

Chapter 06

GOVERNANCE REPORTS



Certification on Corporate Governance Code

Hoda Vasi Chowdhury & Co

Chartered Accountants

Annexure-B

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

Report to the Shareholders of SBAC Bank PLC. on compliance with the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by SBAC Bank PLC. (the "Company") for the year ended on 31 December 2023. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 and BSEC/CMRRCD/2009-193/66/PRD/148 dated 16 October 2023 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 as explained in Annexure-C;
- (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.



Shaikh Hasibur Rahman FCA
Partner
Hoda Vasi Chowdhury & Co
Chartered Accountants
ICAB Enrolment Number 1512

Place: Dhaka, Bangladesh
Date: 21 May 2024

Corporate Governance Report

Corporate Governance Practices in SBAC Bank PLC.

Conceptual Framework:

Corporate governance is the structure and process by which companies are directed and governed. It is the set of principles, policies, procedures and clearly defined responsibilities, accountabilities and structured administration to overcome the conflicts of interest inherent in the corporate bodies.

It makes companies more accountable and transparent to investors and gives them the tools to respond to stakeholders' concerns.

The objective of corporate governance is to eliminate or mitigate conflicts of interest particularly those between management and shareholders. From the view point of conflicts of interest, two relationships (between management and shareholders and directors and shareholders) are the primary focus of most of the systems of corporate governance.

Corporate governance helps companies to operate more efficiently, mitigate risks and safeguard against mismanagement. It contributes to increased access to capital, encourages new investments, boosts economic growth, and better employment opportunities creating healthy job environment.

Guiding Philosophy of Corporate Governance Practices:

As our Bank is incorporated as a legal entity, it is guided in its corporate governance practices mainly by two regulatory bodies: Bangladesh Bank (The Central Bank of Bangladesh), and Bangladesh Securities and Exchange Commission (BSEC). However, the Bank's corporate governance philosophy encompasses not only regulatory and legal requirements but also various internal rules, policies, procedures and practices based on the best practices of local and global banks. At SBAC Bank PLC. we attach a simple meaning to 'Corporate Governance' which is 'Due Diligence' in observing responsibilities by the Board as well as by the Management to safeguard interests of key stakeholders i.e. depositors, shareholders, employees and the society at large. Two very important pillars of a good corporate governance structure are "Transparency" and "Accountability" backed by strong Internal Control and Compliance Structure and MIS capabilities.

Board of Directors:

Board of Directors of SBAC Bank PLC. comprises competent and professionally skilled persons with a view to formulating policy-guidelines and supervising business activities of the bank efficiently as well as ensuring good governance in the bank.

Our Board of Directors is fully committed to maintain the highest standard in corporate governance,

professionalism and integrity while creating and delivering long-term sustainable value to the stakeholders, increasing investors' confidence, establishing customers' trust in building a competitive organization.

SBAC Bank PLC. has its own Articles of Association (AOA) by which Appointment of Directors is governed. Moreover, the Bank always complies with the prescriptions of the regulatory authorities regarding appointment of directors. In this connection Circulars of Bangladesh Bank (BB), notification of Bangladesh Securities and Exchange Commission (BSEC), provisions of the Bank Company (Amendment) Act, 2023 and Companies (2nd Amendment) Act, 2020 are strictly followed. As on 31.12.2023, the number of Board members of the Bank was 18 (excluding the managing director & CEO) which complies with the rules and regulations mentioned above.

The following articles are adopted for ensuring good governance regarding constitution of board of directors, their duties & responsibilities and other related activities:

Formation of Board of Directors:

The newly amended Section 15 of the Bank Company (Amendment) Act, 2023, BRPD Circular No. 02 dated 11 February 2024, and BRPD Circular No. 03 dated 14 February 2024 include provisions for prior approval of Bangladesh Bank before the appointment of new Directors, as well as dismissal, termination or removal of any director from the post; Directors fit & proper criteria; maximum number of directors; appointment of Independent Directors; Appointment of a maximum number of 03 (Three) directors from a single family and a highest of 02 (Two) Representative Directors from organizations where the family has interest or control etc. The Board of Directors of our bank is formed as per provisions of laws.

Composition:

All the Directors in the Board are non-executive directors. Complying with the section 15(9) of the Bank Company (Amendment) Act, 2023, BRPD Circular No. 02 dated 11 February 2024 & BRPD Circular No. 03 dated 14 February 2024, and BSEC's notification BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 & BSEC/CMRRCD/2009-193/66/PRD/148, dated 16 October 2023 on Corporate Governance Code we have co-opted 03 (Three) Independent Directors and the appointment of another Independent Director is pending before Bangladesh Bank. The

Chairman has been independent of the CEO, and has been in practice from the inception of SBAC Bank PLC.

Qualification and competency to be appointed as Director:

- The minimum age of the concerned person should be 30 (thirty) years with at least 10 (Ten) years of management or business or professional experience, whereas no work experience shall be considered or counted until the person attains the age of 18 (Eighteen) years.
- He has not been convicted of a criminal offense or has not been involved in or is not involved in any fraud-forgery, financial crime or other illegal activity. Moreover, there is no adverse observation or comment in the judgment of any court in any civil or criminal case against him.
- He has not been convicted of any violation of rules, regulations, and policies of any Regulator of Financial Sector.
- He was not associated with any company/ establishment whose registration/ license has been canceled or the establishment has been wound up.
- The concerned person is not in default for the loan taken from any bank or financial institution in his own name or in the name of an organization where he has interest.
- He is not employed as a director or advisor/ consultant or in any other gainful position in any other banking company, financial institution, insurance company or any subsidiary company of such companies.
- He is not employed as an external auditor, legal adviser, adviser, consultant or in any other gainful position with the same banking company.
- He was never declared as bankrupt by the court.
- He is not a tax defaulter either personally or for his sole proprietorship or partnership.
- If he was employed at any position in the concerned bank company and 05 (five) years have not passed after the end of employment, the concerned person is not eligible for appointment as director.
- If the concerned person is listed as a willful defaulter by any bank company or by any financial institution established under the Finance Company Act, 2023, he will not be eligible to be a director of any bank until 05 (five) years have elapsed after being released from the said listing.

Selection and Appointment of New Directors:

In context to the selection and appointment of new directors, the existing Board of Directors has the following obligations and duties:

- 1) Frequent assessment of the size and structure of the Board and the mix of knowledge, skills, experience and perceptions that may be necessary to aid the Board in performing its functions.
- 2) Recognize any capabilities not sufficiently represented and approve the procedure necessary to be certain that an applicant proposed by the shareholders with those capabilities is nominated.

The Directors are elected by the shareholders in the Annual General Meeting (AGM). Casual vacancies, if any, are filled-up by the Board in accordance with the provision of Companies Act and Articles of Association (AOA) of the Bank.

As per section 15(4) of the Bank Company Act, 1991, and BRPD Circular No. 02 dated 11 February 2024 & BRPD Circular No. 03 dated 14 February 2024, prior approval is taken from Bangladesh Bank at the time of appointment of any director furnishing required documents & declarations.

Retirement and Re-election of Directors

As per section 91(2) of Companies Act, 1994, regulation 78-82 of First Schedule of the Companies Act 1994, and Article 101(2) of Articles of Association (AOA) of the Bank, each year one-third of the Directors retire from office and being eligible, may offer themselves for re-election by shareholders at the Annual General Meeting (AGM).

Vacation of office of Director:

- a. The office of a director shall be vacated as per provision specified in section 108 (1) of the Companies Act, 1994. Further, if a Director fails to repay the loan within two months of receiving notice through Bangladesh Bank for an advance or loan taken from a bank or financial institution, his or her directorship shall be vacated as per the provisions of Section 17 of the Bank Company Act, 1991. Moreover, if any false declaration/information is provided to Bangladesh Bank at the time of appointment as a Director or if his or her qualification is found deficient, his or her Directorship will be vacated/appointment will be rescinded;
- b. If the office of a Director is vacated as per section 17 of Bank Company Act, 1991, the person will not be eligible to become a Director of the Bank or any other Bank or any Financial Institution for one year from the date of repayment of the total amount due to the Bank/Financial Institution. The dues will be adjusted with the shares held by the concerned Director in that bank company and He can't transfer his or her shares until the repayment of all the liabilities with the Bank or Financial Institution, and If the Director on notice under section 17 of Bank Company Act resigns from his

office while the proceedings of the notice are in progress, such resignation shall not be effective;

- c. If any Director of a Bank Company is listed as a willful defaulter, Bangladesh Bank can declare his directorship as vacant subject to the provisions of Section 27(kha) of the Bank Company (Amendment) Act, 2023;

Removal from the post of Director and appointment of Director for special needs:

- a. In accordance with the provision of section 15(4) of the Bank Company (Amendment) Act, 2023, prior approval of Bangladesh Bank shall be obtained to remove any director of a Bank Company other than specialized bank from his or her post. For this purpose, the reasons & ground of the removal in detail and the copy of the decision taken by the Board with a list of the directors should be submitted to Bangladesh Bank. Such removal shall be effective from the date of approval by Bangladesh Bank;
- b. As per the provision of Section 46 and 47 of the Bank Company (Amendment) Act, 2023, Bangladesh Bank can remove any director or the chairman of a Bank company, and dissolve the Board for being engaged in activities contrary to the interest of depositors or for misappropriation of funds through related party transaction or money laundering or terrorist-financing or engaging in activities against public interest;
- c. Bangladesh Bank may remove any director of a Bank Company under provisions of section 45 of the Bank Company Act, 1991 mentioning specific reasons for such removal to prevent activities contrary to the interest of depositors or detrimental to the interests of the bank company or in the public interest;
- d. According to section 106 of Companies Act, 1994 with the prior approval of Bangladesh Bank, any of the directors of a Bank Company may be removed from his or her office for the reason specified in its Articles of Association (AOA). For this purpose, the reason and grounds of the dismissal/removal and copy of the decision and list of directors should be submitted to Bangladesh Bank. In this case, the removal will be effective from the date of Bangladesh Bank's approval. A director so removed shall not be re-appointed as a director by the Board of Directors; and
- e. Bangladesh Bank, under the power conferred by section 45 of the Bank Company Act, 1991, can appoint any person as a Director subject to the competence and fitness to be appointed or form a new Board of a Bank Company to protect the interest of that bank or the depositors or for specific/special needs or in the public interest.

Independent Director and his Appointment:

As per BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 & BSEC/CMRRCD/2009-193/66/PRD/148, dated 16 October 2023, at least 02 (Two) directors or 1/5th of the total number of directors in the company's Board, whichever is higher, shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating the number of independent director. Whereas, as per section 15(9) of the Bank Company (Amendment) Act, 2023, BRPD Circular No. 02 dated 11 February 2024 & BRPD Circular No. 03 dated 14 February 2024, A Bank Company shall have a maximum of 20 (Twenty) directors including at least 03 (Three) independent directors, while the number of individual directors shall be at least 02 (Two) in case the total number of directors is less than 20 (Twenty).

Appointment of Independent Director:

As per the provisions of sub-section (4) and (5) of section 15 (of the Bank Company Act, 1991, prior approval of Bangladesh Bank shall be obtained for appointment or re-appointment of Independent Director. In order to receive such approval, the letter signed by the Managing Director/ Chief Executive Officer of the Bank shall be submitted to Bangladesh Bank along with the complete resume of the concerned person(s), relevant certificates, and the copy of approval of the Board. Moreover, the proposed Independent Director has to submit to Bangladesh Bank his duly made Declaration as per Appendix-Ka, Appendix-Kha, Appendix-Ga, Appendix-Gha, Enquiry Form 1 & 2, and Undertaking Form of the regulator.

Experience and Eligibility to be appointed

- The minimum age of the person nominated for the post of Independent Director shall be 45 (Forty-five) years and the maximum age shall be 75 (Seventy-five) years to perform as an Independent Director. The concerned person should have minimum 10 (Ten) years Managerial or Business or Professional experience. He should be a graduate/post-graduate in Economics, Banking, Finance, Business Administration, Law, Accounting or Cost Accounting from a recognized university.
- An experienced teacher of Faculty of Business Studies or Business Administration, Management, Law, and Information Technology of any Public or Private or Autonomous University, any person engaged in Legal Profession, a person with Professional Degree in Accounting and engaged in Accountancy Profession, experienced Banker, as well as an experienced officer of Ministry of Commerce, Financial Institutions Division & Finance Division of Ministry of Finance, Ministry of Industries, and Ministry of Law shall get preference for the appointment of an Independent Director.

