
	Overdrafts	105.32	15.43%
	Term loans	540.16	79.15%
	Staff loans	36.95	5.41%
	Bills purchased and discounted	-	0.0%
	Total Loans and advances	682.43	100.00%
(c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure:			
	Geographical distribution of credit exposures as per the disclosures in the audited financial statements as of 31 December 2019 are as follows:		
	In Million Taka		
	Particulars	Outstanding Amount	Mix (%)
	Dhaka Division	682.43	100.00%
	Chittagong Division	-	0.00%
	Khulna Division	-	0.00%
	Rajshahi Division	-	0.00%
	Barisal Division	-	0.00%
	Sylhet Division	-	0.00%
	Rangpur Division	-	0.00%
	Mymensingh Division	-	0.00%
	Total	682.43	100.00%
(d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposures:			
	Industry or counterparty type distribution of exposures, broken down by major types of credit exposures as per the disclosures in the audited financial statements as of 31 December 2019 are as follows:		
	(i) Loans and Advances including bills purchased and discounted on the basis of significant concentration:		

		In Million Taka	
Particulars	Outstanding Amount	Mix (%)	
Commercial lending	-	0.00%	
Agricultural loan	-	0.00%	
Large industry Loan	98.95	14.50%	
Consumer credit scheme	28.88	4.24%	
Small and medium enterprise financing	-	0.00%	
Staff loan	36.95	5.41%	
House building loan (other than the employees)	-	0.00%	
Others (Police Portfolio-Salary Back Loan)	517.64	75.85%	
Total	682.43	100.00%	
(e) Residual contractual maturity break down of the whole portfolio, broken down by major types of credit exposure:			
Residual contractual maturity of exposures as per the disclosures furnished in the audited financial statements as of 31 December 2019 are as follows:			
		In Million Taka	
Particulars	Outstanding Amount	Mix (%)	
Repayable on demand	-	0.00%	
More than 1 months to 3 months	-	0.00%	
More than 3 months to 1 Year	106.27	15.57%	
More than 1 year to 5 years	512.32	75.07%	
More than 5 years	63.84	9.35%	
Total	682.43	100.00%	
(f) By major industry or counterparty type:			
a) Amount of impaired loans and if available, past due loans, provided separately:			
Not applicable			
b) Specific and general provisions			
Specific and general provisions for loans portfolio and general provision for off-balance sheet exposures of the Bank as per audited financial statements as of 31 December 2019 was as under:			
		In Million Taka	
Particulars of specific and general provisions for entire loan portfolio and off-balance sheet exposures		Amount	
Specific provision for loans and advances		-	
General provision for loans and advances		7.53	
General provision for off-balance sheet exposures		-	
Total		7.53	

c) Charges for specific allowances and charges-offs (general allowances) during the period	
The specific and general provisions for loans portfolio and general provision for off-balance sheet exposures of the Bank charged during the year as per audited financial statements for the year ended 31 December 2019 was as under:	
In Million Taka	
Particulars	Amount
Specific provision for loans and advances	-
General provision for loans and advances	7.53
General provision for off-balance sheet exposures	-
Total	7.53
(g) Gross Non Performing Assets (NPAs) : Not applicable	

e) Equities: Disclosures for Banking Book Position

Qualitative Disclosures	
(a) The general qualitative disclosure requirement with respect to equity risk, including:	
Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and	Not Applicable
Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.	at the end of 31 December 2019, the Bank had no investment to the equity instruments/ exposures,
Quantitative Disclosures	
Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value	Not Applicable
The cumulative realized gains (losses) arising from sales and liquidations in the reporting period. - Realized gain (losses) from equity investments	Not Applicable
<ul style="list-style-type: none"> • Total unrealized gains (losses) • Total latent revaluation gains (losses) • Any amounts of the above included in Tier 2 capital. 	Not Applicable
Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.	Not Applicable

f) Interest rate risk in the banking book (IRRBB):

Qualitative Disclosures:				
(a) The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behaviour of non-maturity deposits, and frequency of IRRBB measurement	Interest rate risk is the risk where changes in market interest rates might adversely affect a bank's financial condition. Changes in interest rates affect both the current earnings (earnings perspective) as well as the net worth of the bank (economic value perspective). Re-pricing risk is often the most apparent source of interest rate risk for a bank and is often gauged by comparing the volume of a bank's assets that mature or re-price within a given time period with the volume of liabilities that do so.			
Qualitative Disclosures:				
(b) The impact of changes in interest rate for On-balance sheet Rate sensitive assets and liabilities of Community Bank Bangladesh Limited as of 31 December 2019 is represented below:				
In Million Taka				
Particulars	3 months	6 months	1 year	above 1 year
Rate sensitive assets [A]	4,479.4	136.3	623.1	530.7
Rate sensitive liabilities [B]	779.2	553.9	1,027.2	98.9
Net GAP [A-B]	3,700.2	(417.6)	(404.1)	431.8
Cumulative GAP	3,700.2	3,282.6	2,878.5	3,310.3
Interest rate change (IRC) [Note 1]	1.0%	1.0%	1.0%	1.0%
Net Interest Income (NII) = IRC X gap	9.3	(2.1)	(4.0)	4.3
Negative impact on earnings	(9.3)	2.1	4.0	(4.3)
Adjusted net income [Net profit before provision and tax was Taka 20.2 million for the year ended 31 December 2019) minus negative impact]	11.0	22.4	24.3	16.0

Note 1: Assuming 1% rise in interest rates for both asset and liability portfolio of the Bank.

g) Market Risk:

Qualitative Disclosures		
i) Views of BOD on trading/ investment activities	<p>The Board approves all policies related to market risk, set limits and reviews compliance on a regular basis. The objective is to provide cost effective funding to finance assets growth and trade related transactions. The market risk covers the followings risks of the Bank's balance sheet:</p> <ul style="list-style-type: none"> i) Interest rate risk; ii) Equity price risk; iii) Foreign exchange risk; and iv) Commodity price risk. 	
ii) Methods used to measure Market risk	Standardized approach has been used to measure the Market risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of risk subcategories. For each risk categories minimum capital requirement is measured in terms of two separately calculated capital charges for "specific risk" and "general market risk"	
iii) Market Risk Management System	The Treasury Department manages market risk covering liquidity, interest rate and foreign exchange risks with oversight from Asset-Liability Management Committee (ALCO) comprising senior executives of the bank. ALCO is chaired by the Managing Director. ALCO meetings are held at least once in a month.	
iv) Policies and processes for mitigating market risk	There are approved limits for Market risk related instruments both on-balance sheet and off-balance sheet items. The limits are monitored and enforced on a regular basis to protect against market risks. The ALCO of the Bank meets on regular basis to review the prevailing market condition, exchange rate, foreign exchange position and transactions to mitigate foreign exchange risks.	
Quantitative Disclosures		
The capital requirements for market risk	In Million Taka	
	The Capital Requirements for:	Amount
	• Interest rate risk	0.96
	• Equity position risk	-
	• Foreign exchange risk	
	• Commodity risk	
	Total capital requirement for Market risk	0.96

h) Operational Risk:

a) Qualitative Disclosures		
i) Views of Board of Directors (BOD) on system to reduce Operational Risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external causes, whether deliberate, accidental or natural. It is inherent in all of the Bank's activities. The policy for operational risks including internal control and compliance risk is approved by the Board taking in to account relevant guidelines of Bangladesh Bank. Audit Committee of the Board directly oversees the activities of the respective division to protect against all operational risk.	
ii) Performance gap of executives and staffs	Community Bank is an equal opportunity employer. It has a policy to provide competitive package and best working environment to attract and retain the most talented people available in the industry At Community Bank Bangladesh Limited we recognize the importance of having the right people at right positions to achieve organizational goals.	
iii) Potential external events	No potential external events are expected to expose the Bank to significant operational risk.	
iv) Policies and processes for mitigating operational risk	<p>The Bank follows the Basic Indicator Approach (BIA) in terms of BRPD Circular No. 18 dated 21 December 2014 Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III). The BIA stipulates the capital charge for operational risk is a fixed percentage, denoted by α (alpha) of average positive annual gross income of the Bank over the past three years. It also states that if the annual gross income for any year is negative or zero, that should be excluded from both the numerator and denominator when calculating the average gross income. The capital charge for operational risk is enumerated by applying the following formula:</p> $K = [(GI1 + GI2 + GI3) \alpha] / n$ <p>Where: K = the capital charge under the Basic Indicator Approach GI = only positive annual gross income over the previous three years (i.e., negative or zero gross income if any shall be excluded) α = 15 percent n = number of the previous three years for which gross income is positive.</p>	
b) Quantitative Disclosures		
The capital requirement for operational risk	In Million Taka	
	Particulars	Amount
	Capital requirement for Operational Risk	16.01
	Total Capital Requirement for Operational Risk	16.01

i) Liquidity Ratio:

a) Qualitative Disclosures	
i) Views of BoD on system to reduce liquidity Risk	The Board of Directors of Community Bank Bangladesh Limited that has always been giving most importance to minimizing the liquidity risk of the bank. In order to reduce liquidity risk strict maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Reserve (SLR) is also being emphasized on a regular basis. As per Basel-III requirement, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are also maintained well above the minimum requirement .
ii) Methods used to measure Liquidity risk	<p>Under Basel III, the following methods and tools are mandated for measuring the liquidity risk.</p> <p>a) Liquidity Coverage Ratio (LCR): LCR or Liquidity Coverage Ratio is a new liquidity standard introduced by the Basel Committee. This standard is built on the methodologies of traditional liquidity coverage ratio used by banks to assess exposure to contingent liquidity events. LCR aims to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for 30 calendar days. LCR goes beyond measuring the need for liquid assets over the next 30 days in a normal environment. It measures the need for liquid assets in a stressed environment, in which deposits and other sources of funds (both unsecured and secured) run off, to various extents, and unused credit facilities are also drawn down in various magnitudes.</p> <p>b) Net Stable Funding Ratio (NSFR): NSFR or Net Stable Funding Ratio is another new standard introduced by the Basel Committee. The NSFR aims to limit over-reliance on short-term wholesale funding during times of abundant market liquidity and encourage better assessment of liquidity risk across all On and Off-balance sheet items. The minimum acceptable value of this ratio is 100 percent, indicating that available stable funding (ASF) should be at least equal to required stable funding (RSF). ASF consists of various kinds of liabilities and capital with percentage weights attached given their perceived stability. RSF consists of assets and off-balance sheet items, also with percentage weights attached given the degree to which they are illiquid or “long-term” and therefore requires stable funding. The time horizon of the NSFR is one year. Like the LCR, the NSFR calculations assume a stressed environment.</p> <p>In addition to the above, the following measures have been put in place to monitor the liquidity risk management position of the Bank on a continued manner:</p> <p>a) Asset-Liability Maturity Analysis (Liquidity profile); b) Whole sale borrowing capacity; and c) Maximum Cumulative Outflow (MCO).</p>
iii) Liquidity Risk Management System	The Asset Liability Management Committee (ALCO) of the Bank monitors & manages liquidity and interest rate risk in line with the business strategy. ALM activity including liquidity analysis & management is conducted through coordination between various ALCO support groups residing in the functional areas of balance sheet management,
iv) Policies and Processes for mitigating Liquidity risk	Bank has Asset Liability Management Committee (ALCO) to monitor the liquidity risk on a regular basis. Based on the detail recommendation from ALM desk, ALCO take appropriate action to manage the liquidity risk. Also Bank has internal risk control framework which outlines clear and consistent policies and principles for liquidity risk management.

Quantitative Disclosures		
	Liquidity Coverage Ratio (LCR) [%]	217.72%
	Stock of High quality liquid assets(SHQLA) [Million]	765.69
	Total net cash outflows over the next 30 calendar days [Million]	351.69
	Net Stable Funding Ratio (NSFR) [%]	227.36%
	Available amount of stable funding [Million]	6,579.41
	Required Stable Funding (RSF) [Million]	2,893.85

j) Leverage Ratio:

Qualitative Disclosures		
i) Views of BoD on system to reduce excessive leverage	In order to avoid building-up of an excessive on- and off-balance sheet leverage in the banking system, a simple, transparent and non-risk based leverage ratio has been introduced under the Base III framework. Board of Directors of our Bank continuously monitoring the exposure limit of lending, capital strength of our Bank in order to avoid building-up excessive on- and off-balance sheet leverage	
ii) Policies and processes for managing excessive on and off-balance sheet leverage	The Leverage Ratio is intended to achieve the following objectives: a) Constrain the build-up of leverage in the banking sector which could damage the broader financial system and the economy b) Reinforce the risk based requirements with any easy-to-understand and non-risk based measure.	
	A minimum Tier 1 leverage ratio of 3% is being prescribed by Bangladesh Bank both at solo and consolidated level. In view of the impact of leverage into the business, our Bank Management takes decision about future investment. Considering the financial strength, the bank also prepares capital planning and business budget to go on a right way.	
iii) Approach for calculating exposure	Community Bank meticulously maintain leverage ratio well above the BB minimum requirement. The calculation of leverage ratio at the end of each calendar quarter is required to submit to BB based on the following definition of capital and total exposure: $\text{Leverage Ratio (LR)} = \frac{\text{Tier 1 Capital (after related adjustment)}}{\text{Total Exposure (after related deductions)}} > 3\%$	
Quantitative Disclosures:		
	Leverage Ratio [%]	56.72%
	On balance sheet exposure [Million]	7,034.55
	Off balance sheet exposure [Million]	0.00
	Total exposure [Million]	7,034.55

k) Remuneration:

