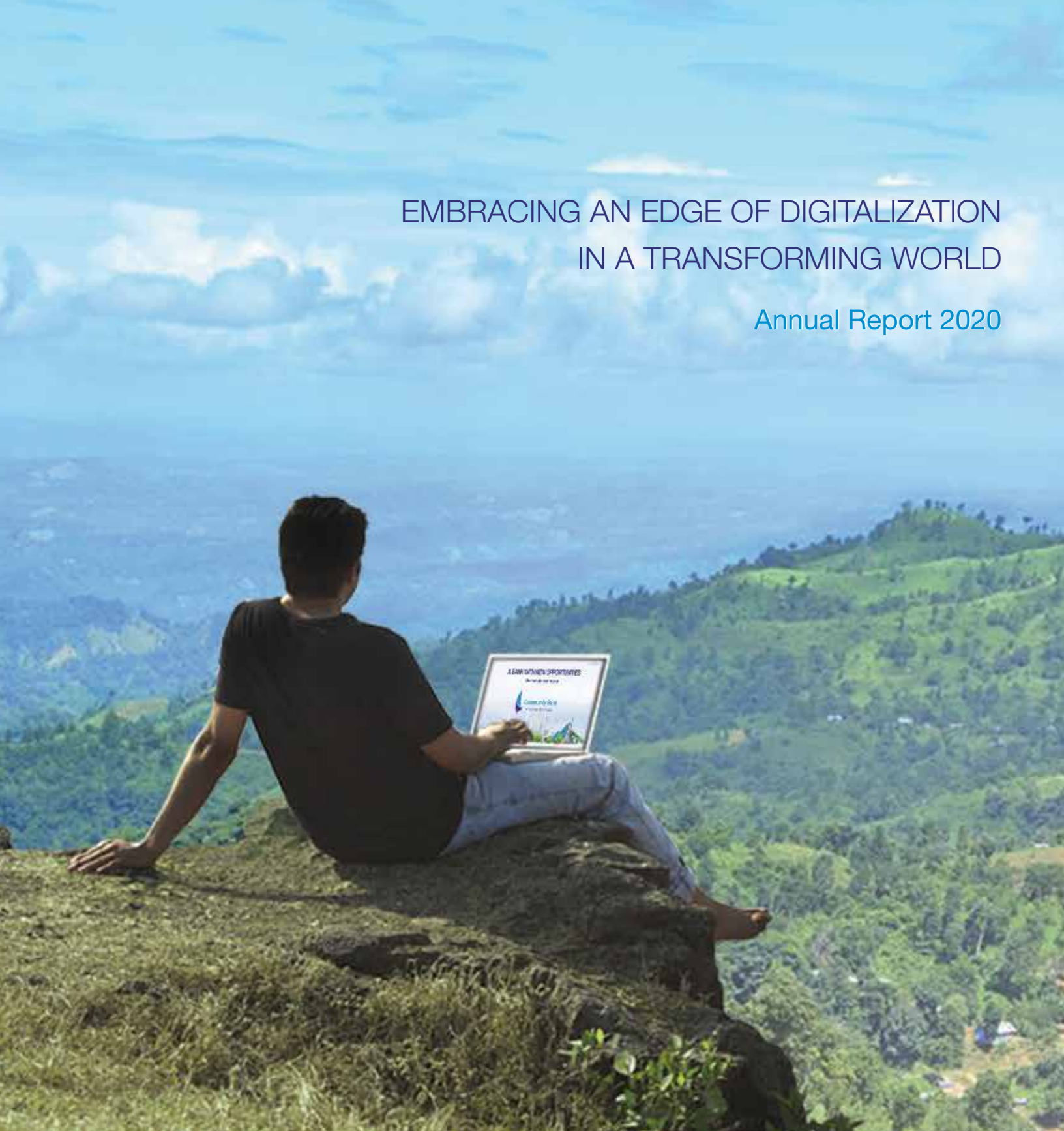


EMBRACING AN EDGE OF DIGITALIZATION IN A TRANSFORMING WORLD

Annual Report 2020



Community Bank

• Trust • Security • Progress



Embracing an Edge of Digitalization in a Transforming World

Digital transformation is eminent for top-of-the-line financial services. Driving a company that values change is the order of the day. Hence a change in mindset to provide customers with utmost value needs to be internalized by all the members of the company.

The development of renewed processes, products and markets will be a new ball game in coming years. In the ecosystem, the resulting gains in revenue and business value will translate to faster business volume and higher sustainability.

Community Bank believes that this is the high time to deploy the best digital practices in the operations to ensure greater sustainability and to create a service edge for customers. Let's celebrate the best outcome of a transforming world.

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LETTER OF TRANSMITTAL

All 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 2020

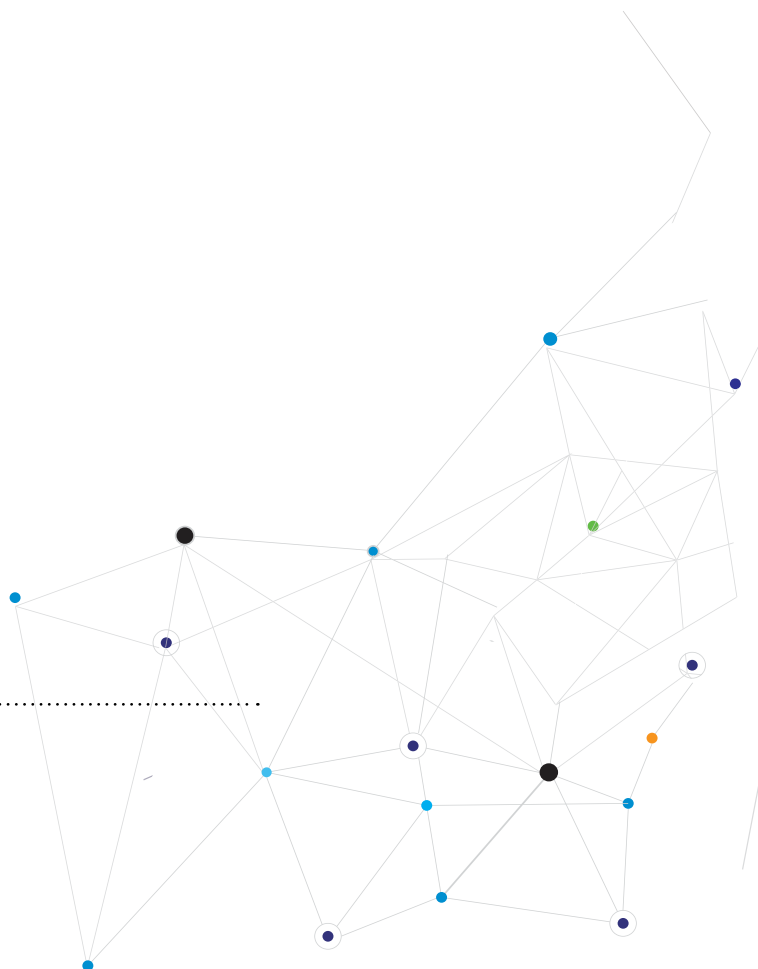
We are pleased to present a copy of Annual Report of the Bank together with the Audited Financial Statements as at and for the year ended December 31, 2020 of Community Bank Bangladesh Bank Limited. The Annual Report 2020 of the Bank comprises Balance Sheet, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement along with Notes to the Accounts for kind information and record.

With best regards,

Sincerely yours,



Saiful Alam, FCS
EVP & Company Secretary



Notice of the 2nd Annual General Meeting

Notice is hereby given that the 2nd Annual General Meeting (AGM) of the Honorable Members/Shareholders of Community Bank Bangladesh Limited (the Bank/ the Company) will be held on Wednesday, April 21, 2021 at 11.00 a.m. at Shapla Conference Room, Police Headquarters, Fulbaria, 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 year ended December 31, 2020.
2. To elect/re-elect Directors.
3. To confirm appointment of External Auditors for the year ended December 31, 2021 and fix up their remuneration.
4. To confirm appointment of Corporate Governance Compliance Auditors regarding certification on compliance of Corporate Governance Code of BSEC for the year 2021 and fix up their remuneration.

By order of the Board of Directors



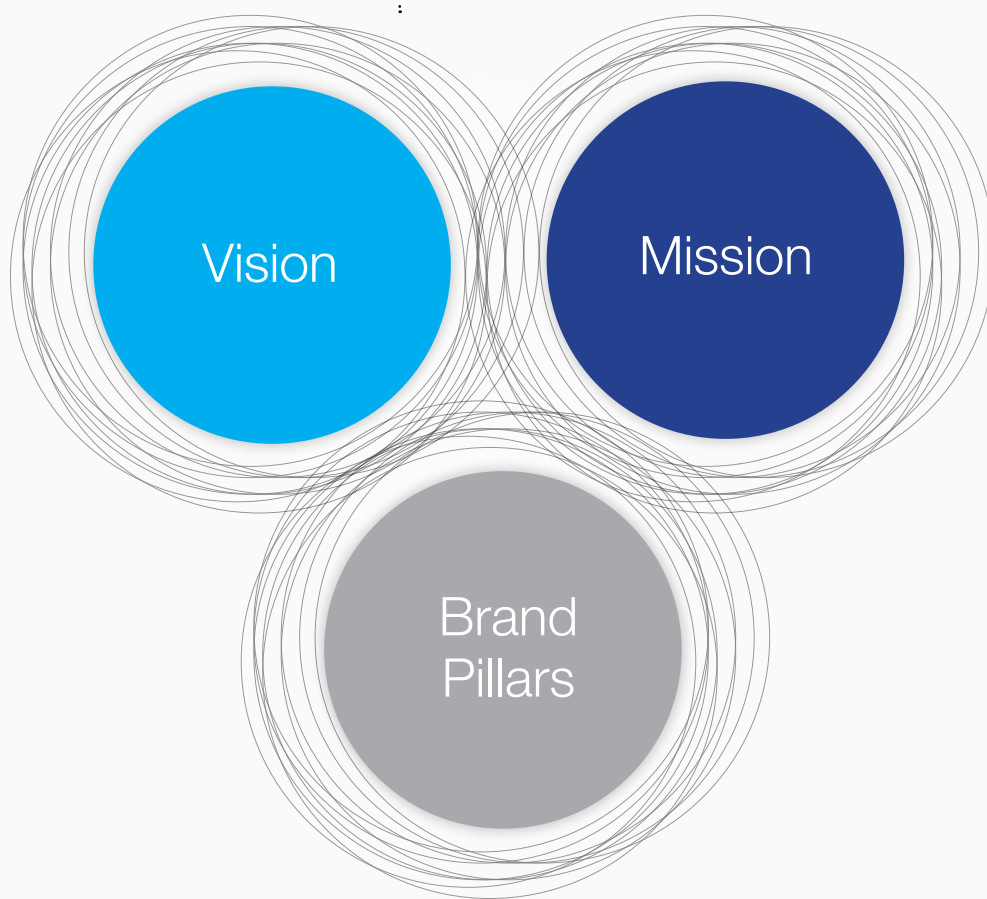
Saiful Alam, FCS
EVP & Company Secretary

Dated: Dhaka
March 22, 2021

MISSION VISION & BRAND PILLARS

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

- 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.

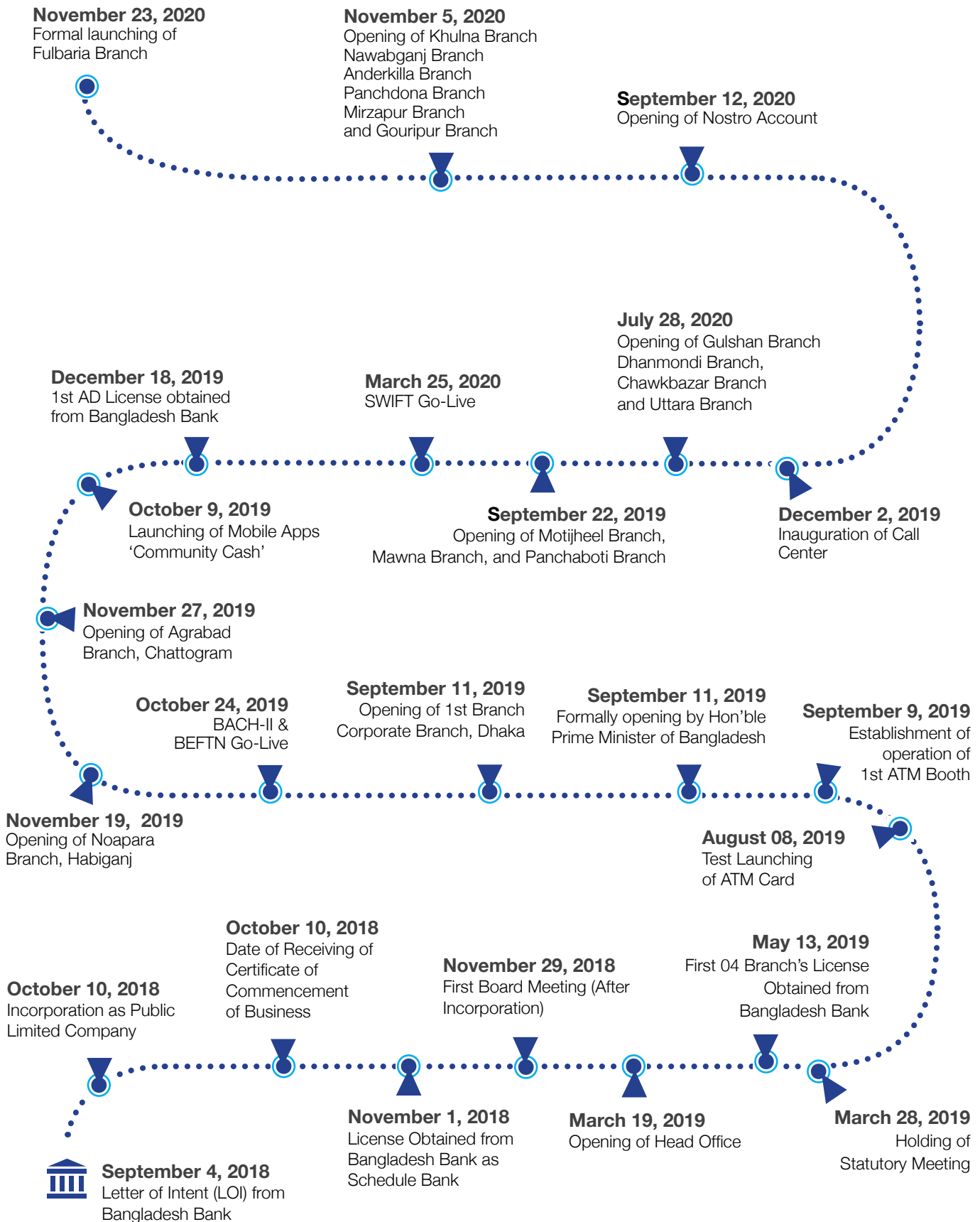


Community Bank runs on three building blocks i.e. Trust, Security and Progress.

CORPORATE PROFILE

Registered Name of the Company	Community Bank Bangladesh Limited.
Legal Form	A public limited company & Scheduled Bank. Sponsor Shareholder: Bangladesh Police Kallyan Trust
Capital (December 31, 2020)	Authorized Capital: BDT 1000,00,00,000.00 (Taka one thousand crore) Paid-up Capital: BDT 4,610,000,000.00 (Taka four hundred and sixty one 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. Benazir Ahmed, 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 [AUS]
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





STATEMENT FROM THE CHAIRMAN



The graduation of Bangladesh from the LDC (Least Developed Country) to a Developing Country under the dynamic and visionary leadership of the Honorable Prime Minister, is the milestone of the year, when the nation is celebrating its 50th Years' of Independence and the Birth Centurial of the Father of the Nation, Bangabandhu, Sheikh Mujibur Rahman. The dream come true and the country has transformed itself from a bottom-less basket to this stature, which speaks about the ability of the Nation.

Dr. Benazir Ahmed, BPM (Bar)
Inspector General, Bangladesh Police

STATEMENT FROM THE CHAIRMAN

Dear Shareholders,

I welcome you to the 2nd Annual General Meeting of Community Bank Bangladesh Limited. This is an opportune time for me to present to you the performance and outlook of your Bank through the pages of our Annual Report for the year 2020.

Performance Review

The Bank has completed its first full year 2020, after Honorable Prime Minister inaugurated the commercial operation of the Bank in September 2019. The year 2020 has been very challenging with the emergence of Covid-19 outbreak that has hard-hit both the economy and industry. Yet, the Bank delivered satisfactory performance during the year 2020. Beyond delivering numbers, we continued our journey towards building the long-term capabilities of the Bank and achieving the vision we always believe in. This has been only possible due to the strong mandate given to us by our valued shareholders. Summary of Operating Performance of the year 2020 is given below:

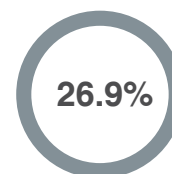
	BDT Million	
	H1'2020	H2'2020
	Closing Balance	Closing Balance
Loan and Advances	5,034.4	19,496.5
Deposits	7,961.0	23,392.5
	For the period	For the period
Operating Profit (Loss)	(119.2)	30.0

Despite low credit appetite in the industry, our Loans and Advances witnessed a growth of BDT 18,814.1 million during the year taking the figure to BDT 19,496.5 million as of 31 December 2020. Similarly, Deposits grew by BDT 20,543.1 million and stood at BDT 23,392.5 million as of December 2020. Spread and Yield on Investment and Interbank Placement remained under pressure due to regulation on interest rates and surplus liquidity in the market that persisted through-out the year. Moreover, the pandemic, which started within a few months after the launch of commercial operation of the Bank, has slowed down the business momentum. Despite that, Operating Income has grown to BDT 763.8 million for the year 2020 from BDT 320.3 million in 2019. This is driven by solid balance sheet, which is mostly skewed towards the 2nd half of the year 2020 as the country gradually opened up from the Corona-stricken lock-down situation. The operating expense has increased to BDT 852.9 million in 2020 from BDT 266.1 million in 2019. The uptick of operating expenses in 2020 can be attributed to the

incremental operating costs caused by the expansionary investments. As a result, Cost outpaced Revenue due to the lag effect of investments and Operating Profit (Loss) was recorded at (BDT 89.2) million in 2020, a much-improved figure than the earlier forecast. With the pandemic easing out, the Bank started posting positive operating profit from July 2020.



NPL Ratio



Capital Adequacy Ratio

Our Classified Loan Ratio stood at 0.00% as of December 2020 against the industry average of 9.16% as of June 2020, which shows our continued commitment to maintaining the asset quality at highest level, even though we grow our business faster. Our Capital Adequacy Ratio stood firmly at 26.9%, whereas the minimum regulatory requirement is 12.5%. On liquidity front, we stayed fortified through-out the year to withstand any market volatilities. Asset to Deposit Ratio stood at 82.3% as on 31 December 2020 vis-à-vis 23.9% a year ago.

As for providing servicing to our valued members of Bangladesh Police, we have disbursed 30,060 number of loans to them, amounting BDT 13,290 million and provided payroll services to 180,112 police members as of December 2020.

Macroeconomic Review

The graduation of Bangladesh from the LDC (Least Developed Country) to a Developing Country under the dynamic and visionary leadership of the Honorable Prime Minister, is the milestone of the year, when the nation is celebrating its 50th Years' of Independence and the Birth Centennial of the Father of the Nation, Bangabandhu, Sheikh Mujibur Rahman. The dream come true and the country has transformed itself from a bottom-less basket to this stature, which speaks about the ability of the Nation. With the consistent socio-economic performance and GoB's (Government of Bangladesh) mega initiatives, the country is on the right course towards becoming a developed nation and emerge itself as a major player in the world economy in the foreseeable future.

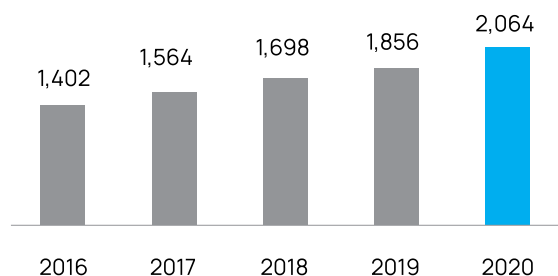
The resilience of Bangladesh economy, which has been growing over 7.0% per annum in last five years, is once again tested with the GDP growing by 5.24% per annum even during the pandemic-hit fiscal year 2019-2020, a stand-out figure in the context of world and regional economies. This has been possible due to pragmatic, bold and visionary leadership of our Honorable Prime Minister and the Nation's resilience to the adversities. The

role of the Bangladesh Bank and its Honorable Governor with the timely interventions, has been also very critical to achieving such GDP growth and containing the inflation at below 6.0% per annum in last fiscal year 2019-2020.

In addition, Per Capita Income for first time has crossed USD 2,000 mark in the fiscal year 2019-2020. Despite the fact, that export, import and BoP (Balance of Payment) remained under pressure due to slow-down of global economy, the country closed the year 2020 with the record-breaking foreign exchange reserve of USD 43 billion, which is largely contributed by the rise in inward remittance. Our capital market also remained upbeat and closed the year 2020 with both market capitalization and market indexes gaining significant points; thanks to BSEC's (Bangladesh Security and Exchange Commission) initiatives to enlarge both the depth and breadth of the market and boost the issuer and investors' confidence.

Bangladesh also continues to make outstanding progress and outperformed its neighboring countries in many aspects of social development as reflected in reduced poverty rate, improved vaccination, reduced child mortality rate, higher life expectancy, improved literacy rate, better gender parity, more access to clean water and sanitation and so on.

Per Capita Income
(USD Current Market Price)



Industry Review

The financial sector passed a stressful time during 2020 as Banks and Financial Institutions were facing challenges to grow their balance sheet due to weaker demand for private sector credit amidst pandemic situation and maintain spread due to regulation on interest rate that came into force from April 2020. In addition, many of the industry players are struggling to arrest the NPL trend. In an attempt to restore stability in the financial sector and boost private sector investment, Bangladesh Bank took several measures such as relaxation in Advance Deposit Ratio (AD Ratio), re-fixation of Cash Reserve Ratio (CRR) and capping lending rates. In addition, Central Bank implemented the Government's incentive or stimulus package by channeling interest rate subsidy and funds to the borrowers under the program and relaxed its regulations on the loan classification to support business houses to survive through the pandemic period and keep up the business momentum. We are hopeful that investment climate would improve, and the industry would rebound in late 2021.

People

Our young and vibrant workforce is the key to driving innovation, collaborative spirit and entrepreneurialism across the company. We invest significantly to attract, retain, train and develop people so that they remain motivated, competent and relevant to the current and future need of the company as well as can maximize self-development opportunities. We promote ethical culture, diversity, equity, good work life balance, fun at work place and run various engagement activities and keep adequate health and safety provisions for our employees.

Technology

Technological innovation is reshaping the industry and we want to stay at the forefront of it to take advantage of any market opportunities. The fact, that 99% of total bank-wide transactions happens through digital and ATM channel, tells a lot about our commitment towards leading the industry in the digital space. In addition, we continued to solidify our security architecture by constructing state-of-art Data Center and far and near DR (Disaster Recovery) sites, undertaking robust BCP (Business Continuity Planning) measures and embedding sufficient security provisions into the core IT and satellite systems.

Distribution Channel

In the year 2020, Community Bank opened 12 more branches taking the tally to 18 at the end of year 2020 and rolled out 101 more ATMs taking the number to 163 and installed 110 service desks across the country by the end of the year 2020. The Bank also piloted school banking at Shahid Smrity School. Moreover, the Bank strongly promoted its an app-based banking platform, Community Cash, to meet customers' digital banking expectations.

Corporate Social Responsibility

We pledge to stand beside the good causes of the society. In this context, the Bank collaborated with SAJIDA Foundation and sponsored semi-critical units for the Covid-19 affected patients and published an advertisement on the monthly braille newspaper "Dristy Bijoyee" for the month of August 2020.

Corporate Governance

Strong governance and sound ethical practices are deeply rooted in our culture. We maintain zero tolerance on integrity issues. We have a very strong, experienced and diverse Board with a good balance of skills and competence. The Board provides the vision, strategic leadership and sets challenging targets for the management which collectively acts as a strong impetus for the executive team to continually push the boundaries to achieve the growth aspirations. 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 continued to strengthen our risk management framework, audit and assurance procedures and embed sound control system into the business, process, system and operation. We have set a very high compliance and ethical standard to build our reputation as a well-governed Bank in Bangladesh.

Strategy

We promise to stay agile to embrace the changes in the macro-economic environment and aim to respond to the challenges and opportunity it creates. The Bank run on its three pillars-Trust, Security, Progress. These are deeply rooted in everything that we do. Beyond the economic aspects, our strategy revolves around financial inclusion of the diverse communities of the country. Aligned with our strategic intent, we have been purposefully investing in system, people, process, technology and distribution to build our capabilities to secure the sustainable growth of the company. In the year 2021, the Bank is going to launch (subject to regulatory approval) its merchant banking operation through its fully owned subsidiary, Community Bank Investment Limited. From business side, the bank is going to start its credit card business; scale up trade and remittance-based services; promote utility bill collection services by tying up with relevant authorities; and drive supply chain finance through anchoring on large and reputed corporates, amongst the other. On distribution front, the Bank is going to expand its outreach by phases to strike a balance between investment and return. In this connection, in the year 2021, the Bank plans to open few more branches, sub-branches, service desks, ATMs and school banking booths in various places of the country. From brand and communication perspective, we aim to get closer to the communities through various promotion, communication, sponsorship and engagement activities. In the longer term, we envisage to extend our footprint to every corner of the country and scale up community-based financial inclusion programs, not only to generate profits but also to create positive impacts on the society.

Outlook

Historically Pandemic covers a period of three to five years; the second wave of the infection rate raised some concerns for the possible slow-down of the economy. However, on a broader perspective, the consistent GDP growth and the improvement in per capita income, rise in the middle-class population, improved gender parity and influx of youth population into the employment market along with the other positive changes in the demographic and socioeconomic areas are expected to drive the future

economy of Bangladesh. The economy is projected to grow even at a faster pace as new economic reforms and Government's mega infrastructure projects come into light. Encouraging economic and social indicators, coupled with the proven performance of the Bank in the pandemic-hit difficult market environment, gives us the reason to be optimistic about the future. We are hopeful that the investment climate would improve and the economy will start taking V-Shape recovery from late 2021, which would fuel up the business growth and profitability of the company. Our journey has just started; but we are on the right course towards achieving our long-term objectives.

Acknowledgements

We are thankful to our shareholders for their continued faith in us. We would like to thank our customers and members of Bangladesh Police, who are the very reason why we exist. We would like to thank the management and employees for their hard work, loyalty and commitment for taking the Bank forward. I, as the Chairman of the Board of Directors, would also like to thank my colleagues in the Board for their valuable contributions made into the proceedings and making the Board truly vibrant. We are grateful to Bangladesh Bank for their continuous guidance and support. Finally, we would like to thank Bangladesh Security and Exchange Commission, National Board of Revenue and other regulators and valued business partners for their ongoing support.

Thank you.

With my best wishes,



Dr. Benazir Ahmed, BPM (Bar)

Inspector General, Bangladesh Police and
Chairman of Community Bank Bangladesh Limited

STATEMENT FROM MANAGING DIRECTOR AND CEO



“ We promise to stay adaptive to the changes in the macro-economic environment and aim to respond to the challenges and opportunity it creates. Beyond financial aspects, our strategy revolves around financial inclusion of the diverse communities of the country.”

Masihul Huq Chowdhury
Managing Director & CEO

STATEMENT FROM MANAGING DIRECTOR AND CEO

Bismillahir Rahmanir Rahim,

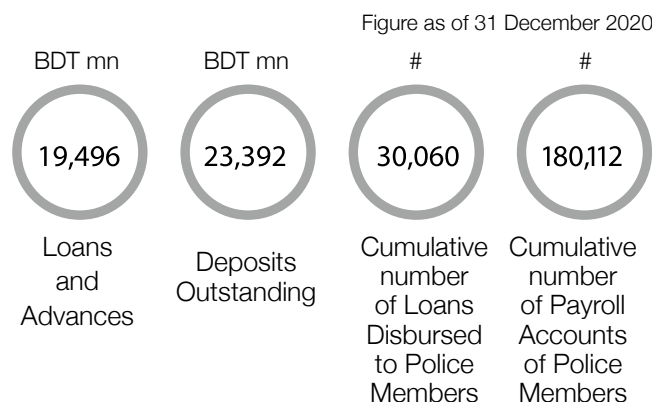
By the grace of Almighty Allah SWT, it is my immense pleasure to present the performance and position of the company for its first full completed year, ended at 31 December 2020, after the launch of commercial operation by the Honorable Prime Minister in September 2019. The Bank is fully owned by Bangladesh Police Kallyan Trust (BPKT). The Bank is founded on its three core pillars-Trust, Security, Progress-these are deeply rooted in everything that we do. Beyond financial number, we continued our journey towards building the long-term capabilities of the Bank and achieving our vision to reach out to the diverse communities of the country.

The year 2020 has been challenging with the emergence of Covid-19 Pandemic that has painfully hurt the economy and industry. While industry was struggling to grow their Balance Sheet due to weaker demand for credit, the Bank has grown its Loans and Advances by BDT 18,814.1 million during the period, taking the number to BDT 19,496.5 million at the end of December 2020. Deposit has grown in similar pace by BDT 20,543.1 million to BDT 23,392.5 million at the end of December 2020. Asset to Deposit ratio has gradually improved to 82.3% as on 31-Dec-20 from 23.9% a year ago. On the contrary, spreads and yields on Treasury Placement in Bank and Financial Institutions and Investment remained under pressure through-out the year due to regulation on interest rates that came in force from April 2020 and growing surplus liquidity in the banking industry caused by the economic slow-down of the country. Despite squeezed margin, operating revenue has increased to BDT 763.8 million for the year 2020, up by BDT 443.5 million from 2019. This is largely driven by the solid Balance Sheet growth, which is skewed towards the 2nd Half of the year 2020. The uptick of operating expenses in 2020 can be attributed to the incremental operating costs caused by the expansionary investments in distribution, people, technology and connectivity build-up in international arena. As a result, cost outpaced revenue due to both lag effect of investment, which has caused the Bank to post operating loss of BDT 119.2 million in the 1st half of the year 2020. However, with the country gradually opening up from the Corona stricken lock-down situation, Bank started posting positive operating profit from July 2020 and the figure amounted to BDT 30.0 million in the 2nd half of the year 2020. This helped the bank to restrict the operating loss to BDT 89.2 million for the entire year 2020, a much-improved figure than the earlier forecast. However, as of writing this report, the Bank has fully recovered the Operating Loss by making Operating Profit and Profit after Tax in the Quarter 1,

2021 (based on the Management Accounts, unaudited figure). Growth and profit trajectory remain upbeat in the coming year and beyond; this has been only possible due to the prudent decision, direction, support and strong mandate given to us by the Honorable Board.