- Any person with real interest or apparent interest in any Bank or Bank-related person in past, present and future cannot be an Independent Director of the Bank. Moreover, no member of the family of the person nominated for appointment as an Independent Director in a Bank Company shall hold any share of the concerned bank and shall be engaged in any profitable position of that Bank Company.
- Any person nominated for appointment as an Independent Director shall not be appointed as a Director of any other Bank Company, Financial institution established under the Finance Company Act, 2023, Insurance Company or on behalf any subsidiary company of such companies. Moreover, the person cannot act as a Director on behalf of any company or organization that has control, joint-control or significant influence over the concerned Bank Company, financial institution or insurance company.
- The person was not associated with the ownership of any company/ establishment whose registration/ license has been canceled or the establishment has been wound up.
- The person nominated as Independent Director has not been convicted of any criminal offense, violation of rules, regulations, and policies of any Regulator of Financial Sector, or he is not or was not involved in fraud-forgery, financial crime or any other illegal activities. The person has not been involved in any illegal activities in banking or in the performance of his professional duties. Moreover, there is no adverse observation or comment in the judgment of any court in any civil or criminal case against him.
- The person has not stopped payment of his dues to any creditor nor has he been exempted from repayment by way of negotiation with or concession from the creditor nor is he a defaulter of loan.
- The person nominated as Independent Director, if listed as a willful defaulter by any bank or by any financial institution established under the Finance Company Act, 2023, shall not be eligible to become a director of any bank until 05 (five) years have elapsed after being released from the said list.
- The person nominated as Independent Director has never been declared as bankrupt by the court. Moreover, shall not be a tax defaulter

Responsibilities, Duties and Accountabilities of Independent Director

- He shall ensure proper compliance of the Bank Company Act, and other relevant laws & regulations regarding the management of the Bank.
- He shall duly report to Bangladesh Bank regarding any contravention of the Bank Company Act or any other law/regulation by the Board of Directors.
- He shall participate in the Board meeting and give his deliberate opinion on all agenda raised in the meeting. Any memorandum raised by an

Independent Director shall be considered with due importance by the Board of Directors.

- If he is included in any committee of the Board of Directors as per BRPD Circular No. 02 dated 11th February 2024, he will faithfully carry out the duties & responsibilities with devotion, and comply with the instructions of the circular as a member of the respective committee.
- If the opinion of the Independent Director is not given due importance in the Board or in its committees or if any kind of inconsistency is observed in the management of the bank, he shall inform in writing to the Department of Off-site Supervision, and Banking Regulation & Policy Department of Bangladesh Bank.
- If any complaint is proved against the Independent Director or any adverse observation against him due to his negligence of duty is found in any inspection conducted by Bangladesh Bank, action will be taken against him as per the Bank Company Act.
- The Chairman of Audit Committee of the Bank should be elected from the Independent Directors. The tenure of the Chairman of Audit Committee shall be 03 (three) years i.e. One term, and no independent director shall serve as Chairman of the Committee for two consecutive terms.
- He shall always try to safeguard the interests of the depositors and general shareholders (other than directors).

Tenure and Removal of Independent Director

- Generally the Independent Director shall be appointed for one term of 03 (three) years, and at the end of the term he may be nominated for the re-appointment for another term subject to the provisions of Section 15 of the Bank Company Act.
- The Board of Directors may request the Bangladesh Bank to remove an Independent Director mentioning specific reasons.
- An Independent Director himself can resign from the Post of Independent Director by giving 07 (seven) days notice.
- Bangladesh Bank may remove any Independent Director mentioning specific reasons.

Alternate Director and his Appointment

Subject to compliance of section 101 of Companies Act, 1994, section 15(ka)(ka)(ka) of the Bank Company (Amendment) Act, 2023, and subsequent BRPD Circular No. 02 dated 11 February 2024, an alternate director may be appointed in the Board of a Bank Company to act on behalf of the original director due to his or her staying abroad for a period of at least 3 (three) months continuously. However, in this case, the Board of Directors of a Bank can appoint 01 (One) Alternate Director for a period of 03 (Three) consecutive months for once a year. In this context, the following instructions are followed:

- a. Documents/information to be submitted by the Bank to Bangladesh Bank in the prescribed forms within 07 (Seven) days of taking the decision of appoint of alternate director.
- b. The concerned Bank shall notify Bangladesh Bank immediately within 10 (Ten) working days of returning home of the original Director mentioning the date of return.
- c. The Bank Company must ensure collection and preservation of documentary evidences regarding the traveling abroad & return home of the original director.
- d. Any loan defaulter or any person if declared ineligible to be a Director of a Bank Company as per the Bank Company Act or the Companies Act or any other law or rules or order shall not be appointed as an alternate director.
- e. An Alternate Director cannot be appointed in any committee constituted with the Board of Directors of the bank as He is appointed for a temporary period.
- f. If a person takes any loan facility from any bank company, He will not be eligible to be appointed as an Alternate Director of that Bank.
- g. During the tenure of holding office of alternate director, no loan facility shall be provided in the name of the alternate director or in favor of the organization related to his or her interest and in case of previous loan facility, the extension of time or limit of the loan, the waiver of any interest or the exemption of interest charging therein cannot be allowed. Moreover, all the rules & regulations or prohibitions applicable to the Original Director imposed by the laws, rules or directives regarding loan facility shall also applicable to him during his or her tenure as alternate director.
- e. The updated information of the directors of a Bank Company must be submitted to the Bangladesh Bank's EDW Portal through Rational Input Template (RIT) within 10 (Ten) days after the end of each quarter. Moreover, in case of appointment of any Director or any change in the Board of Directors, the respective Bank Company should submit the said information to Bangladesh Bank's EDW Portal through RIT.

Roles and Responsibilities of the Board

To ensure good governance in the bank management it is essential that the Board of Directors, and Management Authorities have specific demarcation of responsibilities and authorities over the affairs of the bank. So, the Section 15 (kha) & (ga) of Bank Company Act make the Board of Directors responsible for formulating and ensuring implementation of policies for the bank company, risk management, internal audit & control and ensuring their compliance.

The Board of SBAC Bank PLC. is responsible for the periodic review and approval of the overall strategies, business and significant policies of the Bank. It also sets the Bank's core values, adopts proper standards to ensure that the Bank operates with integrity and complies with the relevant rules and regulations.

Responsibilities and Authorities of the Board of Directors

a) Action Planning and Strategic Management

The Board of Directors shall determine the objectives and goals of the Bank and formulate strategies and action plans to achieve the goals on an annual basis. It shall specifically engage itself in the affairs of making strategies consistent with the determined goals and objectives and in the issues relating to structural change and reformation for improvement of institutional efficiency and other relevant policy matters. The Board will monitor the progress of implementation of the Action Plan on a quarterly basis. It shall include in the Annual Report an analytical review regarding the success/failure in achieving the business and other targets set out in the Annual Action Plan and shall apprise the shareholders of its opinions/recommendations on the future course of actions and strategies to be followed. It shall determine the Key Performance Indicators (KPIs) for the Chief Executive Officer (CEO) & officers immediate two tiers below the CEO, and shall evaluate the same from time to time.

b) Credit and Risk management

The policies, strategies, procedures etc. with respect to loan/investment proposal evaluation, loan/investment sanction and disbursement as well as recovery, loan rescheduling and write-off shall be formulated with the approval of the Board of Directors under the existing laws, rules and regulations. The

Information regarding Directors

As per BRPD Circular No. 02 dated 11 February 2024 we ensure the compliance on following issues:

- a. Each Bank Company should properly maintain up-to-date list of its directors;
- b. A copy of the list of Directors shall be sent to Banking Regulation & Policy Department (Division-II) of Bangladesh Bank, and all Banks as well as Financial Institutions immediately after the appointment or release/removal of the director or at the end of his or her term;
- c. A list of Directors along with their photos should be displayed on the respective bank's website and shall be updated regularly;
- d. After the nomination/appointment or release/removal of the chairman of a Bank Company or at the end of his or her tenure, the updated information should be sent to the Banking Regulation & Policy Department (Division-II) of Bangladesh Bank; and

Board shall specifically allocate the power of sanctioning loans/investments; and such allocation should desirably be made among the CEO and his subordinate executives as much as possible. No director shall directly or indirectly influence or interfere with the bank officers/employees in approving loan proposals.

The Board of Directors shall formulate policies regarding risk management. It shall monitor on quarterly basis whether the said policy is being properly followed, review the concerned report of the Risk Management Committee and duly record the same in the minutes of the Board meeting. It will oversee whether the guidelines of Bangladesh Bank on key risk management are being properly followed or not.

c) Internal control management

The Board of Directors shall continuously supervise/monitor the internal control system of the bank to achieve/maintain satisfactory qualitative standard of its credit/investment portfolio. The Board of Directors shall ensure the establishment of such internal control system in the banking company so that the internal audit function is conducted independently of the management. It shall review on a quarterly basis the report submitted by the Audit Committee regarding the implementation of the recommendations of the inspection report of Internal Audit, External Auditor, and Bangladesh Bank.

d) Human resources management and development

Policies related to recruitment, promotion, transfer, administrative disciplinary and punitive measures, human resource development including motivation etc. and service rules shall be framed and approved by the Board of Directors. The Board chairman or the directors must not interfere in any way in all administrative affairs including recruitment, promotion, transfer, and disciplinary measures as executed under the approved service rules. No member of the Board of Directors shall be included in the recruitment and promotion committees for recruitment or promotion at different levels. Provided that the appointment, promotion, transfer and disciplinary action of immediate two tiers below the CEO shall be conferred on the Board. However, the service rules of the bank and the relevant policies approved by the board must be properly complied in the case of such recruitment, promotion and administrative disciplinary measures.

The Board of Directors shall lay special emphasis on training for skill development of the officers/employees of the Bank, and adoption of modern electronic & information technology, and appropriate management information system (MIS) and the same shall be included in the annual action plan.

The Board of Directors shall formulate Code of Conduct and Code of Ethics for all levels of officers and employees, which shall be followed properly by all. It will establish high ethical standards to build a culture of compliance in the Bank. In order to

encourage the officials/employees to follow the principles of integrity, the reward policy announced by Bangladesh Bank in this regard should be properly implemented.

e) Financial management

The annual budget and statutory financial statements of the Bank shall be prepared with the approval of the Board of Directors. The Board shall review/inspect on quarterly basis the Bank's income, expenditure, liquidity resources, overdue/non-performing loans, capital base & adequacy, maintenance of loan loss provision, and measures taken including legal proceedings for recovery of defaulted loans.

In order to conduct purchase and procurement activities properly following the prevailing laws and regulations, the related policies will be approved by the Board of Directors and the Board shall accordingly delegate the power of execution of such expenditures. The maximum possible execution power of various expenditures shall be vested to the Chief Executive Officer (CEO) and his subordinates subject to budget availability. However, decisions regarding purchase of land, buildings or structures for business purposes, construction and purchase of vehicles must be approved by the Board.

The Board of Directors shall review from time to time whether the Asset-Liability Committee (ALCO) has been formed and whether the committee is performing properly as per the guidelines of Bangladesh Bank.

f) Appointment of Managing Director/Chief Executive Officer (CEO)

One of the major responsibilities of the Board of Directors is to appoint an honest, efficient, experienced and competent Chief Executive Officer (CEO) or Managing Director in Bank Management in order to strengthen the financial base of the bank and attain the trust of the depositors. The Board of Directors shall appoint a suitable Managing Director/Chief Executive Officer (CEO) with the prior approval of Bangladesh Bank following the relevant policies issued by Bangladesh Bank from time to time regarding the appointment of Managing Director/Chief Executive Officer of the Bank.

g) Further responsibilities and duties of the Board

The Board of Directors should ensure proper following and compliance of any other responsibilities and duties imposed on the Board by Bangladesh Bank. Moreover, in SBAC Bank our Board of Directors undertakes following further responsibilities besides complying with the Articles of Association (AOA) of the Bank, circulars/guidelines of Bangladesh Bank, notifications of Bangladesh Securities & Exchange Commission (BSEC), provisions of the Bank Company Act and Companies Act regarding the responsibility and accountability of the Board, its Chairman and Managing Director:

- Analyzing and approving the strategies and business plans for the Bank.
- Approval of the Bank's annual budget and carrying out periodic review of the achievements by the various operating divisions against their respective business targets.
- Setting the minimum standards and establishing policies on the management of credit risks and other key areas of the Bank's operations.
- Ensuring that the operating infrastructure, system of control, system for risk identification and management, financial and operational controls are in place and properly implemented.
- Reviewing the adequacy and efficacy of the Bank's internal control systems.
- Overseeing the Bank's businesses vis-à-vis business plans.
- Succession planning including ensuring that all candidates appointed to senior management positions are capable and experienced and programs are in place to provide for the orderly succession of senior management.
- Reviewing succession planning and talent management plans for the Bank and approving the appointment and compensation of senior management staff.
- Approving changes in the corporate organization structure.
- Approving policies relating to corporate branding, public relations, investor relations and shareholder communication programs, and
- Reviewing the Bank's strategies on promotion of sustainability focusing on environmental, social and governance aspects.