Qualitative Disclosures		
Information relating to the bodies that oversee remuneration.		
a)	i) Name of the bodies that oversee remuneration	Community Bank has a competitive compensation and benefits system that helps to ensure pay equity, is linked with performance and affordability. The compensation and benefits policy has been set through market study and peer group comparison. The Board of Directors of the bank approve the remuneration policy recommended by senior management. Though the bank has no permanent external consultant for managing remuneration but expert opinion may have been sought by management in case to case basis.
	ii) Composition of the main body overseeing remuneration	
	iii) Mandate of the main body overseeing remuneration	
	iv) External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process	
	v) A description of the scope of the bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches	
	vi) A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group	

b)	Information relating to the design and structure of remuneration processes.	
i) An overview of the key features and objectives of remuneration policy	Community Bank aims to create a future oriented, strategic compensation plan in order to attract and retain its talent. The remuneration policy is designated to establish pay structure based on performance, skills and competencies.	
iii) A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.	<p>Salary Structure: i. Basic, ii). House Rent, iii) Medical iv) Conveyance, v) Leave Fare Assistance</p> <p>Annual Performance Bonus: As a part of employee motivation through monetary incentive, the management is planning to introduce KPI based performance bonus system.</p>	
c)	Description of the ways in which current and future risks are taken into account in the remuneration processes.	
i) An overview of the key risks that the bank takes into account when implementing remuneration measures.	<p>Bank takes into account the following key risks when managing and determining remuneration:</p> <p>i. Financial Risk ii. Operational Risk iii. Compliance risk</p>	
ii) An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure.	Both financial and non-financial measures are considered to take account of these risk.	
iii) A discussion of the ways in which these measures affect remuneration.	While evaluating the performance of each employee annually, all financial and non-financial indicators as per pre-determined objectives are considered and accordingly the result of the performance varies from one to another and thus affect the remuneration as well.	
iv) A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.	Not Applicable	
Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.		
i) An overview of main performance metrics for bank, top-level business lines and individuals	The Bank sets the Key Performance Indicators (KPIs) while approving the business target/ budget for each year for the business lines/ segments. The management sets the appropriate tools, techniques and strategic planning (with due concurrence/ approval of the Board) towards achieving those targets. The most common KPIs are the achievement of loan, deposit and profit target with the threshold of NPL ratio, cost income ratio, cost of fund, yield on loans, provision coverage ratio, capital to risk weighted asset ratio (CRAR), ROE, ROA, liquidity position (maintenance of CRR and SLR) etc.	

d)	ii) A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.	The remuneration of each employee is paid based on her/ his individual performance, skills and competencies evaluated as per set criteria. And, accordingly, the aggregate amount of remuneration of the Bank as a whole is linked/ impacted to the same extent.
	iii) A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak. This should include the bank's criteria for determining "weak" performance metrics.	The Bank follows remuneration process as per set criteria with no in general adjustment in the event of weak performance metrics/ scorecard.
e)	Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance.	
	i) A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.	The Bank is planning to introduce variable remuneration i.e. annual increment based on the yearly performance rating on cash basis with the monthly pay. The bank has already introduced the value of longer term variable part of remuneration i.e. the amount of provident fund made provision on aggregate/ individual employee basis; actual payment is made upon retirement, resignation etc. as the case may be, as per rule. The gratuity fund is also ready to be implemented as per bank's approved policy.
	ii) A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements.	Not applicable
f)	Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms.	
	i) An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms. A description of the elements corresponding to other forms of variable remuneration (if any) should be provided.	The Bank is planning to pay variable remuneration on case to case basis (i.e. direct credit to the employee Bank account and/ or Payment Order/ Cheque), as the case may be, as per rule/ practice.

Quantitative Disclosures												
g)	Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	Not applicable										
h)	i) Number of employees having received a variable remuneration award during the financial year.	Not applicable										
	ii) Number and total amount of guaranteed bonuses awarded during the financial year.	The total number of employees received guaranteed bonus is 301 and total amount is Taka 8.76 million in the year of 2019.										
	iii) Number and total amount of sign-on awards made during the financial year.	NIL										
	iv) Number and total amount of severance payments made during the financial year.	NIL										
i)	i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	NIL										
	ii) Total amount of deferred remuneration paid out in the financial year.	NIL										
j)	Breakdown of amount of remuneration awards for the financial year to show:	<p>i) Fixed and variable remuneration paid in 2019 are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: right;">In Million Taka</th> </tr> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: left;">Amount</th> </tr> </thead> <tbody> <tr> <td>Fixed pay</td> <td>147.44</td> </tr> <tr> <td>Variable pay</td> <td>-</td> </tr> <tr> <td>Total fixed and variable pay</td> <td>147.44</td> </tr> </tbody> </table>	In Million Taka		Particulars	Amount	Fixed pay	147.44	Variable pay	-	Total fixed and variable pay	147.44
In Million Taka												
Particulars	Amount											
Fixed pay	147.44											
Variable pay	-											
Total fixed and variable pay	147.44											

		<p>ii) Deferred and non-deferred (paid during the year).</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: right;">In Million Taka</th> </tr> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: center;">Amount</th> </tr> </thead> <tbody> <tr> <td>Deferred</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Non-deferred</td> <td style="text-align: center;">-</td> </tr> </tbody> </table> <p>iii) Different forms used (cash, shares and share-linked instruments, other forms).</p> <ul style="list-style-type: none"> • Remuneration is paid on cash basis (i.e. direct credit to the employee Bank account and/or Payment Order/ Cheque), as the case may be, as per rule/ practice. 	In Million Taka		Particulars	Amount	Deferred	-	Non-deferred	-
In Million Taka										
Particulars	Amount									
Deferred	-									
Non-deferred	-									
k)	Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration: Not Applicable									
	i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	Not Applicable								
	ii) Total amount of reductions during the financial year due to ex post explicit adjustments.	Not Applicable								
	iii) Total amount of reductions during the financial year due to ex post implicit adjustments.	Not Applicable								

Independent auditor's report & audited financial statements of Community Bank Bangladesh Limited

As at and for the year ended 31 December 2019



Independent auditor's report to the shareholders of Community Bank Bangladesh Limited

Report on the audit of financial statements

Opinion

We have audited the financial statements of Community Bank Bangladesh Limited ("the Bank"), which comprise the balance sheet as at 31 December 2019, and the profit and loss account, cash flow statement, statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Bank give a true and fair view of the balance sheet of the Bank as at 31 December 2019, and of its profit and loss account, its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act, 1994, the Banking Companies Act, 1991 (as amended up to date), rules and regulations issued by Bangladesh Bank and other applicable laws and regulations.

Emphasis of Matter

We draw attention to note 2.17 (xviii) to the financial statements, where management explains the rationale behind the departure from the requirements of IFRS 16 Leases.

Our opinion is not qualified in respect of this matter.

Basis for opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements of the Bank in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. The Banking Companies Act, 1991 (as amended up to date) and the Bangladesh Bank Regulations require the management to ensure effective internal audit, internal control and risk management functions of the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Report on other legal and regulatory requirements

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

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the management's responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Bank appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank.
- (iii) in our opinion, proper books of accounts as required by law has been kept by the Bank so far as it appeared from our examination of those books;
- (iv) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (v) the expenditures incurred were for the purpose of the Bank's business for the period;
- (vi) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (vii) the information and explanations required by us have been received and found satisfactory; and
- (viii) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 300 person hours for the audit of the books and account of the Bank;

Dated: Dhaka
February 29, 2020



A. Qasem & Co.
Chartered Accountants

Community Bank Bangladesh Limited

Balance Sheet

As at 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
PROPERTY AND ASSETS			
Cash:	3	590,640,106	-
Cash in hand (Including foreign currency)		430,576,682	-
Balance with Bangladesh Bank and its agent Bank(s) (Including foreign currency)		160,063,424	-
Balance with other banks and financial institutions	4	4,481,501,232	-
In Bangladesh		4,481,501,232	-
Outside Bangladesh		-	-
Money at call on short notice	5	50,000,000	-
Investments:	6	577,710,595	-
Government		177,710,595	-
Others		400,000,000	-
Loans and Advances:	7	682,426,812	-
Loans, Cash Credit, Overdrafts etc.		682,426,812	-
Bills purchased & discounted		-	-
Fixed assets including premises, furniture and fixtures	8	247,126,135	-
Other assets	9	405,145,771	22,149,304
Non-banking assets	10	-	-
Total Assets		7,034,550,651	22,149,304
LIABILITIES AND CAPITAL			
Liabilities:			
Borrowings from other banks, financial institutions and agents	11	-	-
Deposits and other accounts:	12	2,849,371,577	-
Current Accounts and other Accounts		499,139,171	-
Bills Payable		5,396,775	-
Savings Bank Deposits		771,722,218	-
Fixed Deposits		1,573,113,413	-
Other Deposits		-	-
Other liabilities	13	184,525,800	41,771,259
Total Liabilities:		3,033,897,377	41,771,259
Capital/ Shareholders' Equity			
Paid up Capital	14.2	4,000,000,000	-
Statutory Reserve	15	9,329,215	-
Revaluation Reserve	16	2,136	-
Surplus in Profit and Loss A/C	17	(8,678,077)	(19,621,955)
Total Shareholders' Equity		4,000,653,274	(19,621,955)
Total Liabilities and Shareholders' Equity		7,034,550,651	22,149,304

Community Bank Bangladesh Limited

Off-Balance Sheet Items

As at 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
Contingent Liabilities:			
Acceptances & Endorsements			
Letters of guarantee		-	-
Irrevocable letters of Credit		-	-
Bills for Collection		-	-
Other Contingent Liabilities		-	-
Total:		-	-
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:		-	-
Total Off-Balance Sheet items including contingent liabilities		-	-

These Financial Statements should be read in conjunction with the annexed notes 1 to 38.



Managing Director & CEO



Director



Director



Chairman

Date, Dhaka
February 29, 2020



A. Qasem & Co.
Chartered Accountants

Community Bank Bangladesh Limited

Profit and Loss Account

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018* Taka
Interest income	19	335,747,987	-
Interest paid on deposits and borrowings etc.	20	22,247,122	-
Net interest income		313,500,865	-
Investment income	21	5,646,380	-
Commission, exchange and brokerage	22	875,164	-
Other operating income	23	240,035	-
Total operating income		320,262,444	-
Salary and allowances		142,763,857	12,396,463
Rent, taxes, insurance, electricity etc.	24	43,428,136	-
Legal expenses		364,150	-
Postage, stamp, telecommunication etc.	25	449,747	-
Stationery, printings, advertisements etc.	26	17,519,255	3,838,261
Chief Executive's salary and fees	27	13,627,692	950,000
Directors' fees	28	952,200	60,000
Auditors' fees	29	345,000	115,000
Charges on loan losses		-	-
Depreciation and repair of bank's assets	30	26,266,947	-
Other expenses	31	20,361,868	15,343,535
Total operating expenses		266,078,852	32,703,259
Profit/(loss) before provision		54,183,592	(32,703,259)
Provision for loan		7,537,515	-
Provision for diminution in value of investments		-	-
Provision for off-balance sheet items		-	-
Other provisions		-	-
Total provision	32	7,537,515	-
Total Profit/(loss) before taxes		46,646,077	(32,703,259)
Provision for Taxation:			
Current tax expense		13,551,815	-
Deferred tax expense/ (income)		12,821,169	(13,081,304)
Total provision for tax	33	26,372,984	(13,081,304)
Net Profit/(loss) after taxation		20,273,093	(19,621,955)
Appropriations:			
Statutory reserve		9,329,215	-
General reserve		-	-
Dividend etc.		-	-
		9,329,215	-
Retained surplus		10,943,878	(19,621,955)
Earnings per share	34	0.05	-

These Financial Statements should be read in conjunction with the annexed notes 1 to 38.

* Represents the period from 10 October 2018 to 31 December 2018



Managing Director & CEO



Director




Director



Chairman

Date, Dhaka
February 29, 2020



A. Qasem & Co.
Chartered Accountants

Community Bank Bangladesh Limited

Cash Flow Statement

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
A. Cash flows from operating activities			
Interest receipts in cash		137,562,985	-
Interest payment		(2,073,528)	-
Fees and commissions receipts in cash		875,164	-
Cash payments to employees		(156,391,549)	-
Cash payments to suppliers		(17,969,002)	-
Income tax paid		(13,444,525)	-
Receipts from other operating activities	36	240,035	-
Payment for other operating activities	37	(73,212,957)	-
Operating profit/(loss) before changes in operating assets and liabilities (i)		(124,413,377)	-
Increase/Decrease in operating assets and liabilities			
Statutory deposits		-	-
Purchase/sale of trading securities		-	-
Loans & advances to other banks		-	-
Loans & advances to customers		(682,426,812)	-
Other assets		(165,720,559)	-
Deposits from other banks		-	-
Deposits from customers		2,849,371,577	-
Other liabilities		88,375,447	-
Cash (used)/flows from operating assets & liabilities (ii)		2,089,599,653	-
Net cash (used)/flows from operating activities (i+ii)		1,965,186,276	-
B. Cash flows from investing activities			
Proceeds from sale of securities		-	-
Payments for purchase of securities		(577,703,459)	-
Purchase/sale of property, plant & equipment		(265,336,479)	-
Purchase/sale of subsidiaries		-	-
Net cash from investing activities		(843,039,938)	-
C. Cash flows from financing activities			
Receipts from issue of loan capital & debt security		-	-
Payments for redemption of loan capital & debt security		-	-
Receipts from issue of ordinary share		4,000,000,000	-
Dividends paid		-	-
Net cash from financing activities		4,000,000,000	-
Net increase/decrease in cash (A+B+C)		5,122,146,338	-
Effects of exchange rate changes on cash and cash equivalent		-	-
Cash and cash equivalents at beginning of the year		-	-
Cash and cash equivalents at end of the year	35	5,122,146,338	-
Cash and cash equivalents at end of the year:			
Cash in hand (including foreign currency)		430,576,682	-
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		160,063,424	-
Balance with other banks and financial institutions		4,481,501,232	-
Money at call and short notice		50,000,000	-
Prize bond		5,000	-
		5,122,146,338	-