We pledge to build the safest portfolio in the industry, which is reflected in the Nonperforming Loan Ratio staying at 0.00% at the end of the year 2020. Even in the Covid-19 situation, almost no clients showed any symptom of delinquency, mostly because of the very low risk nature of the portfolio. This amplifies our confidence to maintain one of the lowest NPL ratios in the industry. Capital Adequacy Ratio stood firmly at 26.9% on 31 December 2020 vis-a-vis 150.28% a year ago and against the regulatory requirement of 12.5%. On liquidity front, we stayed fortified during the year to withstand any market volatilities.

As for providing services to police members, the Bank has disbursed more than 30,000 number of loans and managed the payroll of more than 180,000 members of the force.



Despite the Pandemic outbreak, the Bank completed an eventful year, 2020. From technology point of view, we implemented "Finacle", the world-class universal Core Banking System (CBS) in world-record-low 48 days and earned Innovation Award from Infosys, constructed state-of-art Data Center and two DR (Disaster Recovery) sites, built an app-based banking platform, Community Cash, which captures around 500,000 number of transactions in a month and continued to strengthen security provisions to stay fortified against any data and cyber risks. The fact, that around 99% of our bank-wide transactions happens through ATM and digital channel, tells a lot our commitment towards leading the industry in the digital space. On the distribution side, in 2020 we opened 12 more branches taking the tally to 18 at the end of year 2020 and rolled out 101 more ATMs to close the year with a network of 163 own ATMs which are located in 64 districts of the country and ensured

presence in major police establishments through 110 service desks to provide services to our customers of the police force. We booked more than 200 thousand customers within a short period of time. Our staff strength too has improved to 462 at the end of year 2020 from 249 in 2019. As for building connectivity, we have tied up with Exchange Houses and Banks to facilitate remittance services, integrated with MFS (Mobile Financial Services) companies, opened Foreign Nostro Accounts and arranged corresponding and credit lines with Overseas Banks and connected with SWIFT to facilitate foreign trade business, partnered with VISA to launch credit cards, signed Agreements with relevant authority to collect utility bills and more to follow.

The Bank promotes fairness and provide equal opportunity for all employees in its process of recruitment, selection, career progression and all aspects of performance management. Take care of the best; be fair to the rest- this philosophy is strongly rooted in our overall performance management culture and processes. The Bank is committed to ensure work-life balance, promote diversity and fun at work place; keep adequate health and safety provisions and conduct various engagement programs for its employees. The Bank continued its efforts towards the development of its Human Resources by providing them with adequate training to make sure that they remain competent and relevant to the current and future need of the company, as well as can maximize their self-development opportunities.

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, operation and technology. We promote ethical culture and maintain zero tolerance on integrity issues. We promise to set a very high compliance standard to establish ourselves as a well-governed Bank in Bangladesh.

We promise to stay adaptive to the changes in the macro-economic environment and aim to respond to the challenges and opportunity it creates. Beyond financial aspects, our strategy revolves around financial inclusion of the diverse communities of the country. Aligned with our strategic intent, we have been purposefully investing in system, people, process, technology and distribution to build our capabilities to secure the long-term sustainable growth of the company. In the year 2021, the Bank is going to launch its merchant banking operation through its fully owned subsidiary, Community Bank Investment Limited. From business side, the bank is going to start

its credit card business; scale up trade and remittance-based services; promote utility bill collection services by tying up with relevant authorities; and drive supply chain finance, amongst the other. On distribution front, the Bank is going to expand its outreach by phases and through cost-effective model to optimize ROI (Return on Investment). In this connection, in the year 2021, the Bank plans to open few more branches, sub-branches, service desks, ATMs and school banking booths in various places of the country. From brand and communication perspective, we aim to get closer to the communities through various promotion, communication, sponsorship and engagement activities. In the longer term, we envisage to extend our footprint to every corner of the country and scale up community-based financial inclusion programs, not only to generate profits but also to create positive impacts on the society.

As a result of consistent socio-economic performance, Bangladesh recently has moved up its rank as a Developing Country from LDC (Least Developed Country) status. This came at a time when the country is celebrating both the Golden Jubilee of its Independence and the Birth Centurial of the Father of the Nation, Bangabandhu, Sheikh Mujibur Rahman. The resilience of Bangladesh economy has been proven over time with the GDP growing over 6.0% per annum, on an average, during the last decade and the nation overcoming the hurdles for many years. Even during the Covid-19 Pandemic, the country registered an impressive GDP growth over 5.24% in the year 2020, a stand-out figure in the context of world economy, which is expected to contract by 3.0% per annum in 2020. Like all other countries, Bangladesh experienced disruptions in economic activities during the pandemic that started from March 2020. However, as of now, the infection rate of Covid-19 is much lower than suspected and similarly, given the context, the performance of the economy is much better than anticipated. This has been possible due to the bold and pragmatic leadership of the Honorable Prime Minister and timely approach of GoB (Government of Bangladesh) in handling the situation and growth-accommodating monetary policies and business-friendly regulations taken up by the Central Bank and above all, the Nation's resilience to the adversities. Although the second wave of the infection rate of Covid-19 raised some concerns, we are hopeful that the Nation will rebound and economy will regain its momentum soon.

The economy is expected to grow even at a faster pace in the coming years and emerge itself as a developed nation and major player in the world economy in foreseeable future as many ongoing and planned mega projects and reform measures come into light. Encouraging social and economic indicators, coupled with the Bank's performance in such pandemic-hit year, gives us the reason to be optimistic about the future of the economy and the Bank. The Bank has just started its journey; but

it is on the right course towards achieving the vision we always believe in.

I, on behalf of the Management, would like to take this opportunity to express our heartiest felicitation to the Honorable Chairman of our Bank, Dr. Benazir Ahmed, BPM (Bar), Inspector General, Bangladesh Police, for his invaluable guidance, attention and directions. I, would also like to thank the Honorable Members of Board of Directors for their invaluable contribution. We are also grateful to the Honorable Governor and other Officials of Bangladesh Bank, Bangladesh Security 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. I would also like to thank all employees of the Bank for their hard work and commitment for taking the Bank forward. Finally, I would like to thank our valued customers and members of Bangladesh Police, who are the sole reason for our existence.

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



Masihul Huq Chowdhury
Managing Director and Chief Executive Officer

BOARD OF DIRECTORS



Chairman

Dr. Benazir Ahmed, BPM (Bar)
Inspector General, Bangladesh Police

Directors

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

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

Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM
Additional Inspector General, Bangladesh Police &
Director General, Rapid Action Battalion (RAB)

Mr. Abu Hasan Muhammad Tarique, BPM
Deputy Inspector General (HR), 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-Revenue-1), Bangladesh Police

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

Mr. Masud Khan, FCA, FCMA
Chairman, Unilever Consumer Care Limited and
Chief Advisor, Crown Cement Group

Mr. Kazi Masihur Rahman
Ex- Managing Director & CEO of Mercantile Bank Limited

Dr. Abdullah Al Mahmud
Associate Professor
Department of Banking & Insurance
Faculty of Business Studies, University of Dhaka

Managing Director & CEO
Mr. Masihul Huq Chowdhury

EXECUTIVE COMMITTEE



Chairman

Dr. Benazir Ahmed, BPM (Bar)

Inspector General, Bangladesh Police

Members

Dr. Md. Moinur Rahman Chowdhury, BPM (Bar)

Additional Inspector General (A&O), Bangladesh Police

Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM

Additional Inspector General, Bangladesh Police &
Director General, Rapid Action Battalion (RAB)

Mr. Md. Ferdoush Ali Chowdhury

Assistant Inspector General (Welfare Trust)
Bangladesh Police

Mr. Kazi Masihur Rahman

Ex- Managing Director & CEO of Mercantile Bank Limited

Mr. Masihul Huq Chowdhury

Managing Director & CEO

RISK MANAGEMENT COMMITTEE



Chairman

Dr. Md. Moinur Rahman Chowdhury, BPM (Bar)

Additional Inspector General (A&O), Bangladesh Police

Members

Mr. Md. Mohsin Hossain ndc

Additional Inspector General, Railway Police

Bangladesh Police

Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM

Additional Inspector General, Bangladesh Police &

Director General, Rapid Action Battalion (RAB)

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

Deputy Inspector General, Dhaka Range, Bangladesh Police

Mr. Masihul Huq Chowdhury

Managing Director & CEO

AUDIT COMMITTEE



Chairman

Mr. Masud Khan FCA, FCMA

Independent Director

Members

Mr. Abu Hasan Muhammad Tarique, BPM

Deputy Inspector General (HR), 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-Revenue-1), Bangladesh Police

Dr. Abdullah Al Mahmud

Associate Professor, Department of Banking & Insurance
Faculty of Business Studies, University of Dhaka

Mr. Masihul Huq Chowdhury

Managing Director & CEO

DIRECTORS' PROFILE



Dr. Benazir Ahmed, BPM (Bar)

Inspector General, Bangladesh Police
Chairman

Dr. Benazir Ahmed, BPM (Bar) has been serving as Inspector General of Police since 15 April, 2020. He is an exceedingly educated person. Apart from MA, MBA and LLB, he has completed his Doctorate in Business Administration from the Faculty of Business Studies in the University of Dhaka. Prior to his present appointment, Mr. Ahmed worked as Director General, Rapid Action Battalion, country's Anti-terror crime busting Elite Force. He was the successful operational in-charge of the Holy Artisan terror incident countering violent extremism as the ground commander which was highly appreciated in home and abroad. Under his prudent guidance and directives, RAB Forces have been successful to eliminate pirates from Sundarban area of the country and that stopped all kind of extortion and illegal criminal activities prevailing there for almost last four decades. 243 families of the robbers surrendered to RAB because of his visionary knowledge and bold decision. After this, Honorable Prime Minister Sheikh Hasina formally declared Sundarban pirate free. Now it has been a safe and attractive abode and tourist spot for the local people and tourists. Before that assignment,

Dr. Benazir served as Police Commissioner, Dhaka Metropolitan Police (DMP) in a very critical and turbulent period when the whole country was under the threat of street terrorism, anarchism and political violence.

Dr. Benazir Ahmed was instrumental to bring back peace and normality in the city under his stewardship. He was the initiator of e-traffic prosecution, Bit Policing, digitalization of DMP. He has shown profound skills and mastery and specialization on different arena of policing like terrorism & terror financing, Intelligence, Organizational Reform, Rebuild, and Restructuring & Change Management. He raised the "Police Internal Oversight", a counter intelligence outfit of Bangladesh Police. 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 as peace keeper. He also served in United Nations Headquarters, New York, USA in the capacity of "Chief" of Mission Management & Support Section of United Nation's Police Division in the Department of peace keeping Operations in 2008 as the first South-Asian and brought fame for the country. In recognition of his expertise in international Policing and peace keeping, UN appointed him as an Expert member in a Global Level 'Independent Panel' to review the UN Police Division (December 2015- May 2016).

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, 2018 & 2019 are notable.

Dr. Benazir is also interested in sports activities and management. He is the President of South Asian Chess Council (SACC) and Bangladesh Chess Federation.

Dr. Benazir is an extensive traveler. He has widely travelled 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.

Dr. Chowdhury 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. Chowdhury 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. Chowdhury 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, Dr. Chowdhury 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. Chowdhury 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 continuingly 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.

Dr. Chowdhury 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. IG) 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 33 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. IG 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. IG 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. IG 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. IG 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, Bangladesh Police and
Director General, Rapid Action Battalion
Director

Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM was born on 12 January 1964 in a respectable Muslim family of Shreehail village under Sullah, Sunamgonj. He completed his Master's degree with Honors in Sociology from Chittagong University. He joined Bangladesh Police as Assistant Superintendent in 1989 as an officer of the 1986 Batch of BCS Police Cadre.

In his long illustrious career, Mr. Chowdhury Abdullah Al-Mamun has served various important units of Bangladesh Police notably Police Headquarters, Dhaka Metropolitan Police, Armed Police Battalion and different districts. His glorious career has been furnished with assignments like Assistant Commissioner of DMP, ASP of APBn, Circle ASP of Brahmanbaria, Sirajganj and Chandpur district, Additional SP of Chandpur district and Assistant Deputy Commissioner of DMP. He also served as Superintendent of Police of Nilphamari district, Deputy Commissioner of DMP, AIG (Establishment) and AIG (Confidential) at Police Headquarters. Later he served Dhaka Range as Additional DIG. As Deputy Inspector General he was the first to serve Mymensingh Range. He held vital positions like DIG Operations, DIG Administration at PHQ and DIG Dhaka Range. On promotion he served as Additional Inspector General, HRM at Police Headquarters. He successfully led

Criminal Investigation Department before joining as Director General of RAB Forces. In recognition of his outstanding contribution and distinguished service to Bangladesh Police, he has been awarded the prestigious "Bangladesh Police Medal (BPM) & "President Police Medal (PPM) - Service."

Mr. Chowdhury Abdullah Al-Mamun played pivotal roles while working in United Nations-led peacekeeping missions in Bosnia-Herzegovina, Liberia and Darfur. He attended quite a few prestigious professional trainings both at home and abroad. Mr. Mamun likes travelling. He traveled around 30 countries throughout the world. In his personal life, Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM 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 (HR), 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 (HR) 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 illustrious career, he served in diversified 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 and 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 frontiers, 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 - Revenue-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 served in Mymensingh, Meherpur & Barguna district. He also served in Special Branch, DMP & Police Headquarters. He had been 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 is serving as Additional DIG (Development - Revenue-1) at Police Headquarters, in his current posting he looks after construction & development works of Bangladesh Police offices, residence & other structures throughout the country.

Dr. Alam is serving as part time faculty in Civil and Environmental Engineering department of North South University since September, 2013. Dr. Alam published widely in different international and national peer reviewed journals and conference proceedings.

Dr. Alam is serving as Joint Secretary of Bangladesh Chess Federation. In 2019 he was the team captain of police chess club and become champion in Premier division chess league. Dr. Alam served as president of 17th BCS all cadre forum for three terms from 2014-2020.

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 two 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 Unilever Consumer Care Limited and currently working as the Chief Advisor of the Board of Crown Cement Group Bangladesh. He is a seasoned professional with 39 years' work experience in leading multinational companies in Bangladesh. Prior to joining Crown Cement Group, he worked in Lafarge Holcim 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 Singer Bangladesh Limited, 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 39 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



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, Bangladesh 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



Dr. Abdullah Al Mahmud

Independent Director

Dr. Abdullah Al Mahmud joined Community Bank Bangladesh Limited as an independent director in 2020. Dr. Mahmud was born in a renowned Muslim family in Dhaka. His home district is in Faridpur. He is currently serving as a faculty member at Department of Banking and Insurance in the University of Dhaka.

Dr. Mahmud did his Bachelor of Business Administration in Finance and Banking and Master of Business Administration in Banking from University of Dhaka with perfect CGPA (4.00 on a 4.00 point scale). He was awarded Prime Minister Gold Medal for achieving outstanding results at University of Dhaka. Dr. Mahmud was also awarded prestigious Fulbright Scholarship from United States Department of State to pursue higher studies at USA. Dr. Mahmud did MBA in International Finance and M.Sc. in International Economics and Finance with distinction from Brandeis University, USA. Dr. Mahmud earned his PhD in International Economics and Finance with a dissertation focused on 'Empirical Corporate Finance' from Brandeis University, USA. In addition, he also participated in several academic and professional trainings in finance and banking arena at home and abroad.

Dr. Mahmud's research interest is in the area of empirical corporate finance, empirical entrepreneurial finance,

and topics in applied game theory. His recent research has focused on various aspects of the initial public offerings (IPOs) and seasoned issues of equity (SEOs); various aspects of venture capital; empirical topics in capital structure; theoretical and empirical topics in corporate governance and finally, various topics of empirical international trade. Dr. Mahmud has published several empirical articles in the above and other topics in the prominent domestic and international journals. Dr. Mahmud participated in several domestic and international academic conferences. He presented scholarly paper in the Northeast Decision Sciences Institute Conference, USA, Financial Management Association Conference, USA, and Doctoral Student Presentation in the American finance Association Conference, USA. He is also serving as reviewer of several national and international journals. He has served on the program committees of many national and international finance conferences. His research was supported by various national and international grants such as SME foundation and Rosenberg Research Grant from the Rosenberg Institute of Global Finance at Brandeis International Business School, USA.

Dr. Mahmud taught various courses on finance and economics such as fixed income securities, corporate finance, portfolio management, financial economics, Insurance and Risk Management,

Financial Institutions and Market, Development Economics, and Microeconomics. Dr. Mahmud also worked as an adjunct faculty in the reputed national and international universities such as Daffodils International University, United International University, Boston College (USA), Harvard Summer School of Harvard University (USA), and Brandeis University (USA). He served as an Associate Director of Master of Tax Management Program, Department of Banking and Insurance, University of Dhaka. Dr. Mahmud was a research associate at the Boston Research Data Center of the Center for Economic Studies of the U.S. Census Bureau and the National Bureau of Economic Research, USA.

Dr. Mahmud has keen interest in reading, travelling and writing in his leisure time. In his personal life, Dr. Mahmud is happily married with Mrs. Farah Diba and blessed with a son Ayaan Mahmud

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 Limited. Community Bank Bangladesh Limited 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), University of Dhaka. During the 29 years career he worked for Standard Chartered, Citibank N.A., 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. Mr. 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 Officer

Mr. Saiful Alam FCS
EVP & Company Secretary

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

Mr. Benozeer Ahmed FCMA, CPA [AUS]
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. Imtiaz Ahmed
SVP, Branch Coordination

Mr. Sk. Zalal Uddin Ahmed
VP & Manager, Corporate Branch

Mr. Nabadip Roy
AVP & Head of Treasury

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 including its Shareholders, Management, Customers, Suppliers, Financiers, Government and the Community. Corporate Governance also provides a framework for setting objectives and vision, managing risks, formulating strategies, providing policies, ensuring effective internal control systems and processes, directing company performance, taking supervisory responsibility over company affairs and management performance and actions. 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 and 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 Limited 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 ensure 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 code set by the Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank.

The Bank adequately complied with Corporate Governance as follows:

- There are 03 (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 being 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 who are highly educated, experienced and competent to add value towards better corporate governance of the Bank and to maximize 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 12 (twelve) Directors including 01 (one) Non-Executive Chairman and 07 (seven) Non-Executive Directors, 03 (three) Independent Directors and 01 (one) Executive Managing Director & CEO comprising the following members:

Sl. No.	Name	Status with the Bank
01	Dr. Benazir Ahmed, BPM (Bar) Inspector General, Bangladesh Police	Chairman
02	Dr. Md. Moinur Rahman Chowdhury, BPM (Bar) Additional Inspector General (A&O) Bangladesh Police	Director
03	Mr. Md. Mohsin Hossain ndc Additional Inspector General, Railway Police Bangladesh Police	Director
04	Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM Additional Inspector General, Bangladesh Police & Director General, Rapid Action Battalion (RAB)	Director
05	Mr. Abu Hasan Muhammad Tarique, BPM Deputy Inspector General (HR) Bangladesh Police	Director
06	Mr. Habibur Rahman, BPM (Bar), PPM (Bar) Deputy Inspector General, Dhaka Range Bangladesh Police	Director
07	Dr. Shoeb Reaz Alam Additional Deputy Inspector General (Development-Revenue-1), Bangladesh Police	Director
08	Mr. Md. Ferdoush Ali Chowdhury Assistant Inspector General (Welfare Trust) Bangladesh Police	Director
09	Mr. Masud Khan, FCA, FCMA Chairman, Unilever Consumer Care Limited and Chief Advisor, Crown Cement Group	Independent Director
10	Mr. Kazi Masihur Rahman Ex-Managing Director & CEO of Mercantile Bank Ltd	Independent Director
11	Dr. Abdullah Al Mahmud Associate Professor, Department of Banking and Insurance Faculty of Business Studies, University of Dhaka	Independent Director
12	Mr. Masihul Huq Chowdhury	Managing Director & CEO

Chairman of the Board

The Non-Executive Chairman of the Board Dr. Benazir Ahmed, BPM (Bar), Inspector General, Bangladesh Police 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

Limited 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 40 years of working experience in leading multinational and local companies of which 19 years are as a Senior Director at Board Level.

Dr. Abdullah Al Mahmud is an independent director in the Board of the Bank. Dr. Abdullah is Associate Professor, Department of Banking & Insurance, University of Dhaka having more than 15 years of teaching experience in the field of Finance, Banking and Insurance.

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

The Board appointed Managing Director & CEO, Company Secretary (CS), Chief Financial Officer (CFO) and 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 Limited 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 2020 and Remuneration:

The details of Board Meeting and Remuneration found in the other section of the 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 as stipulated in the BRPD Circular No.11 dated October 27, 2013.

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.

Executive Committee of the Board

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

Name of the Director	Status with the Bank	Status with the Committee
Dr. Benazir Ahmed, BPM (Bar) Inspector General, Bangladesh Police	Chairman	Chairman
Dr. Md. Moinur Rahman Chowdhury, BPM (Bar) Additional Inspector General (A&O), Bangladesh Police	Director	Member
Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM Additional Inspector General, Bangladesh Police & Director General, Rapid Action Battalion (RAB)	Director	Member
Mr. Md. Ferdoush Ali Chowdhury Assistant Inspector General (Welfare Trust), Bangladesh Police	Director	Member
Mr. Kazi Masihur Rahman Ex- Managing Director & CEO of Mercantile Bank Ltd	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 regards 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.

Number of Executive Committee Meeting held in 2020 and Remuneration

The details of Executive Committee Meeting and Remuneration is found in the other section of the Annual Report.

Audit Committee of the Board (AC)

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

Name of the Director	Status with the Bank	Status with the Committee
Mr. Masud Khan, FCA, FCMA Chairman, Unilever Consumer Care Limited and Chief Advisor, Crown Cement Group	Independent Director	Chairman
Mr. Abu Hasan Muhammad Tarique, BPM Deputy Inspector General (HR), Bangladesh Police	Director	Member
Mr. Habibur Rahman, BPM (Bar), PPM (Bar) Deputy Inspector General, Dhaka Range, Bangladesh Police	Director	Member
Dr. Shoeb Reaz Alam Additional Deputy Inspector General (Development-Revenue-1) Bangladesh Police	Director	Member
Dr. Abdullah Al Mahmud Associate Professor, Department of Banking and Insurance Faculty of Business Studies, University of Dhaka	Independent Director	Member

Number of Audit Committee Meeting held in 2020 and Remuneration

The details of Audit Committee Meeting and Remuneration can be found in the other section of the 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.

Name of the Director	Status with the Bank	Status with the Committee
Dr. Md. Moinur Rahman Chowdhury, BPM (Bar) Additional Inspector General (A&O), Bangladesh Police,	Director	Chairman
Mr. Md. Mohsin Hossain ndc Additional Inspector General, Railway Police, Bangladesh Police	Director	Member
Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM Additional Inspector General, Bangladesh Police & Director General, Rapid Action Battalion (RAB)	Director	Member
Mr. Habibur Rahman, BPM (Bar), PPM (Bar) Deputy Inspector General, Dhaka Range, Bangladesh Police	Director	Member

Number of Risk Management Committee Meeting held in 2020 and Remuneration

The details of Risk Management Committee Meeting and Remuneration is found in the other section of the Annual Report.

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 Limited 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 Financial Reporting Council (FRC) 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 can be found in the other section of the Annual Report.

External audit

M/s. A. Qasem & Co., 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 Limited is regulated and supervised by Bangladesh Bank under the Banking Companies Act,

1991 and rules and regulations made there under. Community Bank Bangladesh Limited 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 Limited, Bangladesh Bank also undertakes audit & inspection of Community Bank Bangladesh Limited 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.

Shareholders' Information

The pattern of Shareholding of Community Bank Bangladesh Limited as of 31 December 2020 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 (Sponsor)	46,09,99,992	99.9999983
2.	Sponsor Director	8	0.0000017
Total		46,10,00,000	100

b. Shareholding of Directors and their spouses and minor children

Sl. No.	Name of the Director	Status	No of Shares	No. of Shares of Spouse and Minor Children
1.	Dr. Benazir Ahmed, BPM (Bar) Inspector General, Bangladesh Police	Chairman	01	Nil
2.	Dr. Md. Moinur Rahman Chowdhury, BPM (Bar) Additional Inspector General (A&O) Bangladesh Police	Director	01	
3.	Mr. Md. Mohsin Hossain ndc Additional Inspector General, Railway Police Bangladesh Police	Director	01	
4.	Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM Additional Inspector General , Bangladesh Police & Director General , Rapid Action Battalion (RAB)	Director	01	
5.	Mr. Abu Hasan Muhammad Tarique, BPM Deputy Inspector General (HR) Bangladesh Police	Director	01	
6.	Mr. Habibur Rahman, BPM (Bar), PPM (Bar) Deputy Inspector General, Dhaka Range Bangladesh Police	Director	01	
7.	Dr. Shoeb Reaz Alam Additional Deputy Inspector General (Development-Revenue-1) Bangladesh Police	Director	01	
8.	Mr. Md. Ferdoush Ali Chowdhury Assistant Inspector General (Welfare Trust) Bangladesh Police	Director	01	
9.	Mr. Masud Khan, FCA, FCMA Chairman, Unilever Consumer Care Limited and Chief Advisor, Crown Cement Group	Independent Director	Nil	
10.	Mr. Kazi Masihur Rahman Ex-Managing Director & CEO of Mercantile Bank Ltd	Independent Director	Nil	
11.	Dr. Abdullah Al Mahmud Associate Professor, Department of Banking and Insurance, Faculty of Business Studies, University of Dhaka	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 of 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. Benozer 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, 2020	Status	No of Shares held as on December 31, 2020	% of total no. of paid-up shares
1.	Bangladesh Police Kallyan Trust	Sponsor	46,09,99,992	99.9999983

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 Committees of the Bank	Experience
1	Dr. Benazir Ahmed, BPM (Bar) Inspector General, Bangladesh Police	Chairman	i) Board of Directors and ii) Executive Committee	33 years of Service experience with Bangladesh Police
2	Dr. Md. Moinur Rahman Chowdhury, BPM (Bar) Additional Inspector General (A&O) Bangladesh Police	Director	i) Board of Directors, ii) Executive Committee and iii) Risk Management Committee	33 years of Service experience with Bangladesh Police
3	Mr. Md. Mohsin Hossain ndc Additional Inspector General, Railway Police, Bangladesh Police	Director	i) Board of Directors and ii) Risk Management Committee	33 years of Service experience with Bangladesh Police
4	Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM Additional Inspector General, Bangladesh Police & Director General, Rapid Action Battalion (RAB)	Director	i) Board of Directors, ii) Executive Committee and iii) Risk Management Committee	32 years of Service experience with Bangladesh Police
5	Mr. Abu Hasan Muhammad Tarique, BPM Deputy Inspector General (HR) Bangladesh Police	Director	i) Board of Directors and ii) Audit Committee	30 years of Service experience with Bangladesh Police
6	Mr. Habibur Rahman, BPM (Bar), PPM (Bar) Deputy Inspector General, Dhaka Range Bangladesh Police	Director	i) Board of Directors, ii) Audit Committee and iii) Risk Management Committee	23 years of Service experience with Bangladesh Police
7	Dr. Shoeb Reaz Alam Additional Deputy Inspector General (Development-Revenue-1), Bangladesh Police	Independent Director	i) Board of Directors and ii) Audit Committee	23 years of Service experience with Bangladesh Police
8	Mr. Md. Ferdoush Ali Chowdhury Assistant Inspector General (Welfare Trust), Bangladesh Police	Director	i) Board of Directors and ii) Executive Committee	16 years of Service experience with Bangladesh Police

9	Mr. Masud Khan, FCA, FCMA Chairman, Unilever Consumer Care Limited and Chief Advisor, Crown Cement Group	Independent Director	i) Board of Directors and ii) Audit Committee	40 Years of Professional Experience with various multinational and local companies
10	Mr. Kazi Masihur Rahman Ex-Managing Director & CEO of Mercantile Bank Ltd	Independent Director	i) Board of Directors and ii) Executive Committee	41 years of working ex- perience in serving local and foreign Banks
11	Dr. Abdullah Al Mahmud Associate Professor, Department of Banking and Insurance, Faculty of Business Studies, University of Dhaka	Independent Director	i) Board of Directors and ii) Audit Committee	More than 15 Years of Teaching Experience in Faculty of Business- Studies, University of Dhaka
12	Mr. Masihul Huq Chowdhury	Managing Director & CEO	Ex-officio	29 years of Banking Experience.

Corporate Social Responsibility

Community Bank Bangladesh Limited works hard to help our customers and communities to thrive. When they succeed, so do we. The bank initiated a few Corporate Social Responsibility (CSR) activities time to time as per guideline from Bangladesh Bank.

SAJIDA HOSPITAL at Narayanganj has been providing services free of cost to COVID-19 patients since March 2020. BDT 15.54 crore/ BDT 155.4 million has been spent from SAJIDA Foundation's own funds, corporate support, and individual contribution to cover the treatment

cost of COVID-19 patient and operating cost of the hospital. It is to be noted that SAJIDA did not take any funds from the Government of Bangladesh to cover operating and patient treatment cost. The treatment package covers the cost of medicine, oxygen, diagnostic test, bed/cabin rent, ICU, dialysis, ambulance, food etc. To enhance a patient's overall wellbeing, hospital management appointed nutritionists to ensure that the diet is tailored to a patient's need.

Community Bank Bangladesh Limited in collaboration with SAJIDA Foundation stood by the Covid-19

patients by establishing "Community Bank Semi Critical Unit" at SAJIDA'S Narayanganj Hospital. Community Bank has contributed Beds, Oxygen Concentrator, Portable Pulse Oximeter, High Flow Rebreather Mask and Cardiac Monitor for semi critical units' the patients suffering from Covid-19. The Bank contributed Taka 22,98,592 to established this unit.

Community Bank Bangladesh Limited published an advertisement on the monthly braille newspaper "Dristy Bijoyee" for the month of August 2020, in favor of Bangladesh Disable Development Trust (BDT) at a cost of Taka 50,000.



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, 2020. 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:

- (a) 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;
- (b) 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;
- (c) 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
- (d) The Governance of the company is satisfactory.