Meeting of Board

The Board of Directors meets as required to discuss business strategies, financial performance, matters pertaining to compliance and good governance as well as reports on matters deliberated by the respective committees. The Board reviews, amongst others, the financial performance of the Bank, risk management and compliance reports and approve the quarterly results of the Bank at its meeting. The meetings of the Board are scheduled in advance for the Directors to plan their schedules. In addition, Special Board meetings may be held when necessary, for decision on major transactions and ad-hoc matters that require the Board's urgent attention and decisions. In this connection, BRPD Circular No. 02 dated 11 February 2024 is strictly complied with as under-One of the members of the Board of Directors shall be elected as Chairman for a term of 02 (two) years. He shall be eligible for re-election to the post of

Chairman subject to the tenure of his or her directorship;

- The meeting of the Board of Directors of the Bank may normally be held once in a month or more than once if required.
- The quorum for a meeting of the Board of Directors should be determined according to the Articles of Association (AOA) or Memorandum of Association (MOA) of the bank company.
- The memorandum of any meeting should be distributed to the Board of Directors at least 02 (Two) days before the meeting for effective participation and contribution by the participants.
- No issue outside the agenda shall be considered in the meeting. Besides, under no circumstances an outsider can attend in the Board Meeting.
- Apart from the Directors, only the Managing Director and the Company Secretary of the Bank shall present in the meeting of the Board of Directors. In case of special need, any officer of the bank can present in a meeting being invited by the Board or any of its committees only when a matter related to him/her is being presented (not for the full time).
- If a note of dissent is conveyed on any matter, it should be recorded in the minutes.
- The meetings of the Board of Directors and its committees shall be held at the head office/the city where head office of the Bank is located. However, if there is a need to hold a meeting at any convenient place outside the city of head office or outside of Dhaka, an application must be made to Bangladesh Bank for taking prior approval before 07 (Seven) working days of the meeting regarding the number/list of persons likely to attend the meeting and the estimated cost. Any unnecessary expenses for holding such meeting should be avoided.

Code of Conduct for the Board of Directors

The Board of Directors follows a Code of Conduct which adopted to provide guidance to directors to carry out their duties and responsibilities due-diligently and within the scope of their authority, as set forth in the laws of the country as well as in the Memorandum of Association (MOA) and Articles of Association (AOA) of the Bank.

The Code of Conduct states-

- The Members of Board of Directors shall act honestly in good faith and in the best interests of the shareholders and the company.
- The members shall not make improper use of information acquired as a director.
- The members shall not take improper advantage of the position as a director.

- iv. The members will be obligated to be independent in judgment and actions and take all reasonable steps to be satisfied as to the soundness of decision taken by the Board of Directors.
- v. Confidential information acquired by the members in the course of exercise of directorial duties shall be treated as the property of the company and it will be improper to disclose or allow it to be disclosed, unless that disclosure has been authorized by the company, or the person from whom the information has been received.
- vi. Members shall make every effort to attend all Board and Committee Meetings during their tenure. They will not absent themselves without good reasons or without confirming leave of absence.
- vii. To maximize effectiveness of the Board/Committee Meetings, contribution of individual director shall be monitored and appraised on an annual basis.
- viii. Board members having interest of any nature in the agenda of the meeting shall declare beforehand the nature of their interest and withdraw themselves from the room unless they have a dispensation to speak.
- ix. Training opportunities/orientation/workshops will be arranged for the members (especially for the newly inducted members) to make them acquainted with the international best practices, their fiduciary obligations, Code of Conduct etc.
- x. Members shall always maintain 'Fit and Proper Test Criteria', clean CIB status and other obligations declared by the Primary and other Regulators.
- xi. Members shall be judicious about their entitlement of benefits/privileges as per the Bank Company Act and all circulars/guidelines issued by Bangladesh Bank and shall be willing to produce supporting documents, if required.
- xii. Every Director will assure annually signing a confirmation that they have gone through, have complied with and will continue to comply with the set of codes approved by the Board of Directors.

Rights and Responsibilities of the Chairman and other Directors

The chairman and other Directors have following Rights and Responsibilities:

- One of the members of the Board of Directors shall be elected as Chairman for a term of 02 (two) years. He shall be eligible for re-election to the post of Chairman subject to the tenure of his or her directorship;
- The chairman of the Board of Directors or the chairman of any committee formed by the Board or any Director does not have individual authority to exercise any policy-making or executive power and therefore he/she cannot participate in or

interfere into the administrative or managerial and routine affairs of the bank;

- The chairman of the Board of Directors or the Chairman of any other committee formed by the Board of Directors can inspect any branch or financing activities of the Bank under the inspection responsibility of the Board;
- The chairman may call for any information relating to the management of the Bank or direct an inquiry into any matter and can present the obtained information or investigation report in the Board Meeting/Executive Committee Meeting and take necessary measures through the Chief Executive Officer (CEO) as per the decision of the Board, if necessary. However, if any complaint is raised about the CEO, it must be informed to Bangladesh Bank through the Board along with the statement of the CEO; and
- The Chairman of the Board of Directors may be provided with an office room, a personal secretary/assistant, a peon/MLSS, a telephone in the office, a mobile phone for using inside the country and a vehicle for the business interests of the Bank by decision of the Board. The vehicle of the chairman shall be provided following the policy issued by Bangladesh Bank from time to time.

Besides this, the Chairman shall assume any other responsibility if the Board assigns within the purview of the Rules, Regulations, Acts of regulatory authorities such as BB, BSEC etc. and Articles of the Bank.

Duality of Chairman and Managing Director

- The positions of the Chairman and the Managing Director (MD) of the company shall be filled by different individuals.
- The Managing Director (MD) of a listed company shall not hold the same position in another listed company.
- The Chairman of the Board shall be elected from among the non-executive directors of the company.
- The Board shall clearly define respective roles and responsibilities of the Chairman and the Managing Director and/or Chief Executive Officer.
- In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.

Role of the Chairman and Managing Director (MD) as independent

As the Chairman of the Board of Directors is not the Managing Director of the Company, so the role of Chairman and the Managing Director are independent and detached from each other.

Responsibilities, Duties and Authorities of the Managing Director (MD) or Chief Executive Officer (CEO)

The Managing Director (MD) or Chief Executive Officer (CEO) of Bank Company shall perform the duties and responsibilities and exercise the Authorities as follows:

(a) Performing Trust and Fiduciary Duty: The Managing Director (MD) or Chief Executive Officer (CEO) must have proper knowledge and understanding of the following trust & fiduciary duty to protect the best interests of the depositors, and the banking company, namely-

- xiii. Duty of Care: He shall follow all the Acts, rules and regulations related to banking business. Furthermore, He shall act prudently, avoiding all forms of ignoring or negligence, so as not to cause any financial or other loss to the bank and depositors because of him;
- xiv. Duty of Loyalty: He shall perform his or her duties in good faith, being loyal to the Bank Company and avoiding conflict of interest so that the interests of the Bank and depositors are protected instead of his or her own or any other person's interest;
- xv. He shall exercise the Authorities conferred on him for the purposes for which he is authorized.

(b) Financial, Business and Administrative Responsibilities, Duties and Authorities

- (i) The MD or CEO shall perform his or her duties and responsibilities in accordance with the financial, business and administrative powers assigned on him by the Board of Directors of the Bank.
- (ii) He shall be responsible for the implementation of business plan of the Bank and shall be accountable for achieving of business objectives through sound administrative and financial management.
- (iii) If any misinterpretation is made or incompatible instructions is given by the honorable Board members regarding the Bank Company Act and other related laws, regulations, and circulars & directives of Bangladesh Bank during the discussion of any matter raised by the Bank Management while presenting a memorandum in Board meeting or committee meeting, the MD or CEO shall inform the Board in writing of the specific Explanation of the relevant laws/regulations/circulars/directives.
- (iv) In case of violation of the Bank Company Act or any other law, rule, directive, custom & practice by the members or any member of the Board in the Board meeting or Committee meeting, the MD or CEO shall inform Bangladesh Bank such contravention in writing or orally, as the case may be.

- (v) The responsibility & authority of appointment & promotion of all other officers & employees except those of immediate two tiers below the MD or CEO shall be vested in the MD or CEO. He shall perform these responsibilities in all related cases as per the service-rule based on the Board approved policies. He cannot perform any action or take any decision on the basis of emotion or nepotism while performing his duties.
- (vi) The Authority of appointment, transfer, promotion of and disciplinary action against all other officers & employees except those of immediate two tiers below the MD or CEO shall be vested in the MD or CEO, which shall be exercised by him as per the service-rule approved by the Board of Directors of the Bank. Further, He may nominate any officer for training, seminar, workshop etc. under the HR policy approved by the Board. If there is any restriction imposed regarding the nomination of any of the officers or employees by the government for training outside Bangladesh or for any other reason, He is bound to comply with the said restriction.

Besides, the Managing Director (MD) or Chief Executive Officer (CEO) shall assume any other responsibility if the Board assigns within the purview of the Rules, Regulations, Acts and Articles of the Bank.

Appointment of Chief Financial Officer (CFO), Head of Internal Audit And Company Secretary (CS)

As per BSEC notification No.SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June on Corporate Governance, the Bank appoints a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors clearly defines respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.

Roles of the Company Secretary

Company Secretary is responsible for advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Bank, as well as for ensuring best practices of governance. He is also responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Bank, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

The responsibilities of the Company Secretary include

- (i) To act as the signatory of extracts of minutes of all meetings of the board of directors & its committees, management committee meetings

and all other meetings where he performs the responsibility as secretary.

- (ii) To act as a point of communication among the Management, Board of Directors, Company Shareholders.
- (iii) To ensure the Bank complies with its governing document, policies, company law and any other relevant legislation i.e. regulations of Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), Registrar of Joint Stock Companies and Firms, Bourses etc. He will support and advise the Chair by ensuring smooth functioning of the Board. He will work in partnership with the Managing Director (MD) or Chief Executive Officer (CEO) and other Trustees to ensure proper discharge of activities & operations of the Bank.
- (iv) To support the Chairman in the smooth functioning of the Board. Receive agenda items from management and ensure consented agenda items are tabled at Board meetings. This is done in consultation with the MD or CEO and the Chair who are responsible for preparing Board meeting agenda.
- (v) In line with Bangladesh Bank's guidelines, the company secretary has to act as the Secretary to the sub-committees of the Board of Directors. In this area of risk mitigation, the Company Secretary has a pivotal role to play in support of the members of the Sub-committees, Board Audit Cell, Audit & Inspection Division, Risk Management Division and Internal Control & Compliance Division.
- (vi) Act as a custodian of Bank's governing documents and policies. Ensure the Bank pursues its objects as defined in its governing document. He should act as a custodian of the interests of the Bank. So, it is his prime duty to protect and safeguard such interests of the Bank at all levels: statutory, administrative, and arbitrational and in other policy matters. He should also ensure that Board meeting minutes are signed by the Chair once they have been confirmed and copies filed and kept at the Bank.
- (vii) Ensure the appointment of Board Members, that those appointed are not disqualified in law and are eligible to be members under the provisions of the governing documents and policies, and that the appointment procedure laid down in the governing document and policies are followed.
- (viii) Make sure that the Directors have information to enable them to comply with the decisions and fulfill their responsibilities. This includes organizing the induction of new Directors also.
- (ix) Ensure that Board meetings are held properly in compliance with Bank's governing documents and all arrangements for the meetings are made.
- (x) Confirms that Annual General Meetings (AGMs)

and Extraordinary General Meetings (EGMs) are conducted effectively and in accordance with the provisions of laws and Bank's governing document. This includes checking that a quorum is present, adequate notice is served, notice period is maintained etc. Also make sure that agenda and minutes of AGMs and EGMs are circulated among the members and submitted to the regulators in a timely manner.