Managing Director & CEO



Director



Director



Chairman



A. Qasem & Co.
Chartered Accountants

Date, Dhaka
February 29, 2020


Community Bank Bangladesh Limited

Statement of Changes in Equity

For the year ended 31 December 2019

Particulars	Amount in Taka				
	Paid-up capital	Statutory Reserve	Revaluation Reserve	Retained Earning	Total
Balance as at 01 January, 2019	-	-	-	(19,621,955)	(19,621,955)
Changes in accounting policy	-	-	-	-	-
Restated balance	-	-	-	(19,621,955)	(19,621,955)
Surplus/deficit on account of revaluation of properties	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	2,136	-	2,136
Currency translation difference	-	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	2,136	(19,621,955)	(19,619,819)
Net profit for the year	-	-	-	20,273,093	20,273,093
Dividends	-	-	-	-	-
Issuance of share capital	4,000,000,000	-	-	-	4,000,000,000
Share Premium	-	-	-	-	-
Statutory reserve	-	9,329,215	-	(9,329,215)	-
Revaluation reserve	-	-	-	-	-
Balance as at 31 December 2019	4,000,000,000	9,329,215	2,136	(8,678,077)	4,000,653,274
Balance as at 31 December 2018	-	-	-	(19,621,955)	(19,621,955)



Managing Director & CEO


Director


Director


Chairman

Date, Dhaka
February 29, 2020


A. Qasem & Co.
Chartered Accountants

Community Bank Bangladesh Limited

Liquidity Statement (Asset and Liability Maturity Analysis)

As at 31 December 2019

Particulars	Amount in Taka					
	Upto 01 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Assets:						
Cash in hand	546,131,106	-	-	-	44,509,000	590,640,106
Balance with other bank and financial Institutions	3,203,501,232	1,248,000,000	30,000,000	-	-	4,481,501,232
Money at call on short notice	50,000,000	-	-	-	-	50,000,000
Investment	5,000	-	247,036,276	250,349,782	80,319,537	577,710,595
Loans and advances	-	-	106,272,807	512,318,605	63,835,400	682,426,812
Fixed assets including premises, furniture & fixtures	-	-	-	-	247,126,135	247,126,135
Other assets	-	-	-	-	405,145,771	405,145,771
Non - banking assets	-	-	-	-	-	-
Total Assets	3,799,637,338	1,248,000,000	383,309,083	762,668,387	840,935,843	7,034,550,651
Liabilities						
Borrowings from Bangladesh bank, other Banks, financial institutions and agents	-	-	-	-	-	-
Money at call on short notice	-	-	-	-	-	-
Deposits and other accounts	650,214,315	392,114,316	1,203,633,067	602,495,564	914,315	2,849,371,577
Provision and other liabilities	-	-	37,308,868	43,808,064	103,408,868	184,525,800
Total Liabilities	650,214,315	392,114,316	1,240,941,935	646,303,628	104,323,183	3,033,897,377
Net liquidity gap	3,149,423,023	855,885,684	(857,632,852)	116,364,759	736,612,660	4,000,653,274

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

Notes to the financial statements

as at and for the year ended 31 December 2019

1.0 Community Bank Bangladesh Limited

1.1 Legal form of Community Bank Bangladesh Limited

Community Bank Bangladesh Limited (the "Bank" or "CBBL") was incorporated in Bangladesh on 10 October 2018 under the Companies Act, 1994 as a Public Limited Company and received its banking license from Bangladesh Bank on 1 November 2018 as a scheduled commercial bank. The Bank engaged in providing a wide range of banking and financial services within the stipulations laid down by the Bank Companies Act, 1991 (as amended up to date) and directive as received from the Bangladesh Bank from time to time. The Bank launched regular business activities from 11 September 2019. Registered office of the Bank is located at Police Plaza Concord, (Level 10-11, Tower 2), Plot - 2, Road - 144, Gulshan - 1, Dhaka - 1212.

1.2 Principal activities

The principal activities of the Bank are to provide all kinds of conventional banking services to its customers through its branches, service desks, and vibrant alternative delivery channels (ATM Booths, Mobile Banking app) in Bangladesh.

2.0 Significant accounting policies

2.1 Basis of preparation of financial statements

2.1.1 Statement of compliance

The financial statements of the Bank have been prepared in accordance with the "First Schedule (Section 38) of the Bank Companies Act 1991 (amended upto 2018), BRPD circular no. 14 dated 25 June 2003, other Bangladesh Bank Circulars, International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), etc. The Financial Reporting Act 2015 (FRA) has been enacted in 2015. Under the FRA the Financial Reporting Council (FRC) has been formed and financial reporting standards for public interest entities such as banks has yet to be issued. Section 38 of the Bank Company Act 1991 has been replaced through BRPD Circular no. 10 dated October 04, 2015. The Bank complied with the requirement of the following regulatory and legal authorities:

- i. Bank Company Act 1991 (amended up to date);
- ii. Companies Act 1994;
- iii. Rules, regulations and circulars issued by the Bangladesh Bank from time to time;
- iv. The Securities and Exchange Ordinance 1969;
- v. The Securities and Exchange Rules 1987;
- vi. Bangladesh Securities and Exchange Commission Act 1993;
- vii. Bangladesh Securities and Exchange Commission (Public Issues) Rules 2015;
- viii. Income Tax Ordinance and Rules 1984;
- ix. Value Added Tax Act 1991 (amended up to date).

2.1.2 Use of estimates and judgments

Preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a going concern basis. Revisions of accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The most significant areas where estimates and judgments have been applied are to calculate provision for loans, advances and investments as per Bangladesh Bank guidelines.

2.1.3 Statement of cash flows

Statement of cash flows have been prepared in accordance with the BRPD Circular No. 14, dated June 25, 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

2.1.4 Liquidity statement

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

- i) Balance with other Banks and Financial Institutions, money at call on short notice, etc. are on the basis of their maturity term;
- ii) Investments are on the basis of their residual term;
- iii) Loans and advances are on the basis of their repayment schedule;
- iv) Fixed assets are on the basis of their useful life;
- v) Other assets are on the basis of their realization/amortization;
- vi) Borrowing from other Banks, Financial Institutions and Agents, etc. are as per their repayment terms;
- vii) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors;
- viii) Provisions and other liabilities are on the basis of their payment/adjustments schedule.

2.1.5 Reporting period

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

2.2 Assets and basis of their valuation

2.2.1 Cash and cash equivalents

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

2.2.2 Loans and Advances

- a) Loans and advances are stated in the balance sheet on gross basis.
- b) Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest on classified loans and advances is kept in suspense account as per Bangladesh Bank instructions and such interest is not accounted for as income until realised from borrowers. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.
- c) Commission and discounts on bills purchased and discounted are recognized at the time of realization.
- d) Provision for loans and advances is made on the basis of the following instructions contained in BRPD Circular no. 14, dated September 23, 2012, BRPD Circular no. 19, dated December 27, 2012, BRPD Circular no. 05, dated May 29, 2013, BRPD Circular no. 16, dated November 18, 2014, BRPD Circular no. 12, dated August 20, 2017, BRPD Circular no. 15, dated September 27, 2017 and BRPD Circular no. 1 dated February 2018. The rates of provision for loans and advances are given below:

Heads	Rates of provisions
General provision on:	
Unclassified (including SMA) small and medium enterprise	0.25%
Unclassified (including SMA) Loans to BHs/MBs/SDs against shares etc.	2%
Unclassified (including SMA) loans for housing finance	1%
Unclassified consumer financing other than housing finance, credit card and loans for professionals	5%
Unclassified (including SMA) loans for credit card and loans for professionals	2%
Short term agri credit and micro credit	1%
Unclassified (including SMA) other loans and advances	1%
Off-balance sheet exposures (excluding bills for collection)	0.5-1%
Specific provision on:	
Substandard loans and advances other than short term agri credit and micro credit	20%
Doubtful loans and advances other than short term agri credit and micro credit	50%
Bad/Loss loans and advances	100%
Substandard & Doubtful short term agri credit and micro credit	5%
Bad/Loss short term agri credit and micro credit	100%

2.2.3 Investments

All investment securities are initially recognised at cost, being fair value of the consideration given, including acquisition charges associated with the investment. Premiums are amortized and discounts accreted, using the effective yield method are taken to discount income as per IAS 32 "Financial Instruments: Presentations" and IAS 39 "Financial Instruments: Recognition and Measurements". The valuation method of investments used are:

Held to maturity (HTM)

HTM consist the Government approved securities in the mode of Treasury bond & bills which are classified as per Bangladesh Bank DOS circular no. 5, date 26 May 2008, and DOS circular no. 5, date 28 January 2009. These securities bear fixed coupon payments and are revalued annually on amortized cost method as directed by Bangladesh bank. The change in revaluation of the securities is reflected in the Changes in Equity Statement.

Held for trading (HFT)

Investments classified in this category are acquired principally for the purpose of selling or repurchasing in short trading or if designated as such by the management. After initial recognition, investments are measured at fair value and any change in the fair value is recognised in the Profit and Loss Account for the period in which it arises. These investments are subsequently revalued at current market value on weekly basis as per Bangladesh Bank Guideline. Revaluation gain has been shown in revaluation reserve account & revaluation loss has been shown in Profit & Loss account. Value of investments has been enumerated as follows:

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes
Govt. T-bills/T-bonds Held For Trading (HFT)	Cost	Fair value	Loss to profit and loss account, gain to revaluation reserve
Govt. T-bills/T-bonds Held To Maturity (HTM)	Cost	Amortised cost	Increase in value of such investments is booked to equity, decrease to profit and loss account.
Debenture/bond	Cost	Cost	Not applicable.
Prize bond	Cost	Cost	None

2.2.4 Property, plant and equipment

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

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

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

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

Category fixed assets	Rate
Furniture and fixture	10%
Office equipments	20%
Motor vehicles	20%
IT softwares	20%
IT hardwares	20%

d) For addition during the year, depreciation is charged for the remaining days of the year and for disposal depreciation is charged up to the date of disposal.

e) On disposal of fixed assets, the cost and accumulated depreciation are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sale proceeds.

2.2.5 Intangible assets

a) An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably.

b) Software represents the value of computer application software licensed for use of the Bank, other than software applied to the operation software system of computers. Intangible assets are carried at its cost, less accumulated amortization and any impairment losses.

Initial cost comprises license fees paid at the time of purchase and other directly attributable expenditure that are incurred in customizing the software for its intended use.

c) Expenditure incurred on software is capitalized only when it enhances and extends the economic benefits of computer software beyond their original specifications and lives and such cost is recognized as capital improvement and added to the original cost of software.

d) Software is amortized using the straight line method over the estimated useful life of 5 (five) years commencing from the date of the application. Software is available for use over the best estimate of its useful economic life.

2.2.6 Impairment of Assets

The policy for all assets or cash-generating units for the purpose of assessing such assets for impairment is as follows:

The Bank assesses at the end of each reporting period or more frequently if events or changes in circumstances indicate that the carrying value of an asset may be impaired, whether there is any indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the bank makes an estimate of the asset's recoverable amount. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered as impaired and is written down to its recoverable amount by debiting to profit & loss account.

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may be impaired.

2.2.7 Other assets

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

2.2.8 Securities purchased under re-sale agreement

Securities purchased under re-sale agreements are treated as collateralized lending and recorded at the consideration paid and interest accrued thereon. The amount lent is shown as an asset either as loans and advances to customers or loans to other banks.

The difference between purchase price and re-sale price is treated as interest received and accrued evenly over the life of Repo agreement.

2.2.9 Receivables

Receivables are recognised when there is a contractual right to receive cash or another financial asset from another entity

2.2.10 Inventories

Inventories measured at the lower of cost and net realizable value.

2.2.11 Non-banking assets:

Non-banking assets are acquired on account of the failure of a borrower to repay the loan on time after receiving the decree from the Court regarding the right and title of the mortgage property.

2.2.12 Reconciliation of inter-bank and inter-branch account

Accounts with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there are no material differences which may affect the financial statements significantly. Un-reconciled entries / balances in the case of inter-branch transactions as on the reporting date are not material.

2.3 Share Capital

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

2.3.1 Authorised Capital

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

2.3.2 Paid up Capital

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

2.4 Statutory reserve

As per Bank Companies Act, the Bank requires to transfer 20% of its current year's profit before tax to statutory reserve until such reserve equals to its paid up capital.

2.5 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

A present obligation that arises from past events but is not recognised because:

a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated. Contingent assets are not recognised in the financial statements as this may result in the recognition of income which may never be realised.

2.6 Deposits and other accounts

Deposits by customers and Banks are recognised when the Bank enters into contractual provisions of the arrangements with the counterparties, which is generally on trade date, and initially measured at the consideration received.

2.7 Borrowings from other banks, financial institutions and agents

Borrowed funds include call money deposits, borrowings, re-finance borrowings and other term borrowings from banks, financial institutions and agents. These are stated in the balance sheet at amounts payable. Interest paid / payable on these borrowings is charged to the profit & loss account.

2.9 Basis for valuation of liabilities and provisions

2.9.1 Provision for current taxation

Provision for current income tax has been made as per prescribed rate in the Finance Act, 2019 on the taxable income as per income tax law and IAS 12 Income Taxes.

2.9.2 Deferred taxation

Deferred tax assets or liabilities are recognised by the Bank on deductible or taxable temporary differences between the carrying amount of assets and liabilities used for financial reporting and the amount used for taxation purpose as required by IAS 12 Income taxes and BRPD circular no.11 dated 12 December 2011. Deferred tax assets is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which they can be used. Deferred tax assets and liabilities are reviewed at each reporting period and are measured at the applicable tax rate as per tax laws that are expected to be applied when the assets is realised and liability is settled. Any unrecognised deferred tax assets or liabilities are reassessed at each reporting period and recognised only if that has become probable that future taxable profit or loss will be available against which they can be used or settled. In reality, buyers bear the tax on behalf of sellers at the time of land registration and taxes paid at the time of land registration are final discharge of related tax liability of the seller (Bank). Details of deferred tax assets or liabilities and amount recognised in profit and loss account for deferred tax income or expense are given in note 9.2.1 & 9.2.2 in the financial statements.