Dhaka, Dated
March 10, 2021



For Suraiya Parveen & Associates
Chartered Secretaries

Suraiya Parveen, FCS
Chief Executive Officer

Razzak Plaza (5th Floor), Suite , 6C, 01, New Eskaton Road, Ramna, Dhaka- 1000
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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	✓		
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 (NBFI); 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		
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;	√		
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
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	√		
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(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies	√		
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 (NBFIs); 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		
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;	√		
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

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
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	√		
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);	√		
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	√		
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			No 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)			
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' MeetingsThe 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)(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	√		
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		The Committee was not formed as 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) member	√		
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;		No such event occurred	
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	√		
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.	√	No such event occurred	
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
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			Unresolved issue. [Could not be complied due to BRPD Circular Letter No.11, dated 27 October 2013 of Bangladesh Bank]
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board			
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;			
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);			
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.			

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.	√		New Company Incorporated on RJSC at 2018
8 (2)	The company shall keep the website functional from the date of listing	√		New Company Incorporated on 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 on RJSC at 2018
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.	√		
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

Date: 09 March 2021

The Board of Directors,
Community Bank Bangladesh Limited

Subject: Declaration on Financial Statements for the year ended 31 December 2020

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/ 207/80 Dated 3 June 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 2020 have been prepared in compliance with International Accounting Standards (IAS) and 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 31 December 2020 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
 - (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,



Benazeer Ahmed FCMA, CPA [AUS]
Chief Financial Officer



Masihul Huq Chowdhury
Managing Director and 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 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	6/6
Mr. Abu Hasan Muhammad Tarique BPM	Director	Member	M.Com	6/6
Mr. Habibur Rahman BPM (Bar), PPM (Bar)	Director	Member	M.Ed	6/6
Dr. Shoeb Reaz Alam	Director	Member	PHD, M.Sc (Eng.)	6/6
Professor Shibli Rubayat Ul Islam*	Independent Director	Member	M.Com	0/1
Dr. Abdullah Al Mahmud**	Independent Director	Member	MBA, PHD	-

* Resigned from Board of Directors of Community Bank Bangladesh Limited as on May 14, 2020.

** Joined as Independent Director on 7/12/2020 and included in the Audit Committee as on 14/12/2020

Roles and Responsibilities of the Audit Committee

The Audit Committee is 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 its finalization.

Internal Audit

- To monitor whether internal audit 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.

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 2020, 6 (six) meetings of the Audit Committee were held in which, the following issues, amongst others, were reviewed and discussed:
 - i) Review the Draft Auditors Report, Audited the Financial Statements and the recommendations made there under.
 - ii) Recommended the appointment of External Auditors for the year 2020.
 - iii) Recommended the appointment of Compliance Auditor for the year 2020.
 - iv) Approved the Annual Audit Plan for the year 2020.
 - v) Organogram and structure for 3 (three) department/ units of ICCD.
 - vi) Management Report made by the External Auditors.
 - vii) Fraud Management Policy of the Bank.
 - viii) Leave Policy, Gratuity Policy and Travelling & Daily Allowance Policy of the Bank.
 - ix) Employees Recruitment and Selection 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 thanks 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 2nd 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, together with the Audited Financial Statements for the year ended 31 December 2020, which 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 the 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 Financial Reporting Council 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. To strengthen the Bank's capital base, the Shareholders further injected paid-up capital of BDT 610 million during the year 2020 taking the figure to BDT 4,610 million as on 31 December 2020, which was BDT 4,000 million as on 31 December 2019.

As the Bank is growing, the Board remains extremely focused on ensuring that the Bank maintains

high compliance and corporate governance standard and embeds robust risk management framework and internal control systems into the business, process and operation, which are essential for the long-term sustainability of the business.

Key Performance Highlights

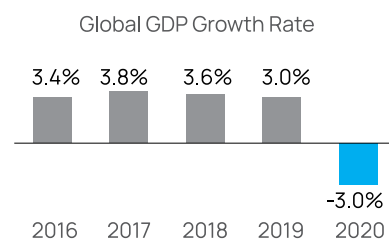
Despite low credit appetite in the industry, the Bank's Loans and Advances have grown by BDT 18,814.1 million during the period, taking the number to BDT 19,496.5 million at the end of December 2020. Deposit has grown in similar pace by BDT 20,543.1 million to BDT 23,392.5 million at the end of December 2020. Asset to Deposit ratio has gradually improved to 82.3% as on 31 December 2020 from 23.9% a year ago. Despite squeezed margins, operating income has increased to BDT 763.8 million for the year 2020, up by BDT 443.5 million from the year 2019. This is largely driven by the solid Balance Sheet growth, which is skewed towards the 2nd Half of the year 2020. On the contrary, spread and yield on treasury placement and investment remained under pressure through-out the year due to regulation on interest rate and growing surplus liquidity in the banking industry. The operating expense has increased to BDT 852.9 million in 2020 from BDT 266.1 million in 2019. The uptick of operating expenses in 2020 can be attributed to the incremental operating costs caused by the expansionary investments. As a result, cost outpaced revenue due to lag effect of investment and the Bank posted operating loss of BDT 89.2 million in the year 2020, a much-improved figure than the earlier forecast. In this connection, it is to be mentioned that the Bank started posting positive operating profit from July 2020 with the country gradually opening up from the Corona-stricken lock-down situation and Balance Sheet building up. Net Profit (Loss) After Tax has been registered at (BDT

304.6) for the year 2020 vis-à-vis BDT 20.3 million in 2019 leading EPS (Earnings per Share) to fall to (BDT 0.74) in 2020 from BDT 0.05 in 2019.

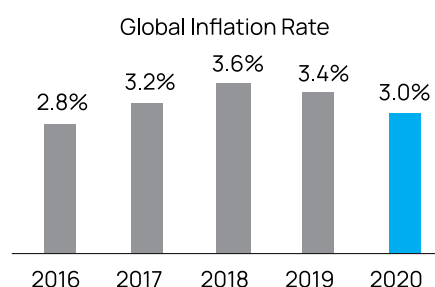
Non Performing Loan Ratio remains unchanged at 0.00% at the end of the year 2020. We pledge to build the safest portfolio in the industry. Even in the Covid-19 situation almost no clients showed any symptom of delinquency, mostly because of the very low risk nature of the portfolio. This amplifies our confidence to maintain one of the lowest NPL ratios in the industry. Capital Adequacy Ratio stood firmly at 26.9% on 31 December 2020 vis-a-vis 150.28% a year ago and against the regulatory requirement of 12.5%.

From the very beginning, we have been purposefully investing to build long term capabilities of the Bank. From technology point of view, we chose to implement “Finacle”, the world-class universal Core Banking System (CBS), constructed state-of-art Data Center and two DR (Disaster Recovery) sites, built an internet banking platform, Community Cash, to serve our customers better and continued to strengthen security provisions to stay fortified against any data and cyber risks. On the distribution side, in 2020 we opened 12 more branches taking the tally to 18 at the end of year 2020 and rolled out 101 more ATMs to close the year with a network of 163 own ATMs, which are located in 64 districts of the country. We booked more than 200 thousand customers within a short period of time.

Global Economic Review



Global GDP contracted by 3.0% in the year 2020 compared to the growth of 3.0% in 2019. The Covid-19 pandemic combined with the geopolitical tensions between some major economic powers led to the decline in the global GDP growth. Although recent vaccine approvals raised some hopes around the globe, turnaround prospects of the economy in 2021 remains uncertain with the emergence of new variants of the virus and economic activities unlikely to get full momentum in the near future. However, IMF is hopeful that the global economy would rebound and GDP growth rate would increase to 5.5% and 4.2% in the year 2021 and 2022 respectively [Source: The latest outlook published on the IMF website, dated, January 20, 2021]. Asian economies will continue to be the major drivers of the world's GDP growth.



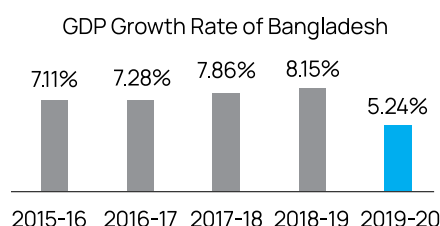
The global inflation rate decreased to 3.0% in 2020, which is in consistent with the decline in the world's GDP growth rate. As per IMF, it is estimated that the inflation rate will increase to 3.6% in 2021.

Regional Economy Review

South Asian economy is estimated to contract by 7.7% in 2020 with the Indian economy estimated to shrink by 9.6% during the fiscal year started in March 2020 (as per World Bank's report last updated on 08 October 2020). The contraction in India's GDP growth is much more severe than its neighboring South Asian countries, which contracted, on an average, by 1.6%. This is the most significant shrinkage of the region in many decades. However, the contraction is expected to be a temporary one with

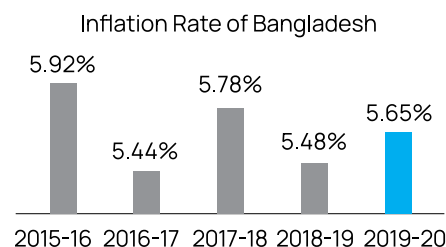
the successful roll-out of vaccination programs and the countries learning new ways of living and fighting back from the difficult situation. On the broader perspective, private consumption remains strong in the South Asian region, supported by strong internal demand, stability in the labor market, growing 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 and gender disparity, and slower adoption of newer technologies, inadequate framework for managing market risks and combating cybersecurity crimes and slower progress in the social aspects of development, amongst the other. On a positive note, South Asian economy is expected to pick up slowly, yet gradually, and regain its momentums in the next few years.

Bangladesh Economy Review



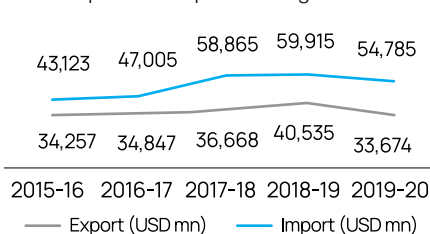
The resilience of Bangladesh economy has been proven over time with the GDP growing over 6.0% per annum (except the pandemic year) during the last decade and the nation overcoming many hurdles for many years. In the fiscal year 2019-2020, prior to the outbreak of the pandemic, the Bangladesh economy was under stress due to the weaker performance of few economic indicators such as exports, imports, private sector investment, foreign direct investment and revenue mobilization. Like all other countries, Bangladesh experienced disruptions in economic activities during the pandemic that started from March 2020. However, as of now, the

infection rate of Covid-19 is much lower than suspected. The country is slowly but gradually opening up from the lock-down situation, which is propelled by the strong domestic demand that kept the economy going and thanks to the Government's balanced and timely approach of handling the situation and the nation's resilience to the adversities. As a result, Bangladesh remained much less affected than many other countries and ranked very high in the global chart in terms of GDP growth rate in 2020 [Source: IMF]. The country reported an impressive 5.24% GDP growth in fiscal year 2019-2020. Given the performance of its regional peers, and countries in the other part of the world, the GDP growth in the last fiscal year is highly impressive and can be considered as a big achievement. In addition to the solid domestic aggregate demand, strong remittance inflow during the later part of the fiscal year and pick-up in agricultural production were the key to achieving this impressive figure.



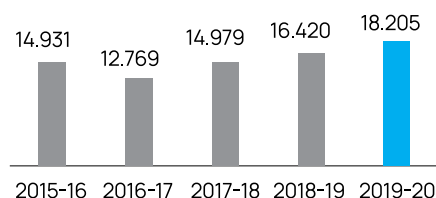
Inflation increased to 5.65% in FY2019-20 as a result of the COVID-19 pandemic, increased gas prices and surplus liquidity in the financial industry. The current inflation rate still remains within tolerable level and is expected to be held in check due to both economic vibrancy and growth-accommodating monetary policy taken by Bangladesh Bank.

Export and Import of Bangladesh



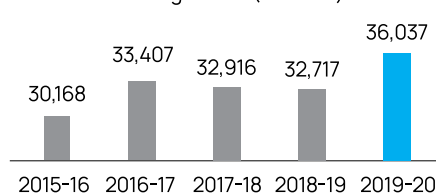
Exports saw a degrowth of 16.9% and stood at USD 33,674 million in FY2019-20 and import also witnessed a degrowth of 8.6% and stood at USD 54,785 million. The decline in import and export came off from the global economic slowdown due to Covid-19 outbreak.

Inward Remittance of Bangladesh (USD mn)

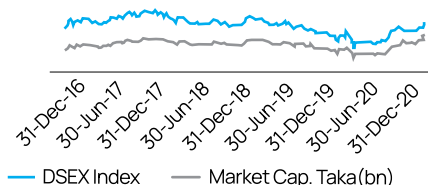


Inward remittance grew by 10.9% to USD 18,205 million in FY2019-20 with the larger pie of the remittance still coming from the Gulf Cooperation Council (GCC) countries. Remittance from Saudi Arabia accounted for 22.1% of the total remittance and grew by 29.1% during the financial year.

Foreign Exchange Reserve of Bangladesh (USD mn)



Foreign exchange reserve increased significantly by 10.9% and stood at USD 36,037 million as at 30 June 2020 and exited the calendar year 2020 with a record-breaking reserve of USD 43 billion. Inward remittance played a key role in boosting foreign exchange reserves.



The DSE Index and market capitalization both gained points at the end of year 2020, compared to 2019. DSE Index (DSEX) closed the year at 5,402 points in 2020 against 4,452 points at the end of the year 2019, a growth of 21.3%, year-on-year basis. Similarly, market capitalization jumped by 31.9% to BDT 4,482 billion at the end of the year 2020 from BDT 3,396 billion in 2019.

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. In an attempt to restore stability in the financial sector and boost private sector investment, Bangladesh Bank took several measures such as relaxation in Advance Deposit Ratio (AD Ratio), re-fixation of Cash Reserve Ratio (CRR) and capping lending rates, amongst the others.

In addition, Central Bank implemented the Government's incentive or stimulus package by channeling interest rate subsidy and funds to the borrowers under the program and relaxed its regulations on the loan classification to support business houses to survive through the pandemic period and keep up the business momentum.

Credit growth fell sharply to 8.6% in June 2020, year-on-year basis, compared to 11.7% in June 2019, mostly due to low credit appetite in the market and the Banks' more cautious approach in lending to Retail and SME sector. With the lending growth slowing down, the banks ended up with surplus liquidity as the year 2020 closed.

The Banks continued to face

challenges to arrest the trend of fresh, as well as, recover money from the legacy NPL portfolio. However, Nonperforming Loan Ratio (NPL) witnessed an improvement and stood at 9.16% as of 30 June 2020 vis-à-vis 11.74% a year ago; but it remains to be seen whether the improvement can be sustained after the reinstatement of pre-Covid 19 loan classification rules and enterprises get back to their business-as-usual operation. In addition, many banks are finding it difficult to maintain minimum Capital Adequacy Ratio of 12.5% as set by Bangladesh Bank under Basel III framework. (Source: Bangladesh Bank Website)

With the narrowed spread and fall in trade-based fees and commission income, operating profit of the banking sector could witness sharp decline in the year 2020 compared to the previous year.

Economy and Industry Outlook

Bangladesh is going to celebrate the golden jubilee of its independence in 2021. The nation has once again shown its resilience during Covid-19, registering the GDP growth over 5.0% in 2020, a stand-out figure in the context of world economies. It is expected that in the late part of 2021, the economy will start taking a V-shape recovery with the Covid-19 outbreak easing out.

Economic development of Bangladesh has been remarkable from the perspective of GDP growth rate and other economic aspects. 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 to 15 years. The coming few years are expected to be crucial for Bangladesh in many ways as the country has graduated to a developing nation from the least-developed one and aspires to be a middle-income country in a decade or so. This transformation will be

aided by the significant infrastructure investment, including but not limited to, construction of deep-sea ports, Ruppur Power Project, Economic Zones, Padma Bridge and Railway and Akhaura Sylhet Railway, Dhaka Mass Rapid-Transit development projects.

It is expected that there will be a major shift in the global supply chain landscape with China slowly moving away from the labor-intensive manufacturing hub to the high-tech one and the global companies looking out for diversifying their sourcing options to reduce supply chain risk. This mega trend will create more opportunities than ever for the emerging economies like Bangladesh. In that context, our country is well-poised to seize the opportunities, mostly due to the country's strategic positioning and large planned and ongoing infrastructure projects which are expected to come into lights in the coming years.

Bangladesh has also made outstanding progress in social aspects of development and consistently outperforming its neighboring economies in many social indexes such as women empowerment, life expectancy, child mortality, gender parity, women empowerment, sanitation, health, vaccination, literacy and so on. In addition, the influx of youth population into the workforce, emergence of middle-class families, and growing purchasing power will drive the economy in the years to come.

Our Business Philosophy

In this growing economic state of the country, Community Bank Bangladesh Limited 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 the geographies. State-of-the-art Core Banking System is an enabler for the Bank to operate centrally. Community Bank runs on its three core building blocks-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 financial services. These areas include deposit mobilization, providing credit facilities, trade finance, remittance services, card operations, treasury, cash management, payroll management and bill collections and so on.

Business Review

Community Bank Bangladesh Limited started its journey with the commitment of providing financial services to all the communities of the nation based on their needs. Therefore, we have designed our business plan to cater to all market segments such as Corporate, Retail and CMSME (Cottage, Micro, Small and Medium Enterprise) segments. The bank has developed different deposit and loan products and built digital transaction platform for the customers in the very first year of its operation. The bank opened more than 200 thousand retail savings accounts and disbursed loans to more than 30,000 police members as of December 2020. In that period our business effort mostly revolved around managing pay-roll services and lending to members of Bangladesh Police, and lending to and soliciting deposits from Corporate, Retail and CMSME customers. From the operational perspective, we concentrated more on building capacity of the bank that includes, but is not limited to,

rolling out distribution points such as Branch, ATMs and Service Points and create technology platform and connectivity with foreign corresponding banks, SWIFT and VISA platforms and tying up with the remittance partners and exchange houses.

Sustainable Finance

Community Bank Bangladesh Limited is strategically moving towards a sustainable future and envisage to play a pivotal role in community-based Financial Inclusion and hence, contributing to achieving 'Sustainable Development Goals (SDGs)' of the country. The bank also pledges to support environment friendly and socially impactful business initiatives.

Green Banking

Green Banking refers to the practices, policies and commitment of the Bank that will create positive impacts on the environment. It aims to make banking processes, the use of IT and physical infrastructures to enable the bank to create zero or minimal impact on the environment. The Bank always believes that Green Banking will not only improve its own standards but also promote socially responsible business activities and contribute to saving the planet. From the beginning, we started green transformation of operations like SMS notification of transactions, debit card issuance for encouraging cash less transactions, promoting App based banking, through which services like e-statement, fund transfers to banks and MFS (Mobile Financial Services) operations and mobile phone recharge can be done. Detail of the Green Banking can be found in the other section of the Annual Report.

Corporate Social Responsibility

Corporate social responsibility is now widely accepted as a strategically important issue for the sustainable growth and upholding the image of

the Bank. 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. From the CSR context, the Bank published an advertisement on the monthly braille newspaper “Dristy Bijoyee” for the month of August 2020, in favor of Bangladesh Disabled Development Trust (BDDT) at a cost of Taka 50,000 (BDT Fifty Thousand Only) and collaborated with SAJIDA Foundation and sponsored semi-critical units for the Covid-19 affected patients at a cost of BDT 2,298,592 (BDT Two Million Two Hundred Ninety-Eight Thousand and Five Hundred Ninety-Two Only).

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 the 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 efforts 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 their self-development opportunities.

Technology

To ensure robust and dependable tech-enabled banking operation, the Bank has selected “Finacle”, one of the world’s best Core Banking Solutions (CBS). The CBS (Finacle) went live in world-record low of 48

days. Additionally, the Bank has developed a 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 applications “Community Cash” - to meet customers’ digital banking expectations.

Distribution Network

In 2020 Community Bank opened 12 more branches taking the tally to 18 at the end of year 2020 and rolled out 101 more ATMs taking the number to 163 across the country at the end of 2020. The Bank records around 1 million transactions every month. Our app-based banking and ATM channel captures 49% and 50% respectively of the total bank wide transactions and the remaining 1% of the pie happens through over-the-counter of the branches; an enviable piece of statistics for the competing banks intending to go digital.

Internal Control System

The Board of Directors have the responsibility of setting policies and reviewing the adequacy and effectiveness of the 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 the right organizational structure with clear responsibility, authority, delegation and reporting relationships to ensure that responsibilities are effectively carried out and the 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 policy approvals and 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 the business philosophies and strategic objectives of the company and risk appetite of the shareholders.

Risk Management

The Board is responsible for defining the 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 processes. 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 returns. While the Board sets the policies, management is responsible for executing this policies across the organization. A summary of the Risk Management approach is given below:

Types of Risks	Risk Management Response
Credit Risk Risk of loss from the failure of clients or customers to honor their obligations including the whole and timely payment of principal, interest and other receivables.	<ul style="list-style-type: none"> • Selecting good borrowers • Reducing industry and sectoral concentration • Embedding credit assessment process • Diversifying credit portfolio • Monitoring and Reviewing portfolio regularly • Deploying dedicated recovery team • Reducing large borrower concentration
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.	<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.
Interest Rate Risk Risk of loss and negative impact on cash flow due to adverse changes in the interest rates.	<ul style="list-style-type: none"> • Matching of interest-bearing asset and liabilities according to maturity bucket to safeguard against changes in interest rates • 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.
Compliance Risk Risk of penalties, damages or fines due to failure to meet its legal and compliance obligations.	<ul style="list-style-type: none"> • Promoting 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 effective implementation of those.
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.	<ul style="list-style-type: none"> • Managing good relationship with the stakeholders • Serving customers with the greatest integrity and sincerity • Treating suppliers with respect • Treating employees fairly • Promoting transparency and ensuring proper communication with the stakeholders • Not engaging in any activities which has a negative environmental and social consequences.
Technology Risk Risk of business loss due to failure of IT system.	<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 • Testing and monitoring system sanity on a regular interval • Building IT capacity in pace with the business volume and objectives.

Operational Risk

The risk of loss due to inadequate or failure of system, processes, human or external factors.

- Conducting employee training and raising awareness about policies, procedures and control mechanisms
- Assessing control system and policies on regular intervals to deal with the changing business and environmental needs
- Ensuring adequate supervision, delegation of authority and segregation of duties
- Ensuring proper record keeping and documentation and archiving

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 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.

The Preparation of Financial Statements

We hereby confirm that to the best of our 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 report
- adequate disclosure has been provided for the users of the 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. The detail 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 recruit top level executives who have proven track record and possess the right set of skills and competences. The Board, finally selects the incumbent after he/she is screened and interviewed by an independent Recruitment Committee.

Statutory Payments

The Directors are satisfied that, to the best of their knowledge, belief and as affirmed by the management, all statutory payments to all authorities have been made on a regular basis. In the year 2020 the Bank paid BDT 209.5 million to Government Exchequer compared to BDT 68.7 million in 2019. Details are given below:

BDT Million

Particulars	2020	2019
VAT (Incl. WH VAT)	58.7	26.9
Withholding Tax	66.6	27.0
Excise Duty	26.5	1.4
Advance Income Tax	57.6	13.4
Sum	209.5	68.7

Insider Trading

Being a non-listed company, this provision is not applicable for the 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 decision on dividend, 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. The company has completed the 1st full year after the inception of commercial operation. Therefore, it needs to conserve capital to support the growth potential of the bank and cover up the initial operational loss incurred during the investment phase, maintain minimum regulatory capital requirement and most importantly, comply with the

Bangladesh Bank's restriction on paying out any dividend in the 1st three years of operation. The Directors, therefore, proposed no dividend for the year 2020. This will be placed for the approval of Shareholders in the 2nd Annual General Meeting.

Related Party Transaction

In the normal course of business, the Bank entered into transactions with related parties during the year 2020. 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 exert control or exercise significant influence over the other party in making financial or operating decisions. The criteria for defining a related party is guided by IAS 24. 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 2020 the company incurred capital expenditure of BDT 401.2 million mainly for the ATM and Branch roll-out, purchase of Core banking system and other software and hardware. The details of capital expenditure are reflected in the Annexure to the Financial Statements as Fixed Asset Schedule.

Extra-ordinary Gain and Loss

During the year 2020 there were no incidence or events which lead to any extraordinary gain or loss.

Post Balance Sheet Event

As of this date there is no post

balance sheet event (as per IAS 10) that could materially impact the true and fair view of the financial statements of the year 2020. Therefore, no adjustment or restatement in the reported figure is required.

Regulatory Fine or Penalties

Being affirmed by the Management and as per the available report from Internal Control and Compliance and Internal Audit Team and the External Auditors, the Board of Directors, hereby, declares that there has been no regulatory fine or penalties relating to the year 2020 operations.

Rotation of Directors

In terms of provisions as contained in Schedule-1 Regulation 79 and 81 of Company Act – 1994 and clause 114 of Articles of Association of the Bank, all of the Directors have to retire, except Independent Directors and Managing Director and Chief Executive Officer, in the 1st Annual General Meeting (AGM) of the Bank. In compliance of the rule above, one Director retired but was not re-appointed due to the retirement from Government Services and all other Directors retired and were re-appointed by the Honorable Shareholders in the 1st Annual General Meeting (AGM) held on 25 March 2020 of Community Bank Bangladesh Limited.

Statutory Auditors

In the 1st AGM, held in 2020, A Qasem and Co Chartered Accountants was reappointed as the Statutory Auditor of the Company for the year 2020 at a fee of BDT 350,000 (BDT Three Hundred and Fifty Thousand Only) plus VAT and Suraiya Parveen and Associates was reappointed as the Corporate Governance Auditor for the year 2020 by the shareholders at a fee of BDT 25,000 (BDT Twenty Five Thousand Only) plus VAT. It is to be noted that A Qasem and Co Chartered Accountants has completed its consecutive three years' of engagement as the External Statutory Auditor.

Followed by the recommendations from the Board Audit Committee, the Board of Directors proposes the appointment of MABS & J Partners as the Statutory External Auditor of the Bank for the year 2021 at a fee of BDT 350,000 (BDT Three Hundred and Fifty Thousand Only) plus VAT and reappointment of Suraiya Parveen and Associates as the Corporate Governance Auditor for the year 2021 at a fee of BDT 35,000 (BDT Thirty-Five Thousand Only) plus VAT. The appointment and reappointment of the Auditors along with their fees for the respective Audits relating to the year 2021 will be placed to the Shareholders for their approval in the

Capital Formation History

Build-up of Paid-up Capital is given below:

Particulars	Allotment Year	Number of Shares Issued		Face Value (BDT)	premium	Number of Paid up Shares	Amount of Paid-up Capital (BDT) (Cumulative)	Total Paid up Capital
		Bonus	Cash					
First Tranche in 2019	2019	0	400,000,000	10	-	400,000,000	4,000,000,000	4,000,000,000
Second Tranche in 2020	2020	0	28,000,000	10	-	28,000,000	280,000,000	4,280,000,000
Third Tranche in 2020	2020	0	33,000,000	10	-	33,000,000	330,000,000	4,610,000,000
Total						461,000,000	4,610,000,000	

2nd AGM (Annual General Meeting) to be held in 2021.

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 Board Committee Meeting and Attendance

During the year 2020, a total 8 number of Meeting of Board of Directors and 6 number of Meeting of the Board Audit Committee, 4 number of meeting of Board Risk Management Committee and 2 number of Board Executive Committee were held. The Quorums were fulfilled and the remunerations were paid as per the Guidelines of Bangladesh Bank. The details of the meeting held and attendance 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.

The Certification by the CEO and CFO

This can be found in other section of

Annual Report.

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/CMRRCD/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 Annual Report.

Key Operating and Financial Information

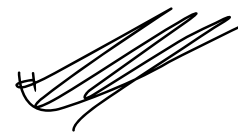
Key operating and financial data of the preceding five years and significant deviation as per requirement of BSEC Notification No. BSEC/CMRRCD/2006-158/ 207/ Admin/80 dated June 03, 2018 are presented in the Annexure section of Financial Statements.

Acknowledgement

The Board of Directors would like to take the opportunity to express gratitude and extend appreciation to its valued shareholders, clients, peer banks and financial institutions, depositors, lenders, borrowers, business

partners, and other stakeholders for their continued support and co-operation. The Board also offers thanks to Bangladesh Bank, Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, the National Board of Revenue, the Ministry of Industries, the Ministry of Finance, other regulators and Government Agencies for their outstanding cooperation. I, as the Chairman of the Board of Directors, would also like to thank my colleagues on the Board for their valuable contributions made into the proceedings and making the Board truly vibrant and well-functional. The Board is thankful to the management and employees for their outstanding commitment and tremendous hard work for taking the bank forward. The Board is also grateful to the shareholders for their continued faith in us as a Board of Directors of the Bank. Finally, our heartiest thanks goes to our customers and police members, who are the only reason for the bank's existence.

For and on behalf of the Board of Directors,



Dr. Benazir Ahmed, BPM (Bar)
Inspector General, Bangladesh Police
and Chairman, 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	46,09,99,992	99.9999983
2.	Dr. Benazir Ahmed, BPM (Bar) Inspector General, Bangladesh Police	Chairman	01	0.000000002
3.	Dr. Md. Moinur Rahman Chowdhury, BPM (Bar) Additional Inspector General (A&O) Bangladesh Police	Director	01	0.000000002
4.	Mr. Md. Mohsin Hossain ndc Additional Inspector General, Railway Police Bangladesh Police	Director	01	0.000000002
5.	Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM Additional Inspector General, Bangladesh Police & Director General, Rapid Action Battalion (RAB)	Director	01	0.000000002
6.	Mr. Abu Hasan Muhammad Tarique, BPM Deputy Inspector General (HR) Bangladesh Police	Director	01	0.000000002
7.	Mr. Habibur Rahman, BPM (Bar), PPM (Bar) Deputy Inspector General, Dhaka Range Bangladesh Police	Director	01	0.000000002
8.	Dr. Shoeb Reaz Alam Additional Deputy Inspector General (Development-Revenue-1), Bangladesh Police	Director	01	0.000000002
9.	Mr. Md. Ferdoush Ali Chowdhury Assistant Inspector General (Welfare Trust) Bangladesh Police	Director	01	0.000000002
	Total		46,10,00,000	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 its 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 at 31 December 2020 of whether the Company is a going concern involves making appropriate inquiries including review of plan 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, 2020 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 making the company vulnerable to delays in payment of interest and loan principal	No
Inability of making debt payments when falling due	No
Over trading, that is, growing or trading beyond the 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's 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

There are some other indicators which underline the company's ability to continue as a going concern. These are narrated below:

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 and depositors. Company has no default in payment history for settlement of its obligation.
Expansion of Business	Company expanded its distribution channel and launched many retail, SME and Corporate product.
Employee Satisfaction and Working Environment	Community Bank promises 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 off balance exposure for which it has contra off-balance assets at the end of period 2020
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 and test of Going Concern in respect of major indicators and symptoms, 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 2020 on the basis of "going concern assumption" is appropriate.