- (xi) File the annual list of members and summary of share capital together with the authenticated Balance Sheet and the Profit and Loss account. Issue Dividend Warrants, bonus share certificates and make arrangement for disposal of fractional shares, if any.
- (xii) Maintain strict confidentiality of information, manage situations like conflict of interest, identify problems and implement or recommend solutions.
- (xiii) Maintain and liaise with various associated/regulatory bodies viz. BAB, ABB, Chambers/other bodies, BSEC, BB, RJSC and other regulators.

Roles and Responsibilities of Chief Financial Officer (CFO)

The Chief Financial Officer (CFO) is responsible for:

- i. Financial strategy, Financial Condition and Position of the Bank.
- ii. He will be responsible for successful implementation of financial system as per International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) as applicable, Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), Bangladesh Bank guidelines, the Companies Act, the Bank company Act, and Bangladesh Securities and Exchange Commission (BSEC) Regulations etc.
- iii. The CFO will work in close touch with the Managing Director & CEO and report to him.
- iv. The CFO will get full executive power and hold charge of Financial Administration Division.
- v. He is accountable for the financial, budgeting and Risk Management Operations including the development of financial and operational strategies and monitoring of control systems designed to preserve bank's assets and report accurate financial positions.

Roles and responsibilities of the Head of Internal Control and Compliance Division

- (i) Assess whether the controls are properly designed, implemented and working effectively, and make recommendations on how to improve internal control.

- (ii) Ensure the quality and adequacy of the organization's internal controls system and risk management process, and their effectiveness and outcomes.
- (iii) Overseeing whether the bank is complying with regulatory norms as well as internal policies, processes, procedures, strategies and directives in order to achieve the corporate objectives of the bank.
- (iv) Design and develop annual audit plan, getting it approved by the bank's competent authority and arrange regular as well as special audit/inspection of Branches and Divisions of the bank as per plan.
- (v) Develop job routine, constantly explore and assess the high-risk areas, conduct special audit and recommend strategies to mitigate risks.
- (vi) Communicate the irregularities identified to the Board and senior management regularly and propose and take corrective actions for control effectiveness.
- (vii) Maintain strong ties with central bank officials as an intermediary for the bank to resolve issues safeguarding bank's interest.
- (viii) Prepare, maintain and archive all documents relating to financial health and risk profiling of bank.
- (ix) Prepare capital-based risk audit framework that allowed streamlining the financial health assessment process.
- (x) Prepare the occasional and periodic risk reports that communicate the severity of the risk as well as mitigation tools.
- (xi) Lead the team with full satisfaction optimizing the utilization of resources.
- (xii) Establish and maintain guidelines for a system of internal control.

Formation of committees from the Board of Directors

As per BRPD Circular No. 02 dated 11 February 2024, and BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018, the bank has an Executive Committee, an Audit Committee, a Risk Management Committee, and a Nomination and Remuneration Committee (NRC) and the Board hasn't formed any other permanent, temporary or sub-committee except the above-mentioned committees.

Executive committee

An Executive Committee of the Board shall be constituted for the purpose of continuing the urgent and day-to-day or routine activities between the meetings of the Board of Directors. The Executive Committee shall perform its duties according to the terms of reference determined by the Board of Directors.

Organizational structure:

- Members of the committee will be nominated by the Board of Directors from themselves.
- The Executive Committee (EC) will comprise of maximum 07 (seven) members.
- One of the members of the committee will be elected as the chairman for a period of 03 (Three) years.
- Members of the committee shall be appointed for every 03 (Three)-year as one term.
- Chairman of the Board of Directors can be the Chairman of Executive Committee.
- The executive committee shall not be included with more than one member of a particular family.
- Company secretary of the bank will be the secretary of the executive committee.

Qualifications of the Members:

- Integrity, dedication, and opportunity of the concerned director to devote sufficient time in the functions of the committee shall be considered while appointing a director to the committee.
- Directors who can contribute effectively and efficiently to the functions of the committee should be appointed as members of the committee.
- The committee members should have a sound understanding of the Bank Company Act, and different laws & regulations related to banking activities, banking business, bank management, various risk issues, and responsibilities & duties as a committee member.

Roles and Responsibilities of the Executive Committee:

- The Executive Committee shall perform duties and take decisions in all other matters as directed by the Board, except those areas which are specifically vested in the full Board as per the Bank Company Act or any other related laws and regulations.
- The Committee can take all necessary decisions or give approval within the authority delegated by the Board of Directors.
- All the decisions taken by the committee has to be ratified at the next Board Meeting.

Meeting of the Executive committee (EC)

- The Committee can arrange its meeting at any time if required.
- The EC may invite Chief Executive Officer (CEO), Chief Risk Officer (CRO) or any other officer of the Bank to participate in the Committee meeting if required.
- The memorandum of any meeting should be distributed to the Committee Members at least 02 (Two) days before the meeting for effective participation and contribution by the participants.
- All the recommendations/observations of the Committee shall be recorded in the form of minutes.
- If a note of dissent is conveyed on any matter, it should be recorded in the minutes.

Audit Committee

An audit committee will be formed for smooth carrying out of overall supervision duties of the Board of Directors as well as playing an effective role in the implementation of strategies and action plans formulated by the Board for the proper execution of functions of the bank company. The committee shall review the financial reporting process, internal control system, audit procedures, monitoring process and principles of conducting business to ensure that the activities of the organization are being conducted in accordance with the existing laws and regulations imposed by the regulatory authorities.

The Audit Committee of the Board is formed as per BRPD Circular No. 02 dated 11 February 2024, and BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018. The current Committee consists of 05 (five) members. The Committee has its own Terms of Reference (ToR) and is empowered to investigate/question any of the employees and retain external counsel as required. It is worth mentioning that, the Board will approve the objectives, strategies and overall business plans of the bank and the audit committee will assist the Board in fulfilling its oversight responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct. Moreover, the head of internal audit always has direct access to the audit committee and can express his issues in front of the committee.

Organizational structure

- Members of the committee will be nominated by the Board of Directors from themselves.
- The Audit Committee shall consist of a maximum of 05 (five) members, including at least 02 (two) independent directors.

- The Chairman of the Audit Committee shall be elected amongst the independent directors.
- The tenure of the Chairman of Audit Committee shall be 03 (three) years i.e. One term, and no independent director shall serve as Chairman of the Committee for two consecutive terms.
- No member of the Executive Committee shall be included as a member of the Audit Committee.
- Members of the Committee can be appointed for every 03 (three) years.
- The company secretary of the bank will perform the duties of the secretary of the audit committee.

Qualifications of the Member

- Integrity, dedication, and opportunity of the concerned director to devote sufficient time in the functions of the committee shall be considered while appointing a director to the committee.
- Directors who can contribute effectively and efficiently to the functions of the committee should be appointed as members of the committee.
- The committee members should have a sound understanding of the Bank Company Act, and different laws and regulations related to banking activities, auditing, banking business, bank management, various risk issues, and responsibilities & duties as a committee member.
- Preference should be given to the person with practical experience in banking activities, especially people with educational qualifications in accounting, cost accounting, finance, banking, management, and economics.

Roles, Responsibilities and Terms of Reference (ToR) of the Audit Committee

Internal Control

- The committee will evaluate whether the management authority has been able to establish an appropriate compliance culture regarding the internal control system of the bank, and whether the officers/employees of the bank have been given clear directions about their responsibilities and duties and whether full supervision and control is maintained over their activities.
- The audit committee will review all the measures taken by the management authority and provide necessary instructions in developing an appropriate Management Information System (MIS) regarding the banking activities including building & using of the ICT platform of the bank.
- The Audit Committee shall review whether the management authority is properly following & implementing the recommendations made by the internal and external auditors of the Bank regarding the internal control strategy/structure

from time to time and shall give necessary directions in this regard.

- The Audit Committee shall regularly inform the Board about corrective measures taken in respect of any irregularities, fraud, internal control weaknesses or similar areas identified by the internal, external auditors and inspection team of the regulatory authority. Further, if any inconsistency is found by the audit committee in its review, the committee will give directions to the management authority in taking corrective measures and the same will be duly informed to the board.

Disclosure of Financial Statements

- The audit committee shall verify whether complete and proper information has been disclosed in the annual financial statements and whether the standards prescribed for the preparation of the financial statements have been complied with in accordance with the rules/conventions/provisions and accounting standards prevailing in the country as well as the accounting standards prescribed by Bangladesh Bank for this purpose.
- Before finalizing the financial statements, the Audit Committee will engage in a discussion on it with the inspection team of Bangladesh Bank, external auditors and management authority.

Internal Audit

- The Audit Committee will monitor whether the internal audit is functioning independently from the management or not and it shall ensure the independence of internal audit function from the management.
- The Audit Committee shall review the internal audit function and organizational structure. The committee shall also ensure that there is no unjustified impediment or restriction to obstruct the audit process.
- The Audit Committee shall examine the efficiency and effectiveness of internal audit and recommend necessary action accordingly.
- The Audit Committee shall give necessary instructions on the management of bank operations examining whether the management authority is properly considering the observations/recommendations made by the internal auditors regarding the management of banking activities & elimination of irregularities discovered.

External Audit

- The audit committee will review the auditing activities and audit reports done by the external auditors of the bank.
- The audit committee shall examine whether the management authority have properly considered

the observations/recommendations made by the external auditors regarding the management of the banking operations, and the fraud-forgery as well as regularization of the irregularities discovered by the them.

- The Committee shall make recommendations to the Board regarding the appointment of external auditors from the external auditors enlisted by Bangladesh Bank from time to time for conducting the auditing activities of the Bank.

Compliance with existing laws and regulations

The audit committee will review whether the banking laws and regulations, policies and guidelines made by the regulatory authorities (central bank and other bodies) and the internal policies approved by the board of the bank are being properly complied or not.

Other Responsibilities

- The Committee shall submit the compliance report to the Board of Directors on a quarterly basis regarding the regularization of irregularities, fraud-forgeries discovered by the internal auditor, the external auditor and the inspection team of Bangladesh Bank and instructions mentioned in any other observation.
- The internal and external auditors shall submit their assessment report on the relevant matters when sought by the Committee.
- Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis

Reporting of the Audit Committee

The Audit Committee of the Bank has the following reporting requirements:

(a) Reporting to the Board of Directors

- i) The Audit Committee shall report on its activities to the Board of Directors.
- ii) It shall immediately report to the Board of Directors on the following findings, if any: -
 - Report on conflicts of interests.
 - Suspected or presumed fraud or irregularity or material defect in the internal control system.
 - Suspected infringement of laws, including securities related laws, rules and regulations.
 - Any other matter which shall be disclosed to the Board of Directors immediately.

Reporting to the Authorities

The Board of Directors will evaluate the findings and recommendation of the Audit Committee. If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors 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 findings to the regulatory authorities, upon reporting of such matters to the Board of Directors for three times or completion of a period of 06 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.

(c) Reporting to the Shareholders and General Investors

Report on activities carried out by the Audit Committee, including any report made to the Board of Directors shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the Bank.

Meeting of the Audit Committee (AC)

- The Committee shall hold at least 4 (four) meetings in a year and any more meeting whenever required.
- The AC may invite the Chief Executive Officer (CEO), the officer responsible for Internal Audit or any other officer of the Bank to participate in the Committee meeting if required.
- The memorandum of any meeting should be distributed to the Committee Members at least 02 (Two) days before the meeting for effective participation and contribution by the participants.
- All the recommendations/observations of the Committee shall be recorded in the form of minutes.

Risk Management Committee

A risk management committee will be formed to play an effective role in mitigating the existing & possible risks in the implementation of the strategy and action plan formulated by the Board of Directors of the bank company and to smoothly/properly carry out the duties and responsibilities of the Board in this regard. The committee will monitor whether the risk mitigation measures/approaches are being appropriately implemented or not by the management authority and required capital and provisions are being maintained or not against the risks and will provide necessary instructions to mitigate the risks after identifying and assessing credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk, information and communication technology risk, operational risk, interest rate risk, liquidity risk and other risks.

Organizational Structure

- Members of the committee will be nominated by the Board of Directors from themselves.
- The Risk Management Committee shall consist of a maximum of 05 (five) members.
- One of the members will be elected as the chairman of the committee for 03 years.

- Members of the Committee can be appointed for every 03 (three) years.
- The company secretary of the bank will perform the duties of the secretary of the audit committee.

Qualifications of the Member:

- Integrity, dedication, and opportunity of the concerned director to devote sufficient time in the functions of the committee shall be considered while appointing a director to the committee.
- Directors who can contribute effectively and efficiently to the functions of the committee should be appointed as members of the committee.
- The committee members should have a sound understanding of the Bank Company Act, and different laws and regulations related to banking activities, banking business, bank management, various risk issues, and responsibilities & duties as a committee member.