2.9.3 Benefits to the employees

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

a) Provident fund

Provident fund benefits are given to the permanent employees of the Bank in accordance with Bank's service rules. Accordingly a trust deed and provident fund rules were prepared. The Fund is operated by a Board of Trustees consisting five members (04 members from management and other 01 members from the Board of Directors) of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription to the Fund.

The Bank also contributes an equal amount of the employees' contribution. Interest earned from the investments is credited to the members' account on yearly basis.

b) Gratuity fund

The Bank's Gratuity fund policy is under process.

c) Worker's Profit Participation Fund (WPPF)

Consistent with the industry practice and in accordance with the Bank Companies Act, 1991 (as amended up to date), no provision has been made for WPPF.

2.9.4 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxation, interest payable, interest suspense, accrued expenses, obligation under finance lease etc. Other liabilities are recognised in the balance sheet according to the guidelines of Bangladesh Bank, Income Tax Ordinance 1984 and internal policy of the Bank.

2.9.5 Provision for liabilities

A provision is recognised in the balance sheet when the Bank has legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

2.10 Revenue recognition

2.10.1 Interest income

Interest income is recognised on accrual basis. Interest on unclassified loans and advances are calculated at the prescribed rates to be taken into income. Interest is ceased to be taken into income when such loans and advances are marked as classified as per criteria prescribed by the Bangladesh Bank. It is then kept in interest suspense account. Interest on classified advances is accounted for on a cash receipt basis.

2.10.2 Investment income

Interest income on investments is recognised on accrual basis. Investment income includes any gain or loss and interest on Treasury bills, treasury bonds, zero coupon, commercial paper, debentures and preference share.

2.10.3 Fees and commission income

Fees and commission income arising on services provided by the Bank are recognised when those are realized. Commission charged to customers on letters of credit and letters of guarantee is credited to income at the time of transactions being recorded in the books of accounts.

2.10.4 Dividend income on shares

Dividend income on shares is recognised during the period when right to receive is established.

2.10.5 Interest paid and other expenses

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

2.11 Risk management

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

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

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

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

2.12 Core risk management

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

2.12.1 Credit risk

It arises mainly from lending, trade finance, leasing and treasury businesses. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the Bank. The failure may result from unwillingness of the counter party or decline in his/her financial condition. Therefore, the Bank's credit risk management activities have been designed to address all these issues.

The Bank has segregated duties of the officers / executives involved in credit related activities. A separate Corporate Division has been formed at Head Office which is entrusted with the duties of maintaining effective relationship with the customers, marketing of credit products, exploring new business opportunities, etc. Moreover, credit approval, administration, monitoring and recovery functions have been segregated. For this purpose, three separate units have been formed within the credit division. These are (a) Credit Risk Management Unit (b) Credit Administration Unit and (c) Credit Monitoring Unit. Credit Risk Management Unit is entrusted with the duties of maintaining asset quality, assessing risk in lending to a particular customer, sanctioning credit, formulating policy / strategy for lending operation, etc.

A thorough assessment is done before sanction of any credit facility at Credit Risk Management Unit. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facility, etc. The assessment process at Head Office starts at Corporate Division by the Relationship Manager / Officer and ends at Credit Risk Management Unit when it is approved / declined by the competent authority. Credit approval authority has been delegated to the individual executives. Proposals beyond their delegation are approved / declined by the Executive Committee and / or the Management of the Bank.

In determining Single borrower / Large loan limit, the instructions of Bangladesh Bank are strictly followed. Internal audit is conducted at periodical intervals to ensure compliance of Bank's and Regulatory policies. Loans are classified as per Bangladesh Bank's guidelines.

2.12.2 Foreign exchange risk

Foreign exchange risk is the exposure of an institution to the potential impact of movements in foreign exchange rates. The risk is that adverse fluctuations in exchange rates may result in a loss in earnings. As per the guidelines of Bangladesh Bank, CBBL has developed a detailed Foreign Exchange Risk Management policies to minimize different types of risks associated with foreign exchange transactions. The Bank has also developed different strategies to handle foreign exchange risk by setting different types of limits and risk parameters to measure and monitor foreign exchange risk exposure of the Bank.

The foreign exchange desk of treasury division is involved in foreign exchange dealing activities with different counterparts; the treasury back office is engaged in transfer of funds and passing of the transaction entries in the books of accounts, and the mid office is responsible for verification of the deals. All foreign exchange transactions are revalued at market rate as per the directive of Bangladesh Bank. All Nostro Accounts are reconciled on a monthly basis and outstanding entries beyond 30 days are reviewed by the management for its settlement.

2.12.3 Asset liability management

Banks are exposed to the several risks such as Liquidity Risk, Interest Rate Risk, Foreign Exchange Risk, Credit Risk and Operational Risk etc. Monitoring and controlling of these risks is vital to the survival of a financial institution.

Asset-Liability Management is a tool to oversee whether different balance sheet risks are properly identified, appropriate policies and procedures are well established to control and limit these risks. Asset-Liability Committee (ALCO) reviews country's overall economic position, the Bank's liquidity position, key performance ratios, interest rate risk, deposit and advance growth, cost of deposit & yield on advances, deposit & lending pricing strategy and different forecasted balance sheet risks of the Bank.

2.12.4 Money laundering risk

Money laundering is the generic term used to describe the process by which criminals disguise the original ownership and control of the proceeds of criminal conduct by making such proceeds appear to have derived from a legitimate source. If money laundering is done successfully, it allows the criminals to maintain control over their proceeds and ultimately to provide a legitimate cover for their source of income. Money laundering plays a fundamental role in facilitating the ambitions of the drug trafficker, the terrorist, the organized criminal, the insider dealer, the tax evaders as well as the many others who need to avoid the attention from the authorities that sudden wealth brings from illegal activities. By engaging in this type of activity it is hoped to place the proceeds beyond the reach of any asset forfeiture laws.

Community Bank Bangladesh Limited (CBBL) has implemented an enterprise-wide AML (Anti-Money Laundering) and CFT (Combating the Financing of Terrorism) compliance program, which covers all the activities of the Bank and is reasonably designed to comply with applicable laws and regulations. It is the policy of CBBL to take all reasonable and appropriate steps to prevent persons engaged in money laundering, fraud, or other financial crime, including the financing of terrorists or terrorist operations, from utilizing CBBL products and services. CBBL makes every effort to remain in full compliance with all applicable AML and CFT laws, rules and standards in the jurisdictions in which it does business.

In order to facilitate compliance with AML and CFT requirements, CBBL has appointed one of its Senior Executives as the CAMLCO (Chief Anti-Money Laundering Compliance Officer) and a team of employees with experience on AML and CFT requirements under law, as well as money laundering detection and prevention, to oversee CBBL AML and CFT program. CBBL has developed and implemented written AML and CFT policies, procedures, internal controls and systems, which include (but are not limited) a customer identification program and procedures; procedures to collect and refresh, as appropriate, customer due diligence information; processes to assess risk; processes and systems to monitor customer transactions and activity; processes and systems to identify and report suspicious activity; and, processes to keep required records. CBBL educates its all employees on AML and CFT requirements and activities and also subjects its AML and CFT program to regular independent testing. CBBL cooperates fully with law enforcement and regulatory investigations and inquiries in identifying the criminals involve in Money Laundering and Terrorist Activities/Financing.

2.12.5 Internal control & compliance risk

Internal control is fundamental to the successful operation and day-to-day running of a business and it assists the bank in achieving its business objectives. It encompasses all controls incorporated into the strategic, governance and management processes, covering the bank's entire range of activities and operations, and not just those directly related to financial operations and reporting. Its scope is not confined to those aspects of a business that could broadly be defined as compliance matters, but extends also to the performance aspects of a business.

Community Bank Bangladesh Ltd has established a System of Internal Control, which is designed to manage all the risks of failure to a reasonable level, achieve aims and objectives/goals of the Bank and this System provides reasonable assurance of effective & efficient operations covering all controls including financial & operational controls, reliability of the financial information, compliance with applicable laws & regulations, adherence to management policies, safeguarding of Banks Assets, prevention & detection of fraud & errors, and accuracy & completeness of the accounting records.

The Board of Directors of Community Bank Bangladesh Ltd regularly reviews the effectiveness of internal control process through its Audit Committee and Executive Committee and the Audit Committee plays an effective role amongst the Board of Directors, Management, Shareholders, Depositors and develops an efficient, powerful and a safe Banking System. The committee also performs a very important role for publishing Bank's financial statements, developing an appropriate internal control system and maintains an effective communication with internal and external Auditors. It significantly contributes in controlling and monitoring various risks factors that arise from the business activities of the Bank. Board Audit Committee reviews the actions taken on internal control issues identified

in the reports prepared by the Internal & External Auditors and Regulatory Authorities. It has active oversight on the internal audit's independence, scope of work and resources and it also reviews the functions of Internal Control & Compliance Division of Head Office, particularly the scope of the annual audit plan and frequency of the internal audit activities.

2.12.6 Information and communication technology

The rapid development of information and communication technologies (ICTs) has effectively facilitated in reorganizing business processes and streamlining the provision of its products and services in today's dynamic business environment. Such adoption helps the bank to develop and maintain competitive advantage for ensuring bank's profitability and survivability in the market place. The competitive advantage often brings bank numerous benefits including fast business transactions, increasing automation of business processes, improved customer service, and provision of effective decision support in a timely manner. However, the adoption of ICT applications has also brought organizations risks related to ICT such as strategic risk, financial risk, operational risk and technological risk. Risk management plays a critical role in protecting the bank's information assets. An effective risk management process is an important component of a successful IT security program. ICT risk management is referred to as the essential process to aid enterprise achieving "the new business changes, future investment in information technology system, an increasing ICT threats and an increasing dependence on delivering information in system".

In order to minimize and control these risks successfully, the Bank has developed and implemented ICT risk management policies and strategies, strengthened ICT security infrastructure, acquired centralized real time security monitoring system, implemented centralized hardware system with high availability facility and implemented Disaster Recover Site (DRS), developed Business Continuity Plan (BCP) and human resource backup plan with segregation of duties for different ICT tasks.

2.12.7 Liquidity risk

The object of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Bank is maintaining a diversified and stable funding base comprising of core retail and corporate deposits and institutional balance. Management of liquidity and funding is carried out by Treasury Department under approved policy guidelines. Treasury front office is supported by a very structured Mid office and Back office. The Liquidity management is monitored by Asset Liability Committee (ALCO) on a regular basis. A written contingency plan is in place to manage extreme situation.

2.12.8 Market risk

The exposure of market risk of the Bank is restricted to foreign exchange risk, interest rate risk and equity risk.

Foreign exchange risk

Foreign exchange risk is defined as the potential change in earnings due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements. No foreign exchange dealing on Bank's account was conducted during the year.

Treasury Department independently conducts the transactions and the back office of treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Mark-to-Market rate as determined by Bangladesh Bank at the month-end. All Nostro accounts are reconciled on a monthly basis and outstanding entry beyond 30 days is reviewed by the management for its settlement. The position maintained by the bank at the end of day was within the stipulated limit prescribed by the Bangladesh Bank.

Interest rate risk

Interest rate risk may arise either from trading portfolio or non-trading portfolio. The trading portfolio of the Bank consists of Government treasury bills and bonds with maturity varies from 14 days to 20 years. The short-term movement in interest rate is negligible or nil. Interest rate risk of non-trading business arises from mismatches between the future yield of an asset and its funding cost. Asset Liability Committee (ALCO) monitors the interest rate movement on a regular basis.

2.12.9 Operational risk

Operational risk may arise from error and fraud due to lack of internal control and compliance. Management through Internal Control and Compliance Division controls operational procedure of the Bank. Internal Control and Compliance Division undertakes periodical and special audit of the branches and divisions at the Head Office for review of the operation and compliance of statutory requirements. The Audit Committee of the Board subsequently reviews the reports of the Internal Control and Compliance Division.

2.13 Earnings per share

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

2.14 Events after the reporting period

Where necessary, all the material events after the reporting period have been considered and appropriate adjustment / disclosures have been made in the financial statements.

2.15 Related party transaction

Related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged. Detail of related parties transaction are given in (note-38.2).

2.16 Compliance report on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)

The Institute of Chartered Accountants of Bangladesh (ICAB) is currently authorized for adoption of International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs). While preparing the financial statements, CBBL applied all the applicable IASs and IFRSs as adopted by ICAB. Details are given below:

Name of IASs/IFRSs	IAS / IFRS	No.	Status
Presentation of Financial Statements	IAS	1	Applied
Inventories	IAS	2	N/A
Statement of Cash Flows	IAS	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS	8	Applied
Events after the Reporting Period	IAS	10	Applied
Income Taxes	IAS	12	Applied
Property, Plant and Equipment	IAS	16	Applied
Employee Benefits	IAS	19	Applied
Accounting for Government Grants and Disclosure of Government Ass	IAS	20	N/A
The Effects of Changes in Foreign Exchange Rates	IAS	21	Applied
Borrowing Costs	IAS	23	N/A
Related Party Disclosures	IAS	24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS	26	N/A
Separate Financial Statements	IAS	27	N/A
Investments in Associates	IAS	28	N/A
Interests in Joint Ventures	IAS	31	N/A
Earnings per share	IAS	33	Applied
Interim Financial Reporting	IAS	34	Applied
Impairment of Assets	IAS	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS	37	Applied
Intangible Assets	IAS	38	Applied
Financial Instruments: Recognition and Measurement	IAS	39	Applied
Investment Property	IAS	40	N/A
Agriculture	IAS	41	N/A
First-time Adoption of International Financial Reporting Standards	IFRS	1	N/A
Share-based Payment	IFRS	2	N/A
Business Combinations	IFRS	3	N/A
Insurance Contracts	IFRS	4	N/A
Non-current Assets Held for Sale and Discontinued Operations	IFRS	5	Applied
Exploration for and Evaluation of Mineral Resources	IFRS	6	N/A
Financial Instruments: Disclosures	IFRS	7	N/A
Operating Segments	IFRS	8	Applied
Financial Instruments	IFRS	9	Applied
Consolidated Financial Statements	IFRS	10	N/A
Joint Arrangements	IFRS	11	N/A
Disclosure of Interests in Other Entities	IFRS	12	Applied
Fair Value Measurement	IFRS	13	Applied
Regulatory Deferral Accounts	IFRS	14	N/A
Revenue from Contracts with Customers	IFRS	15	Applied
Leases*	IFRS	16	Not applied

N/A = Not Applicable

In order to comply with certain specific rules and regulations of Bangladesh Bank which are different to IASs/IFRSs, some of the requirements specified in these IASs/IFRSs are not applied. Refer below (note-2.17) for such recognition and measurement differences that are most relevant and material to the Bank.