ATTENDANCE AND REMUNERATION OF DIRECTORS

Annexure-C

A) Attendance and Remuneration of Directors for Board Meeting

Eight (8) Meetings of the Board of Directors were held in the year 2020. Attendance and Remuneration of the existing Honorable Directors is given below:

Sl. No.	Name of the Director	Designation	Total Meeting Held in his tenor	Total Meeting Attended	Total Remuneration	Remarks
1.	Dr. Benazir Ahmed, BPM (Bar) Inspector General, Bangladesh Police	Chairman	08	08	Tk.64,000/-	
2.	Dr. Md. Moinur Rahman Chowdhury, BPM (Bar) Additional Inspector General (A&O) Bangladesh Police	Director	08	08	Tk.64,000/-	
3.	Mr. Md. Mohsin Hossain ndc Additional Inspector General Railway Police, Bangladesh Police	Director	08	08	Tk.64,000/-	
4.	Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM Additional Inspector General Bangladesh Police & Director General Rapid Action Battalion (RAB)	Director	08	08	Tk.64,000/-	
5.	Mr. Abu Hasan Muhammad Tarique, BPM Deputy Inspector General (HR) Bangladesh Police	Director	08	08	Tk.64,000/-	
6.	Mr. Habibur Rahman, BPM (Bar), PPM (Bar) Deputy Inspector General, Dhaka Range Bangladesh Police	Director	08	08	Tk.64,000/-	
7.	Dr. Shoeb Reaz Alam Additional Deputy Inspector General (Development-Revenue-1) Bangladesh Police	Director	08	07	Tk.56,000/-	Leave of absence was granted by the Board.
8.	Mr. Md. Ferdoush Ali Chowdhury Assistant Inspector General (Welfare Trust), Bangladesh Police	Director	08	08	Tk.64,000/-	
9.	Mr. Masud Khan, FCA, FCMA Chairman, Unilever Consumer Care Limited and Chief Advisor, Crown Cement Group	Independent Director	08	07	Tk.56,000/-	Leave of absence was granted by the Board.
10.	Mr. Kazi Masihur Rahman Ex-Managing Director & CEO of Mercantile Bank Ltd	Independent Director	08	06	Tk.48,000/-	Leave of absence was granted by the Board.
11.	Dr. Abdullah Al Mahmud Associate Professor Department of Banking and Insurance Faculty of Business Studies University of Dhaka	Independent Director	08	01	Tk.8,000	- Appointed as Independent Director on 07-12-2020 - During his tenure 01 meeting was held
12.	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)	08	08	Nil	

Attendance and Remuneration of Ex-Honorable Directors is given below:

Sl. No.	Name of the Director	Designation	Total Meeting Held in his tenor	Total Meeting Attended	Total Remuneration	Remarks
1.	Dr. Javed Patwary, BPM (Bar) Ex-Inspector General Bangladesh Police Police Headquarters, Dhaka	Ex-Chairman	02	02	Tk.16,000/-	- Retired from Board of Director of the Bank as on April 14, 2020 - During his tenure 02 Nos. meeting were held
2.	Professor Shibli Rubaiyat Ul Islam	Ex-Independent Director	02	02	Tk.16,000/-	- Resigned on May 14, 2020 - During his tenure 02 Nos. meeting were held

B) Attendance and Remuneration of Directors for Board Executive Committee Meeting

Two (2) Meetings of the Executive Committee of the Board of Directors were held from 01/01/2020 to 31/12/2020.

Attendance and Remuneration of the existing Honorable Directors of the Executive Committee Meeting is given below:

Sl. No.	Name of the Director	Status with the Bank	Status with the Committee	Total Meeting Held in his tenor	Total Meeting Attended	Total Remuneration	Remarks
01	Dr. Benazir Ahmed, BPM (Bar) Inspector General, Bangladesh Police	Chairman	Chairman	02	02	Tk.16,000/-	
02	Dr. Md. Moinur Rahman Chowdhury, BPM (Bar) Additional Inspector General (A&O) Bangladesh Police	Director	Member	02	02	Tk.8,000/-	Leave of absence was granted by the Chairman
03	Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM Additional Inspector General, Bangladesh Police & Director General, Rapid Action Battalion (RAB)	Director	Member	02	02	Tk.16,000/-	
04	Mr. Md. Ferdoush Ali Chowdhury Assistant Inspector General (Welfare Trust) Bangladesh Police	Director	Member	02	02	Tk.16,000/-	

Sl. No.	Name of the Director	Status with the Bank	Status with the Committee	Total Meeting Held in his tenor	Total Meeting Attended	Total Remuneration	Remarks
05	Mr. Kazi Masihur Rahman Ex-Managing Director and CEO of Mercantile Bank Ltd	Independent Director	Member	02	02	Tk.16,000/-	

Attendance and Remuneration of the Ex-Honorable Directors of the Executive Committee Meeting is given below:

Sl. No.	Name of the Director	Status with the Bank	Status with the Committee	Total Meeting Held in his tenor	Total Meeting Attended	Total Remuneration	Remarks
05	Dr. Javed Patwary, BPM (Bar) Ex-Inspector General, Bangladesh Police, Police Headquarters, Dhaka	Ex-Chairman	Ex-Chairman	02	02	Tk.16,000/-	Retired from Board of Director of the Bank as on April 14, 2020

C) Attendance and Remuneration of Directors of Board Audit Committee Meeting

Six (6) Meetings of the Audit Committee of the Board of Directors were held from 01/01/2020 to 31/12/2020. Attendance and Remuneration of the Audit Committee Meeting is given below:

Sl. No.	Name of the Director	Status with the Bank	Status with the Committee	Total Meeting Held in his tenor	Total Meeting Attended	Total Remuneration	Remarks
01	Mr. Masud Khan, FCA, FCMA Chairman, Unilever Consumer Care Limited and Chief Advisor, Crown Cement Group	Independent Director	Chairman	06	06	Tk.48,000/-	
02	Mr. Abu Hasan Muhammad Tarique, BPM Deputy Inspector General (HR) Bangladesh Police	Director	Member	06	06	Tk.48,000/-	
03	Mr. Habibur Rahman, BPM (Bar), PPM(Bar) Deputy Inspector General, Dhaka Range Bangladesh Police	Director	Member	06	06	Tk.48,000/-	
04	Dr. Shueb Reaz Alam Additional Deputy Inspector General (Development-Revenue-1), Bangladesh Police	Director	Member	06	06	Tk.48,000/-	
05	Dr. Abdullah Al Mahmud Associate Professor Department of Banking and Insurance, Faculty of Business Studies University of Dhaka	Independent Director	Member	Nil	Nil		Joined as Independent Director on 07/12/2020 and included in the Audit Committee as on 14/12/2020

D) Attendance and Remuneration of Directors for Board Risk Management Committee Meeting

Four (4) Meetings of the Risk Management Committee of the Board of Directors were held from 01/01/2020 to 31/12/2020.

Attendance and Remuneration of the Risk Management Committee Meeting is given below:

Sl. No	Name of the Director	Status with the Bank	Status with the Committee	Total Meeting Held in his tenor	Total Meeting Attended	Total Remuneration	Remarks
01	Dr. Md. Moinur Rahman Chowdhury, BPM (Bar) Additional Inspector General (A&O) Bangladesh Police	Director	Chairman	04	04	Tk.32,000/-	
02	Mr. Md. Mohsin Hossain ndc Additional Inspector General, Railway Police Bangladesh Police	Director	Member	04	04	Tk.32,000/-	
03	Mr. Chowdhury Abdullah Al- Mamun, BPM, PPM Additional Inspector General Bangladesh Police & Director General Rapid Action Battalion (RAB)	Director	Member	04	04	Tk.32,000/-	
04	Mr. Habibur Rahman, BPM (Bar), PPM (Bar) Deputy Inspector General, Dhaka Range, Bangladesh Police	Director	Member	04	04	Tk.32,000/-	

DISCLOSURES ON RISK BASED CAPITAL (BASEL III) BASED ON 31 DECEMBER 2020

Introduction

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

- **Pillar 1** establishes minimum capital requirements, defines eligible capital instruments and prescribes rules for calculating 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', following detailed qualitative and quantitative disclosures are provided.

Components of Disclosure

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

- Scope of Application
- Capital Structure
- Capital Adequacy
- Credit Risk
- Equities: Disclosures for Banking Book Positions
- Interest Rate Risk in the Banking Book
- Market Risk
- Operational Risk
- Leverage Ratio
- Liquidity Ratio
- 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 <ol style="list-style-type: none"> that are fully consolidated; that are given a deduction treatment; and that are neither consolidated nor deducted (e.g. where the investment is risk-weighted). 	<p>Community Bank Bangladesh Limited (the "Bank") was incorporated in Bangladesh on 10th October 2018 under the Companies Act, 1994 as a Public Limited Company and received its banking license from Bangladesh Bank on 1st November 2018 as a scheduled commercial bank.</p> <p>The Risk Based Capital Adequacy Framework applies to Community Bank Bangladesh Limited (CBBL) on 'solo' basis as there was no subsidiary as on the reporting date (December 31, 2020).</p> <p>The principle activities of the Bank are to provide all kinds of conventional banking services to its customers. Bank's aims to contribute to the economic growth of the country by providing financial products & services to the communities across geographies. CBBL provides its service with its 18 Branches, 156 ATM Booths and Mobile Banking app, service desks and vibrant alternative delivery channels in Bangladesh. Branches are located in different areas such as Dhaka, Gazipur, Narayanganj, Chattogram, Habiganj, Narsingdi, Tangail, Cumilla, Khulna, Dinajpur, Nawabganj, Mymensingh. Currently the Bank does not have any off-shore Banking Unit (OBU) and subsidiary company.</p>
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 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: 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 as on 31st December 2020 as below:

1. Common Equity Tier-1 (Going Concern Capital)	Solo
	BDT in Million
Paid-up Capital	4,610.00
Statutory Reserve	9.33
Retained Earnings	(313.24)
Subtotal	4,306.09
Less: Regulatory Adjustment for Tier-1 Capital Goodwill and all other intangible assets (WDV of Software)	(177.24)
Total Common Equity Tier-1 Capital	4,128.85

2. Tier-2 Capital (Gone Concern Capital)	Solo
	BDT in Million
General Provision	218.55
Revaluation Reserves for Securities up to 50%	-
Total Admissible Tier-2 Capital	218.55
3. Total Regulatory Capital (1+2)	4,347.40

C) Capital Adequacy

Qualitative Disclosures	
a) A summary discussion of the bank's approach for assessing the adequacy of its capital to support current and future activities	<p>The Bank assesses the adequacy of its capital in terms of Section 13 (1) of the Bank Company Act, 1991 (Amended up to 2018) and instruction contained in BRPD Circular No. 18 dated 21 December 2014 [Guidelines on 'Risk Based Capital Adequacy for Banks' (Revised regulatory capital framework in line with Basel III)] and other relevant rules & regulation issued by BB from time to time.</p> <p>The Bank follows following approaches for calculating Risk Weighted Asset (RWA):</p> <ul style="list-style-type: none"> • Standardized approach for Credit risk • Standardized approach for Market risk • Basic indicator approach for Operational risk <p>Assessing regulatory capital in relation to overall risk exposure of a bank is an integrated and comprehensive process. CBBL follows the 'asset based' rather than 'capital based' approach in assessing the adequacy of capital to support current and projected business activities. The Bank assesses the capital requirement considering the existing size of portfolio, concentration of portfolio to different risk weight groups, asset quality, profit trend etc. on quarterly rest. The Bank also forecasts the adequacy of capital in terms of its capacity of internal capital generation, maintaining the size of the portfolio, asset quality, conducting credit rating of the borrowers, segregation of portfolio to different risk weight groups etc. As of 31st December 2020, Bank maintained total regulatory capital (CET-1/Tier 1 and Tier 2) of BDT 4,347.40 million against the minimum requirement including capital conservation buffer of BDT 4,000.00 million with a surplus of BDT 347.40 million. Bank's capital to risk-weighted asset ratio (CRAR) as of 31st December 2020 stood at 26.93% (consisting of 25.58% in CET 1 capital and 1.35% in Tier 2 capital) against the regulatory requirement of minimum including capital conservation buffer 12.50%. This surplus capital both in term of absolute amount and ratio (CRAR) is considered to be adequate to absorb all the material risks to which the Bank may be exposed in future. The Bank maintained more than adequate capital against the regulatory requirement to uphold and strengthen the confidence of its investors, depositors and other stakeholders.</p>

Quantitative Disclosures	BDT in Million
Risk Weighted Assets & Minimum Capital requirement under following Risk:	(Solo)
Risk Weighted Assets (RWA)	
b) RWA for Credit Risk	14,909.08
(b1) Portfolio subject to standardized approach- Funded (On-Balance Sheet)	14,490.91
(b2) Portfolio subject to standardized approach- Non Funded (Off-Balance Sheet)	418.17
c) RWA for Market Risk (standardized approach)	419.83
d) RWA for Operational Risk (Basic indicator approach)	813.03
Total Risk Weighted Assets (b+c+d)	16,141.94

	BDT in Million
Minimum Capital Required (10% of RWA)	(Solo)
e) Capital Required for Credit Risk	1,490.91
f) Capital Required for Market Risk	41.98
g) Capital Required for Operational Risk	81.30
Total Capital Required (e+f+g)	1,614.19
Minimum Capital Requirement (MCR) BDT 4000.00 million or 10% of RWA, whichever is higher	4,000.00
Total Regulatory Capital and Capital to Risk-weighted Assets Ratio (CRAR):	
(1) Total Tier-1 Capital	4,128.85
Common Equity Tier-1 Capital	4,128.85
Additional Tier 1 Capital	-
(2) Total Tier-2 Capital	218.55
Total Regulatory Capital (1+2)	4,347.40
Capital Ratio	
1. Common Equity Tier 1 (CET 1) Ratio	25.58%
2. Tier 1 Capital Adequacy Ratio	25.58%
3. Tier-2 Capital Adequacy Ratio	1.35%
Capital to Risk-weighted Asset Ratio (CRAR)	26.93%
Capital Conservation Buffer	16.93%
Available capital under Pillar 2 requirement	347.40

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>Credit risk is managed through a framework which sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and approvers in the Risk function. All credit exposure limits are approved within a defined credit approval authority framework.</p> <p>Credit risk of Corporate, Retail and CMSME business are being assessed by Credit Risk Management Division (CRMD). After approval, Credit Administration Division (CAD) disburses the credit approved by Credit Risk Management Division (CRMD) while operation team both branches & head office are being act for credit collection. These both divisions are supported by Legal Division of the Bank. Additionally, Internal Control and Compliance Division (ICCD) conducts on-site and off-site audit for all credits.</p> <p>CBBL has a structured Credit Risk Management Policy known as Credit Risk Management Policy & Guidelines (CRMP&G) approved by the Board of Directors, first in 2019 and which is under process of review. The CRMP&G defines organization structure, role and responsibilities and, the processes whereby the credit risks carried by the Bank can be identified, quantified and managed within the framework that the Bank considers consistent with its mandate and risk tolerance.</p> <p>Bank also has a system of identifying and monitoring problem accounts at the early stages of their delinquency through auto generation of past- due report, so that timely corrective measures are initiated. Corporate, Retail and CMSME segment offer different customized products and are guided by separate Product Program Guidelines (PPGs) approved by the Board and/or Management.</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.

Definition of past due/ overdue:

- 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.

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.

Definition of impaired/ classified/ non-performing loans and advances are as follows:

- 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)”.
- 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.

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.

Loan Classification of Cottage, Micro and Small credits under CMSME:

- A Continuous Loan, Demand Loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan remain(s) past due/overdue for a period of 06 (six) months or beyond but less than 18 (eighteen) months, the entire loan will be classified as “Sub-standard (SS)”.
- A Continuous Loan, Demand Loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan remain(s) past due/overdue for a period of 18 (eighteen) months or beyond but less than 30 (thirty) months, the entire loan will be classified as “Doubtful (DF)”.
- A Continuous loan, Demand loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan remain(s) past due/overdue for a period of 30 (thirty) months or beyond, the entire loan will be classified as “Bad/Loss (B/L)”.

(ii) Description of approaches followed for specific and general allowances and statistical methods;	Loan Type	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%	1%	20%	50%	100%
	Medium enterprise financing	0.25%	0.25%	20%	50%	100%
	Cottage, Micro and Small credits under CMSME Financing	0.25%	0.25%	5%	20%	100%
	Consumer financing (other than housing finance, credit card and loans for professionals under consumer financing scheme)	2%	2%	20%	50%	100%
	Consumer financing (for housing finance)	1%	1%	20%	50%	100%
	Consumer financing (for credit card)	2%	2%	20%	50%	100%
	Consumer financing (for professionals)	2%	2%	20%	50%	100%
	Loans to Brokerage Houses (BHs)/ Merchant Banks(MBs)/ Stock Dealers (SDs) against Shares etc.	2%	2%	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 the Bank's approved by the Bank's Board of Directors. The Policy document defines Credit risk organization structure, roles & responsibilities and the processes whereby the management of Credit Risks carried out by the Bank can be identified, quantified & managed within policy. The framework that the Bank considers consistent with its mandate and risk tolerance. 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 31st December 2020 are as follows:		
	BDT in Million		
	Particulars	Outstanding	Mix (%)
	Overdrafts	5,492.18	28.17%
	Demand Loan	377.52	1.93%
	Term loans	13,530.18	69.40%
	Staff loans	80.94	0.42%
	Bills purchased and discounted	15.67	0.08%
	Total Loans and advances	19,496.49	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 31st December 2020 are as follows:

BDT in Million

Particulars	Outstanding	Mix (%)
Dhaka Division	16,650.71	85.40%
Chittagong Division	1,685.51	8.65%
Khulna Division	315.50	1.62%
Rajshahi Division	-	-
Barisal Division	-	-
Sylhet Division	624.67	3.20%
Rangpur Division	220.10	1.13%
Total Loans and advances	19,496.49	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 31st December 2020 are as follows:

BDT in Million

Particulars	Outstanding	Mix (%)
RMG	166.80	0.86%
Textile	478.60	2.45%
Food and allied industries	1,032.10	5.29%
Pharmaceutical industries	549.80	2.82%
Cement and ceramic industries	203.30	1.04%
Power and gas	556.90	2.86%
Steel Industries	406.39	2.08%
Paper Industries	99.17	0.51%
Electronic Goods Manufacturing	153.03	0.78%
Polymer and polythene industries	157.00	0.81%
Rubber and Plastic Industries	110.20	0.57%
Assembling Industry	101.50	0.52%
Feed for poultry and livestock	0.10	0.00%
Service industries	1,289.30	6.61%
Retail Trading	23.20	0.12%
Wholesale Trading	307.70	1.58%
Residential Real Estate	100.90	0.52%
Infrastructure Development	31.90	0.16%
Consumer financing	129.16	0.66%
Merchant banks & brokerage houses	678.50	3.48%
Microfinance institutions and NGOs	320.90	1.65%
Bangladesh Police Payroll	12,504.20	64.13%
Others	14.90	0.08%
Staff loan	80.94	0.42%
Total Loans and advances	19,496.49	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 31st December 2020 are as follows:

BDT in Million

Particulars	Outstanding	Mix (%)
Repayable on demand	440.33	2.26%
More than 1 months to 3 months	618.93	3.17%
More than 3 months to 1 Year	4,843.61	24.84%
More than 1 year to 5 years	12,347.41	63.33%
More than 5 years	1,246.21	6.39%
Total	19,496.49	100.00%

f) By major industry or counterparty type

a) Amount of impaired loans and if available, past due loans, provided separately: **Nil**

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 31st December 2020 was as under:

BDT in Million

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	202.35
General provision for off-balance sheet exposures	16.20
Total	218.55

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 31st December 2020 are as under:

BDT in Million

Particulars	2020	2019
Specific provisions for loans and advances	-	-
General provisions for loans and advances		
Opening balance	7.54	-
Additions during the year		
On balance sheet	194.81	7.54
Off balance sheet	16.20	-
Closing balance sheet	218.55	7.54

g) Gross Non Performing Assets (NPAs): **Nil**

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

CBBL's total equity share holding comprises of two purposes i.e. capital gain and other strategic reason like equity participation and investment diversification.

Bank's investment in equity securities are broadly fall under 2 categories:

- Quoted Securities

(traded in the secondary market; trading book assets)

- Unquoted Securities

(not traded in secondary market; banking book assets)

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.

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

As per Bangladesh Bank circular (ref: BRPD circular number -14 dated June 25, 2003), the quoted shares are valued as per market price in the stock exchange(s). Equity securities holdings in the banking book or unquoted are recognized at cost price.

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

Quantitative Disclosures

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.

Values disclosed in balance sheet of investment in share (solo) as on 31st December 2020 is as under:

BDT in Million

Particulars	Cost Price	Market Price
Investment in Share	168.34	209.62

The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.

BDT in Million

- Realized gain (losses) from equity investments
- Total unrealized gains (losses)
- Total latent revaluation gains (losses)
- Any amounts of the above included in Tier 2 capital.

Particulars	Solo (Bank)
Total Realized gain (losses)	18.84
Total unrealized gains (losses)	25.08
Total latent revaluation gains (losses)	-
Any amounts of the above included in Tier 2 capital.	-

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.	The capital requirement for equity investment as of 31st December 2020 is as under:			
	BDT in Million			
	Particulars	Market value	Risk Weight	Capital Charge
	Specific Risk	209.62	10%	20.96
	General Market Risk	209.62	10%	20.96

F) Interest rate risk in the banking book (IRRBB)

Qualitative Disclosures:

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

Interest rate risk 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.

Quantitative Disclosures

(b) The impact of changes in interest rate for on-balance sheet rate sensitive assets and rate sensitive liabilities of Community Bank Bangladesh Limited as per financial statements as of 31st December 2020 under earning perspective with simple sensitivity analysis is furnished below:

BDT in Million

Particulars	3 months	6 months	1 year
Rate sensitive assets [A]	305.72	137.46	424.00
Rate sensitive liabilities [B]	558.58	503.58	851.45
Net GAP [A-B]	(252.86)	(366.12)	(427.45)
Cumulative GAP	(252.86)	(618.98)	(1,046.43)
Interest rate change (IRC) [Note 1]	1.0%	1.0%	1.0%
Net Interest Income (NII) = i(Change in interest rate) X gap	(0.63)	(1.83)	(4.27)
Negative impact on earnings	0.63	1.83	4.27

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

Duration Gap Analysis: The focus of the Duration Analysis is to measure the level of a bank's exposure to interest rate risk in terms of sensitivity of Market Value of its Equity (MVE) to interest rate movements. Duration Gap can be used to evaluate the impact on the Market Value of Equity of the bank under different interest rate scenarios. ALCO monitors the Leveraged Liability Duration and duration gap of the total bank balance sheet on a quarterly basis to assess the impact of parallel shift of the assumed yield curve. The duration gap analysis as per financial statements as of 31st December 2020 is furnished below:

Particulars	Duration in years
Weighted average duration of assets	2.81
Weighted average duration of liabilities	0.92
Duration gap	2.02

Particulars	Impact on earnings due to change in interest rates		
	Minor shock (1%)	Moderate shock (2%)	Major shock (3%)
Changes in Equity	(541.52)	(1,083.04)	(1,624.56)
After shock Equity (CAR)	23.59%	20.23%	16.88%

G) Market Risk

Qualitative Disclosures

i) Views of BOD on trading/ investment activities	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: 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	BDT in Million	
	Capital Requirements	Amount
	• Interest rate risk	-
	• Equity position risk	41.92
	• Foreign exchange risk	0.06
	• Commodity risk	-
	Total capital requirement for Market risk	41.98

H) Operational Risk

Qualitative Disclosures

i) Views of Board of Directors (BODs) 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 into 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.
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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, 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	Internal control mechanism is in place to control and minimize the operational risks. If any controls are found to be ineffective during the course of Risk & Control Self-Assessment, corrective measures are adopted in due course. A monitoring system is also in place for tracking the corrective actions plan periodically.
v) Approach for calculating capital charge for 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:</p> <p>K = the capital charge under the Basic Indicator Approach</p> <p>GI = only positive annual gross income over the previous three years</p> <p>α = 15 percent</p> <p>n = number of the previous three years for which gross income is positive.</p>

Quantitative Disclosures

The capital requirement for operational risk	BDT in Million	
	Particulars	Amount
	Capital requirement for Operational Risk	81.30
	Total Capital Requirement for Operational Risk	81.30

I) Liquidity Ratio

i) Views of Board of Directors on system to reduce liquidity Risk	The Board of Directors of Community Bank 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), Statutory Liquidity Reserve (SLR), Advance Deposit Ratio and Maximum Cumulative Outflow are 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.
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<p>ii) Methods used to measure Liquidity risk</p>	<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>c) In addition to the above, the following tools measures have been put in place to monitor the liquidity risk management position of the Bank on a continued manner:</p> <ul style="list-style-type: none"> • Asset-Liability Maturity Analysis (Liquidity profile) • Whole sale borrowing capacity • Maximum Cumulative Outflow (MCO) • Cash Reserve Ratio (CRR) • Statuary Liquidity Ratio (SLR) • Advance Deposit Ratio (ADR) • Undrawn Commitment Limit • Liquid Assets to total Deposit and • Liquid Assets to Short Term Liabilities.
<p>iii) Liquidity Risk Management System</p>	<p>The Board of Directors of the Bank set policy and different liquidity ratio limits for liquidity risk management. Asset and Liability Management Committee (ALCO) is responsible for both statutory and prudential liquidity management. Ongoing liquidity management is discussed as a regular agenda of ALCO meeting, which takes place on a monthly basis. The ALCO of the Bank monitors & manages liquidity and interest rate risk in line with the business strategy.</p> <p>At the ALCO meeting, bank’s liquidity position, limit utilization, changes in exposure and liquidity policy compliance are presented to the committee. Asset Liability Management Desk closely monitors and controls liquidity requirements on a daily basis. ALM activity including liquidity analysis & management is conducted through coordination between various ALCO support groups residing in the functional areas of balance sheet management.</p>
<p>iv) Policies and Processes for mitigating Liquidity risk</p>	<p>Liquidly Risk Management is guided by Asset Liability Management Policy of the Bank. Liquidly risk management and Liquidity Contingency Plan are the two major aspects in the ALM policy. 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.</p>

Quantitative Disclosures

The liquidity ratios & indicators as on 31 December 2020 are represent below

BDT in Million

Particulars	Amount
Liquidity Coverage Ratio (LCR) [%]	193.98%
Net Stable Funding Ratio (NSFR) [%]	119.22%
Stock of High quality liquid assets(SHQLA)	4,397.66
Total net cash outflows over the next 30 calendar days	2,267.09
Available amount of stable funding	25,600.91
Required Stable Funding (RSF)	21,474.33

J) Leverage Ratio

Qualitative Disclosures

i) Views of Board of Directors on system to reduce excessive leverage	<p>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.</p> <p>Besides, Board Risk Management Committee (BRMC) also reviews the leverage ratio and other liquidity position/ratios while reviewing the comprehensive risk management report on time to time basis.</p>
ii) Policies and processes for managing excessive on and off-balance sheet leverage	<p>The Leverage Ratio is intended to achieve the following objectives:</p> <p>a) Constrain the build-up of leverage in the banking sector which could damage the broader financial system and the economy</p> <p>b) Reinforce the risk based requirements with any easy-to-understand and non-risk based measure.</p> <p>A minimum Tier 1 leverage ratio of 3% is being prescribed by Bangladesh Bank both at solo and consolidated level.</p> <p>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.</p>
iii) Approach for calculating exposure	<p>Community Bank meticulously maintain leverage ratio well above the BB minimum requirement. CBBL follows the approach mentioned in the revised RBCA for calculating exposure of the bank. The exposure measure for the leverage ratio generally follows the accounting measure of exposure. 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:</p> $\text{Leverage Ratio (LR)} = \frac{\text{Tier 1 Capital (after related adjustment)}}{\text{Total Exposure (after related deductions)}} > 3\%$

Quantitative Disclosures

BDT in Million	
Particulars	Amount
Leverage Ratio (%)	14.07%
On balance sheet exposure	28,724.33
Off balance sheet exposure	802.54
Regulatory adjustment	(177.24)
Total exposure	29,349.63

K) Remuneration

Qualitative Disclosures

a)	Information relating to the bodies that oversee remuneration:	
	i) Name of the bodies that oversee remuneration	<p>Community Bank's HR Policy & Practices focus to attract, retain and motivate top talents to meet its sustainable growth. The Community Bank Ltd. has a competitive compensation and benefits system that helps to ensure pay equity, is linked with performance and affordability. The compensation and benefits have set through market 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.</p> <p>The Human Resources Division comprises of executive and officers including Divisional Head. Human Resources Division (HRD) along with Chief Financial Officer of the Bank oversees the remuneration. The Board of Directors of the Bank approves remuneration policy and other policies time to time.</p> <p>Presently Community Bank Ltd. does not have any separate body or external consultant to oversee remuneration.</p> <p><u>Scope of the CBBL Remuneration Policy:</u> Policy applies to all the permanent employees of the bank. Additionally, separate Compensation and Benefit Package is usually approved for temporary and casual staff on case to case basis. Any other benefit is guided by the contract agreement with individual employees.</p> <p>The senior management team, branch managers and the employees engaged in different functional division at head office, branches and units (except the employees involve in internal control & compliances and risk management) are considered as material risk taker of the Bank.</p>
	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	<p>Community Bank aims to create a performance based compensation plan in order to attract and retain its talent. As a part of employee motivation through monetary incentive, the management has already introduced performance based increment and benefit plan. Bank's Performance, Team Performance and Individual employee Performance will be taken into consideration. The remuneration policy is designated to establish pay structure based on performance, skills and competencies.</p> <p>Salary Structure:</p> <p>(i) Basic (ii) House Rent (iii) Medical (iv) Conveyance (v) Leave Fare Assistance (vi) Other Benefits (such as car, furniture, telephone etc.)</p> <p>Remuneration structure of the bank is reviewed as and when management deem appropriate to allow for adjustments in the cost of living and market forces pertaining to the banking industry. HR Division initiates the process, makes proposal to Board for approval.</p>
	ii) Whether the remuneration committee reviewed the bank's remuneration policy during the past year, and if so, an overview of any changes that was made	
	iii) A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee	

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> <ol style="list-style-type: none"> i. Financial Risk ii. Operational Risk iii. Compliance risk <p>In addition, Bank also has taken consideration when implementing remuneration such as turnover rate, attract & retain the experienced & productive officials, general inflation and peer banks comparison.</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. The management proposes competitive remuneration and other non-financial benefits like promotion, training etc. so that employees turnover ratio can be kept under tolerable limit. Sometimes few issues are difficult to measure relating to employees e.g. value, creativity, helpfulness to customers, commitment risk etc. In such cases, management applies qualitative judgment for determining the remuneration.
	iii) A discussion of the ways in which these measures affect remuneration	<p>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.</p> <p>The Bank has introduced the following categories of evaluation for remuneration:</p> <ul style="list-style-type: none"> • Evaluation of Bank's performance, • Evaluation of Team performance; • Evaluation of individual employee performance, and • Evaluation of values & discipline.
	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	No material change has been made during the year 2020.
d)	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. 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, NIM, yield on loans, provision coverage ratio, capital to risk weighted asset ratio (CRAR), ROE, ROA, liquidity position (maintenance of CRR and SLR) etc.
	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, team performance, bank performance & cost of living adjustment. 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.