Roles, Responsibilities and Terms of Reference (ToR) of the Risk Management Committee

Risk Assessment and Control Strategy

It is the responsibility of the Risk Management Committee to formulate appropriate strategies and ensure its implementation for the assessment & control of risks in various operations of the Bank. The risk management committee will monitor the risk management policies and procedures of the bank and make amendment if necessary. It will review the existing risk management process to ensure effective control system and provide direction to the management authority to take necessary measures.

Construction of organizational structure

It is the responsibility of the Risk Management Committee to ensure appropriate organizational structure for controlling the risks of the bank. The committee will supervise whether the instructions given in the policies & guidelines on credit risk, foreign exchange risk, internal control & compliance risk, money laundering risk, information & communication technology risk as well as other risks are being complied or not and provide necessary guidance to management authorities where required.

Review and Approval of Risk Management Policy

The Committee shall review the Risk Management Policy & Guidelines of the Bank at least once per year, propose amendments as required and place to the Board of Directors for final approval. Moreover, it will review lending limit along with other limits at least once annually and take measures for amendment if required.

Storage of data & Reporting system

The risk management committee will examine and approve the data storage and reporting system prepared by the bank management authority. The

committee will ensure that the said process is being implemented properly or not. The Committee shall record the minutes of its meetings including proposals, recommendations and summaries in a prescribed manner and inform the Board of Directors.

Monitoring the implementation of overall Risk Management Policy

The risk management committee will supervise whether the overall risk management policy of the bank is being properly implemented or not. The committee will oversee whether necessary steps have been taken to deal with credit risk, market risk, operational risk and other risks.

Other responsibilities

- A summary of the committee's decisions and recommendations will be presented to the board of directors on a quarterly basis;
- The committee shall comply with the instructions issued by the regulatory authorities from time to time regarding various risks related to banking activities; and
- The Chief Risk Officer (CRO), Internal and External auditors will submit their assessment reports on the relevant matters whenever required by the Committee.

Meeting of the Risk Management Committee (RMC)

- The Committee shall hold at least 4 (four) meetings in a year and any more meeting whenever required.
- The RMC may invite Chief Executive Officer (CEO), Chief Risk Officer (CRO) or any other officer of the Bank to participate in the Committee meeting if required.
- The memorandum of any meeting should be distributed to the Committee Members at least 02 (Two) days before the meeting for effective participation and contribution by the participants.
- All the recommendations/observations of the Committee shall be recorded in the form of minutes.

Nomination and Remuneration Committee (NRC)

As per Notification No. SEC/CMRRCD/2006-158/207/Admin/80, dated: 03 June 2018 of Bangladesh Securities and Exchange Commission (BSEC), every listed company requires to form a Nomination and Remuneration Committee (NRC) as sub-committee of its board to assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executives as well as a policy for formal process of considering remuneration of directors, top level executives.

The NRC of SBAC Bank PLC. comprises of 06 (Six) members from the Board of Directors, including 03 (Three) Independent Directors, having required qualifications as determined under the Corporate Governance Code 2018 of BSEC.

Responsibility to the Board of Directors

- The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board.
- 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.
- 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) of Corporate Governance Code issued by Bangladesh Securities and Exchange Commission.

Formation of the NRC

- The Committee shall comprise of at least three members including an independent director.
- All members of the Committee shall be non-executive directors.
- Members of the Committee shall be nominated and appointed by the Board.
- The Board shall have authority to remove and appoint any member of the Committee.
- 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.
- 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.
- The company secretary shall act as the secretary of the Committee.
- The quorum of the NRC meeting shall not constitute without attendance of at least an independent director.
- No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Directors' fees or honorarium from the company.

Chairperson of the NRC

- The Board shall select 01 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director.
- 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.
- 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.

Meeting of the NRC

- The NRC shall conduct at least one meeting in a financial year.
- The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC.
- 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.
- 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.

Role of the NRC

- a) NRC shall be independent and responsible or accountable to the Board and to the shareholders;
- b) NRC shall oversee, among others, the following matters and make report with recommendation to the Board:
- c) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
- d) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully.
- e) The relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

- f) 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.
- g) Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality.
- h) 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.
- i) Formulating the criteria for evaluation of performance of independent directors and the Board.
- j) Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria.
- k) Developing, recommending and reviewing annually the company's human resources and training policies.
- l) 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.

Directors' Remuneration and other financial benefits

As per BRPD Circular No. 02 dated 11 February 2024, and BRPD Circular No. 03 dated 14 February 2024 all the directors of a Bank Company are eligible to the Remuneration and financial benefits as under:

- The maximum remuneration payable to each director for attending a meeting of the Board of Directors or its Committees shall be Tk.10,000 (Ten thousand).
- The directors shall be entitled to the honorarium for attending a maximum of 02 (Two) meetings of the Board of directors, 04 (Four) meetings of the Executive Committee (EC), 01 (One) meeting of the Audit Committee (AC), and 01 (One) meeting of the Risk Management Committee (RMC) in a month regardless of the number of Board meetings and committees meetings held in that month.
- Each Independent Director shall receive a fixed remuneration of Tk. 50,000 (Fifty thousand) per month (subject to deduction of applicable tax) in addition to the above-mentioned remuneration for attending meetings.
- The Bank shall ensure compliance with the instructions of National Board of Revenue (NBR) regarding deduction of tax applicable on the remuneration of directors for attending the meetings.

- Directors shall be entitled to accommodation and travel expenses for a maximum of 02 (Two) days for traveling to the head office of the Bank from anywhere inside the country to attend the meeting of the Board of Directors or its Committees.
- In such case where foreign nationals perform the duties of directors (non-resident Bangladeshi or dual citizens), they will be entitled to a maximum of 03 (three) days accommodation bill and air fare.
- Non-Resident Bangladeshi Directors shall be entitled to a maximum of 03 (three) days accommodation bill and allowance for round air-trip for attending each meeting of a maximum of 04 (four) Board meetings in a year.
- All Directors shall submit receipts of actual expenses (e.g. Travel Ticket, Air Ticket, Accommodation Bill Payment Receipt/Voucher etc.) for payment of travel expenses and accommodation bills and the submitted proofs shall be preserved by the bank.
- Training for the Directors
- As the directors are required to be fully aware of the Banking laws and other relevant rules and regulations for performing duties properly, therefore the BRPD Circular No. 02 dated 11 February 2024 encourages trainings on Banking related Acts, relevant laws and regulations and amended Banking regulations/policies can be arranged inside the country for the directors. All the Directors participated in a training session organized by the Bank with the resource persons from Bangladesh Bank in the year 2014.

Appraisal and evaluation of Board of Directors and Managing Director & CEO

The performance of Managing Director and CEO is evaluated by the Board of Directors on a regular interval. There are a few schemes for annual appraisal of the Board's performance till date, but the company is abiding by the Code of Conduct which was formulated by the Board. There is strategic Priorities & Action Plan for the evaluation of the

CEO/Management on an annual basis and it is revised from time to time accordingly by the Board.

Management Committee

SBAC Bank PLC. has a Management Committee (MANCOM) to review, discuss and decide on important business issues. In addition to the regular roles and responsibilities, the Committee also governs all related policies and practices in pursuance of short and long-term objectives of the Bank. The Committee plays an independent role, operating as an overseer; and if required, makes recommendations to the Board of Directors for its consideration and final approval of any policy. The role of the Committee is to assist the Board of Directors to ensure that bank is run with good governance. The Committee performs all the functions necessary to fulfill its roles towards the organizational goals.

Certification of Managing Director (MD) and Chief Financial Officer (CFO) Regarding Financial Statements

- The Managing Director (MD) and Chief Financial Officer (CFO) shall certify to the Board that:
 - a. They have reviewed financial statements for the year.
 - b. To the best of their knowledge and belief these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - c. 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.
 - d. 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.
- The certification of the MD and CFO shall be disclosed in the Annual Report.

Annexure-C

Compliance Report on Corporate Governance Code of BSEC

[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 and BSEC/CMRRCD/2009 193/66/PRD/148 dated 16 October 2023 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(PReport under Condition No. 9)

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
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)(a)	Independent Directors At least 2(two) directors or one-fifth (1/5) of the total number of directors in the company’s Board, whichever is higher, shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		The Bank has total 18 directors, out of which 4 are independent directors. The Bangladesh Bank did not approve one Directors' appointment and subsequently the Bank appointed Mr. Md. Maksudur Rahman Sarker ACMA as an independent director which is under process for regulatory approval.
1(2)(b)	Without contravention of any provision of any other laws, for the purpose of this clause, an “independent director” means a director— (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; (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 i`ts 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	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put √ in the appropriate column)		
		Complied	Not Complied	
	<p>family members also shall not hold above mentioned shares in the company:</p> <p>Provided that Spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family member.</p> <p>(iii) Who has not been an executive of the company in immediately preceding 2 (two) financial years;</p> <p>(iv) Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;</p> <p>(v) Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;</p> <p>(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;</p> <p>(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;</p> <p>(viii) Who is not independent director in more than 05 (five) listed companies;</p> <p>(ix) Who has not been reported as a defaulter in the latest Credit Information Bureau (CIB) report of Bangladesh Bank for non-payment of any loan or advance or obligation to a bank or a financial institution; and</p> <p>(x) Who has not been convicted for a criminal offence involving moral turpitude.</p>			
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM): Provided that the Board shall appoint the independent director, subject to prior consent of the Commission, after due consideration of recommendation of the Nomination and Remuneration Committee (NRC) of the company;	√		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days	√		The Bank has total 18 directors, out of which 4 are independent directors. The Bangladesh Bank did not approve one Directors' appointment and subsequently the Bank appointed Mr. Md. Maksudur Rahman

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put √ in the appropriate column)		
		Complied	Not Complied	
				Sarker ACMA as an independent director which is under process for regulatory approval.
1(2)(e)	<p>The tenure of office of an independent director shall be for a period of 03 (Three) years, which may be extended for 01 (One) tenure only:</p> <p>Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]:</p> <p>Provided further that the independent director shall not be subject to retirement by rotation as per the কোম্পানী আইন, ১৯৯৪ (১৯৯৪ সনের ১৮নং আইন) (Companies Act, 1994).</p> <p>Explanation: For the purpose of counting tenure or term of independent director, any partial term of tenure shall be deemed to be a full tenure.</p>	√		
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)	<p>Independent director shall have following qualifications:</p> <p>(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 registered business association; or</p> <p>(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</p> <p>Explanation: Top level executive includes Managing Director (MD) or Chief Executive Officer (CEO), Additional or Deputy Managing Director (AMD or DMD), Chief Operating Officer (COO), Chief Financial Officer (CFO), Company Secretary (CS), Head of Internal Audit and Compliance (HIAC), Head of Administration and Human Resources or equivalent positions and same level or ranked or salaried officials of the company.</p> <p>(iii) Former or existing 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: Provided that in case of appointment of existing official as independent director, it requires clearance from the</p>	√		

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
	organization where he or she is in service; or (iv) University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or (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;			
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.	✓		Not Applicable
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;	✓		Roles and responsibilities as per Bangladesh Bank guidelines and service rules of the Bank.
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.	✓		
1(5)	The Directors' Report to Shareholders			
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 As a service-oriented banking company, discussion on Cost of Goods sold, Gross Profit Margin