2.17 Departures from IASs/IFRSs

In case the requirement of provisions and circulars issued by Bangladesh Bank differs with those of other regulatory authorities and accounting standards, the provisions and circulars issued by Bangladesh Bank shall prevail. Bank have departed from certain contradictory requirements of IFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

i) Presentation of financial statements

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

Bangladesh Bank: A format of financial statements (i.e. balance sheet, profit and loss account, cash flows statement, changes in equity, liquidity statement) is prescribed in the "First Schedule" of section 38 of the Bank Company Act 1991 (as amended up to date) and BRPD circular no. 14 dated 25 June 2003 of Bangladesh Bank. Assets and liabilities are not classified under current and non-current heading in the prescribed format of financial statements.

ii) Investment in shares and Securities

IFRS: As per requirements of IFRS 9 investment in shares and securities generally falls under "Amortized cost", "fair value through profit or loss" or "fair value through other comprehensive income" where any change in the fair value at the year-end is taken to profit or loss account or other comprehensive income/revaluation reserve respectively.

Bangladesh Bank: As per 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. As per DOS circular letter no. 03 dated March 12, 2015, investment in Mutual Fund (close-end) is revalued at lower of cost and (higher of market value and 85% of NAV). Being provision is made for any loss arising from diminution in value of investment; otherwise investments are recognized at costs.

iii) Revaluation gain/loss on Government securities

IFRS: As per requirement of IFRS 9 where T-bills and T-bonds will fall under the category of "held for trading", any change in the fair value of held for trading assets is recognized through profit and loss account.

T-bills/bonds designated as "held to maturity" are measured at amortized cost method and interest income is recognized through the profit and loss account.

Bangladesh Bank: According to DOS circular no. 05 dated 26 May 2008 and subsequent clarification in DOS circular no. 05 dated 28 January 2009 loss on revaluation of Government securities (T-bill/T-bond) which are categorized as held for trading will be charged through profit and loss account, but any gain on such revaluation should be recorded under Revaluation Reserve account. T-bills designated as held to maturity are measured at amortized cost method but interest income/gain is recognized through reserve.

iv) Provision on loans and advances

IFRS: As per IFRS 9 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets which are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular no. 16 dated 18 November 2014, BRPD Circular 14 dated 23 September 2012, BRPD Circular no. 19 dated 27 December 2012 and BRPD Circular no. 05 dated 29 May 2013, provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Provision for unclassified loan was made at the specified rate i.e. 0.25% to 5% based on different categories of loans and advances. Such provision policies are not specifically in

line with those prescribed by IFRS 9. Also, a general provision @ 1% should be provided for off-balance sheet exposures.

v) Other comprehensive income

IFRS: As per IAS 1 Other Comprehensive Income is a component of financial statements or the elements of Other Comprehensive Income are to be included in a Single Comprehensive Income (OCI) Statement.

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

vi) Financial instruments-presentation and disclosure

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

vii) Repo transactions

IFRS: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognized in the entity's financial statements. This transaction will be treated as loan and the difference between selling price and repurchase price will be treated as interest expense.

Bangladesh Bank: As per DOS Circular letter no. 06 dated 15 July 2010 and subsequent clarification in DOS Circular No. 02 dated 23 June 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

viii) Financial guarantees

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

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 financial guarantees such as L/C, L/G will be treated as Off-Balance Sheet items. No liability is recognized for the guarantee except the cash margin and 1% general provision for all contingent liabilities.

ix) Cash and cash equivalent

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

Bangladesh Bank: As per BRPD Circular 14 dated 25 June 2003, Cash and cash-equivalents consist of cash with Bangladesh Bank, with its agent bank(s), government securities (prize bond) and deposits with other banks.

x) Non-banking asset

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

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 there must exist a face item named Non-banking asset.

xi) Cash flow statement

IFRS: Cash flow statement can be prepared either in direct method or in indirect method as per IAS 7 of Statement of Cash Flows. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 cash flow is the mixture of direct and indirect method.

xii) Balance with Bangladesh Bank: (CRR)

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

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

xiii) Presentation of intangible asset

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

Bangladesh Bank: There is no requirement for regulation of intangible assets in BRPD circular no. 14 dated 25 June 2003.

xiv) Off-balance sheet items

IFRS: There is no concept of off-balance sheet items in any IFRS; hence there is no requirement of disclosure of off-balance sheet items.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 off balance sheet items must be disclosed separately in face of balance sheet. Accordingly the Bank has recognized the following off balance sheet items:

- Acceptances and endorsements
- Letters of guarantee
- Irrevocable letters of credit
- Bills for collection
- Foreign exchange contracts

xv) Disclosure of appropriation of profit

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

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, an appropriation of profit should be disclosed in the face of profit and loss account.

xvi) Loans and advance net of provision

IFRS: Loans and advances should be presented net of provisions.

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

xvii) Recognition of Interest in Suspense

IFRS: Loans and advances to customers are generally classified as “loans and receivables” as per IFRS 9 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

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

xviii) Accounting for leases for office rent (IFRS 16)*

IFRS: According to IFRS-16 the following requirements are recommended with effect from 01 January 2019 related to office rent as per IFRS 16.

i) It requires a lessee to recognize a right-of-use assets (ROU) representing its right to use the underlying leased assets (office premises) and a lease liability representing its obligation to make lease payment;

ii) Assets & liabilities will have to be recognized at Net Present Value in the financial statements considering incremental borrowing rate;

iii) Expenses are divided as a) Depreciation and b) Financial cost.

Financial or presentation effect of the departure: As per section 5 of the paragraph B3-B8 of the IFRS-16, A lessee may elect not to apply the requirements a) Short term leases; and b) leases for which the underlying assets is of low value. According to this condition i(b) total right-of-use assets (ROU) are low values. Required guidelines on this issue from Bangladesh bank still remains pending. However, during this year, there is immaterial impact in the financial statements due to the departure as the total right-of-use assets (ROU) are low values.

Bangladesh Bank: To incorporate "IFRS 16 Leases" while complying with Bangladesh Bank reporting guideline, the Bank needs guidance from Bangladesh Bank. In that context the issue was discussed in the tripartite meeting among external auditor, management and Bangladesh bank representatives before finalizing the Financial Statements. In addition the Bank sent a letter to Bangladesh Bank by highlighting some issues and seeking guidance to incorporate "IFRS 16 Leases" while producing the Financial Statements, a response from Bangladesh bank on this subject remains pending.

2.18 The Bank's compliance with related pronouncements by Bangladesh Bank

i) Internal Control

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

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

The Board of Directors of Community Bank, through its Audit Committee, periodically reviews the effectiveness of Bank's internal control system covering all the material controls, including financial, operational and compliance controls, risk management systems, the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, training programs, budget, etc. Audit Committee of the Board reviews the actions taken on internal control issues identified by the Internal & External Auditors and Regulatory Authorities. It has active oversight on the internal audit's independence, scope of work and resources and it also reviews the functions of Internal Control and Compliance Division of Head Office, particularly the scope of the annual audit plan and frequency of the internal audit activities.

ii) Internal Audit

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

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

iii) Fraud and Forgeries

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

2.19 The financial statements were approved by the Board of Directors on 29 February 2020.

2.20 General

- a) These financial statements are presented in Taka, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka.
- b) The expenses, irrespective of capital or revenue nature, accrued / due but not paid have been provided for in the books of the Bank.
- c) Figures of previous year have been rearranged whenever necessary to conform to current years presentation.

Community Bank Bangladesh Limited

Notes to the financial statements

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
3 Cash			
A. Cash in hand		430,576,682	-
Local currency		-	-
Foreign currency		430,576,682	-
B. Balance with Bangladesh Bank and its agent Bank(s):			
Local currency		160,063,424	-
Foreign currency		-	-
		160,063,424	-
Sonali Bank as agent of Bangladesh Bank (local currency)		-	-
		160,063,424	-
		590,640,106	-

3.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Requirement and Statutory Liquidity Ratio have been calculated and maintained in accordance with section 33 of Bank Companies Act, 1991 and MPD circular nos. 1 & 2, dated June 23, 2014 and December 10, 2013 & DOS circular no.1 dated 19 January 2014 and MPD Circular no. 1 dated April 03, 2018.

The Cash Reserve Requirement is calculated on the Bank's weekly average total demand and time liabilities of a base month which is two months back of the reporting month (i.e. CRR of December 2019 is maintained on the basis of weekly ATDTL of October 2019) at the rate of 5% CRR on daily basis and 5.5% on bi-weekly basis and 13% Statutory Liquidity Ratio excluding CRR, on the same liabilities has also been maintained in the form of cash in hand, balance with Bangladesh Bank and its agent bank, treasury bills, bonds and debentures. Both the reserves maintained by the Bank are in excess of the statutory requirements, as shown below:

	Average total demand and time liabilities of October 2019	809,250,000	-
3.1.1	Cash Reserve Requirement (CRR) :		
	Daily basis:		
	Required reserve @ 5% of ATDTL	40,462,500	-
	Actual reserve held (as per Bangladesh Bank statement)	157,411,040	-
	Surplus	116,948,540	-
	Bi-weekly basis:		
	The bank maintained excess cash reserve of BDT 1,420.94 million in the last fortnight of 2019 calculated by summing up excess cash reserve maintained over required CRR on daily basis.		
3.1.2	Statutory Liquidity Ratio (SLR) :		
	Required reserve @ 13% of ATDTL	105,202,500	-
	Actual reserve held (Note: 3.1.3)	765,698,317	-
	Surplus	660,495,817	-
	Total Surplus (Note: 3.1.1+3.1.2)	777,444,357	-

Notes to the financial statements

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
3.1.3 Actual reserve held			
Cash in hand	(Note:3)	430,576,682	-
Balance with Bangladesh Bank as per statement		157,411,040	-
Balance with Sonali Bank as per statement		-	-
Unencumbered approved securities (HFT)	(Note:6)	97,386,058	-
Unencumbered approved securities (HTM)	(Note:6)	80,319,537	-
Other eligible securities		5,000	-
		765,698,317	-
4 Balance with Other Banks and Financial Institutions			
A. Inside Bangladesh	(Note:4.1)	4,481,501,232	-
B. Outside Bangladesh		-	-
		4,481,501,232	-
4.1 Balance with Other Banks and Financial Institutions (Inside Bangladesh)			
Current accounts			
Eastern Bank Limited		9,788,845	-
Mercantile Bank Limited		10,000	-
Trust Bank Limited		12,344,288	-
		22,143,133	-
Short notice deposit (SND) Accounts			
Eastern Bank Limited		32,223	-
Mercantile Bank Limited		2,938,376	-
		2,970,599	-
Fixed Deposit with Banks			
Eastern Bank Limited		1,781,387,500	-
Jamuna Bank Limited		500,000,000	-
Modhumoti Bank Limited		100,000,000	-
Mercantile Bank Limited		1,875,000,000	-
		4,256,387,500	-
Fixed Deposit with Financial Institutions			
IPDC Finance Limited		200,000,000	-
		200,000,000	-
		4,481,501,232	-
4.2 Maturity grouping of balance with other banks and financial institutions			
Up to 1 months		3,203,501,232	-
More than 1 months to 3 months		1,248,000,000	-
More than 3 months to 1 Year		30,000,000	-
More than 1 year to 5 years		-	-
More than 5 years		-	-
		4,481,501,232	-
5 Money at Call on Short Notice			
IPDC Finance Limited		50,000,000	-
		50,000,000	-

Notes to the financial statements

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
5.1 Maturity grouping of Money at Call and Short Notice			
Up to 1 month		50,000,000	-
More than 1 month to 3 month		-	-
More than 3 month to 1 Year		-	-
More than 1 year to 5 years		-	-
More than 5 years		-	-
		50,000,000	-
6 Investments			
Government Securities	(Note:6.1)	177,710,595	-
Other Investments	(Note: 6.2)	400,000,000	-
		577,710,595	-
Investment in securities are classified as follows:			
Held for trading (Treasury Bills & Bond)		97,386,058	-
Held to maturity (Treasury Bond)		80,319,537	-
Other Investments		400,005,000	-
		577,710,595	-
6.1 Government Securities			
Treasury Bills	(Note:6.1.1)	47,036,276	-
Treasury Bonds	(Note:6.1.2)	130,669,319	-
Prize Bond		5,000	-
		177,710,595	-
6.1.1 Treasury Bills			
364 Days Treasury Bills		47,036,276	-
		47,036,276	-
6.1.2 Treasury Bonds			
Treasury Bonds (2 years)		50,349,782	-
Treasury Bonds (10 years)		80,319,537	-
		130,669,319	-
6.2 Other Investments			
Preference Shares			
Summit LNG terminal Co. Pvt. Ltd.		100,000,000	-
Confidence Power Bogra Unit 2		100,000,000	-
		200,000,000	-
Investment in Commercial Paper			
Advanced chemical industries limited		200,000,000	-
		200,000,000	-
		400,000,000	-