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	CBBL believes that the individual and team performance should be regularly appreciated and recognized so as to keep our employees motivated to give their best efforts. 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 approved by the Board of Directors, for implementation from 2021.
	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	The bank provides Provident Fund contribution and Gratuity Fund contribution for the employees as deferred payment. The bank does not provide any deferred variable remuneration.
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	<p>Bank recognizes the effort and performance of its employees based on its Compensation and Benefit policy which consist of base salary and different benefit packages mentioned earlier. The Bank is also paying variable remuneration on case to case basis on the basis of achieving monthly KPI.</p> <p>A summary of Short-term and Long-term compensation plan are as follows:</p> <p>i. Short term incentive or reward</p> <ul style="list-style-type: none"> • Yearly increment; • Business accomplishment financial award; • Non-Cash form such as accelerate promotion, award & certification, training etc. <p>ii. Long term service benefits</p> <ul style="list-style-type: none"> • Provident fund; • Gratuity; • Employee house building loan with simple interest rate; • Leave encashment
	ii) A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description of the factors that determine the mix and their relative importance	As a part of employee motivation through monetary incentive, the management is planning to introduce KPI based performance bonus system to the employees.

Quantitative Disclosures

g)	Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member	Meeting regarding overseeing the remuneration was held on need basis.											
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 number of festival bonus disbursed to the employees during the year 2020 was equivalent to two basic salary and the total amount in Taka was Tk. 26,077,538.00.											
	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:	i) Fixed and variable remuneration paid in 2020 are as follows: BDT in Million											
		<table><tr><th>Particulars</th><th>Amount</th></tr><tr><td>Salary</td><td>336.76</td></tr><tr><td>Festival Bonus</td><td>26.08</td></tr><tr><td>PF contribution</td><td>16.05</td></tr><tr><td>Total</td><td>378.89</td></tr></table>		Particulars	Amount	Salary	336.76	Festival Bonus	26.08	PF contribution	16.05	Total	378.89
		Particulars	Amount										
		Salary	336.76										
		Festival Bonus	26.08										
		PF contribution	16.05										
		Total	378.89										
		ii) Deferred and non-deferred (paid during the year) BDT in million											
		<table><tr><th>Particulars</th><th>Amount</th></tr><tr><td>Deferred</td><td>-</td></tr><tr><td>Non-deferred</td><td>-</td></tr></table>		Particulars	Amount	Deferred	-	Non-deferred	-				
		Particulars	Amount										
Deferred	-												
Non-deferred	-												
iii) Different forms used (cash, shares and share-linked instruments, other forms).													
• 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.													
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											

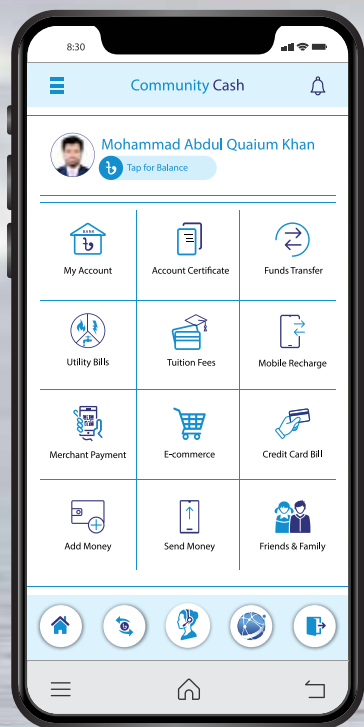


COMPLETE BANKING AT YOUR PALMS

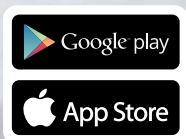
Community Cash - A Brand New Banking Experience in Mobile Application

Facilities:

- Balance Enquiry
- Mobile Phone Recharge
- Fund Transfer
- Fund Transfer to bKash & Rocket
- Account Statements
- Credit Card Bills
- Tuition Fees
- Other Banking Services



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Community Bank

• Trust • Security • Progress



CREDIT RATING

Long Term	A
Short Term	ST-2
Outlook	Stable

Valid From	March 18, 2021
Valid Till	March 17, 2022

Emerging Credit Rating Limited affirms the entity rating of Community Bank Bangladesh Limited as “A” in long term and “ST-2” in short term with “Stable Outlook”. The rating has been awarded on the basis of an in-depth analysis of the Bank.



Community Bank

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GREEN BANKING

Introduction

Climate Change is deemed to be one of the major threats in today's world. Due to unusual weather pattern and rising pollution, society demands that business also take responsibility in safeguarding the environment. Banks also can't ignore the responsibility to balance sustainable economic development with environmental protection. Therefore, Business Houses have to earn profit while protecting the community and environment.

Green Banking is also known as Socially Responsible Banking or forms a part of Sustainable Banking. Green Banking can be defined as the financial services to support the activities that are not hazardous to community and help to conserve environment. Bangladesh Bank has already issued circulars to the Banks to formulate their own Green Banking Policy, CSR Policy, Environmental and Social Risk Management (ESRM) Policy and other relevant policies. In line with that, Community Bank offers sustainable green financing solutions which are also in line with the sustainable social and economic development of the country.

Community Bank Strategic Focus of Green Banking

Our green banking initiatives includes online and paperless banking, contributing to reduction in greenhouse gas emission, efficient energy use, environment friendly projects, tree plantation and so on.

Financial Inclusion

One of the strategic priorities of our Bank is to promote financial inclusion by its deposit mobilization, agricultural credit program, financing women entrepreneurs to empower them, small enterprise financing for employment generation, solar home system projects with NGO-MFI partners, foreign remittance of migrant workers channeling through partners like MFIs, service desk channels, domestic remittance distribution through our branches and service desk outlets.

Giving Back to the Community

Community Bank believes in giving back to the Community through supporting and promoting education, community health, disaster management, clean environment, sports, art, culture etc.

Customer Happiness

Community Bank is committed to achieving higher customer satisfaction and loyalty through ensuring

quality service and involving itself more on Community-focused activities including Green Banking initiatives, CSR activities etc.

Our Green Banking Initiatives so far

- Digital Banking (Online and SMS Banking Community Cash App, E-statement, E-fund transfer)
- Establishment of 163 number of Automated Teller Machines within a year of operation
- Virtual meeting and communication through email
- Introduction of Loan Management System (LMS)
- Formulation of Green Banking Policy of CBBL
- Video Conferencing and online meeting through Cisco Webex App
- Usage of daylight on Head Office and reduction of electricity consumption
- Formulation of ESRM Policy of CBBL and compliance of ESDD checklist in Business proposals if required.
- Initiative for Sustainable and Green Financing on Green Projects

Upcoming Green Banking Initiatives

- Energy Savings through reduction of Energy Consumption by using daylight
- Water Efficiency and Waste Management
- Compliance with Environmental Laws and Regulations
- Green Banking Training and Development Programs
- Financing Renewable Energy and other Green Projects
- Attending on Refinance Scheme on Green Transformation Fund (GTF)
- Reduction of Carbon Footprint
- Implementation of Green Banking Policy
- Establishment of Green Branches with Green Technologies

Conclusion

Community Bank is confident of reinforcing its green and environment-friendly portfolio and become a more sustainable bank for upcoming future with international standards and practices, while contributing to the community of the country

HUMAN RESOURCE MANAGEMENT

Human Resource Management and Development

For banking, the importance of human resource management has grown manifold because the nature of banking industry, which is mainly service based. Efficient and effective management of the human resources in the bank turns it a successful one. In line with that, Community Bank gives topmost priority to recruit efficient and skilled manpower who can manage the financial risks that the banks need to take on regular basis. Human Resource Division always places this talented manpower in right positions within the bank with a view to achieving the vision of the bank. HR Division is working to create a professional environment within the bank that create new jobs, better as the perfect career, creativity, skill and application deal with the challenges, loyalty, friendly atmosphere of harmony and to implement the long-term development program. Specifically, it is the recruitment, training, staffing on the specific job, motivate employees to work with the highest potential, helping staff to complete assigned tasks.

A brief overview of Community Bank HR philosophy is given below:

Employment

Recruitment is an important aspect of business performance, which differentiates between success and failure. If the right staffs are brought in, it has a positive effect on the results obtained. Adversely, if the wrong employees are hired, the results are often detrimental to a company. Therefore, it is crucial that the hiring process is thorough and prioritized. Community bank is an equal opportunity employer and our recruitment process is designed to attract and hire people having positive mindset, boldness and enthusiasm to enrich them along with the organization. Community Bank is an equal opportunity organization allowing no discrimination on grounds of gender, religions, caste or creed. Some key features of our recruitment process are:

- To recruit the best person through rigorous and competitive selection process
- To make equal opportunity for all concerned
- All of our employment opportunities are circulated through daily newspaper, online job portals, Bank website, as well as social media to ensure proper transparency in our recruitment process
- Recruitment team ensures appropriate placement based on the need of the bank and experience and qualification of employees.
- The interview panel for the recruitments are formed by the members from teachers of leading public universities, external professionals and

from our senior management team.

- Apart from that to ensure gender and religious diversity we have also employed tribal people. In 2020, we recruited a total 231 number of employees, out of which 140 were permanent (including a Management Trainee batch consisting of 48 members) and 91 were contractual employees.

Community Bank HR Philosophy

In our organization, we do not only trust in hiring the best but also getting the best out of the appointed employee. They are always considered as our family members. Our Human Resource Management slogan is “Take care of the best; be fair to the rest”. We meticulously follow the 4 pillars namely:

Meritocracy: Setting goals and communicating them is a key to any successful organization, but the two most important components in true meritocracy are company culture and the efforts made to manage and recognize performance. In our bank we ensure the best for the best people.

Transparency: Transparency means a company is open and honest about its plans and operations, and its employees are also open and honest with one another and with customers. Our policy and practices are very transparent to all the employees. Whenever any policy is implemented, HR team collects data from the market and presents the industry analysis to senior management of the bank. Then after critically analyzing the data the policies are approved and circulated among all the employees of the bank so that no one is unattended about the matter.

Equity: Bank is always concerned about the fulfillment of internal equity, external equity and individual equity. Bank always appreciate and recognize performance and contribution of employees. All the performances of the team and individuals are evaluated without being influenced by any sources, and all the employees are treated equally by the management and they are recognized and rewarded accordingly.

Accountability: This refers to the answerability of the responsibility assigned to the employees, so that they are managed efficiently and effectively in support of the accomplishment of tasks in accordance with the merit system principle.

The human resource team already developed the job descriptions of all the employees of the bank and circulated among them. They are evaluated by the Team and Individual KPIs. Thus, all the team along with all its members are made answerable ensuring his or her responsibilities.

HR Accounting

As on December 31, 2020	
Total Employee	461
Permanent Employee	309
Contractual Employee	152
Executives (AVP and Above)	42
Officer Level	266
Total Male Employee	372
Total Female Employee	89
Male-Female Ratio	81:19
Per employee revenue	around BDT 16.50 lac
Per employee salary cost	around BDT 8.50 lac

Training and People Development

Community Bank started its operational journey on September 11, 2019. Most of the employees are experienced and well trained in their respective operational areas. As professional learning and training is a continuous process, Community Bank emphasizes to impart comprehensive training to their employees in a planned and organized process.

In 2020 considering 'Covid-19' pandemic situation, the bank organized online training courses for employees to continue their professional education and skills development throughout the year round. Online

foundation training course for Management Trainees was organized in 2020. 7 online training courses were organized on AML & CFT compliance issues and imparted this compliance training to 348 employees in the last year. Besides several operational training courses like Credit Risk Management, ISS Reporting, Retail Credit Management, Online Foundation Training for Customer Service executives were also organized in 2020. The Community Bank Training Calendar- 2021 is also designed considering training gap for facing upcoming banking challenges, knowledge and skills requirements for fresher and experienced bankers for doing their job efficiently and effectively and compliance requirements of banking regulatory authorities. Total 20 internal training courses/ workshops are developed and included in the Training Calendar – 2021. These courses are divided under broad banking areas i.e. – General Banking & Banking Laws, Credit Management, ICT, AML & Compliance and HR Development etc. To develop fresh officers like Management Trainee, foundation training course is designed and included in this training calendar. To ensure proper banking regulatory compliance, training courses titled AML, ICT Security Awareness, Good Governance, Gender Equality and Identification of Fake Note scheduled to be organized in 2021.

INFORMATION TECHNOLOGY AND DIGITAL BANKING CHANNEL

Community Bank has taken strategy to build robust ICT infrastructure by adopting state-of-the-art technology to serve its large and wide-spread customer base and for long-term sustainability.

In this connection, Bank had chosen the globally recognized Core Banking Solution - Finacle of Infosys. This partnership has helped Bank to fulfill its target to implement the CBS and meet up the compliance and business requirements of 200,000+ customers, all within the target date. This exceptional achievement has also been recognized in the industry being awarded as the winner in "Transformation Excellence" category of globally acclaimed Infosys-Finacle Client Innovation Awards 2020 for achieving Digital Transformation.

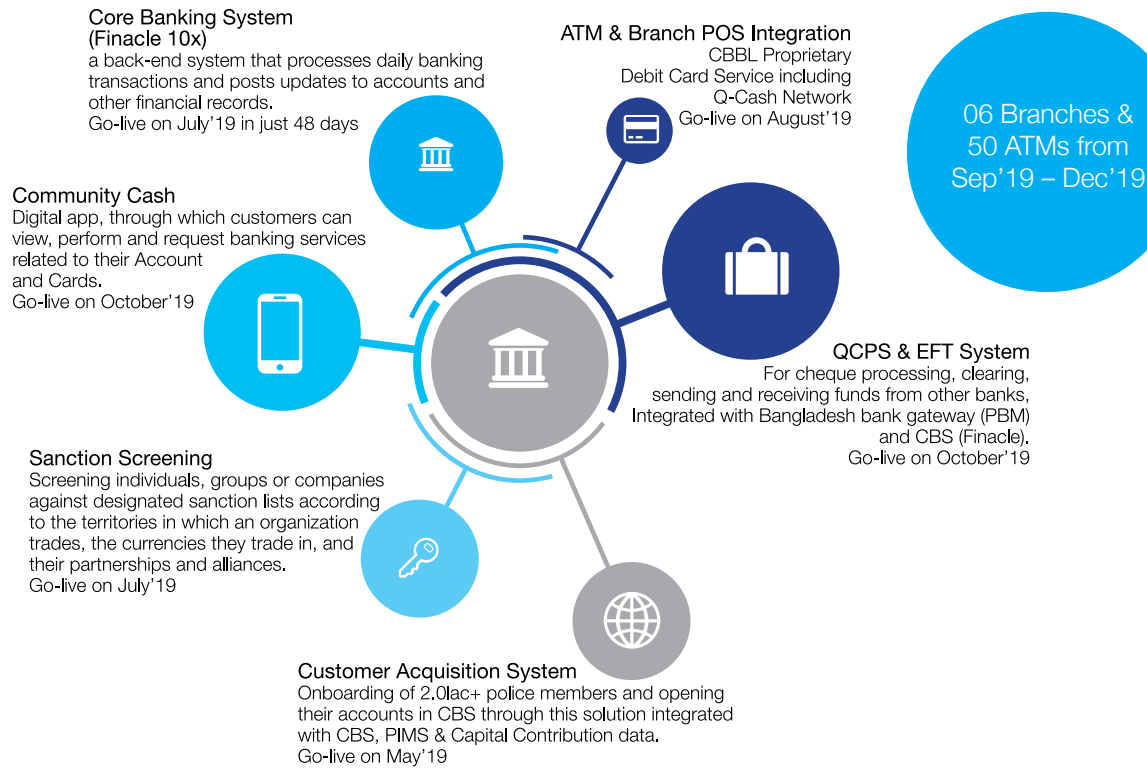
From the beginning Bank has consistently and effectively managing the projects to ensure their timely delivery and alignment with its business needs.



The management of the Bank seeing opportunities to commence operations with huge number of customers who already were in need of various banking products, had to market the right product at the right time, and also to meet the demand of the Bank's fastest growing customer base, Bank had also gone live with Digital Banking mobile application and launched Debit Card operations, by utilizing Finacle Integrator from August 2019.

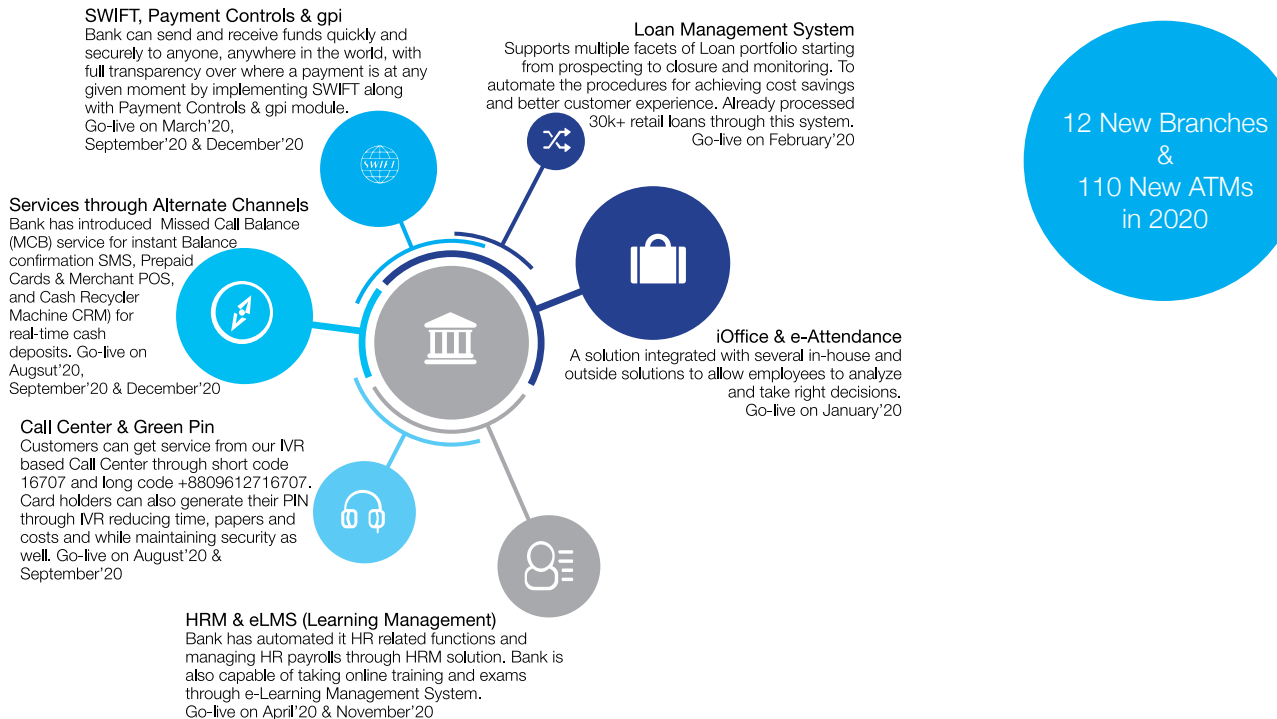
Since its inception, the Bank has on-boarded more than 2.2 Lac customers, established 18 branches, more than 160 own ATMs across the country. Community Bank is also linked with more than 8,000 ATMs through NPSB and Q-Cash networks. Currently the Bank has more than 1.2 Lac active Community Cash users and also has operational branch and merchant POS service.

KEY PROJECTS COMPLETED IN 2019



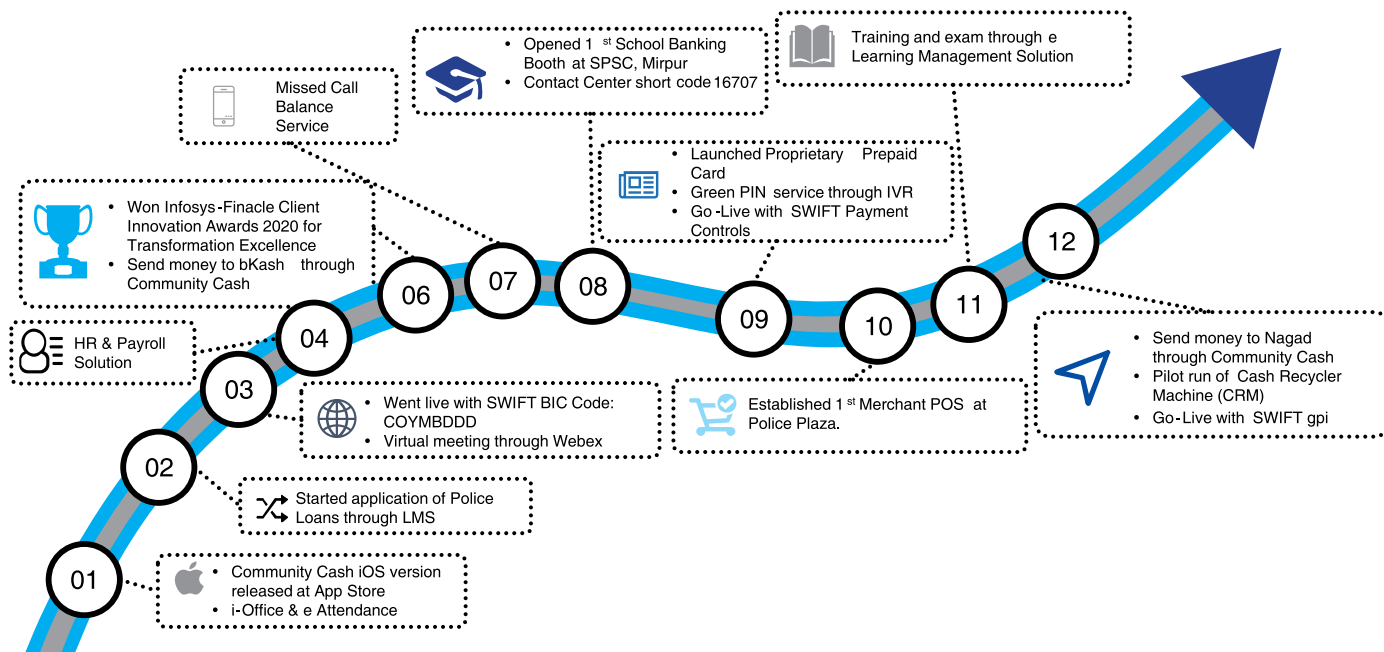
Even in year 2020, during the world-wide lock-down situations, Bank has successfully completed various key projects to get connected with the worldwide SWIFT community and also strengthening its security and offering digital and innovative services.

KEY PROJECTS COMPLETED IN 2020



Integration with Fintech, world-wide networks, digital channels and services have enabled Community Bank to serve its customers through its digital channel and service points at 64 districts.

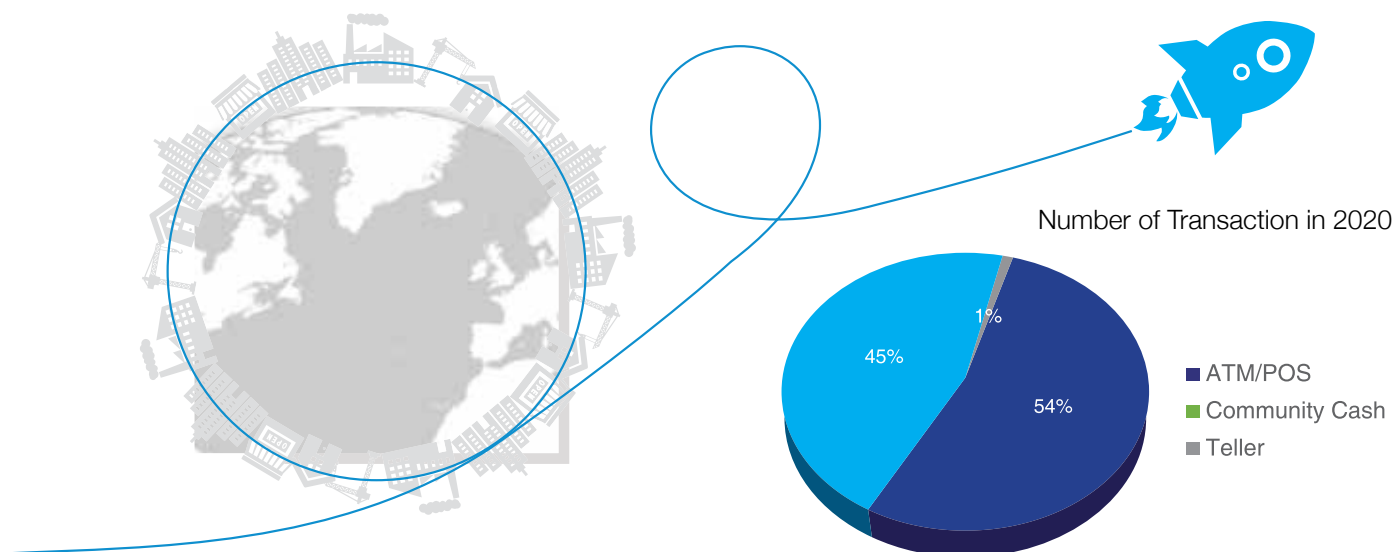
PROGRESS IN 2020



During the lockdown period in the country; Bank has continued its operations, and enabled its employees to get connected through virtual meetings, and also enabled to home office through secured VPN connectivity. During this period, Bank has also successfully averted Global Cyber Security threats and continued services through its wide network of ATM and Digital Platform through implementation of ICT security policies and tools.

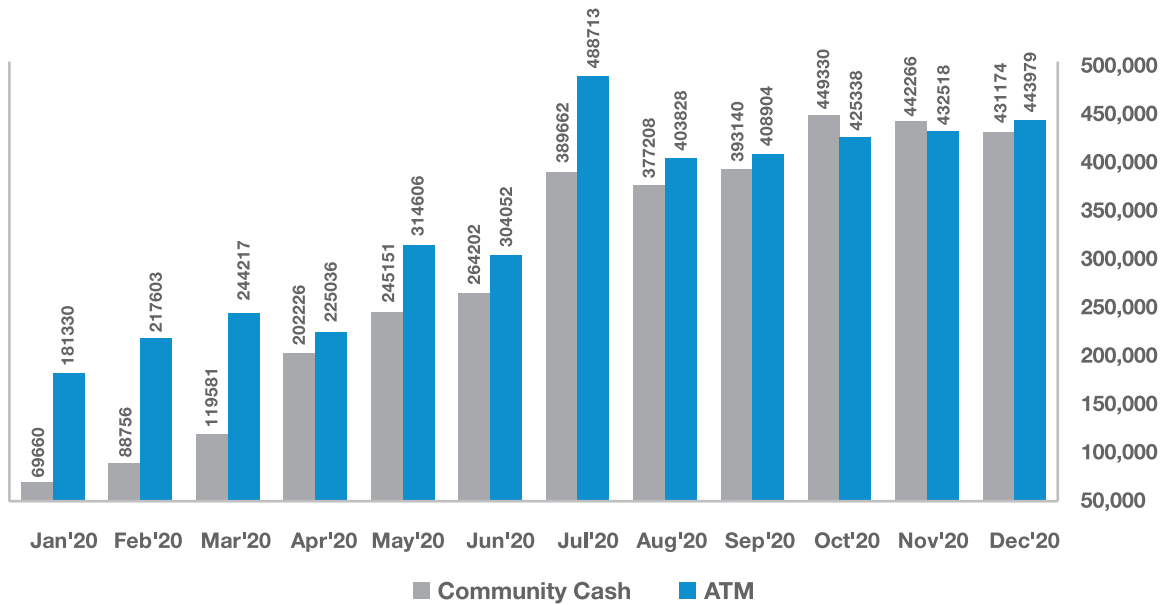
During the COVID-19 situation in 2020; Bank's robust Alternate Delivery Channels had enabled its customers to access the services 24x7 from their convenient locations of around the country.

99% of customer initiated transactions were performed through ATM & Digital channels;



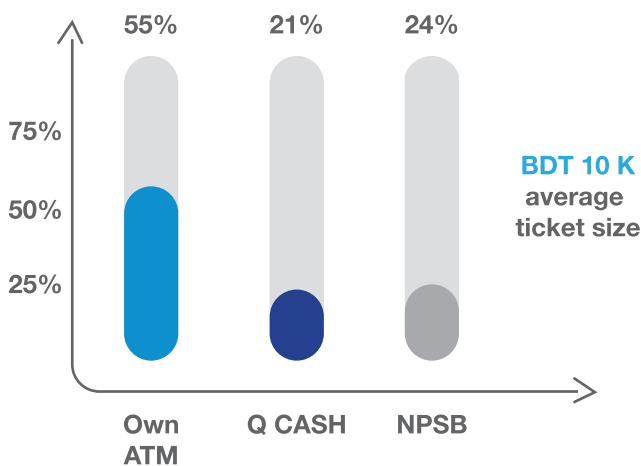
As a result, more than 99% of transactions were performed through the digital and Alternative Delivery Channels, where Bank's own ATM & POS network has served 55% of the transactions of overall TM/POS transactions.