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
				and Net Profit Margin is not relevant.
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	✓		Not Applicable There is no incident of any extraordinary activities, so there is no question of gain or loss from any extraordinary activities.
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;	✓		
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.;	✓		Not Applicable. There is no deteriorating financial result till now after the IPO of the Bank.
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		Not applicable (No significant variance occurred)
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;	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
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;	✓		
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;	✓		
1(5)(xix)	A statement where key operating and financial data of at least preceding 05 (Five) years shall be summarized;	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	✓		Not applicable
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;	✓		
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:	✓		
	(a) Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓		
	(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);	✓		
	(c) Executives; and	✓		
	(d) Shareholders holding Ten percent (10%) or more voting interest in the company (name-wise details); Explanation: For the purpose of this clause, the expression "Executive" means top 05 (Five) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance.	✓		Not applicable. There is no Shareholders holding ten percent (10%) or more voting interest in the company.
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders: (a) A brief resume of the director; (b) Nature of his or her expertise in specific functional areas; and (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: (a) Accounting policies and estimation for preparation of financial statements;	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
	(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; (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; (d) Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario; (e) Briefly explain the financial and economic scenario of the country and the globe; (f) Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and (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;	✓		
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(5)(xxviii)	The Directors' report to the shareholders does not require to include the business strategy or technical specification related to products or services, which have business confidentiality.	✓		
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;	✓		
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;	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
2(b)	At least 01 (One) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	✓		
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;	✓		
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;	✓		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	✓		
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: Provided that CFO or CS of any listed company may be appointed for the same position in any other listed or non-listed company under the same group for reduction of cost or for technical expertise, with prior approval of the Commission: Provided further that the remuneration and perquisites of the said CFO or CS shall be shared by appointing companies proportionately;	✓		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		
3(2)	Requirement to attend Board of Directors' Meetings- The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO):			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief: (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put √ in the appropriate column)		
		Complied	Not Complied	
	(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 sub-committees:			
4(i)	Audit Committee	√		
4(ii)	Nomination and Remuneration Committee	√		
5	Audit Committee			
5(1)	Responsibility to the Board of Directors:			
5(1)(a)	The company shall have an Audit Committee as a subcommittee 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 03 (Three) members;	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 01 (One) independent director;	√		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 01 (One) member shall have accounting or related financial management background and 10 (Ten) years of such experience; Explanation: The term "financially literate" means the ability to read and understand the financial statements like statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows statement and a person will be considered to have accounting or related financial management expertise if he or she possesses professional qualification or Accounting or Finance graduate with at least 10 (Ten) years of corporate management or professional experiences.	√		
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	√		Not Applicable

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
	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 60 (sixty) days from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;			
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 01 (One) independent director	✓		
5(3)	Chairperson of the Audit Committee:			
5(3)(a)	The Board shall select 01 (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)	Meeting 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 The Audit Committee Shall: -			
5(5)(a)	Oversee the financial reporting process;	✓		The role of Audit Committee as per Bangladesh Bank Guidelines and services rules of the Bank
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;	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
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.	✓		
5(6)	Reporting of the Audit Committee			
5(6)(a)(i)	Reporting to the Board of Directors: 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: a) Report on conflicts of interests; b) Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; c) Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and d) Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	✓		No such event has been identified
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 06 (six) months from the date of first reporting to the Board, whichever is earlier.	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
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.	✓		Not applicable
6	Nomination and Remuneration Committee (NRC):			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee 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)	At least 02 (two) 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 01 (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	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
	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)	(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 the remuneration of the directors, top level executive, considering the following: (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully; (b) The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (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	✓		

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

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
	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.	✓		

Bangladesh Bank Checklist for Corporate Governance Compliance Report

To ensure good governance i.e. corporate governance in bank management, Bangladesh Bank (BB) issued three circulars in 2013 covering three broad areas as follows:

- (A) BRPD Circular No. 02 dated 11 February 2024: Formation and responsibilities of Board of Directors (BoD).
- (B) BRPD Circular No. 03 dated 14 February 2024: Appointment of Independent Directors of a Bank-Company and their Duties, Responsibilities and Honorarium.
- (C) BRPD Circular No. 05 dated 27 February 2024: Appointment & Responsibilities of Managing Director/Chief Executive Officer of a bank-company.

The summary of the Bangladesh Bank guidelines and our compliance thereto are presented below:

SL. No.	Particulars	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		complied	Not complied	
Formation and responsibilities of Board of Directors (BoD):				
1.	Formation of Board of Directors (BoD):			
	The Board of Directors of a Bank Company shall consist of shareholder directors, representative directors on behalf of shareholder institutions, and independent directors. An Alternate Director shall also be a member of the Board of Directors where and when applicable, i.e. in case of absence of any regular director.			
(a)	There shall be a maximum of 20 (Twenty) members in the Board of a Bank Company with at least 03 (Three) independent directors therein, whereas the number of independent directors must not be lesser than 02 (Two) in case the Board consists less than 20 (Twenty) directors.	✓		
(b)	There may be a maximum of 03 (Three) directors from a single family and a maximum of 02 (Two) representative directors from organizations where the family has interest or control.	✓		
(c)	No organization or company can nominate more than 01 director in the Board of a Bank.	✓		
(d)	No director shall hold the post of directorship for more than 12 (Twelve) consecutive years and will not be eligible for reappointment until the elapse of 03 years from such expiry of his or her directorship.	✓		
(e)	In any Annual General Meeting (AGM) except the 1 st AGM, one-third of the directors of a Bank company will retire as per seniority and will be eligible for reappointment through election in compliance with the article 80 of first schedule of the companies act, 1994.	✓		
1.1	Qualifications and competencies to be appointed as Director:			
(a)	The minimum age of the concerned person should be 30 (thirty) years with at least 10 (Ten) years of management or business or professional experience, whereas no work experience shall be considered or counted until the person attains the age of 18 (eighteen) years.	✓		
(b)	He or She has not been convicted of a criminal offense or has not been involved in or is not involved in any fraud-forgery, financial crime or other illegal activity. Moreover, there is no adverse observation or comment in the judgment of any court in any civil or criminal case against him/ her.	✓		

(c)	He or She has not been convicted of any violation of rules, regulations, and policies of any Regulator of Financial Sector.	√		
(d)	He or She was not associated with any company/ establishment whose registration/ license has been canceled or the establishment has been wound up.	√		
(e)	The concerned person is not in default for the loan taken from any bank or financial institution in his or her own name or in the name of an organization where he or she has interest.	√		
(f)	He or She is not employed as a director or advisor/ consultant or in any other gainful position in any other banking company, financial institution, insurance company or any subsidiary company of such companies.	√		
(g)	He or She is not employed as an external auditor, legal adviser, adviser, consultant or in any other gainful position with the same banking company.	√		
(h)	He or She was never declared as bankrupt by the court.	√		
(i)	He is not a tax defaulter either personally or for his sole proprietorship or partnership.	√		
(j)	If he or she was employed at any position in the concerned bank company and 05 (five) years have not passed after the end of employment, the concerned person is not eligible for appointment as director.	√		
(k)	If the concerned person is listed as a willful defaulter by any bank company or by any financial institution established under the Finance Company Act, 2023, he or she will not be eligible to be a director of any bank until 05 (five) years have elapsed after being released from the said listing.	√		
1.2 Appointment of New Director(s):				
	As per section 15(4) of the Bank Company (Amendment) Act, 2023, prior approval must be obtained from Bangladesh Bank for the appointment/re-appointment of Director/Directors nominated/appointed in the Board Meeting and elected/approved/re-elected in the Annual General Meeting (AGM) of any Bank Company other than a specialized bank. The appointment/re-appointment of Directors/Directors of the Bank Company shall be effective from the date of approval by Bangladesh Bank. For taking the said prior approval, the Bank should apply to Bangladesh Bank under the signature of the Chief Executive Officer/Managing Director within 07 (Seven) working days of the concerned Board Meeting/Annual General Meeting.	√		
2. Vacation of the Office of Director:				
(a)	The office of a Director shall be vacated as per the provision of Section 108(1) of the Companies Act, 1994. Further, if a Director fails to repay the loan within two months of receiving notice through Bangladesh Bank for an advance or loan taken from a bank or financial institution, his or her directorship shall be vacated as per the provisions of Section 17 of the Bank Company Act, 1991. Moreover, if any false declaration/information is provided to Bangladesh Bank at the time of appointment as a Director or if his or her qualification is found deficient, his or her Directorship will be vacated/appointment will be rescinded.	√		Not applicable (No Such Case arose)
(b)	If the office of a Director is vacated as per section 17 of Bank Company Act, the person will not be eligible to become a Director of the Bank or any other Bank or any Financial Institution for one year from the date of	√		Not applicable

	repayment of the total amount due to the Bank/Financial Institution. The dues will be adjusted with the shares held by the concerned Director in that bank company and he or she can't transfer his or her shares until the repayment of all the liabilities with the Bank or Financial Institution, and If the Director on notice under section 17 of Bank Company Act resigns from his office while the proceedings of the notice are in progress, such resignation shall not be effective.			(No Such Case arose)
(c)	If any Director of a Bank Company is listed as a willful defaulter, Bangladesh Bank can declare his directorship as vacant subject to the provisions of Section 27(kha) of the Bank Company (Amendment) Act, 2023.	√		Not applicable (No Such Case arose)
3	Removal from the post of director and appointment of director for special needs:			
(a)	In accordance with the provision of section 15(4) of the Bank Company (Amendment) Act, 2023, prior approval of Bangladesh Bank shall be obtained to remove any director of a Bank Company other than specialized bank from his or her post. For this purpose, the reasons & ground of the removal in detail and the copy of the decision taken by the Board with a list of the directors should be submitted to Bangladesh Bank. Such removal shall be effective from the date of approval by Bangladesh Bank.	√		Not applicable (No Such Case arose)
(b)	As per the provision of Section 46 and 47 of the Bank Company (Amendment) Act, 2023, Bangladesh Bank can remove any director or the chairman of a Bank company, and dissolve the Board for being engaged in activities contrary to the interest of depositors or for misappropriation of funds through related party transaction or money laundering or terrorist-financing or engaging in activities against public interest.	√		Not applicable (No Such Case arose)
(c)	Bangladesh Bank may remove any director of a Bank Company under provisions of section 45 of the Bank Company Act, 1991 mentioning specific reasons for such removal to prevent activities contrary to the interest of depositors or detrimental to the interests of the bank company or in the public interest.	√		Not applicable (No Such Case arose)
(d)	Bangladesh Bank, under the power conferred by section 45 of the Bank Company Act, 1991, can appoint any person as a Director subject to the competence and fitness to be appointed or form a new Board of a Bank Company to protect the interest of that bank or the depositors or for specific/special needs or in the public interest.	√		Not applicable (No Such Case arose)
4.	Appointment of Alternate Director			
	A Director of a Bank Company may appoint an alternate director due to his or her staying abroad for a period of at least 3 (three) months continuously. However, in this case, the Board of Directors of a Bank can appoint 01 (One) Alternate Director for a period of 03 (Three) consecutive months for once a year, subject to compliance with the provisions of section 101 of the Companies Act, 1994.			
(a)	Documents/information to be submitted by the concerned Bank to Bangladesh Bank in the prescribed forms within 07 (Seven) days of taking the decision of appoint of alternate director.	√		
(b)	The concerned Bank shall notify Bangladesh Bank immediately within 10 (Ten) working days of returning home of the original Director mentioning the date of return.	√		
(c)	In the case of appointment of Alternate Director, the concerned Bank Company must ensure collection and preservation of documentary evidences regarding the traveling abroad & return home of the original	√		

	director. In case of any exception in this regard, the chief executive officer (CEO) of the bank must inform it to Bangladesh Bank immediately in writing.			
(d)	Any loan defaulter or any person if declared ineligible to be a Director of a Bank Company as per the Bank Company Act or the Companies Act or any other law or rules or order shall not be appointed as an alternate director.	√		
(e)	An Alternate Director cannot be appointed in any committee constituted with the Board of Directors of the bank as he or she is appointed for a temporary period.	√		
(f)	If a person takes any loan facility from any bank company, he or she will not be eligible to be appointed as an Alternate Director of that Bank.	√		
(g)	During the tenure of holding office of alternate director, no loan facility shall be provided in the name of the alternate director or in favor of the organization related to his or her interest and in case of previous loan facility, the extension of time or limit of the loan, the waiver of any interest or the exemption of interest charging therein cannot be allowed. Moreover, all the rules & regulations or prohibitions applicable to the Original Director imposed by the laws, rules or directives regarding loan facility shall also applicable to him during his or her tenure as alternate director.	√		
5.	Information regarding Directors Banks are advised to take the following steps regarding directors information:			
(a)	Each Bank Company should properly maintain up-to-date list of its directors.	√		
(b)	A copy of the list of Directors shall be sent to Banking Regulation & Policy Department (Division-II) of Bangladesh Bank, and all Banks as well as Financial Institutions immediately after the appointment or release/removal of the director or at the end of his or her term.	√		
(c)	A list of Directors along with their photos should be displayed on the respective bank's website and shall be updated regularly.	√		
(d)	After the nomination/appointment or release/removal of the chairman of a Bank Company or at the end of his or her tenure, the updated information should be sent to the Banking Regulation & Policy Department (Division-II) of Bangladesh Bank	√		
(e)	The updated information of the directors of a Bank Company must be submitted to the Bangladesh Bank's EDW Portal through Rational Input Template (RIT) within 10 (Ten) days after the end of each quarter. Moreover, in case of appointment of any Director or any change in the Board of Directors, the respective Bank Company should submit the said information to Bangladesh Bank's EDW Portal through RIT.	√		
6.	Responsibilities and Duties of the Board of Directors: To ensure good governance in the bank management it is essential that the Board of Directors, and Management Authorities have specific demarcation of responsibilities and authorities over the affairs of the bank. So, the Section 15 (kha) & (ga) of the Bank Company Act make the Board of Directors responsible for formulating and ensuring implementation of policies for the bank company, risk management, internal audit & control and ensuring their compliance.			
6.1	Responsibilities and Authorities of the Board of Directors:			
(a)	Action Planning and Strategic Management: i. The Board of Directors shall determine the objectives and goals of the Bank and formulate strategies and action plans to achieve the goals on			