Notes to the financial statements

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
6.3 Maturity Wise Grouping of Investment			
Up to 1 month		5,000	-
More than 1 month to 3 month		-	-
More than 3 month to 1 Year		247,036,276	-
More than 1 year to 5 years		250,349,782	-
More than 5 years		80,319,537	-
		577,710,595	-
7 Loans and Advances			
Overdrafts		105,317,680	-
Term loans		540,157,812	-
Staff loans	(Note - 7.6)	36,951,320	-
		682,426,812	-
Bills purchased & discounted		-	-
		682,426,812	-
7.1 Net Loans and Advances			
Gross loans and advances		682,426,812	-
Less: Interest suspense		-	-
Provision for loans & advances		7,537,515	-
		7,537,515	-
		674,889,297	-
7.2 Maturity Wise Grouping of Loans and Advances			
Repayable on demand		-	-
More than 1 months to 3 months		-	-
More than 3 months to 1 Year		106,272,807	-
More than 1 year to 5 years		512,318,605	-
More than 5 years		63,835,400	-
		682,426,812	-
7.3 Loans and Advances under the following broad categories			
Inside Bangladesh:			
Loans		577,109,132	-
Cash Credits		-	-
Overdrafts		105,317,680	-
		682,426,812	-
Outside Bangladesh:			
Loans		-	-
Cash credits		-	-
Overdrafts		-	-
		682,426,812	-

Notes to the financial statements

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
7.4 Geographical Location Wise Portfolio Grouping			
Inside Bangladesh:			
Dhaka Division		682,426,812	-
Chittagong Division		-	-
Khulna Division		-	-
Sylhet Division		-	-
Barisal Division		-	-
Rajshahi Division		-	-
Rangpur Division		-	-
		682,426,812	-
Outside Bangladesh:		-	-
		682,426,812	-
7.5 Significant Concentration wise Grouping			
Directors & others		-	-
Staff:			
Managing Director & CEO		-	-
Senior Executives		36,951,320	-
Others		-	-
		36,951,320	-
Industries:			
Agricultural		-	-
Large & Medium		98,953,008	-
Small & Cottage		-	-
		98,953,008	-
Consumers		546,522,484	-
Trade & Commercial		-	-
		682,426,812	-
7.6 Staff Loan			
Personal Loan		-	-
Car Loans		11,416,369	-
Housing Loans		25,534,951	-
		36,951,320	-
7.7 Detail of Large Loan			

As at 31 December 2019 there was no client with whom amount of outstanding and classified loans and advances exceeded 10% of the total capital of the Bank. Total regulatory capital of the Bank was Taka 3,984.20 million as at 31 December 2019.

Notes to the financial statements

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
7.8 Grouping as per Classification Rules			
Unclassified			
Standard including staff loan		682,426,812	-
Special Mention Account (SMA)		-	-
		682,426,812	-
Classified			
Sub standard		-	-
Doubtful		-	-
Bad / Loss		-	-
		-	-
		682,426,812	-
7.9 Sector-wise Allocation of Loans and Advances			
Government		-	-
Private:			
Agriculture, fishing, forestry and dairy firm		-	-
Industry (jute, textile, garments, chemicals, cements etc.)		-	-
Working capital financing		98,953,008	-
Export credit		-	-
Commercial credit		-	-
Small and cottage industries		-	-
Miscellaneous		583,473,804	-
		682,426,812	-
		682,426,812	-
7.10 Securities against loans/advances including bills purchased and discounted			
Collateral of moveable/immoveable assets		36,951,320	-
Local banks & financial institutions guarantee		-	-
Government guarantee		-	-
Foreign banks guarantee		-	-
Export documents		-	-
Fixed deposit receipts (FDR)		6,712,302	-
FDR of other banks		-	-
Government bonds		-	-
Corporate Guarantee		98,953,008	-
Personal guarantee & other securities		539,810,182	-
Other securities		-	-
		682,426,812	-

Notes to the financial statements

For the year ended 31 December 2019

7.11 Particulars of required provisions for Loans and Advances

Status	Outstanding Loans & advances December 2019	Base for provision	Percentage (%) of required provision	Required provision December 2019	Required provision December 2018
Unclassified					
All unclassified loans (Other than Small & Medium enterprise Financing, Consumer Financing/MBs/SDs, Housing & loans for professional)	618,586,759	618,586,759	1%	6,185,867	-
Small & Medium enterprise financing	-	-	0.25%	-	-
Loans to BHs/MBs/SDs against share etc	-	-	2%	-	-
Housing & loan for professional	-	-	2%	-	-
Consumer finance	26,888,733	26,888,733	5%	1,344,437	-
Special Mentioned Account (SMA)	-	-	5%	-	-
				7,530,304	-
Classified-Specific provision					
Sub-standard	-	-	20%	-	-
Doubtful	-	-	50%	-	-
Bad/Loss	-	-	100%	-	-
				-	-
Required provision for loans and advances				7,530,304	-
Total provision maintained (Note 13.1)				7,537,515	-
Excess/(Short) provision at 31 December 2019				7,211	-
					-
* BHs = Brokerage Houses, MBs = Merchant Banks, SDs = Stock Dealers Against Shares					

Notes to the financial statements

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
7.12 Particulars of Loans and Advances			
i) Debts considered good in respect of which Bank is fully secured		43,663,622	-
ii) Debts considered good for which Bank holds no other security than the debtor's personal security		-	-
iii) Debts considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors .		638,763,190	-
iv) Debts considered doubtful or bad, not provided for		-	-
		682,426,812	-
v) Debts due by directors or officers of the banking company or any of these either separately or jointly with any other persons;		36,951,320	-
vi) Debts due by companies or firms in which the directors or officers of the bank are interested as directors, partners or managing agents or in case of private companies as members;		-	-
vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the banking companies or any of them either separately or jointly with any other person;		36,951,320	-
viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in case of private companies, as members;		-	-
ix) Due from banking companies		-	-
x) Amount of Classified loans on which interest has not been charged should be mentioned as follows:		-	-
a) Increase/decrease of provision (specific) amount of debts written off amount realized against loan previously written off.		-	-
b) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet		-	-
c) Interest creditable to the Interest Suspense a/c.		-	-
xi) Cumulative amount of the written off loan and the amount written off during the current year should be shown separately. The amount of written off loan for which lawsuit has been filed should also be mentioned.		-	-
- Current year		-	-
- Cumulative to date		-	-
The amount of written off loans for which law suit filed		-	-
7.13 The directors of the Bank have not taken any loan from the Bank during the year or there is no outstanding loan balances with any director of the Bank.			

Notes to the financial statements

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
8 Fixed assets including premises, furniture and fixtures			
Cost			
Property plant and equipments:			
Land		-	-
Building		-	-
Furniture and fixture		55,013,806	-
Office equipments		45,456,867	-
IT Hardware		110,512,499	-
Motor vehicles		26,760,000	-
		<u>237,743,172</u>	-
Intangible Assets:			
IT Software		27,593,307	-
		<u>265,336,479</u>	-
Less: Accumulated depreciation & amortization		18,210,344	-
Net Book value at the end of the year		<u><u>247,126,135</u></u>	-
(Details are shown in Annex - B)			
9 Other Assets			
Income generating other assets			
9.1 Interest receivables	(Note -9.1.1)	201,824,897	-
Dividend receivable - Preference share		2,006,485	-
Interest receivable - Commercial paper		1,788,889	-
		<u>205,620,271</u>	-
9.1.1 Interest receivables			
Interest receivables consists of interest receivable on loans, investments etc.			
Receivable against Govt. securities		2,908,363	-
Receivable against other securities		-	-
Receivable against balance with other bank		196,019,112	-
Receivable against loans and advances		2,897,422	-
		<u>201,824,897</u>	-

Notes to the financial statements

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
9.2 Non income generating other assets			
Stock of stamps		160,500	-
Stock of security stationery		2,816,881	-
Advance to staff		203,540	-
Deferred revenue expenditure		4,104,193	-
Advance payment of income tax		13,444,525	-
Deferred tax asset	(Note - 9.2.1)	13,081,304	13,081,304
Advance to vendor & supplier		1,000,000	-
Advance against fixed assets	(Note - 9.2.3)	150,392,098	9,068,000
Advance against office rent		9,213,529	-
Advance security deposit		2,300,200	-
Prepayments		2,806,612	-
Receivable from trade partners		2,118	-
		<u>199,525,500</u>	<u>22,149,304</u>
Total Other Assets	(Note 9.1 + 9.2)	<u>405,145,771</u>	<u>22,149,304</u>
9.2.1 Deferred Tax asset			
Deferred tax assets arises from carry forward tax credit			
Loss before taxes		-	32,703,259
Tax rate		40%	40%
Deferred tax asset		-	13,081,304
Opening deferred tax asset		13,081,304	-
Deferred tax (income)		-	(13,081,304)
9.2.2 Deferred tax liability			
I. Temporary timing difference in written down value of fixed assets between tax base and carrying value			
Carrying amount of fixed assets		247,126,135	-
Tax base		216,876,332	-
Taxable temporary difference		30,249,803	-
Tax rate		40%	-
Deferred tax liability		12,099,921	-
II. Temporary timing difference in Interest receivable from treasury bills & bonds			
Accounting base		1,803,119	-
Tax base		-	-
Taxable temporary difference		1,803,119	-
Tax rate		40%	-
Deferred tax liability		721,248	-
Total Deferred tax liability (I+II)		12,821,169	-
Opening deferred tax liability		-	-
Deferred tax expense/(income)		12,821,169	-
Deferred tax assets/(liabilities) have been recognised and measured as per IAS-12: Income Taxes and BRPD circular # 11 dated 12 December 2011. There is no other material temporary timing difference in assets/liabilities for which deferred tax asset/liability is required to be accounted for in the year.			
9.2.3 Advance against fixed assets			
Advance for core banking software		137,817,098	-
Advance for branch interior and civil works		12,575,000	-
Advance for pool car		-	9,068,000
		<u>150,392,098</u>	<u>9,068,000</u>
10 Non-banking assets		-	-

Notes to the financial statements

For the year ended 31 December 2019

Particulars		Note	2019 Taka	2018 Taka
11	Borrowing from other banks, financial institutions and agents		-	-
12	Deposit and Other Accounts			
	Current & other accounts		499,139,171	-
	Bills payable	(Note-12.3)	5,396,775	-
	Saving deposits		771,722,218	-
	Fixed deposits		1,573,113,413	-
	Other deposits		-	-
	Total Deposit and other accounts		2,849,371,577	-
12.1	Deposit details concentrating liquidity nature			
	i) Demand deposit			
	Current deposit		384,642,223	-
	Saving deposit (9%)		69,455,000	-
	Bills payable		5,396,775	-
			459,493,997	-
	ii) Time deposit			
	Saving deposit (91%)		702,267,218	-
	Fixed deposit		1,569,339,869	-
	Short term deposit		114,496,948	-
	Deposit pension scheme		3,773,544	-
			2,389,877,580	-
			2,849,371,577	-
12.2	Maturity Wise Grouping of Deposits			
	Payable on demand		137,296,775	-
	Payable within 1 month		518,300,000	-
	Over 1 month but within 6 months		525,657,428	-
	Over 6 month but within 1 year		1,530,671,411	-
	Over 1 year but within 5 years		136,500,000	-
	Over 5 years but within 10 years		945,964	-
	Over 10 years		-	-
			2,849,371,577	-
12.3	Bills payable			
	Payment Order Issued		5,396,775	-
			5,396,775	-

Notes to the financial statements

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
13 Other Liabilities			
Provisions for loans & advances	(Note - 13.1)	7,537,515	-
Withholding tax payable		731,541	-
Withholding VAT payable		1,161,922	-
Excise duty Payable		1,437,800	-
Provision for taxation	(Note - 13.2)	13,551,815	-
Deferred tax liability	(Note - 9.2.2)	12,821,169	-
Interest payable		20,173,594	-
Provision for Expenses-Auditor's Fees		115,000	115,000
Provision for Expenses-AGM		180,000	-
Suppliers payable	(Note - 13.3)	13,427,129	-
Payable against preliminary expenses	(Note - 13.4)	41,656,259	41,656,259
Payable to Bangladesh Police Kallyan Trust (BPKT)		38,311,329	-
Card related payables		11,173,015	-
Unearned Income		2,117	-
Clearing account		845,607	-
ATM/POS settlement account		380,000	-
Payable against provident fund		4,325,832	-
Security deposit by vendor		16,509,896	-
Others		184,260	-
		184,525,800	41,771,259
13.1 A Provision for Loans and Advances :			
Movement in general provision on unclassified loans			
Provisions held at the beginning of the year		-	-
Add: Net charge to Profit and Loss A/C		7,537,515	-
Provisions held at the end of the year		7,537,515	-
B Movement in specific provision on classified loans			
Provisions held at the beginning of the year (i)		-	-
Less: Fully provided debts written off during the year		-	-
Add: Recoveries of amounts previously written off		-	-
Add: Net charge to profit and loss account		-	-
Provisions held at the end of the year		-	-
Total provision held at the end of the year (A+B)		7,537,515	-
13.2 Provision for current taxation			
Current tax expense			
Opening Balance		-	-
Add: Addition during the year		13,551,815	-
		13,551,815	-
Less: Adjustment of tax provision for previous years		-	-
Balance at the end of the year		13,551,815	-
13.3 Payable against preliminary expenses			
Fees for Banking License		1,000,000	1,000,000
Fees and associated cost paid to BSEC for raising capital		905,000	905,000
Fees and associated cost paid to RJSC for Incorporation		11,558,031	11,558,031
Purchase of Pool Car		9,068,000	9,068,000
Other Preliminary expenses		19,125,228	19,125,228
		41,656,259	41,656,259

Preliminary expenses were born by promoter. Preliminary expenses includes those items which were incurred and paid by our promotor for the Bank before receiving the paid-up capital. Other preliminary expenses include recruitment cost, tender advertisement cost, salary, stationaries and other. All transactions were done on an arm's-length basis.