Number of Transactions through alternate delivery channels

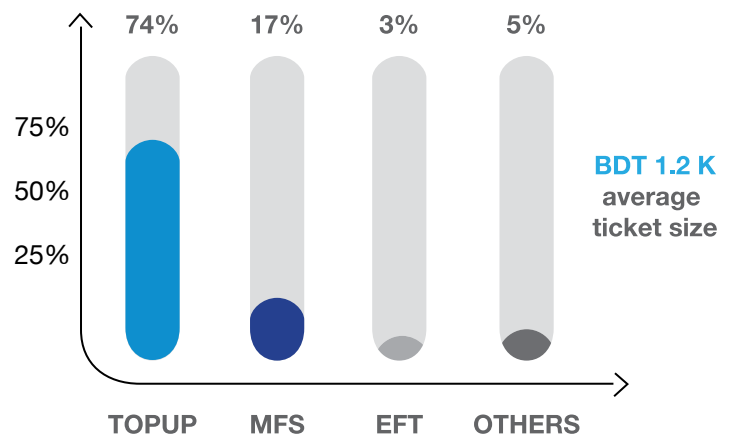


Community Bank Bangladesh Limited has achieved significant growth in Digital platform, which is almost 6.2 times (from January'20 to December'20) and also in overall transactions- almost 3.5 times, in terms of contribution in no. of transactions in Bank. This has been a remarkable accomplishment compared to other Commercial Banks in Bangladesh.

TRANSACTIONS AT ATM/ POS @2020



TRANSACTIONS COMMUNITY CASH @2020



Bank's own Mobile Application "Community Cash", having more than 1.2 Lac registered users, offering various banking service including Balance Inquiry, Statement requests, Service requests, Mobile top up, fund transfer to MFS (bKash, Nagad etc.), Fund Transfer to other Bank etc.

During the year, Community Bank Bangladesh Limited is among the top most Banks & FIs in terms of the growth in Digital

Banking Transactions. Although Community Bank is the newest Bank with only started its operations in 11th September 2019, but the number of transactions in the 2nd half of the year 2020 is comparable to many 3rd generation Banks in Bangladesh. The Bank has also achieved the

highest transaction growth in the banking industry in Bangladesh during the year 2020.

ROADMAP FOR FUTURE EXPANSION

Along with regular and ongoing fintech initiatives, Bank's ICT team is working to design a comprehensive ICT strategy and technology roadmap. These includes strengthening ICT security and Infrastructures, process standardizations, optimizations and their applications, integration with both local & international Fintech partners to expand service fronts by 2021 to bring best practices and to achieve long-term objectives of the Bank, and aligned with the Bank's three core building blocks i.e. Trust, Security and Progress.

TREASURY DIVISION

Treasury Division of Community Bank Bangladesh Limited consists of various activities with a developing and diversified asset characteristic from both Police Force and General Customers. With the rampant expansion of the Bank, Treasury Division is playing a pivotal role in its operations considering internal and external variables in the competitive market. Treasury Division consists of four important desks - Investment & Govt. Securities Desk, Money Market Operation Desk, Foreign Exchange Operation Desk and ALM Desk that are operating in full swing. Thus, wide variety of products and services with variant nature are dealt as the growing portfolio of the bank. The Treasury Division is also regarded as a Support Center, which generates income by trading instruments in the Financial and Capital Market and utilize and procure the Liquidity at the optimal level that assists to generate more revenues. Treasury Division is constituted with three integral offices such as; Front, Mid and Back office as per regulatory requirements.

Major Functions of Treasury Division

- Liquidity Management
- Management of Statutory Requirements (CRR and SLR)
- Investment (Fixed Income, Capital Market and other Non-Listed Instruments)
- Trading of Forex & Money Market Instruments (Short-Term Markets)
- Asset Liability Management
- Risk Management

Money Market

The Money Market states such an open market where banks and financial institutions play as intermediaries at over the counter (OTC) basis with having an age of less than a year. Interbank clean and collateral based (REPO) lending and also with the central bank by dint of REPO, ALS, Reverse Repo Auctions and Treasury Bills (91, 182 and 364 Days). During the year 2020 Treasury Division contributed making revenue of BDT 328.7 million from Money Market Operations.

Foreign Exchange

Foreign Exchange Market is known as the market in which currencies are traded. The Forex Market is expanding across the country due to extended business in home and abroad.

Trade is conducted over the counter (OTC). The International Forex Market is open 24 hours a day, five days a week, and these currencies are traded worldwide among the major financial centers of London, New York, Tokyo, Zurich, Frankfurt, Hong Kong, Singapore, Paris and Sydney. During the year 2020 Treasury Division contributed making revenue of around BDT 171 thousand from Foreign Exchange Operations.

Investment Desk Fixed Income Investment (Govt. Securities)

Fixed Income investment is such Treasury Instruments issued by Bangladesh Government that consist of fixed return/ coupon. Two types of instruments are there principally

- Bangladesh Government's Treasury Bond
- Bangladesh Government's Treasury Bill

CBBL Treasury's Fixed Income Desk is an active player and participant in the fixed income and interbank repo/ reverse repo markets with a short-term and long-term horizon. The Bank also works as Primary Dealer (PD) in the auction. CBBL's Fixed Income Desk assists its individual and institutional clients in investing in fixed income securities that fit their long term goals in terms of yield, liquidity, and rating with the ultimate aim of building a well-diversified portfolio that can better sustain market volatility, thereby enhancing its overall performance. CBBL Treasury's Fixed Income Desk's main products are

- Tradable Securities issued by the Government include Treasury Bills (T-bills) of 91, 182, and 364-day maturities and Bangladesh Government Treasury Bonds (BGTB) of 2, 3, 5, 10, 15, and 20-year maturities.
- On behalf of CBBL's customer, Treasury purchase or sell T-bill & T-Bond at a market based negotiable price which ensures their portfolio return and risk diversification.

During the year 2020 Treasury Division contributed making revenue of BDT 139.0 million from Fixed Income (Govt. Securities) Investments.

Other Investments

Investment desk in Treasury Front Office operates within the policy frame approved by the Board of Directors of the Bank. The philosophy is to manage and maximize income within certain parameters and limits. It also includes use of effective duration, rate shock analysis, as well as total return to analyze and manage the investment portfolio and to determine the effect of movements on the yield and value of the bank's portfolio. Investment Desk operates within available investment opportunities in the country and abroad. The Desk keeps an eye on the market movement to reap on every opportunity and to get the best of every penny invested and maximize profit as well as shareholders value.

Main Products are;

- Listed Securities (Tradable Shares and Securities etc.)
- Non-listed securities (Sub Debt, Commercial Paper, Preference Shares etc.)

During the year 2020 Treasury Division contributed making revenue of BDT 73.5 million from Investments in Capital Market & others.

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. The objective of the desk is to ensure efficient allocation of fund within an acceptable, measurable and defined risk structure. The desk monitor & 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 a month but in case of urgent situation special meeting is arranged. The desk proposes balance sheet strategy to the management.

INTERNAL CONTROL AND COMPLIANCE

At Community Bank Bangladesh Limited (CBBL), our effective management of risks and opportunities, facilitated by our internal control and compliance practices, plays a vital role in our ability to achieve our strategic objectives and creates value for our stakeholders. Moreover, the fundamental aim of our approach to the governance of risk and opportunities is to ensure that adequate and effective strategies, policies, procedures and processes are in place to address the nature and complexity of the risks and opportunities inherent in our business activities.

In addition, the implementation of effective internal control and compliance systems have become a fundamental part of our ability to boost bank-wide operative risk management practices for safeguarding the long-term sustainability of the institution as well as ring-fencing stakeholders' value. Thus, internal control is a process that has been designed to provide reasonable assurance regarding the attainment of objectives in the effectiveness and efficiency of our operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies.

The primary strategic objective of internal control systems at CBBL is to help the bank to achieve strong level of consistent performance through resource use optimization, stronger and more efficient stakeholder engagement and

compliance with applicable laws and regulations – both in letter and spirit.

Internal Control & Compliance Division (ICCD) has been structured as per the prescribed organizational framework of Bangladesh Bank's Core Risk Management guidelines. The Audit Department/Unit of ICCD operates the audit function independently and report directly & responsible to the Audit Committee of the Board. Thus, ICCD acts as a vital link between the Board and the Bank's Management.

There are 3 (three) major departments/units of ICCD and their functions are as follows:

Audit Unit

The Bank ensures an effective and comprehensive internal audit of the internal control systems, which is carried out by its Audit Department/Unit. Especially, this Department/Unit is constituted by operationally-independent, appropriately-trained and competent staff, thus underpinning the importance of the Department/Unit within the structure of the Bank.

The Audit Department/Unit applies risk-based internal audit methodology to its audit functions. The primary focus of risk-based internal audit helps to provide a reasonable assurance to the Bank's Board and the Management about the adequacy and effectiveness of the risk management and control framework.

As per approved audit plan, the Audit Department/Unit completed the audit tasks of 6 branches.

Compliance Unit The Compliance Department/Unit tracks and traces compliance activities of different divisions and/or branches, and follows-up with them to ensure

that all regulatory requirements as well as audit issues are rectified and complied with within specific timelines. It also liaises with regulators and policy-makers, and even notifies departments and units of any regulatory updates or procedural changes or amendments.

Monitoring Unit

The Monitoring Department/Unit monitors the effectiveness of the Bank's internal controls on an ongoing basis by identifying key/high risk incidences or build-ups, as part of its daily activities. Although monitoring controls are an essential part of the overall compliance and monitoring function, it is independent in fulfilling its roles and responsibilities. Examples of monitoring procedures include, periodic evaluation of Quarterly Operations Report (QOR), Loan Documentation Checklist (LDC), Self-assessment of Anti-fraud Internal Controls, Self-assessment of Anti-money Laundering, etc.

CBBL has formulated internal control policies and manuals that are updated from time-to-time, aligned with the dynamics of the operating environment. Notably, risk assessment by internal control focuses on ensuring compliance with the bank's policies, together with assuring that all regulatory requirements (including all core risk management guidelines provided by Bangladesh Bank) are met, while also taking cognizance of social, ethical and environmental risks, and also recommending appropriate measures to further augment the internal control framework. Through such a comprehensive approach, ICCD plays an essential role, both as a command center as well as a facilitator for ensuring sustainable business growth.

FINANCIAL STATEMENTS



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 2020, 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 2020, and of its profit and loss account, its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as explained in note # 2.16 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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.

Other information

Management is responsible for the other information. The other information comprises all of the information other than the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in

doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 IFRS as explained in note # 2.16 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 have been kept by the Bank so far as it appeared from our examination of those books;
- (iv) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (v) the expenditures incurred 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;

Place: Dhaka
Date: 21 March 2021

A.Qasem & Co.
Chartered Accountants



Mohammed Hamidul Islam
Partner
Enrolment No : 912
DVC: 2103250912AS170199

Community Bank Bangladesh Limited

Balance Sheet

As at 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
PROPERTY AND ASSETS			
Cash:	3		
Cash in hand (Including foreign currency)	3.1	930,860,014	430,576,682
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)	3.2	1,332,853,049	160,063,424
		2,263,713,063	590,640,106
Balance with other banks and financial institutions	4		
In Bangladesh	4.1	1,082,357,477	4,481,501,232
Outside Bangladesh	4.2	2,652,464	-
		1,085,009,941	4,481,501,232
Money at call on short notice	5	1,540,000,000	50,000,000
Investments:	6		
Government	6.1	2,148,973,722	177,710,595
Others	6.2	713,339,516	400,000,000
		2,862,313,238	577,710,595
Loans and Advances:	7		
Loans, Cash Credit, Overdrafts etc.	7.1	19,480,817,983	682,426,812
Bills purchased and discounted	7.2	15,674,097	-
		19,496,492,080	682,426,812
Fixed assets including premises, furniture and fixtures	8	1,204,001,586	247,126,135
Other assets	9	603,981,361	405,145,771
Non-banking assets	10	-	-
Total Assets		29,055,511,269	7,034,550,651
LIABILITIES AND CAPITAL			
Liabilities:			
Borrowings from other banks, financial institutions and agents	11	-	-
Deposits and other accounts:	12		
Current Accounts and other Accounts	12.1	4,548,438,137	499,139,171
Bills Payable	12.2	391,827,174	5,396,775
Savings Bank Deposits	12.3	7,430,012,847	771,722,218
Fixed Deposits	12.4	11,020,956,875	1,573,113,413
Other Deposits	12.5	1,266,751	-
		23,392,501,784	2,849,371,577
Other liabilities	13	1,355,697,839	184,525,800
Total Liabilities:		24,748,199,623	3,033,897,377
Capital / Shareholders' Equity			
Paid up Capital	14.2	4,610,000,000	4,000,000,000
Statutory Reserve	15	9,329,215	9,329,215
Revaluation Reserve	16	1,218,877	2,136
Surplus in Profit and Loss A/C	17	(313,236,446)	(8,678,077)
Total Shareholders' Equity		4,307,311,646	4,000,653,274
Total Liabilities and Shareholders' Equity		29,055,511,269	7,034,550,651

Community Bank Bangladesh Limited

Balance Sheet

As at 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
Off Balance Sheet Items			
Contingent Liabilities:	18		
Acceptances and Endorsements	18.1	-	-
Letters of guarantee	18.2	1,555,285,315	-
Irrevocable letters of Credit	18.3	63,475,846	-
Bills for Collection	18.4	21,023,064	-
Other Contingent Liabilities		-	-
Sub total		1,639,784,225	-
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		-	-
Sub total		-	-
Total Off-Balance Sheet items including contingent liabilities		1,639,784,225	-

These financial statements should be read in conjunction with the annexed notes.



Managing Director & CEO
Masihul Huq Chowdhury



Director
Masud Khan, FCA, FCMA



Director
Abu Hasan Muhammad Tarique, BPM



Chairman
Dr. Benazir Ahmed, BPM (Bar)

A.Qasem & Co.
Chartered Accountants



Mohammed Hamdul Islam
Partner
Enrolment No : 912
DVC: 2103250912AS170199

Place: Dhaka
Date: 21 March 2021

Community Bank Bangladesh Limited

Profit and Loss Account

For the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
Interest income	20	948,008,551	335,747,987
Interest paid on deposits and borrowings etc.	21	433,129,552	22,247,122
Net interest income		514,878,999	313,500,865
Investment income	22	188,842,131	5,646,380
Commission, exchange and brokerage	23	59,268,313	875,164
Other operating income	24	786,110	240,035
Total operating income		763,775,553	320,262,444
Salary and allowances		363,326,868	142,763,857
Rent, taxes, insurance, electricity etc.	25	133,595,297	43,428,136
Legal expenses		22,810	364,150
Postage, stamp, telecommunication etc.	26	16,440,819	449,747
Stationery, printings, advertisements etc.	27	32,739,795	17,519,255
Chief Executive's salary and fees	28	15,558,700	13,627,692
Directors' fees	29	1,222,226	952,200
Auditors' fees	30	470,063	345,000
Depreciation and repair of bank's assets	31	118,309,088	26,266,947
Other expenses	32	171,246,484	20,361,868
Total operating expenses		852,932,150	266,078,852
Profit/(loss) before provision		(89,156,597)	54,183,592
Provision for loan		194,704,536	7,537,515
Special general provision for Covid-19		102,350	-
Provision for diminution in value of investments		-	-
Provision for off-balance sheet items		16,201,609	-
Other provisions		-	-
Total provision	33	211,008,495	7,537,515
Total Profit/(loss) before taxes		(300,165,092)	46,646,077
Provision for Taxation:			
Current tax expense	34.1	7,181,430	13,551,815
Deferred tax expense/(income)	34.2	(2,788,153)	12,821,169
Total provision for tax		4,393,277	26,372,984
Net Profit/(loss) after taxation		(304,558,369)	20,273,093
Retained earnings brought forward from previous year		(8,678,077)	(19,621,955)
Profit available for appropriation		(313,236,446)	651,138
Appropriations:			
Statutory reserve		-	9,329,215
General reserve		-	-
Dividends etc.		-	-
		-	9,329,215
Retained surplus		(313,236,446)	(8,678,077)
Earnings per share (EPS)	35	(0.74)	0.05

These financial statements should be read in conjunction with the annexed notes.



Managing Director & CEO
Masihul Huq Chowdhury



Director
Masud Khan, FCA, FCMA



Director
Abu Hasan Muhammad Tarique, BPM



Chairman
Dr. Benazir Ahmed, BPM (Bar)

A.Qasem & Co.
Chartered Accountants



Mohammed Hamidul Islam
Partner
Enrolment No : 912
DVC: 2103250912AS170199

Place: Dhaka
Date: 21 March 2021

Community Bank Bangladesh Limited

Cash Flow Statement

For the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
A. Cash flows from operating activities			
Interest receipts in cash		1,155,799,909	137,562,985
Interest payments		(294,574,521)	(2,073,528)
Dividends receipts		30,551,950	-
Fees and commissions receipts in cash		59,268,313	875,164
Recoveries on loans previously written off		-	-
Cash payments to employees		(378,885,568)	(156,391,549)
Cash payments to suppliers		(49,180,614)	(17,969,002)
Income tax paid		(57,636,362)	(13,444,525)
Receipts from other operating activities	37	786,110	240,035
Payment for other operating activities	38	(355,537,715)	(73,212,957)
Operating profit/(loss) before changes in operating assets and liabilities (i)		110,591,502	(124,413,377)
Increase/Decrease in operating assets and liabilities			
Statutory deposits		-	-
Loans and advances to other banks		-	-
Loans and advances to customers		(18,814,065,268)	(682,426,812)
Other assets		(228,801,164)	(165,720,559)
Deposits from other banks		550,000,000	-
Deposits from customers		19,993,130,207	2,849,371,577
Borrowing from Bangladesh Bank		-	-
Other liabilities		230,290,134	88,375,447
Cash (used)/flows from operating assets and liabilities (ii)		1,730,553,909	2,089,599,653
Net cash (used)/flows from operating activities (i+ii)		1,841,145,411	1,965,186,276
B. Cash flows from investing activities			
Proceeds from sale of securities		-	-
Payments for purchase of securities		(2,282,456,602)	(577,703,459)
Purchase/sale of property, plant and equipment		(401,177,843)	(265,336,479)
Purchase/sale of subsidiary		-	-
Net cash from investing activities		(2,683,634,445)	(843,039,938)
C. Cash flows from financing activities			
Receipts from issue of ordinary share		610,000,000	4,000,000,000
Dividends paid		-	-
Net cash from financing activities		610,000,000	4,000,000,000
Net increase/decrease in cash (A+B+C)		(232,489,034)	5,122,146,338
Effects of exchange rate changes on cash and cash equivalent		-	-
Cash and cash equivalents at beginning of the year		5,122,146,338	-
Cash and cash equivalents at end of the year	36	4,889,657,304	5,122,146,338
Cash and cash equivalents:			
Cash in hand (including foreign currency)		930,860,014	430,576,682
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		1,332,853,049	160,063,424
Balance with other banks and financial institutions		1,085,009,941	4,481,501,232
Money at call on short notice		1,540,000,000	50,000,000
Prize bond		934,300	5,000
Total		4,889,657,304	5,122,146,338

These financial statements should be read in conjunction with the annexed notes.



Managing Director & CEO
Masihul Huq Chowdhury



Director
Masud Khan, FCA, FCMA



Director
Abu Hasan Muhammad Tarique, BPM



Chairman
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A.Qasem & Co.

Chartered Accountants



Mohammed Hamidul Islam

Partner

Enrolment No : 912

DVC: 2103250912AS170199

Place: Dhaka

Date: 21 March 2021

Community Bank Bangladesh Limited

Statement of Changes in Equity

For the year ended 31 December 2020

Particulars	Paid-up capital	Statutory Reserve	Revaluation Reserve	Surplus in Profit and Loss A/C	Amount in Taka	
					Total	
Balance as at 01 January, 2020						
Changes in accounting policy	4,000,000,000	9,329,215	2,136	(8,678,077)	4,000,653,274	-
Restated balance	4,000,000,000	9,329,215	2,136	(8,678,077)	4,000,653,274	-
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-
Currency translation difference	-	-	1,216,741	-	1,216,741	-
Net gains and losses not recognized in the income statement	4,000,000,000	9,329,215	1,218,877	(8,678,077)	4,001,870,015	(304,558,369)
Net profit/(loss) for the year	-	-	-	(304,558,369)	-	-
Dividends	-	-	-	-	-	-
Issuance of share capital	610,000,000	-	-	-	610,000,000	-
Statutory reserve	-	-	-	-	-	-
Balance as at 31 December 2020	4,610,000,000	9,329,215	1,218,877	(313,236,446)	4,307,311,646	
Balance as at 01 January, 2019						
Changes in accounting policy	-	-	-	(19,621,955)	(19,621,955)	-
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)	20,273,093
Net profit/(loss) for the year	-	-	-	20,273,093	20,273,093	-
Issuance of share capital	4,000,000,000	-	-	-	4,000,000,000	-
Statutory reserve	-	9,329,215	-	(9,329,215)	-	-
Balance as at 31 December 2019	4,000,000,000	9,329,215	2,136	(8,678,077)	4,000,653,274	



Managing Director & CEO
Masihul Huq Chowdhury

Place: Dhaka
Date: 21 March 2021


Director
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Community Bank Bangladesh Limited

Liquidity Statement

(Asset and Liability Maturity Analysis)

As at 31 December 2020

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	1,627,513,063	-	-	-	636,200,000	2,263,713,063
Balance with other bank and financial Institutions	235,009,941	250,000,000	600,000,000	-	-	1,085,009,941
Money at call on short notice	1,540,000,000	-	-	-	-	1,540,000,000
Investment	1,000,000	103,313,238	251,000,000	534,800,000	1,972,200,000	2,862,313,238
Loans and advances	440,333,780	618,928,089	4,843,606,635	12,347,407,469	1,246,216,107	19,496,492,080
Fixed assets including premises, furniture and fixtures	-	-	-	453,160,930	750,840,656	1,204,001,586
Other assets	6,278,411	136,757,142	19,361,952	191,583,856	250,000,000	603,981,361
Non-banking assets	-	-	-	-	-	-
Total Assets	3,850,135,195	1,108,998,469	5,713,968,587	13,526,952,255	4,855,456,763	29,055,511,269
Liabilities						
Borrowings from Bangladesh bank, other banks, financial institutions and agents	-	-	-	-	-	-
Money at call on short notice	-	-	-	-	-	-
Deposits and other accounts	3,819,033,528	2,223,227,567	14,447,861,833	2,848,241,932	54,136,924	23,392,501,784
Provision and other liabilities	75,366,398	160,184,537	328,024,232	140,374,640	651,748,032	1,355,697,839
Total Liabilities	3,894,399,926	2,383,412,104	14,775,886,065	2,988,616,572	705,884,956	24,748,199,623
Net Liquidity Gap	(44,264,731)	(1,274,413,635)	(9,061,917,478)	10,538,335,683	4,149,571,807	4,307,311,646

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

Community Bank Bangladesh Limited

Notes to the financial statements

as at and for the year ended 31 December 2020

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 01 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, school banking booth and vibrant alternative delivery channels (ATM Booths, Mobile Banking app) in Bangladesh.

1.3 Subsidiary of the Bank

A fully owned subsidiary company (Community Bank Investment Limited) of the Bank is in process of obtaining license and as a vital part of that process the Bank made a payment of BDT 250,000,000 on 28 December 2020 against Paid up Capital of the subsidiary company. The main activities of this company are underwriting, issue management and portfolio management.

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) and the standards set by the Financial Reporting Council (FRC) as per the Financial Reporting Act 2015 (FRA) enacted in 2015. Section 38 of the Bank Company act 1991 has been replaced through PRBD circular no. 10 dated October 04, 2015. The Bank complied with the requirement of the following regulatory and legal authorities:

- i. The Bank Company Act 1991 (amended up to date);
- ii. Companies Act 1994 (amended up to date);
- 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. Income Tax Ordinance and Rules 1984;
- vii. Value Added Tax and Supplementary Duty Act, 2012.

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 has 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 2020 to 31st December 2020.

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. It is to be noted that as of the reporting date there is no classified loan in the book.
- 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:

Particulars	Rate
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	2%
Unclassified (including SMA) loans for credit card and loans for professionals	2%
Unclassified (including SMA) other loans and advances	1%
Short term agri credit and micro credit	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%
Provision for Cottage, Micro and Small credits under CMSME:(as BRPD Circular 06/2020)	
a) All unclassified credits	0.25%
b) Classified as 'Sub-standard'	5%
c) Classified as 'Doubtful'	20%
d) Classified as 'Bad/Loss'	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 are accredited, using the effective yield method are taken to discount income. Government treasury bills and bonds (categorised as HFT or/and HTM) are accounted for as per Bangladesh bank DOS circular letter no. 05 dated 26 May 2008 and DOS circular letter no. 05 dated 28 January 2009. The valuation method of investments used are:

Held to maturity (HTM)

Investment which are intended to be held till maturity are classified as held to maturity (HTM). These are measured at amortized cost at each year end by taking into account any discount or premium on acquisition. Premiums are amortised and discounts are accredited, using the effective or historical yield. Any increase in value of securities is booked to equity but decrease to profit and loss account. Income is recognised to profit and loss account on earned basis as per BB guideline.

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

REPO and reverse REPO

The Bank has been recording transactions of REPO and reverse REPO following DOS circular no. 06 dated 15 July 2010 of BB. In case of REPO of both coupon and non-coupon bearing (treasury bills) securities, the bank adjusts the revaluation reserve account for HFT securities and stop the weekly revaluation (if the revaluation date falls within the REPO period) of the same security. For interest bearing security the bank does not accrue interest during REPO period.

Investment in listed securities

These securities are bought and held primarily for the purpose of selling them in future or held for dividend income which are reported at cost. Unrealised gain are not recognised in profit and loss statement. But provision was made for diminution in value of investment.

Investment in unquoted securities

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

Investment in subsidiary

Investment in subsidiary is accounted for under the cost method of accounting in the bank's financial statements in accordance with the IAS 27 "Separate Financial Statements", IFRS 3 "Business Combination", IFRS 36 "Impairment of Assets". It is mentionable that as per IAS 28 para 17 Community Bank Bangladesh Limited is exempted from applying the equity method.

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 bank and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is normally charged off as revenue expenditure in the period in which it is incurred.
- 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 of fixed assets	Depreciation 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 bank 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 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 charges in circumstances indicate that the carrying amount of an asset may be impaired.

2.2.7 Leases

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

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

The Bank as a lessee (Note 8)

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

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

Measurement and recognition of leases as a lessee

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

The Bank depreciates the right-of-use assets on a straight-line basis over the remaining useful life of the asset. The Bank also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Bank measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Bank's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is premeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is premeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Bank has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included other liabilities.

2.2.8 Other assets

Other assets include mainly advance office rent, payment of advance income tax has not been closed yet and all other financial assets, fees and other unrealized income receivable, advance for operating expenditure and stocks of 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.

2.2.9 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.

2.2.10 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. There is no un-reconciled entries/balances in the case of inter-branch transactions as on the reporting date..

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

2.5 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 results 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.

2.8 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investemnts, provision for taxes, interest payable on borrowing, interest suspense and accrued expenses etc. Individual item wise liabilities are recognised as per the guidelines of Bangladesh Bank and International Finanial Reporting Standards (IFRS).

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, 2020 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. 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 equal amount of the employees' contribution. Interest earned from the investments is credited to the members' account on yearly basis.

b) Gratuity fund

As of the reporting date the Board has approved the employee Gratuity scheme effective from January 2021 and actuarial valuation by an independent competent firm is in progress.

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 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.

2.9.5 Provision for Off balance sheet exposures

Off balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank guideline. Banks are maintained provision against Off balance sheet items as per BRPD Circular no. 14, dated September 23, 2012 and BRPD circular no. 07 dated June 21, 2018.

2.10 Revenue recognition

2.10.1 Interest income

Interest on unclassified loans and advances (except those of rescheduled and stay order accounts) is recognised as income on accrual basis. Interest on classified loans and advances (including rescheduled and stay order accounts) is credited to interest suspense account with actual receipt of interest there from credited to income as and when received as per instruction contained in BRPD circular no 14 dated 23 September 2012, BRPD circular no 19 dated 27 December 2012, BRPD circular no 16 dated 18 November 2014 and BRPD circular no 03 dated 21 April 2019,

2.10.2 Investment income

Interest income on investments in Government and other securities, debentures and bonds is accounted for on accrual basis as per the provisions of IFRS 15 'Revenue from Contracts with Customer's and relevant BB guideline.

2.10.3 Fees and commission income

Fees and commission income arising from services provided by the Bank are recognised as income on earned basis as per FRS 15 'Revenue from Contracts; Fees and Commission charge to customers on trade finance i.e. L/G. Acceptance and other general banking services i.e card services, management fees, locker charges etc. are recognised as income when a performance obligation is satisfied by transferring a promised service to customer by the bank.

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 on borrowing deposits and others

Interest paid on borrowings and deposits are calculated on 360 days basis (except for some treasury instruments which are calculated on 364 days basis) in a year and recognised on 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 taken 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 evader 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. As of the date no such event occurred.

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-39.2).

2.16 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

IAS/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

IAS/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

IAS/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

IAS/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

IAS/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

IAS/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

IAS/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

IAS/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

IAS/IFRS: No indication of Non-banking asset is found in any IAS or 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

IAS/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)

IAS/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

IAS/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

IAS/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

IAS/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

IAS/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

IAS/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.

2.17 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.

2.18 Approval of financial statements

These financial statements were reviewed by the Board audit committee of the Bank in its 11th meeting held on 14 March 2021 and was subsequently approved by the Board in its 21st meeting held on 21 March 2021.

2.19 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

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
3 Cash			
Cash in hand (Including foreign currencies)	3.1	930,860,014	430,576,682
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)	3.2	1,332,853,049	160,063,424
		2,263,713,063	590,640,106
3.1 Cash in hand:			
Local currency		930,860,014	430,576,682
Foreign currency		-	-
		930,860,014	430,576,682
3.2 Balance with Bangladesh Bank and its agent bank(s):			
Local currency		1,329,690,590	160,063,424
Foreign currency		3,162,459	-
		1,332,853,049	160,063,424
Sonali Bank as agent of Bangladesh Bank (Local currency)		-	-
		1,332,853,049	160,063,424
		2,263,713,063	590,640,106

Reconciliation statements regarding Bangladesh Bank balance are given in Annexure-B

3.3 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 2020 is maintained on the basis of weekly ATDTL of October 2020) at the rate of 3.50% CRR on daily basis and 4.00% 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 (ATDTL) of October 2020	15,904,730,000	809,250,000
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3.3.1 Cash Reserve Requirement (CRR) :

Daily basis:

Required reserve @ 3.5% of ATDTL	556,665,550	40,462,500
Actual reserve held (As per Bangladesh Bank statement)	1,314,668,666	157,411,040
Surplus	758,003,116	116,948,540

Bi-weekly basis:

The bank maintained excess cash reserve of BDT 3,141.16 million in the last fortnight of 2020 (BDT 1,420.94 Million in 2019) calculated by summing up excess cash reserve maintained over required CRR on daily basis.