	an annual basis. It shall specifically engage itself in the affairs of making strategies consistent with the determined goals and objectives and in the issues relating to structural change and reformation for improvement of institutional efficiency and other relevant policy matters. The Board will monitor the progress of implementation of the Action Plan on a quarterly basis.	√		
	ii. The Board of Directors shall include in the Annual Report an analytical review regarding the success/failure in achieving the business and other targets set out in the Annual Action Plan and shall apprise the shareholders of its opinions/recommendations on the future course of actions and strategies to be followed. It shall determine the Key Performance Indicators (KPIs) for the Chief Executive Officer (CEO) & officers immediate two tiers below the CEO, and shall evaluate the same from time to time.	√		
(b)	Credit and risk management: (i) The policies, strategies, procedures etc. with respect to loan/investment proposal evaluation, loan/investment sanction and disbursement as well as recovery, loan rescheduling and write-off shall be formulated with the approval of the Board of Directors under the existing laws, rules and regulations. The Board shall specifically allocate the power of sanctioning loans/investments; and such allocation should desirably be made among the CEO and his subordinate executives as much as possible. No director shall directly or indirectly influence or interfere with the bank officers/employees in approving loan proposals.	√		
	(ii) The Board of Directors shall formulate policies regarding risk management. It shall monitor on quarterly basis whether the said policy is being properly followed, review the concerned report of the Risk Management Committee and duly record the same in the minutes of the Board meeting. The Board of Directors will oversee whether the guidelines of Bangladesh Bank on key risk management are being properly followed or not.	√		
(c)	Internal control management: The Board of Directors shall continuously supervise/monitor the internal control system of the bank to achieve/maintain satisfactory qualitative standard of its credit/investment portfolio. The Board of Directors shall ensure the establishment of such internal control system in the banking company so that the internal audit function is conducted independently of the management. It shall review on a quarterly basis the report submitted by the Audit Committee regarding the implementation of the recommendations of the inspection report of Internal Audit, External Auditor, and Bangladesh Bank.	√		
(d)	Human resources management and development: i. Policies related to recruitment, promotion, transfer, administrative disciplinary and punitive measures, human resource development including motivation etc. and service rules shall be framed and approved by the Board of Directors. The Board chairman or the directors must not interfere in any way in all administrative affairs including recruitment, promotion, transfer, and disciplinary measures as executed under the approved service rules. No member of the Board of Directors shall be included in the recruitment and promotion committees for recruitment or promotion at different levels. Provided that the appointment, promotion, transfer and disciplinary action of immediate two tiers below the CEO shall be conferred on the Board. However, the service rules of the bank and the relevant policies approved by the board must be properly complied in the case of such	√		

	recruitment, promotion and administrative disciplinary measures.			
	ii. The Board of Directors shall lay special emphasis on training for skill development of the officers/employees of the Bank, and adoption of modern electronic & information technology, and appropriate management information system (MIS) and the same shall be included in the annual action plan.	√		
	iii. The Board of Directors shall formulate Code of Conduct and Code of Ethics for all levels of officers and employees, which shall be followed properly by all. It will establish high ethical standards to build a culture of compliance in the Bank. In order to encourage the officials/employees to follow the principles of integrity, the reward policy announced by Bangladesh Bank in this regard should be properly implemented.	√		
(e)	Financial management:			
	i. The annual budget and statutory financial statements of the Bank shall be prepared with the approval of the Board of Directors. The Board shall review/inspect on quarterly basis the Bank's income, expenditure, liquidity resources, overdue/non-performing loans, capital base & adequacy, maintenance of loan loss provision, and measures taken including legal proceedings for recovery of defaulted loans.	√		
	ii. In order to conduct purchase and procurement activities properly following the prevailing laws and regulations, the related policies will be approved by the Board of Directors and the Board shall accordingly delegate the power of execution of such expenditures. The maximum possible execution power of various expenditures shall be vested to the Chief Executive Officer (CEO) and his subordinates subject to budget availability. However, decisions regarding purchase of land, buildings or structures for business purposes, construction and purchase of vehicles must be approved by the Board.	√		
	iii. The Board of Directors shall review from time to time whether the Asset-Liability Committee (ALCO) has been formed and whether the committee is performing properly as per the guidelines of Bangladesh Bank.	√		
(f)	Appointment of Managing Director/Chief Executive Officer (CEO): One of the major responsibilities of the Board of Directors is to appoint an honest, efficient, experienced and competent Chief Executive Officer (CEO) or Managing Director in Bank management in order to strengthen the financial base of the bank and attain the trust of the depositors. The Board of Directors shall appoint a suitable Managing Director/Chief Executive Officer (CEO) with the prior approval of Bangladesh Bank following the relevant policies issued by Bangladesh Bank from time to time regarding the appointment of Managing Director/Chief Executive Officer of the Bank.	√		
(g)	Further responsibilities and duties of the Board: The Board of Directors should ensure proper following and compliance of any other responsibilities and duties imposed on the Board by Bangladesh Bank.	√		
6.2	Rights and Responsibilities of the Chairman and other Directors: The chairman and other Directors have following Rights and Responsibilities:			
(a)	One of the members of the Board of Directors shall be elected as Chairman for a term of 02 (two) years. He shall be eligible for re-election	√		

	to the post of Chairman subject to the tenure of his or her directorship.			
(b)	The chairman of the Board of Directors or the chairman of any committee formed by the Board or any Director does not have individual authority to exercise any policy-making or executive power and therefore he/she cannot participate in or interfere into the administrative or managerial and routine affairs of the bank.	√		
(c)	The chairman of the Board of Directors or the Chairman of any other committee formed by the Board of Directors can inspect any branch or financing activities of the Bank under the inspection responsibility of the Board.	√		
(d)	The chairman may call for any information relating to the management of the Bank or direct an inquiry into any matter and can present the obtained information or investigation report in the Board Meeting/Executive Committee Meeting and take necessary measures through the Chief Executive Officer (CEO) as per the decision of the Board, if necessary. However, if any complaint is raised about the CEO, it must be informed to Bangladesh Bank through the Board along with the statement of the CEO.	√		
(e)	The Chairman of the Board of Directors may be provided with an office room, a personal secretary/assistant, a peon/MLSS, a telephone in the office, a mobile phone for using inside the country and a vehicle for the business interests of the Bank by decision of the Board. The vehicle of the chairman shall be provided following the policy issued by Bangladesh Bank from time to time.	√		
7.	Formation of committees from the Board of Directors: The Board of Directors of every banking company shall form an Executive Committee (EC), an Audit Committee (AC) and a Risk Management Committee (RMC) consisting members from the Directors. Apart from the three mentioned committees, no other permanent or temporary committee or sub-committee can be formed by the Board.	√		Complied as per the circular of Bangladesh Bank, and the Corporate Governance (CG) Code issued by BSEC
7.1	Executive committee: An Executive Committee of the Board shall be constituted for the purpose of continuing the urgent and day-to-day or routine activities between the meetings of the Board of Directors. The Executive Committee shall perform its duties according to the terms of reference determined by the Board of Directors.			
(a)	Organizational structure:			
	(i) Members of the committee will be nominated by the Board of Directors from themselves.	√		
	(ii) The Executive Committee (EC) will comprise of maximum 07 (seven) members.	√		
	(iii) One of the members of the committee will be elected as the chairman for a period of 03 (Three) years.	√		
	(iv) Members of the committee shall be appointed for every 03 (Three)-year as one term.	√		
	(v) Chairman of the Board of Directors can be the Chairman of Executive Committee.	√		
	(vi) The executive committee shall not be included with more than one	√		

	member of a particular family.			
	(vii) Company secretary of the bank will be the secretary of the executive committee.	√		
(b)	Qualifications of the Members:			
	(i) Integrity, dedication, and opportunity of the concerned director to devote sufficient time in the functions of the committee shall be considered while appointing a director to the committee.	√		
	(ii) Directors who can contribute effectively and efficiently to the functions of the committee should be appointed as members of the committee.	√		
	(iii) The committee members should have a sound understanding of the Bank Company Act, and different laws & regulations related to banking activities, banking business, bank management, various risk issues, and responsibilities & duties as a committee member.	√		
(c)	Roles and Responsibilities of the Executive Committee:			
	(i) The Executive Committee shall perform duties and take decisions in all other matters as directed by the Board, except those areas which are specifically vested in the full Board as per the Bank Company Act or any other related laws and regulations.	√		
	(ii) The Committee can take all necessary decisions or give approval within the authority delegated by the Board of Directors.	√		
	(iii) All the decisions taken by the committee has to be ratified at the next Board Meeting.	√		
7.2	Audit Committee: An audit committee will be formed for smooth carrying out of overall supervision duties of the Board of Directors as well as playing an effective role in the implementation of strategies and action plans formulated by the Board for the proper execution of functions of the bank company. The committee shall review the financial reporting process, internal control system, audit procedures, monitoring process and principles of conducting business to ensure that the activities of the organization are being conducted in accordance with the existing laws and regulations imposed by the regulatory authorities.			
(a)	Organizational structure:			
	(i) Members of the committee will be nominated by the Board of Directors from themselves.	√		
	(ii) The Audit Committee shall consist of a maximum of 05 (five) members, including at least 02 (two) independent directors.	√		
	(iii) The Chairman of the Audit Committee shall be elected amongst the independent directors.	√		
	(iv) The tenure of the Chairman of Audit Committee shall be 03 (three) years i.e. One term, and no independent director shall serve as Chairman of the Committee for two consecutive terms.	√		
	(v) No member of the Executive Committee shall be included as a member of the Audit Committee	√		
	(vi) Members of the Committee can be appointed for every 03 (three) years.	√		
	(vi) The company secretary of the bank will perform the duties of the secretary of the audit committee.	√		

(b)	Qualifications of the Member:			
	(i) Integrity, dedication, and opportunity of the concerned director to devote sufficient time in the functions of the committee shall be considered while appointing a director to the committee.	√		
	(ii) Directors who can contribute effectively and efficiently to the functions of the committee should be appointed as members of the committee.	√		
	(iii) The committee members should have a sound understanding of the Bank Company Act, and different laws and regulations related to banking activities, auditing, banking business, bank management, various risk issues, and responsibilities & duties as a committee member.	√		
	(vi) Preference should be given to the person with practical experience in banking activities, especially people with educational qualifications in accounting, cost accounting, finance, banking, management, and economics.	√		
(c)	Roles and Responsibilities of the Audit Committee:			
	(i) Internal Control:			
	1. The committee will evaluate whether the management authority has been able to establish an appropriate compliance culture regarding the internal control system of the bank, and whether the officers/employees of the bank have been given clear directions about their responsibilities and duties and whether full supervision and control is maintained over their activities.	√		
	2. The audit committee will review all the measures taken by the management authority and provide necessary instructions in developing an appropriate Management Information System (MIS) regarding the banking activities including building & using of the ICT platform of the bank.	√		
	3. The Audit Committee shall review whether the management authority is properly following & implementing the recommendations made by the internal and external auditors of the Bank regarding the internal control strategy/structure from time to time and shall give necessary directions in this regard.	√		
	4. The Audit Committee shall regularly inform the Board about corrective measures taken in respect of any irregularities, fraud, internal control weaknesses or similar areas identified by the internal, external auditors and inspection team of the regulatory authority. Further, if any inconsistency is found by the audit committee in its review, the committee will give directions to the management authority in taking corrective measures and the same will be duly informed to the board.	√		
	(ii) Disclosure of Financial Statements:			
	1. The audit committee shall verify whether complete and proper information has been disclosed in the annual financial statements and whether the standards prescribed for the preparation of the financial statements have been complied with in accordance with the rules/conventions/provisions and accounting standards prevailing in the country as well as the accounting standards prescribed by Bangladesh Bank for this purpose.	√		
	2. Before finalizing the financial statements, the Audit Committee will engage in a discussion on it with the inspection team of Bangladesh Bank, external auditors and management authority.	√		