Notes to the financial statements

For the year ended 31 December 2019

Particulars		Note	2019 Taka	2018 Taka
13.4	Payable to Bangladesh Police Kallyan Trust (BPKT)			
	Interior decoration - Head Office and Corporate Branch		11,938,531	-
	Supply and Installation of Air Conditioning at Head Office		24,012,824	-
	Other expenses		2,359,974	-
			38,311,329	-
Above expenses are borne by Bangladesh Police Kollayan Trust (BPKT) on behalf of Community Bank Bangladesh limited and all transactions were done on an arm's-length basis.				
14	Share Capital			
14.1	Authorized Capital			
	1,000,000,000 ordinary shares of Taka 10 each		10,000,000,000	10,000,000,000
14.2	Issued, subscribed and fully paid up capital			
	400,000,000 ordinary shares of Taka 10 each issued for cash		4,000,000,000	-
			4,000,000,000	-
14.2.1	Issued, subscribed and fully paid up capital			
	Balance at the beginning of the year		4,000,000,000	-
	Closing at the end of the year		4,000,000,000	-
14.3	Ordinary Shares			
	Bangladesh Police Kallyan Trust		No. of Shares.	% of shareholding
	Directors		399,999,990	99.9999975%
			10	0.0000025%
			400,000,000	100%
14.4	Classification of Shareholding			
	<u>Range of Holding of Shares</u>	<u>No. of Shareholders</u>	<u>No. of Shares</u>	<u>Percentage of Holding of Shares</u>
	Less than 500	10	10	0.0000025%
	500 to 5, 000	-	-	0.00%
	5,001 to 10,000	-	-	0.00%
	10,001 to 20,000	-	-	0.00%
	20,001 to 30,000	-	-	0.00%
	30,001 to 40,000	-	-	0.00%
	40,001 to 50,000	-	-	0.00%
	50,001 to 100,000	-	-	0.00%
	100,001 to 1,000,000	-	-	0.00%
	Over 1000000	1	399,999,990	99.9999975%
	Total	11	400,000,000	100.00%

Notes to the financial statements

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
14.5 Capital to risk weighted assets ratio (CRAR):			
Common Equity Tier -1 Capital			
Paid up capital		4,000,000,000	-
Statutory reserve		9,329,215	-
Retained earnings		(8,678,077)	-
		4,000,651,138	-
Regulatory adjustments:			
Goodwill and all other intangible assets (WDV of Software)		23,989,438	-
Deferred tax asset		-	-
Total Tier-1 capital		23,989,438	-
		3,976,661,700	-
Tier -2 Capital			
General provision		7,537,515	-
Revaluation reserves (50% of fixed assets & securities)		-	-
		7,537,515	-
Regulatory adjustment:			
Revaluation reserves for fixed assets & securities		-	-
		-	-
Total Tier-2 Capital		7,537,515	-
A. Total regulatory capital		3,984,199,215	-
B. Total risk weighted assets (RWA)		2,651,255,183	-
C. Minimum capital requirement (MCR) (10% on B)		265,125,518	-
D. Surplus/(deficiency) [A - C]		3,719,073,697	-
Capital to risk weighted assets ratio (CRAR):			
Common Equity Tier-I (Against Standard of minimum 6.00%)		149.99%	0%
Total Capital to Risk Weighted Asset Ratio (Against Standard of minimum 10% with Capital conservation buffer of 2.5%)		150.28%	0%
15 Statutory Reserve			
Balance at the beginning of the year			
Add: Transferred from profit during the year		9,329,215	-
		9,329,215	-
16 Revaluation Reserve			
Revaluation Reserve on Govt. Securities (note - 16.1)		2,136	-
		2,136	-
16.1 Revaluation Reserve on Govt. Securities			
Opening balance		-	-
Add adjustment during the year in Mark to market Method on Treasury Bond		2,136	-
Less: Adjustment during the year		-	-
		2,136	-

Notes to the financial statements

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
As per Bangladesh Bank's DOS Circular Letter # 5 dated May 26, 2008 all Government Securities holding by scheduled banks with effect from July 1, 2008 must be segregated into HTM (Held to Maturity) and HFT (Held for Trading). HTM securities are to be amortized at the end of each year and any increase/decrease due such amortization is to be adjusted in the changes in equity system. HFT securities are to be revalued weekly as per Mark to Market method. Any increase/decrease due to such valuation (Mark to Market) can not be taken into Profit & Loss account until sale or maturity rather the same is to be transferred to Reserve for Revaluation Accounts .			
17 Surplus in Profit and Loss Account/ Retained Earnings			
Balance at the beginning of the year		(19,621,955)	-
Add: Retained Surplus for the year		10,943,878	(19,621,955)
		(8,678,077)	(19,621,955)
18 Income statement			
Income:			
Interest, discount and similar income	(Note-18.1)	339,559,887	-
Dividend income	(Note-21)	2,006,485	-
Fees, commission and brokerage	(Note-18.2)	875,164	-
Gains less losses arising from dealing securities	(Note-21)	(169,981)	-
Gains less losses arising from investment securities		-	-
Gains less losses arising from dealing from foreign currencies		-	-
Loss on amortization-T-BOND	(Note-21)	(2,024)	-
Income from non-banking assets		-	-
Other operating income	(Note-23)	240,035	-
Profit less losses on interest rate changes		-	-
Nominal value of bonus share received		-	-
		342,509,566	-
Expenses:			
Interest, fees and commission	(Note-20)	22,247,122	-
Administrative expenses	(Note-18.3)	227,506,640	-
Other operating expenses	(Note-31)	20,361,868	-
Depreciation on banking assets	(Note-30)	18,210,344	-
		288,325,974	-
Operating Profit		54,183,592	-
18.1 Interest, discount and similar income			
Interest on loans and advances		4,680,690	-
Interest on money at call and short notice		2,202,931	-
Interest on placement with banks and Financial Institutions		328,864,366	-
Interest on treasury bills & bonds		2,023,011	-
Interest on commercial paper		1,788,889	-
		339,559,887	-
18.2 Fees, commission and brokerage			
Fees		825,780	-
Commission		49,384	-
		875,164	-

Notes to the financial statements

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
18.3 Administrative expenses			
Salaries and allowances		142,763,857	-
Rent, taxes, insurance, electricity etc.		43,428,136	-
Legal expenses		364,150	-
Postage, stamps, telecommunication etc.		449,747	-
Stationery, printing, advertisement etc.		17,519,255	-
Chief Executive's salary & fees	(Note: 27)	13,627,692	-
Directors' fees & expenses		952,200	-
Auditors' fee		345,000	-
Repairs & maintenance		8,056,603	-
		227,506,640	-
19 Interest Income			
Interest on loans and advances		4,680,690	-
Interest on money at call on short notice		2,202,931	-
Interest on placement with banks and Financial Institutions		328,864,366	-
		335,747,987	-
20 Interest paid on deposits and borrowings			
Interest on Special Notice Deposits (SND)		222,010	-
Interest on Savings Deposits		1,723,489	-
Interest on Term Deposits		20,273,678	-
		22,219,177	-
Interest on Bangladesh Bank borrowings		27,945	-
		22,247,122	-
21 Investment Income			
Interest on treasury bills & bonds		2,023,011	-
Gain/ (Loss) on dealing of securities - HFT Instruments		(169,981)	-
Loss on amortization-T-BOND		(2,024)	-
Dividend on preference shares		2,006,485	-
Interest on commercial paper		1,788,889	-
		5,646,380	-
22 Commission, Exchange and Brokerage			
Commission from issue of payment orders, DD & TT		3,300	-
Commission on mobile recharge - digital banking service		46,084	-
Cheque clearing fees		825,780	-
		875,164	-
23 Other operating income			
Miscellaneous Income		240,035	-
		240,035	-
24 Rent, Taxes, Insurance, Electricity etc.			
Rent, rates & taxes		35,323,095	-
Insurance		995,942	-
Power & electricity		2,045,025	-
Other utility		5,064,074	-
		43,428,136	-

Notes to the financial statements

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
25 Postage, Stamp, Telecommunication etc			
Postage & courier		155,906	-
Telegram, telex, fax & Network		46,703	-
Court fees & stamps		11,980	-
Telephone & mobile		235,158	-
		449,747	-
26 Stationery, Printing, Advertisement etc.			
Stationery & Printin ⁹		3,718,776	399,943
Security Stationery		10,080,482	-
Advertisement		3,719,997	3,438,318
		17,519,255	3,838,261
27 Chief Executive's salary and fees			
Basic salary		8,470,000	700,000
Festival bonus		1,400,000	-
Leave fair assistance		700,000	-
House rent allowance		1,800,000	150,000
Furniture allowance		57,692	-
Other allowances		1,200,000	100,000
		13,627,692	950,000
28 Directors' Fees & Expenses			
Each director of the Bank is paid as per BRPD circular letter no. 11 dated 4 October 2015 per board or audit committee meeting attended in 2019.			
Meeting attendance fees		952,200	60,000
		952,200	60,000
29 Auditors' Fees			
Audit of the statutory report		200,000	-
Annual audit fees		100,000	100,000
VAT on audit fees (i.e. 15%)		45,000	15,000
		345,000	115,000
30 Depreciation on and repairs to bank's assets			
Depreciation of Property plant and equipments			
Furniture & fixtures		1,745,639	-
Office equipments		2,265,277	-
IT hardware		8,175,692	-
Motor vehicles		2,419,867	-
Amortization of Intangible assets			
IT software		3,603,869	-
		18,210,344	-
Repairs & Maintenance expenses			
Transport Maintenance		5,334,699	-
Hardware & Software Maintenance		822,653	-
Premises Maintenance		1,899,251	-
		8,056,603	-
		26,266,947	-

Notes to the financial statements

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
31 Other Expenses			
Local Conveyance		863,724	-
Fuel expenses		1,951,410	-
Staff Traveling		639,815	-
Professional fees		2,232,559	1,880,504
Office refreshment		1,808,665	-
Promotional expenses		1,778,164	-
Books, news papers and periodicals		20,013	-
VAT & excise duty		300,000	-
Staff training and development		1,385,177	-
Staff recruitment		3,766,986	-
Cash carrying charges		27,674	-
Bank charges		49,401	-
Utensils		398,568	-
IT enabled expenses		2,877,997	-
Security expense		1,255,382	-
Cleaning expense		499,528	-
ATM maintenance expense		35,156	-
Debit/Credit card expenses		219,790	-
AGM expenses		180,000	-
Banking License Fees		-	1,000,000
Registration costs at RJSC		-	11,558,031
Allotment cost for Paid-up Capital at Bangladesh Security and Exchange Commission		-	905,000
Other expense		71,859	-
		20,361,868	15,343,535
32 Provisions			
For Loans & Advances:			
For classified loans & advances		-	-
For unclassified loans & advances		7,537,515	-
		7,537,515	-
For Off Balance Sheet items		-	-
For diminution in value of Investments		-	-
Other provision		-	-
		7,537,515	-
33 Income Tax			
33.1 Provision for Income Tax			
Current year		13,551,815	-
Adjustment for prior year		-	-
		13,551,815	-
33.2 Deferred tax expense/(income) (net)			
Net deferred Tax liability/(asset) originated for temporary differences		12,821,169	(13,081,304)
		12,821,169	(13,081,304)
34 Earnings Per Share			
Earnings per share (EPS) has been computed by dividing the profit after tax (PAT) by the weighted average number of ordinary shares outstanding as on 31 December 2019 as per IAS 33: Earnings Per Share. Diluted EPS was not required to calculate as there was no dilution possibilities during the year.			

Notes to the financial statements

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
Profit after taxation		20,273,093	(19,621,955)
Profit attributable for distribution to ordinary shareholders		20,273,093	(19,621,955)
Number of shares outstanding		400,000,000	-
		0.05	-
35 Cash & Cash Equivalent			
Cash in hand (including foreign currency)		430,576,682	-
Balance with Bangladesh Bank and its agents banks (including foreign currency)		160,063,424	-
Balance with other banks and financial institutions		4,481,501,232	-
Money at call on short notice		50,000,000	-
Prize Bond		5,000	-
		5,122,146,338	-
36 Receipts from other operating activities			
Miscellaneous Income		240,035	-
		240,035	-
37 Payment for other operating activities			
Rent, taxes, insurance, electricity etc.		43,428,136	-
Legal expense		364,150	-
Audit fees		345,000	-
Directors fees & expenses		952,200	-
Repair & maintenance		8,056,603	-
Other expenses		20,066,868	-
		73,212,957	-

38 General Disclosure

38.1 Audit Committee

The Audit Committee of the Bank was constituted in the 1st meeting of the Board of Directors held on 29 November, 2018 in compliance with the BRPD Circular No. 11, Dated 27 October, 2013. The Audit Committee was formed to assist the Board in fulfilling its oversight responsibilities. The present Audit Committee consists of the following members:

SI No	Name of Director	Status with The Bank	Status with the Committee	Educational Qualification
1	Mr. Masud Khan FCA, FCMA	Independent Director	Chairman	FCA, FCMA
2	Mr. Abu Hasan Muhammad Tarique, BPM	Director	Member	M.Com
3	Mr. Habibur Rahman, BPM(Bar), PPM(Bar)	Director	Member	M.Ed
4	Dr. Shoeb Reaz Alam	Director	Member	Ph.D, M.Sc (Engg.)
5	Professor Shibli Rubayat Ul Islam	Independent Director	Member	M.Com

During the period 31 December 2019, the Audit Committee of the Board conducted 02 (Two) meetings in which among others, the following issues were discussed:

Facts Discussed

- External Audit Report of the Bank and recommendations made there under.
- Recommended the appointment of External Auditors of the Bank for the year 2019.
- Implementation of amended Manual on Internal Control and Compliance Risk.
- Implementation of Internal Audit Charter of the Bank.
- Compliance Policy of the Bank.
- Finance and Accounting policy of the Bank.

Notes to the financial statements

For the year ended 31 December 2019

38.2 Related Party/(ies) Transactions

i) Related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged as per IAS 24. The Bank in normal course of business had transactions with other entities that fall within the definition of 'Related Party' as contained in International Accounting Standards 24: Related party disclosures and as defined in the BRPD circular no 14, dated 25 June 2003.