3.3.2 Statutory Liquidity Ratio (SLR) :

Required reserve @ 13% of ATDTL		2,067,614,900	105,202,500
Actual reserve held	3.3.3	3,758,313,202	721,189,567
Surplus		1,690,698,302	615,987,067
Total surplus	(3.3.1+3.3.2)	2,448,701,419	732,935,607

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
3.3.3 Actual reserve held			
Cash in hand	3	930,860,014	430,576,682
Excess balance with Bangladesh Bank	3.3.3.a	678,479,466	112,902,290
Balance with Sonali bank as per statement		-	-
Unencumbered approved securities (HFT)	6	167,233,211	97,386,058
Unencumbered approved securities (HTM)	6	1,980,806,211	80,319,537
Other eligible securities (Prize bond)		934,300	5,000
		3,758,313,202	721,189,567
3.3.3.a Excess balance with Bangladesh Bank			
Balance with Bangladesh Bank		1,314,668,666	157,411,040
Less: Required cash reserve on bi-weekly average basis (4% of ATDTL)		636,189,200	44,508,750
Excess of cash reserve as on the reporting date		678,479,466	112,902,290
As per DOS circular no. 01 dated 19 January 2014, MPD circular No. 01 dated 03 April 2018 and DOS circular letter no. 26 dated 19 August 2019 issued by Bangladesh Bank, daily excess reserve (if any) is considered an eligible component of Statutory Liquidity.			
4 Balance with other banks and financial institutions			
In Bangladesh	4.1	1,082,357,477	4,481,501,232
Outside Bangladesh	4.2	2,652,464	-
		1,085,009,941	4,481,501,232
4.1 In Bangladesh			
Current accounts			
Sonali Bank Limited		8,797,627	-
Eastern Bank Limited		731,980	9,788,845
Mercantile Bank Limited		14,821,746	10,000
Trust Bank Limited		70,904	12,344,288
		24,422,257	22,143,133
Short notice deposit (SND) accounts			
Eastern Bank Limited		17,890,202	32,223
Mercantile Bank Limited		90,045,018	2,938,376
		107,935,220	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	100,000,000
Mercantile Bank Limited		-	1,875,000,000
		100,000,000	4,256,387,500
Fixed deposit with Financial Institutions			
IPDC Finance Limited		250,000,000	200,000,000
Uttara Finance and Investment Limited		300,000,000	-
Lanka Bangla Finance Company Limited		300,000,000	-
		850,000,000	200,000,000
		1,082,357,477	4,481,501,232

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
4.2 Outside Bangladesh (NOSTRO Accounts)			
Current account			
Habib America, NY-USD		2,621,723	-
AB Bank Limited Mumbai, India		30,741	-
		2,652,464	-
Details of Foreign currency amounts and exchange rates are presented in 'Annexure-C'.			
4.3 Maturity grouping of balance with other banks and financial institutions			
Up to 1 months		235,009,941	3,203,501,232
More than 1 months to 3 months		250,000,000	1,248,000,000
More than 3 months to 1 Year		600,000,000	30,000,000
More than 1 year to 5 years		-	-
More than 5 years		-	-
		1,085,009,941	4,481,501,232
5 Money at call on short notice			
IPDC Finance Limited		300,000,000	50,000,000
IDLC Finance Ltd		300,000,000	-
Lanka Bangla Finance Ltd		240,000,000	-
Delta Brac Housing Finance Corporation Ltd.		400,000,000	-
Uttara Finance and Investment Ltd.		300,000,000	-
		1,540,000,000	50,000,000
5.1 Maturity grouping of money at call on short notice			
Up to 1 month		1,540,000,000	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		-	-
		1,540,000,000	50,000,000
6 Investments			
Government securities	6.1	2,148,973,722	177,710,595
Other investments	6.2	713,339,516	400,000,000
		2,862,313,238	577,710,595
Investment in securities are classified as per Bangladesh Bank circular:			
Held for trading (HFT)		167,233,211	97,386,058
Held to maturity (HTM)		1,980,806,211	80,319,537
Other securities		714,273,816	400,005,000
		2,862,313,238	577,710,595
6.1 Government securities			
Treasury bills	6.1.1	69,999,650	47,036,276
Treasury bonds	6.1.2	2,078,039,772	130,669,319
Prize bond		934,300	5,000
		2,148,973,722	177,710,595
6.1.1 Treasury bills			
364 days treasury bills		69,999,650	47,036,276
		69,999,650	47,036,276

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
6.1.2 Treasury bonds			
2 years Government treasury bonds		150,730,100	50,349,782
5 years Government treasury bonds		154,522,515	-
10 years Government treasury bonds		694,565,535	80,319,537
15 years Government treasury bonds		113,798,659	-
20 years Government treasury bonds		964,422,963	-
		2,078,039,772	130,669,319
6.2 Other investments			
Preference shares			
Summit LNG terminal Co. Pvt. Ltd.		80,000,000	100,000,000
Confidence Power Bogra Unit 2		100,000,000	100,000,000
Confidence Power Bogra		150,000,000	-
		330,000,000	200,000,000
Investment in commercial paper			
Advanced chemical industries limited		-	200,000,000
		-	200,000,000
Corporate bonds			
UCB 4th subordinated bond		100,000,000	-
MTB 4th subordinated bond		100,000,000	-
		200,000,000	-
Investments in ordinary shares			
Investment in listed securities		168,339,520	-
		168,339,520	-
Investments in mutual fund			
Investment in open-end mutual fund		14,999,996	-
		14,999,996	-
		713,339,516	400,000,000
Details of investment in shares are presented in 'Annexure-D'.			
6.3 Maturity wise grouping of investment			
Up to 1 month		1,000,000	5,000
More than 1 month to 3 month		103,313,238	-
More than 3 month to 1 year		251,000,000	247,036,276
More than 1 year to 5 years		534,800,000	250,349,782
More than 5 years		1,972,200,000	80,319,537
		2,862,313,238	577,710,595

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
6.4 (i) Disclosure regarding outstanding repo			
Counterparty name	Agreement date	Reversal date	Amount
			-
Total		-	-
(ii) Disclosure regarding outstanding reverse repo			
Counterparty name	Agreement date	Reversal date	Amount
			-
Total		-	-
6.5 Disclosure regarding overall transaction of repo and reverse repo			
Counterparty name	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
Securities sold under repo			Daily average outstanding previous year
i) with Bangladesh Bank	38,000,000	503,056,403	230,671,914
ii) with other banks & FIs	41,620,720	52,713,560	48,876,525
Securities purchased under reverse repo			
i) from Bangladesh Bank	-	-	-
ii) from other banks & FIs	-	-	-
7 Loans and advances			
Loans, cash credits, overdrafts etc	7.1	19,480,817,983	682,426,812
Bills purchased and discounted	7.2	15,674,097	-
		19,496,492,080	682,426,812
7.1 Loans, cash credits, overdrafts etc.			
Overdrafts		5,492,175,926	105,317,680
Demand loans		377,517,162	-
Term loans		13,530,183,847	540,157,812
Staff loans	7.8	80,941,048	36,951,320
		19,480,817,983	682,426,812
7.2 Bills purchased and discounted			
Local bills /documents		15,674,097	-
Foreign bills /documents		-	-
		15,674,097	-

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
7.3 Net loans and advances			
Gross loans and advances		19,496,492,080	682,426,812
Less: Interest suspense		-	-
Provision for loans and advances		202,242,051	7,537,515
		19,294,250,029	674,889,297
7.4 Maturity wise grouping of loans and advances			
Repayable on demand		440,333,780	-
More than 1 months to 3 months		618,928,089	-
More than 3 months to 1 year		4,843,606,635	106,272,807
More than 1 year to 5 years		12,347,407,469	512,318,605
More than 5 years		1,246,216,107	63,835,400
		19,496,492,080	682,426,812
7.5 Loans and advances under the following broad categories			
In Bangladesh:			
Loans		14,004,316,154	577,109,132
Cash credits		-	-
Overdrafts		5,492,175,926	105,317,680
		19,496,492,080	682,426,812
Outside Bangladesh:			
Loans		-	-
Cash credits		-	-
Overdrafts		-	-
		19,496,492,080	682,426,812
7.6 Geographical location wise portfolio grouping			
In Bangladesh:			
Dhaka Division		16,650,711,193	682,426,812
Chittagong Division		1,685,508,141	-
Khulna Division		315,498,126	-
Sylhet Division		624,674,351	-
Barisal Division		-	-
Rajshahi Division		-	-
Rangpur Division		220,100,269	-
		19,496,492,080	682,426,812
Outside Bangladesh:		-	-
		19,496,492,080	682,426,812
7.7 Significant concentration wise grouping			
Directors and others		-	-
Staff:			
Managing Director and CEO		-	-

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
Senior Executives		33,231,202	36,951,320
Others		47,709,846	-
		80,941,048	36,951,320
Industries:			
Agricultural		-	-
Large and Medium		6,611,203,370	98,953,008
Small and Cottage		43,935,272	-
		6,655,138,642	98,953,008
Consumers		105,471,784	26,888,733
Trade and commercial		127,113,698	-
Others (Loan against police payroll)		12,527,826,908	519,633,751
		19,496,492,080	682,426,812

7.8 Staff loan

Personal loan	-	-
Car loans	56,257,859	11,416,369
Housing loans	24,683,189	25,534,951
	80,941,048	36,951,320

7.9 Detail of large loans and advances

Below statement represents number of clients with outstanding to each customer exceeding BDT 434.70 million which is equivalent to 10% of total capital of the bank as at 31 December 2020. Total capital of the Bank was BDT 4,347.4 million as at 31 December 2020 (BDT 3,984.2 million in 2019).

Number of clients	4	-
Amount of outstanding advances	2,611,263,747	-
Amount of classified advances	-	-
Measures taken for recovery	N/A	N/A

Number of clients	Outstanding		Total	Total
	Funded	Non-funded		
Advanced Chemical Industries Ltd.	549,830,132	-	549,830,132	-
City Edible Oil Limited	511,570,291	-	511,570,291	-
EBL Securities Limited	449,239,904	-	449,239,904	-
Rangs Limited	-	1,100,623,420	1,100,623,420	-
Total	1,510,640,327	1,100,623,420	2,611,263,747	-

7.10 Grouping as per classification rules

Unclassified

Standard including staff loan	19,496,492,080	682,426,812
Special mention account (SMA)	-	-
	19,496,492,080	682,426,812

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
Classified			
Sub standard		-	-
Doubtful		-	-
Bad/Loss		-	-
		-	-
		19,496,492,080	682,426,812
7.11 Sector-wise allocation of loans and advances			
Government		-	-
Private:			
Agriculture, fishing, forestry and dairy firm		-	-
Industry (Jute, textile, garments, chemicals, cements etc.)		938,751,160	-
Working capital financing		5,350,828,157	98,953,008
Export credit		-	-
Commercial credit		302,728,653	-
Small and cottage industries		189,944,370	-
Miscellaneous		12,714,239,740	583,473,804
		19,496,492,080	682,426,812
		19,496,492,080	682,426,812
7.12 Securities against loans/advances including bills purchased and discounted			
Collateral of movable/immovable assets		912,113,610	36,951,320
Local banks and financial institutions guarantee		-	-
Government guarantee		-	-
Foreign banks guarantee		-	-
Export documents		-	-
Fixed deposit receipts (FDR)		1,409,701,860	6,712,302
FDR of other banks		-	-
Government bonds		-	-
Corporate Guarantee		5,105,864,688	98,953,008
Personal guarantee and other securities		11,207,635,662	539,810,182
Other securities		861,176,260	-
		19,496,492,080	682,426,812

Notes to the financial statements

as at and for the year ended 31 December 2020

7.13 Particulars of required provisions for loans and advances

Particulars	Outstanding balance as at 31 December 2020	Base for provision	Percentage of required provision	Required provision as at 31 December 2020	Required provision as at 31 December 2019
Unclassified - General Provision					
All unclassified loans (Other than Small and Medium enterprise Financing, Consumer Financing/ MBs/SDs, Housing and loans for professional)	18,051,245,632	18,051,245,632	1%	180,512,456	6,185,867
Small and Medium enterprise financing (MFI linkage)	320,935,473	320,935,473	1%	3,209,355	-
Small and Medium enterprise financing	272,177,292	272,177,292	0.25%	680,443	-
Loans to BHs/MBs/SDs against share etc	678,452,302	678,452,302	2%	13,569,046	-
Housing and loan for professional	-	-	2%	-	-
Consumer finance	92,740,333	92,740,333	2%	1,854,807	1,344,437
Special General provision for Covid-19	-	10,235,000	1%	102,350	-
Sub Total				199,928,457	7,530,304
Classified - Specific Provision					
Sub-standard	-	-	20%	-	-
Doubtful	-	-	50%	-	-
Bad/Loss	-	-	100%	-	-
Total required provision for loans and advances				199,928,457	7,530,304
Total provision maintained (Note 13.1+13.2)				202,344,401	7,537,515
Excess/(Short) provision at 31 December 2020				2,415,944	7,211
* BHs = Brokerage Houses, MBs = Merchant Banks, SDs = Stock Dealers Against Shares					

7.14 Particulars of required provisions for off balance sheet exposures- General provision

Particulars	Outstanding balance as at 31 December 2020	Base for provision	Percentage of required provision	Required provision as at 31 December 2020	Required provision as at 31 December 2019
Letter of guarantee	1,555,285,315	1,555,285,315	1%	15,552,853	-
Letter of credit	63,475,846	63,475,846	1%	634,758	-
Total required provision for off balance sheet exposures				16,187,611	-
Total provision maintained (Note 13.3)				16,201,609	-
Excess/ (Short) provision at 31 December 2020				13,998	-

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
7.15 Particulars of loans and advances			
i) Debts considered good in respect of which Bank is fully secured		2,862,056,257	43,663,622
ii) Debts considered good for which Bank holds no other security than the debtor's personal security		320,935,473	
iii) Debts considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors .		16,313,500,350	638,763,190
iv) Debts considered doubtful or bad, not provided for		-	-
		19,496,492,080	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;		80,941,048	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;		80,941,048	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		-	-
7.16 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

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
8 Fixed assets including premises, furniture and fixtures			
Cost of Property plant and equipments:			
Land		-	-
Building		-	-
Furniture and fixture		137,204,300	55,013,806
Office equipment		90,537,949	45,456,867
IT hardware		222,498,617	110,512,499
Motor vehicles		26,760,000	26,760,000
		<u>477,000,866</u>	<u>237,743,172</u>
Intangible assets:			
IT software		189,513,456	27,593,307
		<u>666,514,322</u>	<u>265,336,479</u>
Less: Accumulated depreciation and amortization		86,183,533	18,210,344
		<u>580,330,789</u>	<u>247,126,135</u>
Lease assets-Premises			
Right-of-use assets		682,885,932	-
Less: Accumulated depreciation		59,215,135	-
		<u>623,670,797</u>	<u>-</u>
Net book value at the end of the year		<u>1,204,001,586</u>	<u>247,126,135</u>
Details of the fixed assets are presented in 'Annexure-E'.			
9 Other assets			
9.1 Income generating other assets			
Interest receivables	9.1.1	153,771,418	201,824,897
Investment in subsidiary		250,000,000	-
Dividend receivable - Preference share		1,934,690	2,006,485
Interest receivable - Commercial paper		-	1,788,889
Interest receivable - Subordinated bond		412,986	-
Balance with sheltech brokerage limited		6,278,411	-
		<u>412,397,505</u>	<u>205,620,271</u>
9.1.1 Interest receivables			
Interest receivables consists of interest receivable on loans, investments etc.			
Receivable against Government securities		17,014,276	2,908,363
Receivable against balance with other bank		39,614,228	196,019,112
Receivable against loans and advances		97,142,914	2,897,422
		<u>153,771,418</u>	<u>201,824,897</u>
9.2 Non income generating other assets			
Stock of stamps and cartridge paper		1,515,830	160,500
Stock of security stationery**		5,666,461	2,816,881
Advance to staff		676,240	203,540
Deferred revenue expenditure		6,426,990	4,104,193
Advance payment of income tax		71,080,887	13,444,525
Deferred tax asset	9.2.1	42,710,937	13,081,304
Advance to vendor and supplier		1,743,750	1,000,000

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
Advance against fixed assets	9.2.3	9,045,302	150,392,098
Advance against office rent*		33,430,538	9,213,529
Advance security deposit		4,808,049	2,300,200
Prepayments		13,703,627	2,806,612
Protested bill		-	-
Receivable from trade partners		16,634	2,118
Receivable from subsidiary		758,611	-
		191,583,856	199,525,500
Total other assets	9.1 + 9.2	603,981,361	405,145,771
* Avance office rent is BDT 101,160,929 and include IFRS 16 adjustment of BDT 67,730,391.			
** Security stationary includes such items but not limited to Debit/Credit cards, Cheque books, Pay order books etc.			
9.2.1 Deferred tax asset			
Deferred tax assets arises from carry forward tax credit:			
Loss before taxes (As per estimated taxable income calculation)		106,777,343	-
Tax rate		40%	40%
Deferred tax asset		42,710,937	-
Opening deferred tax asset		13,081,304	13,081,304
Deferred tax (income)		(29,629,634)	-
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		580,330,789	247,126,135
Tax base		498,188,442	216,876,332
Taxable temporary difference		82,142,347	30,249,803
Tax rate		40%	40%
Deferred tax liability		32,856,939	12,099,921
II. Temporary timing difference in interest receivable from treasury bills and bonds			
Accounting base		17,014,276	1,803,119
Tax base		-	-
Taxable temporary difference		17,014,276	1,803,119
Tax rate		40%	40%
Deferred tax liability		6,805,710	721,248
Total Deferred tax liability (I+II)		39,662,649	12,821,169
Opening deferred tax liability		12,821,169	-
Deferred tax expense/(income)		26,841,480	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 software		2,625,000	137,817,098
Advance for branch interior and civil works		6,420,302	12,575,000
		9,045,302	150,392,098

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
10 Non-banking assets		-	-
11 Borrowing from other banks, financial institutions and agents:		-	-
12 Deposit and other accounts			
Current accounts and other accounts	12.1	4,548,438,137	499,139,171
Bills payable	12.2	391,827,174	5,396,775
Saving deposits	12.3	7,430,012,847	771,722,218
Fixed deposits	12.4	11,020,956,875	1,573,113,413
Other deposits	12.5	1,266,751	-
Total deposit and other accounts		23,392,501,784	2,849,371,577
12.1 Current accounts and other accounts			
Deposits in local currency:			
- Current deposits		1,008,704,127	384,642,223
- Short term deposit		3,480,617,798	114,496,948
- Margin on facilities (LC, LG, Acceptance etc.)		59,116,212	-
Deposits in foreign currencies:		-	-
		4,548,438,137	499,139,171
12.2 Bills payable			
Bills in local currency:			
- Payment Order Issued		391,827,174	5,396,775
Bills in foreign currencies:		-	-
		391,827,174	5,396,775
12.3 Saving deposits			
Deposits in local currency		7,430,012,847	771,722,218
Deposits in foreign currencies		-	-
		7,430,012,847	771,722,218
12.4 Fixed deposits			
Deposits in local currency:			
- Term deposits		10,891,467,063	1,569,339,869
- Scheme deposit		129,489,812	3,773,544
Deposits in foreign currencies:		-	-
		11,020,956,875	1,573,113,413
12.5 Other deposits			
Deposits in local currency:			
- Prepaid card balance		1,266,751	-
Deposits in foreign currencies:		-	-
		1,266,751	-
12.6 Deposits and other accounts of the Bank			
Deposits from banks and FIs	12.6.1	2,036,037,678	-
Deposits from customers	12.6.2	21,356,464,106	2,849,371,577
		23,392,501,784	2,849,371,577

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
12.6.1 Deposits from Banks			
Special notice deposits	12.6.1a	1,486,037,678	-
Fixed deposits	12.6.1b	550,000,000	-
		2,036,037,678	-
12.6.1a Special notice deposits from FIs			
Uttara Finance and Investment Limited		1,086,018,063	-
IPDC Finance Limited		300,059,845	-
Lanka Bangla Finance Limited		99,959,770	-
		1,486,037,678	-
12.6.1b Fixed deposits from Banks			
Uttara Bank Limited		200,000,000	-
Midland Bank Limited		200,000,000	-
Mercantile Bank Limited		150,000,000	-
		550,000,000	-
12.6.2 Deposits from customers			
Current accounts and other accounts		3,062,400,459	499,139,171
Bills payable		391,827,174	5,396,775
Saving deposits		7,430,012,847	771,722,218
Fixed deposits		10,470,956,875	1,573,113,413
Other deposits		1,266,751	-
		21,356,464,106	2,849,371,577
12.7 Deposit details concentrating liquidity nature			
i) Demand deposit			
Current deposit		1,067,820,339	384,642,223
Saving deposit (9%)		668,701,156	69,455,000
Bills payable		391,827,174	5,396,775
Other deposit		1,266,751	-
		2,129,615,420	459,493,997
ii) Time deposit			
Saving deposit (91%)		6,761,311,691	702,267,218
Fixed deposit		10,891,467,063	1,569,339,869
Short term deposit		3,480,617,798	114,496,948
Deposit pension scheme		129,489,812	3,773,544
		21,262,886,364	2,389,877,580
		23,392,501,784	2,849,371,577
12.8 Maturity analysis of deposits			
a) Maturity analysis of deposits from Banks and Fis			
Payable on demand		148,603,768	-
Payable within 1 month		141,173,579	-
Over 1 month but within 6 months		1,021,445,453	-
Over 6 month but within 1 year		576,211,110	-
Over 1 year but within 5 years		148,603,768	-
Over 5 years but within 10 years		-	-
Over 10 years		-	-
		2,036,037,678	-

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
b) Maturity analysis of customer deposits			
Payable on demand		1,116,469,305	137,296,775
Payable within 1 month		2,412,786,876	518,300,000
Over 1 month but within 6 months		7,877,840,121	525,657,428
Over 6 month but within 1 year		7,195,592,715	1,530,671,411
Over 1 year but within 5 years		2,699,638,164	136,500,000
Over 5 years but within 10 years		54,136,925	945,964
Over 10 years		-	-
		21,356,464,106	2,849,371,577
		23,392,501,784	2,849,371,577
13 Other liabilities			
Provisions for loans and advances	13.1	202,242,051	7,537,515
Special general provision for Covid-19	13.2	102,350	-
Provisions for off balance sheet items	13.3	16,201,609	-
Withholding tax payable		16,251,311	731,541
Withholding VAT payable		15,547,614	1,161,922
VAT payable		162,608	-
Excise duty Payable		25,250,550	1,437,800
Provision for taxation	13.4	20,733,245	13,551,815
Deferred tax liability	9.2.2	39,662,649	12,821,169
Interest payable		158,728,625	20,173,594
Accrued expense		73,500,818	-
Provision for expenses-Auditors' fees		470,063	115,000
Provision for expenses-AGM		1,180,000	180,000
Suppliers payable		3,428,411	13,427,129
Payable against preliminary expenses	13.5	41,656,259	41,656,259
Payable to Bangladesh Police Kallyan Trust (BPKT)	13.6	38,311,329	38,311,329
Card related payables		87,312,853	11,173,015
Unearned Income		16,634	2,117
Clearing account		8,972,048	845,607
ATM/POS settlement account		1,999,000	380,000
Payable to strategic partners		5,098,328	-
Payable against provident fund		29,700	4,325,832
Security deposit by vendor		32,281,667	16,509,896
Special purpose blocked fund		9,838,000	-
Lease liabilities		555,940,406	-
Others		779,711	184,260
		1,355,697,839	184,525,800
13.1 Provision for loans and advances			
A. Movement in general provision on unclassified loans			
Provisions held at the beginning of the year		7,537,515	-
Add: Net charge to Profit and Loss A/C		194,704,536	7,537,515
Provisions held at the end of the year		202,242,051	7,537,515

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
B. Movement in specific provision on classified loans			
Provisions held at the beginning of the year		-	-
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)		202,242,051	7,537,515
13.2 Special general provision for Covid-19			
Provisions held at the beginning of the year		-	-
Add: Net charge to Profit and Loss A/C		102,350	-
Provisions held at the end of the year		102,350	-
13.3 Provision for off-balance sheet exposures			
Provisions held at the beginning of the year		-	-
Add: Provision made during the year		16,201,609	-
Provision held at the end of the year		16,201,609	-
13.4 Provision for current taxation			
Current tax expense			
Opening balance		13,551,815	-
Add: Addition during the year		7,181,430	13,551,815
		20,733,245	13,551,815
Less: Adjustment of tax provision for previous years		-	-
Balance at the end of the year		20,733,245	13,551,815
13.5 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.			
13.6 Payable to Bangladesh Police Kallyan Trust (BPKT)			
Interior decoration - Head Office and Corporate Branch		11,938,531	11,938,531
Supply and installation of air conditioning at Head Office		24,012,824	24,012,824
Other expenses		2,359,974	2,359,974
		38,311,329	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.

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars		Note	2020 Taka	2019 Taka	
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				
	461,000,000 ordinary shares of Taka 10 each issued for cash	14.2.1	4,610,000,000	4,000,000,000	
			4,610,000,000	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	4,000,000,000	
	61,000,000 ordinary shares of Taka 10 each issued for cash in the year 2020		610,000,000	-	
	Closing balance at the end of the year		4,610,000,000	4,000,000,000	
14.3	Ordinary shares				
		No. of shares	% of shareholding 2020	% of shareholding 2019	
	Bangladesh Police Kallyan Trust	460,999,992	99.9999983%	99.9999975%	
	Directors	8	0.0000017%	0.0000025%	
		461,000,000	100%	100%	
14.4	Classification of shareholding				
	Range of holding of shares	No. of shareholders	No. of shares	% of holding of shares 2020	% of holding of shares 2019
	Less than 500	8	8	0.0000017%	0.0000025%
	500 to 5, 000	-	-	0.00%	0.00%
	5,001 to 10,000	-	-	0.00%	0.00%
	10,001 to 20,000	-	-	0.00%	0.00%
	20,001 to 30,000	-	-	0.00%	0.00%
	30,001 to 40,000	-	-	0.00%	0.00%
	40,001 to 50,000	-	-	0.00%	0.00%
	50,001 to 100,000	-	-	0.00%	0.00%
	100,001 to 1,000,000	-	-	0.00%	0.00%
	Over 1,000,000	1	460,999,992	99.9999983%	99.9999975%
	Total	9	461,000,000	100%	100%
14.5	Capital to risk weighted assets ratio (CRAR):				
	Common equity tier -1 capital				
	Paid up capital		4,610,000,000	4,000,000,000	
	Statutory reserve		9,329,215	9,329,215	
	Retained earnings		(313,236,446)	(8,678,077)	
			4,306,092,769	4,000,651,138	

Notes to the financial statements

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Particulars	Note	2020 Taka	2019 Taka
Less: Adjustments as per regulation			
Goodwill and all other intangible assets (WDV of software)		177,243,619	23,989,438
Deferred tax asset		-	-
Total tier-1 capital		177,243,619	23,989,438
		4,128,849,150	3,976,661,700
Tier -2 capital			
General provision		218,546,010	7,537,515
Revaluation reserves (50% of fixed assets and securities)		-	-
		218,546,010	7,537,515
Less: Adjustments as per regulation			
Revaluation reserves for fixed assets and securities		-	-
		-	-
Total tier-2 capital		218,546,010	7,537,515
A. Total regulatory capital		4,347,395,160	3,984,199,215
B. Total risk weighted assets (RWA)		16,141,936,745	2,651,255,183
C. Minimum capital requirement (MCR) (10% on B)		1,614,193,675	265,125,518
D. Surplus/(deficiency) [A - C]		2,733,201,486	3,719,073,697
Capital to risk weighted assets ratio (CRAR):			
Common equity tier-I (Against standard of minimum 6%)		25.58%	149.99%
Total capital to risk weighted asset ratio (Against standard of minimum 10% with capital conservation buffer of 2.5%)		26.93%	150.28%
15 Statutory reserve			
Balance at the beginning of the year		9,329,215	-
Add: Transferred from profit during the year		-	9,329,215
		9,329,215	9,329,215
16 Revaluation reserve			
Revaluation reserve on govt. securities	16.1	1,215,903	2,136
Amortization reserve on govt. securities	16.2	2,974	-
		1,218,877	2,136
16.1 Revaluation reserve on govt. securities			
Opening balance		2,136	-
Add adjustment during the year in mark to market method on treasury bond		2,666,502	2,136
Add adjustment during the year in mark to market method on treasury bill		7,878,599	-
Less: adjustment during the year in mark to market, maturity, sale and repo on treasury bond		1,834,470	-
Less: adjustment during the year in mark to market, maturity, sale and repo on treasury bill		7,496,864	-
		1,215,903	2,136
16.2 Amortization reserve on govt. securities			
Opening balance		-	-
Less: Adjustment due to bond maturity		-	-
Add: Adjustment of amortization of HTM securities		2,974	-
		2,974	-

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Particulars	Note	2020 Taka	2019 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		(8,678,077)	(19,621,955)
Profit/(Loss) for the year		(304,558,369)	20,273,093
Transfer to statutory reserve		-	9,329,215
		(313,236,446)	(8,678,077)
18 Contingent liabilities			
Acceptance and endorsements	18.1	-	-
Letters of guarantee	18.2	1,555,285,315	-
Irrevocable letters of credit	18.3	63,475,846	-
Bills for collection	18.4	21,023,064	-
Other contingent liabilities		-	-
		1,639,784,225	-
18.1 Acceptance and endorsements			
Acceptances (Back to back)		-	-
Acceptances (ULC-Cash)		-	-
		-	-
18.2 Letters of guarantee			
Letters of guarantee (Local)		1,555,285,315	-
Letters of guarantee (Foreign)		-	-
		1,555,285,315	-
Balance for which the Bank is contingently liable in respect of guarantees issued favouring:			
Directors or officers		-	-
Government		1,521,254,313	-
Banks and other financial institutions		10,762,022	-
Others		23,268,980	-
		1,555,285,315	-
18.3 Irrevocable letters of credit			
Letters of credit back to back (Inland)		-	-
Letters of credit (General)		63,475,846	-
Back to back L/C		-	-
		63,475,846	-
18.4 Bills for collection			
Local bills for collection		21,023,064	-
Foreign bills for collection		-	-
		21,023,064	-

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
19 Income statement			
Income:			
Interest, discount and similar income	19.1	1,068,494,596	339,557,863
Dividend income	22	30,480,155	2,006,485
Fees, commission and brokerage	19.2	59,248,368	875,164
Gains less losses arising from dealing securities	22	15,249,768	(169,981)
Gain on REPO	22	3,791,122	-
Gains less losses arising from investment securities	22	18,835,041	-
Gains less losses arising from dealing from foreign currencies		19,945	-
Income from non-banking assets		-	-
Other operating income	24	786,110	240,035
Profit less losses on interest rate changes		-	-
		1,196,905,105	342,509,566
Expenses:			
Interest, fees and commission	21	433,129,552	22,247,122
Administrative expenses	19.3	613,712,476	227,506,640
Other operating expenses	32	171,246,484	20,361,868
Depreciation on banking assets	31	67,973,190	18,210,344
		1,286,061,702	288,325,974
Operating Profit/(Loss)		(89,156,597)	54,183,592
19.1 Interest, discount and similar income			
Interest on loans and advances		619,299,578	4,680,690
Interest on money at call and short notice		17,717,736	2,202,931
Interest on placement with banks and financial institutions		310,991,237	328,864,366
Interest on treasury bills and bonds		96,334,332	2,020,987
Interest on subordinated bond		8,690,602	-
Interest on commercial paper		15,461,111	1,788,889
		1,068,494,596	339,557,863
19.2 Fees, commission and brokerage			
Fees		45,803,470	825,780
Commission		13,444,898	49,384
		59,248,368	875,164
19.3 Administrative expenses			
Salaries and allowances		363,326,868	142,763,857
Rent, taxes, insurance, electricity etc.		133,595,297	43,428,136
Legal expenses		22,810	364,150
Postage, stamps, telecommunication etc.		16,440,819	449,747
Stationery, printing, advertisement etc.		32,739,795	17,519,255
Chief Executive's salary and fees	28	15,558,700	13,627,692
Directors' fees and expenses		1,222,226	952,200
Auditors' fee		470,063	345,000
Repairs and maintenance		50,335,898	8,056,603
		613,712,476	227,506,640

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
20 Interest income			
Interest on loans and advances		619,299,578	4,680,690
Interest on money at call on short notice		17,717,736	2,202,931
Interest on placement with banks and financial institutions		310,991,237	328,864,366
		948,008,551	335,747,987
21 Interest paid on deposits and borrowings			
Interest on current accounts		1,250,779	-
Interest on special notice deposits (SND)		13,002,870	222,010
Interest on savings deposits		55,542,905	1,723,489
Interest on term deposits		358,940,153	20,273,678
		428,736,707	22,219,177
Interest on money at call and short notice		1,591,324	-
Interest on Bangladesh Bank borrowings		2,801,521	27,945
		433,129,552	22,247,122
22 Investment income			
Interest on treasury bills and bonds		96,334,332	2,020,987
Gain/ (Loss) on dealing of securities - HFT instruments		15,249,768	(169,981)
Gain on REPO		3,791,122	-
Dividend on preference shares		29,803,205	2,006,485
Interest on subordinated bond		8,690,602	-
Interest on commercial paper		15,461,111	1,788,889
Gain on trading shares (Realized)		18,835,041	-
Dividend on ordinary shares		676,950	-
		188,842,131	5,646,380
23 Commission, exchange and brokerage			
Commission on general banking (PO, FDD)		119,600	3,300
Commission on trade business (LG, LC, Acceptance)		9,230,666	-
Commission on digital banking service		3,913,284	46,084
Other commission		29,753	-
Exchange gain (net of exchange loss)		171,540	-
Service fees and charges	23.1	45,803,470	825,780
		59,268,313	875,164
23.1 Service fees and charges			
Account service charges		1,439,621	825,780
Appraisal/processing fees		3,942,449	-
Fees and charges (Debit, Prepaid Cards, etc.)		39,271,411	-
SMS banking charges		938,095	-
BACH/BEFTN charges		22,351	-
Trade finance charges		49,543	-
Locker charges		127,000	-
Pay order fees		13,000	-
		45,803,470	825,780

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
24 Other operating income			
Miscellaneous income		786,110	240,035
		786,110	240,035
25 Rent, taxes, insurance, electricity etc.			
Rent, rates and taxes	25.1	99,703,231	35,323,095
Insurance*		8,944,877	995,942
Power and electricity		15,682,657	2,045,025
Other utility		9,264,532	5,064,074
		133,595,297	43,428,136
25.1	Due to the first time adoption of IFRS 16, depreciation on ROU assets (Tk. 59,215,135) and interest expenses (Tk. 29,911,720) are included in rental expense.		
Depreciation of ROU assets		59,215,135	-
Interest expenses on lease liabilities		29,911,720	-
		89,126,855	-
* The major portion of insurance premium (BDT 3,848,683 in 2020) was paid to Bangladesh Bank as per DOS circular letter no 1 dated 10 January 2007 and Circular no. DID-02/2012 dated 02 October 2012 in exchange of coverage of deposits up to certain threshold in case the bank goes bankrupt. The rest of the premium covers Property, Cash security etc.			
26 Postage, stamp, telecommunication etc			
Postage and courier		2,761,569	155,906
Telegram, telex, fax and network		5,043,150	46,703
Court fees and stamps		885,616	11,980
Telephone and mobile		7,750,484	235,158
		16,440,819	449,747
27 Stationery, printing, advertisement etc.			
Stationery and printing		9,344,626	3,718,776
Security stationery		15,579,254	10,080,482
Advertisement		7,815,915	3,719,997
		32,739,795	17,519,255
28 Chief Executive's salary and fees			
Basic salary		9,317,000	8,470,000
Festival bonus		1,540,000	1,400,000
Leave fair assistance		770,000	700,000
House rent allowance		1,800,000	1,800,000
Furniture allowance		-	57,692
Bank's contribution to PF		931,700	-
Other allowances		1,200,000	1,200,000
		15,558,700	13,627,692
29 Directors' fees and expenses			
Each director of the Bank is paid as per BRPD circular letter no. 11 dated 4 October 2015 per board and it's committee meeting attended in 2020.			
Meeting attendance fees		1,222,226	952,200
		1,222,226	952,200

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
30 Auditors' fees			
Audit of the statutory report		-	200,000
Annual audit fees		408,750	100,000
VAT on audit fees (i.e. 15%)		61,313	45,000
		470,063	345,000
31 Depreciation on and repairs to bank's assets			
Depreciation of property plant and equipments			
Furniture and fixtures		8,288,803	1,745,639
Office equipments		12,142,179	2,265,277
IT hardware		33,524,240	8,175,692
Motor vehicles		5,352,000	2,419,867
Amortization of intangible assets			
IT software		8,665,968	3,603,869
		67,973,190	18,210,344
Repairs and maintenance expenses			
Transport maintenance		16,605,682	5,334,699
Building maintenance		96,600	-
Hardware and software maintenance		32,109,924	822,653
Premises maintenance		1,523,692	1,899,251
		50,335,898	8,056,603
		118,309,088	26,266,947
*Due to the first time adoption of IFRS 16, depreciation on ROU assets (Tk. 59,215,135) is included in rental expenses.			
32 Other expenses			
Local conveyance		3,184,180	863,724
Fuel expenses		3,757,767	1,951,410
Staff traveling		1,376,301	639,815
Professional fees		956,508	1,366,034
Regulatory fees and charges		389,367	866,525
Office refreshment		3,493,943	1,808,665
Promotional expenses		9,389,483	1,778,164
Books, news papers and periodicals		111,390	20,013
Excise duty and Government levies		1,861,700	300,000
Staff training, development and engagement		1,473,120	1,385,177
Staff recruitment		3,119,285	3,766,986
Cash carrying charges		13,345,730	27,674
Bank charges		4,628,839	49,401
Utensils		564,923	398,568
IT enabled services		30,000,623	2,877,997
IT consumables		1,097,261	-

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
Security expense		34,912,627	1,255,382
Cleaning expense		5,175,646	499,528
Card transaction driven expenses		27,192,874	254,946
AGM expenses		1,180,000	180,000
SWIFT cost		3,463,021	-
Membership fees and subscriptions		2,575,819	-
CSR expenses		2,486,592	-
Outsourced staff salary and allowance		11,877,897	-
Office consumable		3,485,875	-
Vendor commission		33,222	-
CDBL charges		32,208	-
Other expense		80,283	71,859
		171,246,484	20,361,868
33 Provision			
For loans and advances:			
For classified loans and advances		-	-
For unclassified loans and advances		194,704,536	7,537,515
Special general provision for Covid-19		102,350	-
		194,806,886	7,537,515
For off balance sheet items		16,201,609	-
For diminution in value of Investments		-	-
		211,008,495	7,537,515
34 Provision for Taxation			
34.1 Current tax expense			
Current year		7,181,430	13,551,815
Adjustment for prior year		-	-
		7,181,430	13,551,815
34.2 Deferred tax expense/(income) (net)			
Net deferred Tax liability/(asset) originated for temporary differences		(2,788,153)	12,821,169
		(2,788,153)	12,821,169
35 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 2020 as per IAS 33: Earnings per share. Diluted EPS was not required to calculate as there was no dilution possibilities during the year.			
Profit after taxation		(304,558,369)	20,273,093
Profit attributable for distribution to ordinary shareholders		(304,558,369)	20,273,093
Weighted average number of shares outstanding		410,024,658	400,000,000
Earnings per share (EPS)		(0.74)	0.05

Notes to the financial statements

as at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
36 Cash and cash equivalent			
Cash in hand (Including foreign currency)		930,860,014	430,576,682
Balance with Bangladesh Bank and its agents banks (Including foreign currency)		1,332,853,049	160,063,424
Balance with other banks and financial institutions		1,085,009,941	4,481,501,232
Money at call on short notice		1,540,000,000	50,000,000
Prize bond		934,300	5,000
		4,889,657,304	5,122,146,338
37 Receipts from other operating activities			
Miscellaneous income		786,110	240,035
		786,110	240,035
38 Payment for other operating activities			
Rent, taxes, insurance, electricity etc.		133,595,297	43,428,136
Legal expense		22,810	364,150
Audit fees		470,063	345,000
Directors fees and expenses		1,222,226	952,200
Repair and maintenance		50,335,898	8,056,603
Other expenses		169,891,421	20,066,868
		355,537,715	73,212,957

39 General disclosure

39.1 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 was reconstituted by the Board in its 19th Board Meeting held on December 14, 2020 consisting of the following members:

Sl 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	B. Com (Hons), M. Com
3.	Mr. Habibur Rahman, BPM (Bar), PPM (Bar)	Director	Member	M.Ed
4.	Dr. Shoeb Reaz Alam	Director	Member	PhD, M.Sc (Engg.)
5.	Dr. Abdullah Al Mahmud	Independent Director	Member	MBA, PhD

During the year 2020, the Audit committee of the Board conducted 06 (six) meetings in which among others, the following issues were discussed:

Facts discussed

- Review the draft audit report, Audited financial statement of the Bank and recommendations made there under

Notes to the financial statements

as at and for the year ended 31 December 2020

- Recommended the appointment of External auditors of the Bank for the year 2020
- Recommended the appointment of Compliance auditors of the Bank for the year 2020
- Approved annual audit plan for the year 2020
- Organogram and structure for 3 (three) department/units of ICCD
- Management report made by the External auditors
- Fraud Management Policy of the Bank
- Leave Policy, Gratuity Policy and Travelling & Daily Allowance Policy of the Bank
- Employees Recruitment and Selection Policy of the bank.

39.2 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:

SI no	Name of the related parties	Relationship	Nature of transactions	Net transaction made in 2020	Outstanding as at 31 Dec 2020
1.	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)	43,651,990	Nil
2.	PKT Security and logistics Limited	A unit of parent	Payment for security services at Police Plaza Concord, Tower-2, Gulshan, Dhaka. (5th Floor, 10th Floor and 11th Floor)	22,675,948	3,742,281
3.	PKT Security and logistics Limited	A unit of parent	Current account maintained with CBBL	(5,669,897)	5,789,906
4.	PKT Security and logistics Limited	A unit of parent	SND account maintained with CBBL	7,694,654	7,694,654
5.	PKT tours and travels	A unit of parent	Mainly airline tickets sales	26,596	Nil
6.	Bangladesh Police Kallan Trust (BPKT)	Parent	Preliminary Expenses including formation cost	Nil	79,967,588
7.	Bangladesh Police Kallan Trust (BPKT)	Parent	Current account maintained with CBBL	54,432,305	164,569,370
8.	Bangladesh Police Kallan Trust (BPKT)	Parent	SND account maintained with CBBL	264,012,111	317,973,266
9.	Bangladesh Police Kallan Trust (BPKT)	Parent	Fixed deposit account maintained with CBBL	200,000,000	200,000,000

Notes to the financial statements

as at and for the year ended 31 December 2020

ii) Name of Directors and the entities in which they have interest as on 31 December 2020

Sl no	Name of Director	Status with The Bank	Name of the firms/ companies in which they have interest	Educational qualification
1.	Dr. Benazir Ahmed, BPM (Bar) Inspector General, Bangladesh Police	Chairman	Bangladesh Police Kallyan Trust	MA, LLB, MBA, PhD
2.	Dr. Md. Moinur Rahman Chowdhury, BPM (Bar) Additional Inspector General (A&O) Bangladesh Police	Director	Bangladesh Police Kallyan Trust	MSS, PhD
3.	Mr. Md. Mohsin Hossain ndc Additional Inspector General, Railway Police Bangladesh Police	Director	Bangladesh Police Kallyan Trust	BSS (Hons)
4.	Mr. Chowdhury Abdullah Al-Mamun, BPM, PPM Additional Inspector General, Bangladesh Police & Director General, Rapid Action Battalion (RAB)	Director	Bangladesh Police Kallyan Trust	BSS (Hons), MSS
5.	Mr. Abu Hasan Muhammad Tarique, BPM Deputy Inspector General (HR), Bangladesh Police	Director	Bangladesh Police Kallyan Trust	B. Com (Hons), M. Com
6.	Mr. Habibur Rahman, BPM (Bar), PPM (Bar) Deputy Inspector General, Dhaka Range Bangladesh Police	Director	Bangladesh Police Kallyan Trust	M.Ed
7.	Dr. Shueb Reaz Alam Additional Deputy Inspector General (Development-Revenue- 1), Bangladesh Police	Director	Bangladesh Police Kallyan Trust	PhD, M.Sc (Engg.)
8.	Mr. Md. Ferdoush Ali Chowdhury Assistant Inspector General (Welfare Trust) Bangladesh Police	Director	Bangladesh Police Kallyan Trust	B.Sc (Engg.)
9.	Mr. Masud Khan, FCA, FCMA	Independent Director	Chief Adviser of Crown Cement Group Chairman, Unilever Consumer Care Ltd Independent Director of Berger Paints Bangladesh Ltd Independent Director of Singer Bangladesh Ltd	FCA, FCMA
10.	Mr. Kazi Masihur Rahman (Ex-Managing Director and CEO of Mercantile Bank Ltd)	Independent Director		MSS
11.	Dr. Abdullah Al Mahmud	Independent Director	Associate Professor, Department of Banking and Insurance, Faculty of Business Studies, University of Dhaka	MBA, PhD
12.	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:
Related parties are allowed Loans and Advances as per General Loan Policy of the Bank. Nil

vi) Business other than Banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act-1991. Nil

vii) Investment in the Securities of Directors and their related concern: Nil

Notes to the financial statements

as at and for the year ended 31 December 2020

39.3 Claim not acknowledged as debt

There was no claim against the bank not acknowledged as debt as on 31.12.2020.

39.4 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 461.

39.5 Post balance sheet events:

The Board of Directors in its 21 Board meeting held on 21 March 2021 has proposed no dividend subject to the approval of the Shareholders at the next Annual General Meeting.



Managing Director & CEO
Masihul Huq Chowdhury



Director
Masud Khan, FCA, FCMA



Director
Abu Hasan Muhammad Tarique, BPM



Chairman
Dr. Benazir Ahmed, BPM (Bar)

Community Bank Bangladesh Limited

Highlights on the overall activities

As at 31 December 2020

Annexure - A

Amount in Taka unless otherwise specified

Sl no.	Particulars	2020	2019
1	Paid-up Capital	4,610,000,000	4,000,000,000
2	Total Capital	4,347,395,160	3,984,199,215
3	Capital (deficit)/surplus	2,733,201,486	3,719,073,697
4	Total Asset	29,055,511,269	7,034,550,651
5	Total Deposit	23,392,501,784	2,849,371,577
6	Total loans and advances	19,496,492,080	682,426,812
7	Total contingent liabilities and commitments	1,639,784,225	-
8	Credit deposit ratio	82.33%	23.95%
9	Percentage of classified loans against total loans and advances	-	-
10	Profit after tax and provision	(304,558,369)	20,273,093
11	Amount of classified loans during current year	-	-
12	Provisions kept against classified loans	-	-
13	Provision surplus against classified loans	-	-
14	Cost of fund	4.07%	5.16%
15	Interest earning assets	27,659,925,827	6,587,899,016
16	Non-interest earning assets	1,395,585,442	446,651,635
17	Return on investment (ROI) [PAT/(Shareholders' equity + Borrowing)]	(7.33%)	1.02%
18	Return on assets (ROA) [PAT/ Average assets]	(1.69%)	0.57%
19	Income from investment	188,842,131	5,646,380
20	Earnings per share	(0.74)	0.05
21	Net income per share	(0.74)	0.05
22	Price earning ratio	Not applicable	Not applicable

Community Bank Bangladesh Limited

Reconciliation statement of balance with bangladesh bank

As at 31 December 2020

Annexure - B

Particulars	Detail	Total
1) Balance with Bangladesh Bank-Taka account of the Bank		1,329,690,590
Balance as per Bank ledger		
Unresponded debit entries in Bangladesh Bank statement	20,576,820	
Community Bank's ledger	-	20,576,820
		1,309,113,770
Unresponded credit entries in Bangladesh Bank statement	-	
Community Bank's ledger	5,554,896	5,554,896
Balance as per Bangladesh Bank statement		1,314,668,666
2) Balance with Bangladesh Bank-Foreign currency of the Bank		
Balance as per Bank ledger		3,162,459
Unresponded debit entries in Bangladesh Bank statement	-	
Community Bank's ledger	-	-
		3,162,459
Unresponded credit entries in Bangladesh Bank statement	-	
Community Bank's ledger	-	-
Balance as per Bangladesh Bank statement		3,162,459

Community Bank Bangladesh Limited

Balance with other banks-outside bangladesh (nostro account)

As at 31 December 2020

Annexure - C

Name of Bank	Account type	Currency type	2020			2019		
			FC Amount	Exchange Rate	Equivalent Taka	FC Amount	Exchange Rate	Equivalent Taka
Habib America, NY-USD	Current	USD	30,915.63	84.803	2,621,722.71	-	-	-
AB Bank Limited Mumbai, India	Current	USD	362.50	84.803	30,740.91	-	-	-
Total			31,278		2,652,463.62			-

Community Bank Bangladesh Limited

Investment in Shares

As at 31 December 2020

Annexure - D

Sl. no	Name of the company	Face value	No. of shares	Cost of holding	Average cost	Quoted rate per share as on 31.12.2020	Total market value as at 31.12.2020
Quoted							
1	Bangladesh Submarine Cable Company Limited	10	20,600	2,750,366	133.51	166.10	3,421,660
2	Beximco Pharmaceuticals Ltd.	10	468,211	77,266,929	165.03	190.50	89,194,196
3	IFIC Bank Ltd.	10	1,240,000	16,176,949	13.05	15.20	18,848,000
4	Crystal Insurance Company Limited	10	10,878	108,780	10.00	39.40	428,593
5	Dominage Steel Building Systems Limited	10	1,585	14,676	9.26	34.50	54,683
6	Robi Axiata Limited	10	271,254	2,712,540	10.00	29.80	8,083,369
7	British American Tobacco Bangladesh Company Limited	10	5,339	5,508,778	1,031.80	1,180.80	6,304,291
8	Confidence Cement Ltd.	10	9,999	1,187,844	118.80	121.30	1,212,879
9	Doreen Power Generations and Systems Limited	10	5,500	333,331	60.61	61.00	335,500
10	Graneen Phone Limited	10	123,484	40,642,575	329.13	347.10	42,861,296
11	IDLC Finance Ltd.	10	40,000	2,454,866	61.37	63.40	2,536,000
12	IFAD Autos Limited	10	102,000	4,881,423	47.86	47.20	4,814,400
13	Reckitt Benckiser(Bd.)Ltd.	10	46	164,308	3,571.91	4,046.80	186,153
14	Saiham Cotton Mills Limited	10	10,000	169,423	16.94	16.10	161,000
15	Saiham Textile Mills Ltd.	10	15,000	404,509	26.97	24.50	367,500
16	Square Pharmaceuticals Ltd.	10	56,775	11,502,501	202.60	219.50	12,462,113
17	AGI Limited	10	8,722	2,059,722	236.15	246.00	2,145,612
Total				168,339,520			193,417,244
Unquoted							
Preference shares							
1	Confidence Power Bogra Unit 2	10	10,000,000	100,000,000			
2	Summit LNG terminal Co. Pvt. Ltd.	10	8,000,000	80,000,000			
3	Confidence Power Bogra	10	15,000,000	150,000,000			
Total				330,000,000			
Mutual Fund							
1	CWT-SADHARAN	10	1,000,000	10,000,000	10.00	10.85	10,850,000
2	EKUSH UNIT	10	449,236	4,999,997	11.13	11.92	5,354,893
Total				14,999,997			16,204,893

Community Bank Bangladesh Limited

Schedule of Fixed Assets

As at 31 December 2020

Annexure - E

Amount in Taka

Asset Class	Cost			Accumulated Depreciation & Amortization			Net Book Value as at 31 December 2020
	Balance as at 01 January 2020	Addition	Disposal/ Adjustment	Total balance as at 31 December 2020	Charge during the year	Disposal/ Adjustment	
Furniture and fixture	55,013,806	83,810,254	1,619,760	137,204,300	1,745,640	8,341,721	127,169,859
Office equipments	45,456,867	43,143,222	(1,937,860)	90,537,949	2,265,278	12,032,636	76,130,493
Motor vehicles	26,760,000	-	-	26,760,000	2,419,867	5,351,999	18,988,134
IT software	27,593,307	154,927,124	-	182,520,431	3,603,869	7,443,830	171,472,732
License fee	-	6,993,025	-	6,993,025	-	1,222,138	5,770,887
IT hardware	110,512,499	112,304,218	318,100	222,498,617	8,175,690	33,526,335	180,798,684
Sub total	265,336,479	401,177,843	-	666,514,322	18,210,344	67,918,659	580,330,789
Lease assets-Premises (As per IFRS 16)							
Right-of-use assets	-	682,885,932	-	682,885,932	-	59,215,135	623,670,797
Sub total	-	682,885,932	-	682,885,932	-	59,215,135	623,670,797
As at 31 December 2020	265,336,479	1,084,063,775	-	1,349,400,254	18,210,344	127,133,794	1,204,001,586
As at 31 December 2019	-	265,336,479	-	265,336,479	-	18,210,344	247,126,135

EVENTS



EVENTS

Branch Opening



Dr. Benazir Ahmed, BPM (Bar) inaugurates new branches through video conferencing from Police Headquarters



Dr. Benazir Ahmed, BPM (Bar), Inspector General of Police and Chairman, Community Bank commemorating the launch of new branches along with the Board of Directors, Senior Police Officials and Management of the Bank.



Chawkbazar Branch opening



Dhanmondi Branch opening



Gulshan Branch opening



Uttara Branch opening



Anderkilla Branch opening



Gouripur Branch opening



Khulna Branch opening



Mirzapur Branch opening



Nawabganj Branch opening



Panchdona Branch opening



Ranirbandar Branch opening



Mirzapur Branch Branding



Community Bank Bangladesh Limited inaugurates its first School Banking Booth at Shaheed Police Smrity College on 20 August 2020.

Agreement Signing



Community Bank signed agreement with Titas Gas over bill collection



Community Bank and Robi unveils exciting device bundle offer



Community Bank signed an agreement with Anwar Landmark to facilitate its home loan customers

Board Meeting



14th Board Meeting



15th Board Meeting



16th Board Meeting



17th Board Meeting



18th Board Meeting



19th Board Meeting



20th Board Meeting



21st Board Meeting

BRANCH NETWORK



COMMUNITY BANK BRANCHES

Corporate Branch

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

Gulshan Branch

South Breeze Square (Gr. Floor)
52, Gulshan Avenue
Gulshan 1, Dhaka-1212
Phone +88 09612 712007

Dhanmondi Branch

Taj Lily Green (1st Floor)
751, Satmosjid Road
Dhanmondi, Dhaka 1209
Phone +88 09612 712008

Motijheel Branch

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

Uttara Branch

Rajuk Rajib Cosmo
Shopping Complex (1st Floor)
Plot No. 71, Sector No. 7
Uttara,Dhaka
Phone +88 09612 712010

Chawkbazar Branch

Shahjahan Imam Tower
29-31 Water Works Road
(1st Floor) Chawkbazar, Dhaka.
Phone +88 09612 712009

Mawna Branch

Bhai Bhai City Complex
HoldingNo.255
Sreepur Road, Word 8
Sreepur Pourashava
Gazipur 1704
Phone +88 09612 712003

Panchabati Branch

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

Agrabad Branch

Chamber House (Ground Floor)
38 Agrabad Commercial Area
Chattogram 4100
Phone +88 09612 712006

Noapara Branch

Chowdhury Bhaban (1st Floor)
Saihamnagar, Noapara Bazar
Madhabpur, Habiganj 3333
Phone +88 09612 712005

Panchdona Branch

Amzad Tower (1st Floor)
Burairhat, Panchdona
Madhabdi, Narsingdi 1603
Phone +88 09612 712011

Mirzapur Branch

Holding: 159, Ward No-03
Baimhati, Kakoly Moor,
Kalibari Road
Mirzapur, Tangail-1940
Phone +88 09612 712012

Gouripur Branch

Afia Plaza (1st Floor), Gouripur
Daag No 7715, 7716, Angaura
Gouripur Bazar, Daudkandi
Cumilla 3517
Phone +88 09612712013

Khulna Branch

Tayamun Center, 181/1
Jashore Road, Ward 17
Shib Bari More, Khulna 9100
Phone +88 09612712014

Ranirbandar Branch

Grameen Tower (1st Floor)
Daag No 3377, 3378
Dinajpur 5241
Phone +88 09612712015

Nawabganj Branch

Sajeda Complex (Ground Floor)
Kolakopa, Kashimpur
Nawabganj, Dhaka 1320
Phone +88 09612712016

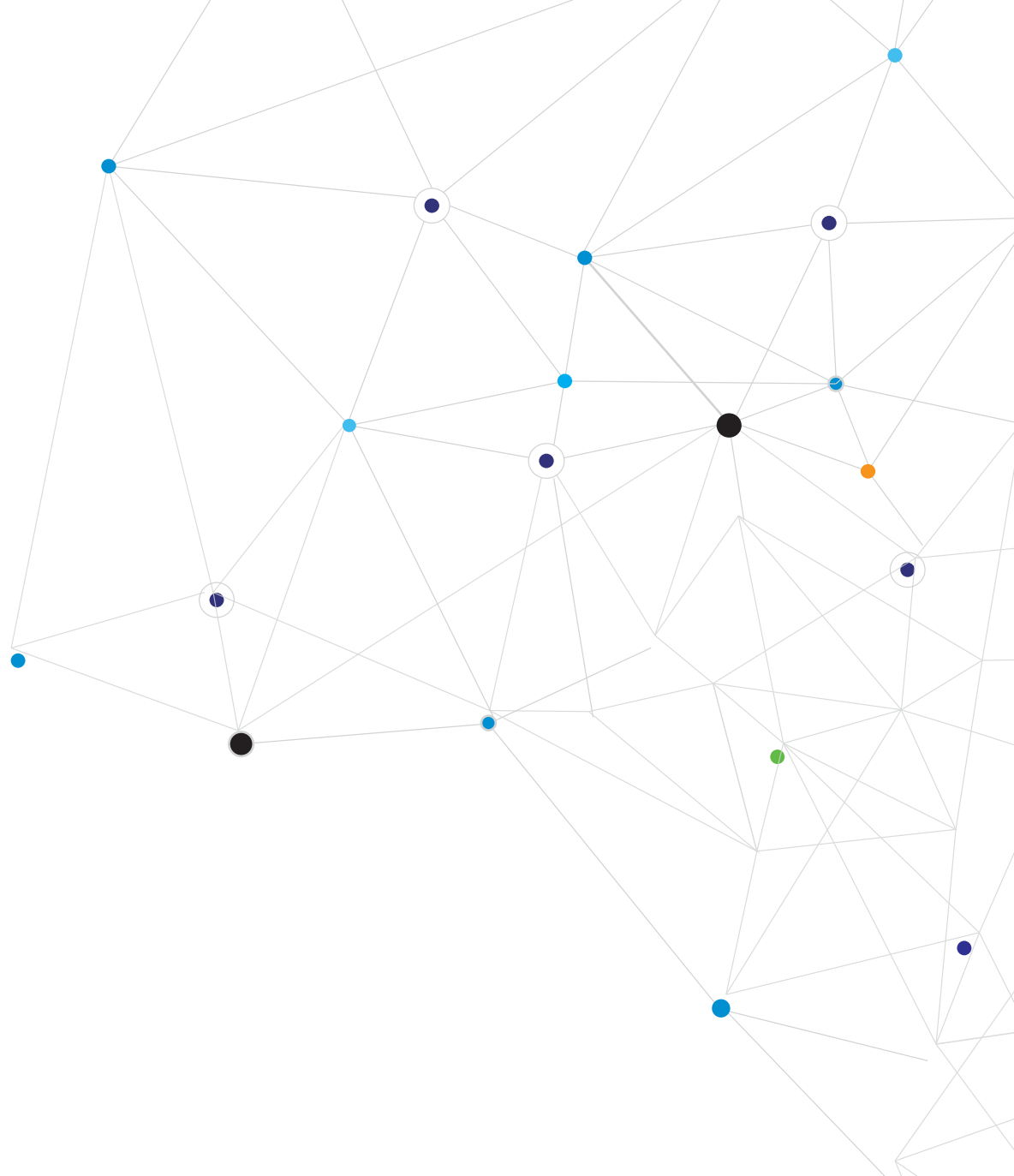
Anderkilla Branch

Ismail Trade Center,
183 Nazir Ahmed Chowdhury Road
Ward 32, Anderkilla, Kotwali
Chattogram 4000
Phone +88 09612712017

Fulbaria Branch

Fulbaria Green City,
Holding 516 Word 8,
Mymensingh Fulbaria Road
Fulbaria, Mymensingh 2216
Phone +88 09612712018

Call Center: 16707 , 09612 716707



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Police Plaza Concord (Level 10, Tower 2)
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