The significant related party transactions during the year were as follows:

Name of the Related Parties	Relationship	Nature of transactions	Transaction made in 2019	Outstanding as at 31 Dec 2019
Bangladesh Police Kallan Trust (BPKT)	Parent	Rental payment for CBBL office premises at Police Plaza Concord, Tower-2, Gulshan, Dhaka. (5th Floor, 10th Floor and 11th Floor)	31,446,604	Nil
PKT Securities	A unit of parent	Payment for security services at Police Plaza Concord, Tower-2, Gulshan, Dhaka. (5th Floor, 10th Floor and 11th Floor)	874,431	Nil
Bangladesh Police Kallan Trust (BPKT)	Parent	Preliminary Expenses including formation cost	Nil	79,967,588
Bangladesh Police Kallan Trust (BPKT)	Parent	Current deposit made with CBBL	21,308,588	21,308,588
Bangladesh Police Kallan Trust (BPKT)	Parent	Short term deposit made with CBBL	53,961,155	53,961,155
Bangladesh Police Kallan Trust (BPKT)	Parent	Fixed deposit made with CBBL	864,338,749	864,338,749

ii) Name of Directors and the entities in which they have interest as on 31 December 2019

SI No	Name of Director	Status with The Bank	Name of the firms/companies in which they have interest	Educational Qualification
1	Dr. Mohammad Javed Patwary, BPM (Bar) Inspector General, Bangladesh Police	Chairman	Bangladesh Police Kallyan Trust	MSS, PhD.
2	Dr. Benazir Ahmed, BPM (Bar) Additional Inspector General, Bangladesh Police & Director General, Rapid Action Battalion (RAB)	Director	Bangladesh Police Kallyan Trust	MA, LLB, PhD.
3	Dr. Md. Moinur Rahman Chowdhury, BPM (Bar) Additional Inspector General (A&O), Bangladesh Police	Director	Bangladesh Police Kallyan Trust	MSS, PhD.
4	Mr. Siddiqur Rahman, BPM Additional Inspector General- APBn, Bangladesh Police (PRL)	Director	Bangladesh Police Kallyan Trust	MA
5	Mr. Md. Mohsin Hossain ndc Additional Inspector General (Railway Police), Bangladesh Police	Director	Bangladesh Police Kallyan Trust	BSS (Hons)
6	Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM Additional Inspector General (CID), Bangladesh Police	Director	Bangladesh Police Kallyan Trust	BSS (Hons), MSS
7	Mr. Abu Hasan Muhammad Tarique, BPM Deputy Inspector General (F&D), Bangladesh Police	Director	Bangladesh Police Kallyan Trust	B. Com (Hons), M.Com
8	Mr. Habibur Rahman, BPM (Bar), PPM (Bar) Deputy Inspector General (Dhaka Range), Bangladesh Police	Director	Bangladesh Police Kallyan Trust	Masters in Education
9	Dr. Shoeb Reaz Alam Additional Deputy Inspector General (Dev 1), Bangladesh Police	Director	Bangladesh Police Kallyan Trust	PhD., M.SC (Engg.)
10	Mr. Md. Ferdoush Ali Chowdhury Assistant Inspector General (Welfare Trust), Bangladesh Police	Director	Bangladesh Police Kallyan Trust	B. Sc (Engg.)

Notes to the financial statements

For the year ended 31 December 2019

Sl No	Name of Director	Status with The Bank	Name of the firms/companies in which they have interest	Educational Qualification
11	Mr. Masud Khan FCA, FCMA	Independent Director	Chief Adviser of Crown Cement Group Chairman, GSK Bangladesh Independent Director of Marico Bangladesh Independent Director of Berger Paints Bangladesh Ltd. Independent Director of Viyellatex Ltd.	FCA, FCMA
12	Professor Shibli Rubayat UI Islam	Independent Director	Faculty of Business Studies, University of Dhaka and Chairman, Shadharan Bima Corporation	M. Com
13	Mr. Kazi Masihur Rahman	Independent Director		MSS
14	Mr. Masihul Huq Chowdhury	Managing Director & CEO		MBA

- iii) Significant contracts where bank is a party and wherein Directors have interest: Nil
- iv) Shares issued to Directors and executives without consideration or exercisable at discount Nil
- v) Lending Policies to related parties:
Lending to related parties is effected as per requirement of section 27(1) of the Bank Companies Act -1991. Nil
- vi) Loan and advances to Directors and their related concern:
Classification Status Nil
- vii) Business other than Banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act-1991. Nil
- viii) Investment in the Securities of Directors and their related concern: Nil

38.3 Claim not Acknowledged as Debt

There was no claim against the bank not acknowledged as debt as on 31.12.2019.

38.4 Number of Employees

The number of Employees including contractual engaged for the whole year or part there of who received a total yearly remuneration of Tk. 36,000 or above were 255.

38.5 Post Balance Sheet Events:

The Board of Directors in its 12th Board meeting held on 29 February, 2020 has proposed no dividend subject to the approval of the Shareholders at the next Annual General Meeting.



Managing Director & CEO



Director



Director



Chairman

Community Bank Bangladesh Limited

Highlights on the overall activities

As at 31 December 2019

Annexure-A

Amount in Taka unless otherwise specified

Sl no.	Particulars	2019	2018
1	Paid-up Capital	4,000,000,000	-
2	Total Capital	3,984,199,215	-
3	Capital (deficit)/surplus	3,719,073,697	-
4	Total Asset	7,034,550,651	22,149,304
5	Total Deposit	2,849,371,577	-
6	Total loans and advances	682,426,812	-
7	Total contingent liabilities and commitments	-	-
8	Credit deposit ratio	23.95%	-
9	Percentage of classified loans against total loans and advances	-	-
10	Profit after tax and provision	20,273,093	(19,621,955)
11	Amount of classified loans during current year	-	-
12	Provisions kept against classified loans	-	-
13	Provision surplus against classified loans	-	-
14	Cost of fund	5.16%	-
15	Interest earning assets	6,587,899,016	-
16	Non-interest earning assets	446,651,635	22,149,304
17	Return on investment (ROI) [PAT/(Shareholders' equity + Borrowing)]	1.02%	-
18	Return on assets (ROA) [PAT/ Average assets]	0.57%	-
19	Income from investment	5,646,380	-
20	Earnings per share	0.05	-
21	Net income per share	0.05	-
22	Price earning ratio	-	-

Community Bank Bangladesh Limited

Schedule of Fixed Assets

As at 31 December 2019

Annexure-B

Asset Class	Cost				Rate	Accumulated Depreciation & Amortization				Net Book Value as at 31 December 2019
	Balance as at 01 January 2019	Addition	Revaluation	Disposal		Balance as at 31 December 2019	Charge during the year	Disposal	Balance as at 31 December 2019	
Furniture and fixture	-	55,013,806	-	-	10%	-	1,745,640	-	1,745,640	53,268,166
Office equipments	-	45,456,867	-	-	20%	-	2,265,278	-	2,265,278	43,191,589
Motor vehicles	-	26,760,000	-	-	20%	-	2,419,867	-	2,419,867	24,340,133
IT software	-	27,593,307	-	-	20%	-	3,603,869	-	3,603,869	23,989,438
IT hardware	-	110,512,499	-	-	20%	-	8,175,690	-	8,175,690	102,336,809
Total	-	265,336,479	-	-		-	18,210,344	-	18,210,344	247,126,135

Honorable Prime Minister Inaugurated Community Bank



Honorable Prime Minister of the People's Republic of Bangladesh Sheikh Hasina, MP inaugurated Community Bank Bangladesh Limited on 11 September, 2019.



Formal Inauguration of Community Bank by Honorable Prime Minister through video conference at Ganabhaban end



Formal Inauguration of Community Bank through video conference at Bangladesh Police Auditorium end, Rajarbagh



Formal Inauguration of Community Bank through video conference at Corporate Branch End

Inauguration of Branches



Mawna Branch Inauguration



Motijheel Branch Inauguration



Panchabati Branch Inauguration



Agrabad Branch Inauguration

Board Meetings



1st Board Meeting



7th Board Meeting



11th Board Meeting



12th Board Meeting

Signing Ceremonies



Community Bank Bangladesh Limited signed a licensing agreement with Edgeverve Systems Ltd., concern of Infosys for implementing renowned Core Banking System- Finacle Universal Banking Solution.



Agreement with Credit Information Bureau (CIB)



Foreign remittance drawing agreement with NCC Bank



Agreement for corporate service with Robi



Agreement with Anwer Khan Modern Hospital on privileged healthcare services



Agreement with Assure Group on special privilege for home loan customers



Community Bank signs agreement with Fair Electronics on "Shohoz Kisti" (Easy installment) on Samsung Smartphones & consumer electronics products for its payroll customers.



Agreements with ERA-Infotech Ltd. for HR & Payroll Management Software.

Community Cash mobile app launching



Formal inauguration of Community Cash-mobile application based banking solution from Community Bank.

Finacle's banking platform within just 48 days

Infosys | Finacle

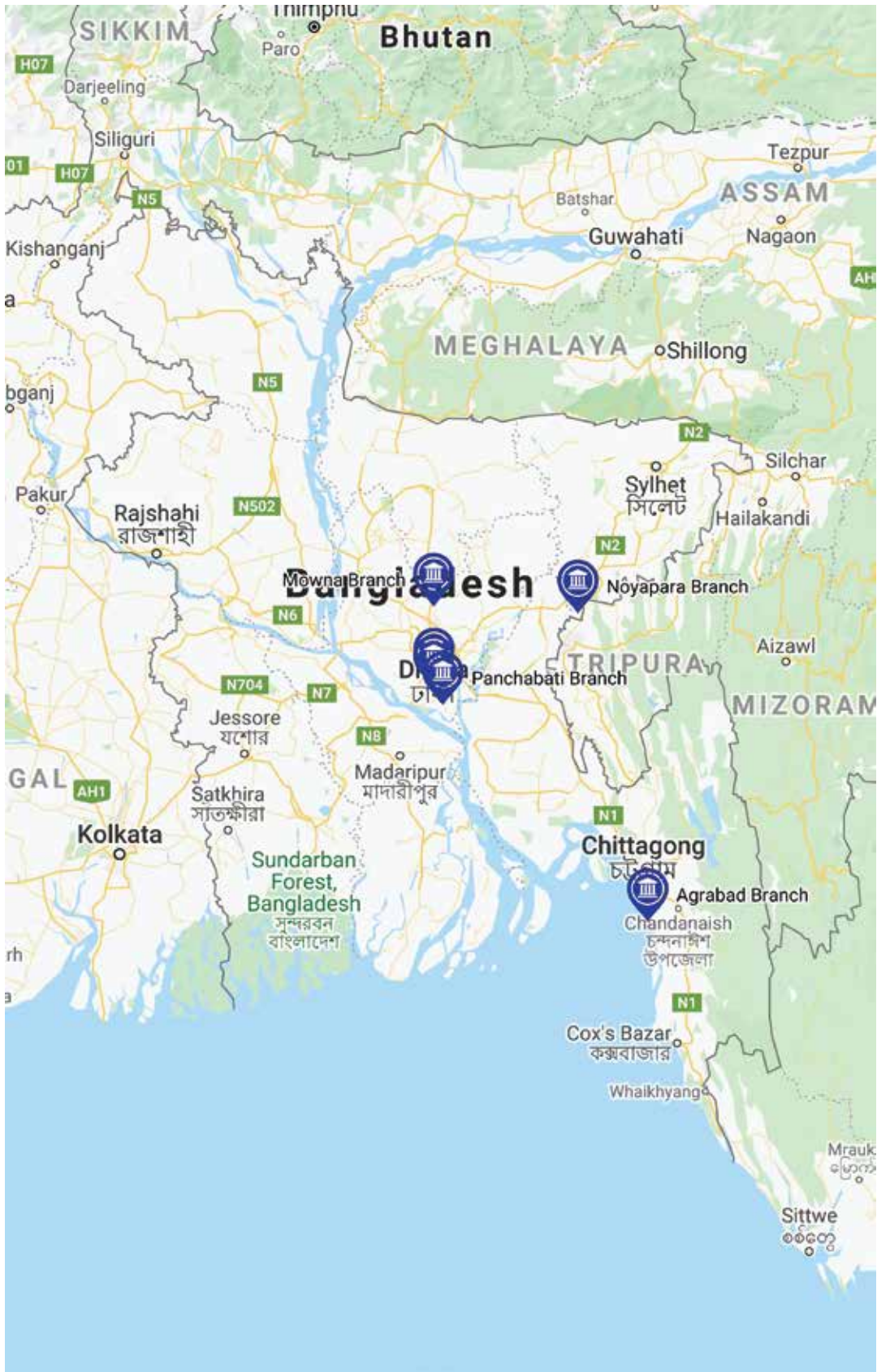
Community Bank
• Trust • Security • Progress



**Community Bank,
Bangladesh goes live
on Finacle's banking
platform within
just 48 days**

The modern platform will
drive innovation led growth
for the challenger bank

Branch Network



Address of Branches

Corporate Branch

Police Plaza Concord
(Level 5, Tower 2) Plot 2
Road 144 Gulshan 1
Dhaka 1212
Phone +88 09612 712001

Motijheel Branch

Cosmos Tower
Holding No.28/1/2
Toyenbee Circular Road
Motijheel, Dhaka 1000
Phone +88 09612 712002

Panchabati Branch

Akbar Tower, Hariharpara
Enayetnagar, Fatullah
Narayanganj 1400
Phone +88 09612 712004

Mawna Branch

Bhai Bhai City Complex
Holding No.255, Sreepur Road, Word 8
Sreepur Pourashava, Gazipur 1704
Phone +88 09612 712003

Agrabad Branch

Chamber House (Ground Floor)
38, Agrabad Commercial Area
Chattogram
Phone +88 09612 712006

Noapara Branch

Chowdhury Bhaban (1st Floor)
Saihamnagar, Noapara Bazar
Madhabpur, Habiganj
Phone +88 09612 712005



Community Bank Bangladesh Limited
Head Office

Police Plaza Concord (Level 10, Tower 2)
Plot 2, Road 144, Gulshan 1
Dhaka 1212, Bangladesh
Phone: +88 09612 712225
E-mail: contact@communitybankbd.info
communitybankbd.com