	(iii) Internal Audit:			
	1. The Audit Committee will monitor whether the internal audit is functioning independently from the management or not and it shall ensure the independence of internal audit function from the management;	√		
	2. The Audit Committee shall review the internal audit function and organizational structure. The committee shall also ensure that there is no unjustified impediment or restriction to obstruct the audit process.	√		
	3. The Audit Committee shall examine the efficiency and effectiveness of internal audit and recommend necessary action accordingly.	√		
	4. The Audit Committee shall give necessary instructions on the management of bank operations examining whether the management authority is properly considering the observations/recommendations made by the internal auditors regarding the management of banking activities & elimination of irregularities discovered.	√		
	(iv) External Audit			
	1. The audit committee will review the auditing activities and audit reports done by the external auditors of the bank.	√		
	2. The audit committee shall examine whether the management authority have properly considered the observations/recommendations made by the external auditors regarding the management of the banking operations, and the fraud-forgery as well as regularization of the irregularities discovered by the them.	√		
	3. The Committee shall make recommendations to the Board regarding the appointment of external auditors from the external auditors enlisted by Bangladesh Bank from time to time for conducting the auditing activities of the Bank.	√		
	(v) Compliance with existing laws and regulations:			
	The audit committee will review whether the banking laws and regulations, policies and guidelines made by the regulatory authorities (central bank and other bodies) and the internal policies approved by the board of the bank are being properly complied or not.	√		
	(vi) Other Responsibilities:			
	1. The Committee shall submit the compliance report to the Board of Directors on a quarterly basis regarding the regularization of irregularities, fraud-forgeries discovered by the internal auditor, the external auditor and the inspection team of Bangladesh Bank and instructions mentioned in any other observation.	√		
	2. The internal and external auditors shall submit their assessment report on the relevant matters when sought by the Committee.	√		
	3. Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.	√		
7.3	Risk Management Committee:			
	A risk management committee will be formed to play an effective role in mitigating the existing & possible risks in the implementation of the strategy and action plan formulated by the Board of Directors of the bank company and to smoothly/properly carry out the duties and responsibilities of the Board in this regard. The committee will monitor whether the risk mitigation measures/approaches are being appropriately implemented or not by the management authority and required capital and provisions are being maintained or not against the risks and will provide necessary instructions to mitigate the risks after identifying and assessing credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk, information and communication technology risk, operational risk, interest rate			

	risk, liquidity risk and other risks.			
(a)	Organizational Structure:			
	(i) Members of the committee will be nominated by the Board of Directors from themselves.	√		
	(ii) The Risk Management Committee shall consist of a maximum of 05 (five) members.	√		
	(iii) One of the members will be elected as the chairman of the committee for 03 years.	√		
	(iv) Members of the Committee can be appointed for every 03 (three) years.	√		
	(v) The company secretary of the bank will perform the duties of the secretary of the audit committee.	√		
(b)	Qualifications of the Member:			
	(i) Integrity, dedication, and opportunity of the concerned director to devote sufficient time in the functions of the committee shall be considered while appointing a director to the committee.	√		
	(ii) Directors who can contribute effectively and efficiently to the functions of the committee should be appointed as members of the committee.	√		
	(iii) The committee members should have a sound understanding of the Bank Company Act, and different laws and regulations related to banking activities, banking business, bank management, various risk issues, and responsibilities & duties as a committee member.	√		
(c)	Roles and Responsibilities of the Risk Management Committee:			
	i) Risk Assessment and Control Strategy: It is the responsibility of the Risk Management Committee to formulate appropriate strategies and ensure its implementation for the assessment & control of risks in various operations of the Bank. The risk management committee will monitor the risk management policies and procedures of the bank and make amendment if necessary. It will review the existing risk management process to ensure effective control system and provide direction to the management authority to take necessary measures.	√		
	ii) Construction of organizational structure: It is the responsibility of the Risk Management Committee to ensure appropriate organizational structure for controlling the risks of the bank. The committee will supervise whether the instructions given in the policies & guidelines on credit risk, foreign exchange risk, internal control & compliance risk, money laundering risk, information & communication technology risk as well as other risks are being complied or not and provide necessary guidance to management authorities where required.	√		
	iii) Review and Approval of Risk Management Policy: The Committee shall review the Risk Management Policy & Guidelines of the Bank at least once per year, propose amendments as required and place to the Board of Directors for final approval. Moreover, it will review lending limit along with other limits at least once annually and take measures for amendment if required.	√		

	iv) Storage of data & Reporting system: The risk management committee will examine and approve the data storage and reporting system prepared by the bank management authority. The committee will ensure that the said process is being implemented properly or not. The Committee shall record the minutes of its meetings including proposals, recommendations and summaries in a prescribed manner and inform the Board of Directors.	√		
	v) Monitoring the implementation of overall Risk Management Policy: The risk management committee will supervise whether the overall risk management policy of the bank is being properly implemented or not. The committee will oversee whether necessary steps have been taken to deal with credit risk, market risk, operational risk and other risks.	√		
	vi) Other responsibilities: 1. A summary of the committee's decisions and recommendations will be presented to the board of directors on a quarterly basis; 2. The committee shall comply with the instructions issued by the regulatory authorities from time to time regarding various risks related to banking activities; and 3. The Chief Risk Officer (CRO), Internal and External auditors will submit their assessment reports on the relevant matters whenever required by the Committee.	√		
8. Roles and Responsibilities of the Risk Management Committee:				
(a)	The memorandum of any meeting should be distributed to the Board of Directors or the Committee Members at least 02 (Two) days before the meeting for effective participation and contribution by the participants.	√		
(b)	No issue outside the agenda shall be considered in the meeting.	√		
(c)	Under no circumstances an outsider can attend in the Board Meeting and the Meeting of the committees of the Board.	√		
(d)	If a note of dissent is conveyed on any matter, it should be recorded in the minutes.	√		
(e)	The meetings of the Board of Directors and its committees shall be held at the head office/the city where head office of the Bank is located. However, if there is a need to hold a meeting at any convenient place outside the city of head office or outside of Dhaka, an application must be made to Bangladesh Bank for taking prior approval before 07 (seven) working days of the meeting regarding the number/list of persons likely to attend the meeting and the estimated cost. Any unnecessary expenses for holding such meeting should be avoided.	√		
8.1 Board of Directors Meeting:				
(a)	The meeting of the Board of Directors of the Bank may normally be held once in a month or more than once if required.	√		
(b)	The quorum for a meeting of the Board of Directors should be determined according to the Articles of Association (AOA) or Memorandum of Association (MOA) of the bank company.	√		
(c)	Apart from the Directors, only the Managing Director and the Company Secretary of the Bank shall present in the meeting of the Board of Directors. In case of special need, any officer of the bank can present in a meeting being invited by the Board or any of its committees only when a matter related to him/her is being presented (not for the full time).	√		

8.2	Committees Meeting:			
(a)	The Executive committee (EC) can arrange its meeting at any time if required.	√		
(b)	The EC may invite Chief Executive Officer (CEO), Chief Risk Officer (CRO) or any other officer of the Bank to participate in the Committee meeting if required.	√		
(c)	The Audit Committee (AC) shall hold at least 4 (four) meetings in a year and any more meeting whenever required.	√		
(d)	The AC may invite the Chief Executive Officer (CEO), the officer responsible for Internal Audit or any other officer of the Bank to participate in the Committee meeting if required.	√		
(e)	The Risk Management Committee (RMC) shall hold at least 4 (four) meetings in a year and any more meeting whenever required.	√		
(f)	The RMC may invite Chief Executive Officer (CEO), Chief Risk Officer (CRO) or any other officer of the Bank to participate in the Committee meeting if required.	√		
(g)	All the recommendations/observations of the Committee shall be recorded in the form of minutes.	√		
9.	Remuneration and other financial benefits payable to Directors:			
(a)	The maximum remuneration payable to each director for attending a meeting of the Board of Directors or its Committees shall be Tk.10,000 (Ten thousand).	√		The Directors have been being paid the revised remuneration as BRPD circular no. 02 dated: 11 February, 2024. Previously Remuneration was paid as per BRPD circular no. 11 dated: 04 October, 2015.
(b)	The directors shall be entitled to the honorarium for attending a maximum of 02 (Two) meetings of the Board of directors, 04 (Four) meetings of the Executive Committee (EC), 01 (One) meeting of the Audit Committee (AC), and 01 (One) meeting of the Risk Management Committee (RMC) in a month regardless of the number of Board meetings and committees meetings held in that month.	√		
(c)	Each Independent Director shall receive a fixed remuneration of Tk. 50,000 (Fifty thousand) per month (subject to deduction of applicable tax) in addition to the above-mentioned remuneration for attending meetings.	√		
(d)	The Bank shall ensure compliance with the instructions of National Board of Revenue (NBR) regarding deduction of tax applicable on the remuneration of directors for attending the meetings.	√		
(e)	Directors shall be entitled to accommodation and travel expenses for a maximum of 02 (Two) days for traveling to the head office of the Bank from anywhere inside the country to attend the meeting of the Board of Directors or its Committees.	√		
(f)	In such case where foreign nationals perform the duties of directors	√		

	(non-resident Bangladeshi or dual citizens), they will be entitled to a maximum of 03 (three) days accommodation bill and air fare.			
(g)	Non-Resident Bangladeshi Directors shall be entitled to a maximum of 03 (three) days accommodation bill and allowance for round air-trip for attending each meeting of a maximum of 04 (four) Board meetings in a year.	√		
(h)	All Directors shall submit receipts of actual expenses (e.g. Travel Ticket, Air Ticket, Accommodation Bill Payment Receipt/Voucher etc.) for payment of travel expenses and accommodation bills and the submitted proofs shall be preserved by the bank.	√		

10. Training of the Directors:

	Training on Banking related Acts, relevant laws and regulations and amended Banking regulations/policies can be arranged inside the country for the directors.	√		
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Appointment of Independent Director and His Duties & Responsibilities

Independent Director of Bank Company is a person who is independent of the management & shareholders of a Bank Company having no real or apparent interest with the Bank or with any Bank- related person and gives his opinion only in the interest of that Bank.

10. Training of the Directors:

	A Bank Company shall have a maximum of 20 (Twenty) directors including at least 03 (Three) independent directors, while the number of individual directors shall be at least 02 (Two) in case the total number of directors is less than 20 (Twenty).	√		
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10. Experience and Eligibility:

The person nominated as Independent Director of a Bank Company requires to have following Experience and Eligibility along with the qualifications & competencies needed to be a Director-

(a)	The minimum age of the concerned person shall be 45 (forty five) years and the maximum age shall be 75 (seventy five) years to perform as an independent director.	√		
(b)	He should be a graduate/post-graduate in Economics, Banking, Finance, Business Administration, Law, Accounting or Cost Accounting from a recognized university.	√		
(c)	An experienced teacher of Faculty of Business Studies or Business Administration, Management, Law, and Information Technology of any Public or Private or Autonomous University, any person engaged in Legal Profession, a person with Professional Degree in Accounting and engaged in Accountancy Profession, experienced Banker, as well as an experienced officer of Ministry of Commerce, Financial Institutions Division & Finance Division of Ministry of Finance, Ministry of Industries, and Ministry of Law shall get preference for the appointment of an Independent Director.	√		
(d)	Any person with real interest or apparent interest in any Bank or Bank-related person in past, present and future cannot be an Independent Director of the Bank.	√		
(e)	No member of the family of the person nominated for appointment as an Independent Director in a Bank Company shall hold any share of the concerned bank and shall be engaged in any profitable position of that Bank Company.	√		
(f)	Any person nominated for appointment as an Independent Director shall not be appointed as a Director of any other Bank Company, Financial			

	institution established under the Finance Company Act, 2023, Insurance Company or on behalf any subsidiary company of such companies. Moreover, the person cannot act as a Director on behalf of any company or organization that has control, joint-control or significant influence over the concerned Bank Company, financial institution or insurance company.	√		
(g)	The person nominated as Independent Director has not been involved in any illegal activities in banking or in the performance of his professional duties.	√		
(h)	The person has not stopped payment of his dues to any creditor nor has he been exempted from repayment by way of negotiation with or concession from the creditor nor is he a defaulter of loan.	√		
(i)	The person was not associated with the ownership of any company/ establishment whose registration/ license has been canceled or the establishment has been wound up.	√		
3. Responsibilities, Duties and Accountabilities of Independent Director				
(a)	He shall ensure proper compliance of the Bank Company Act, and other relevant laws & regulations regarding the management of the Bank.	√		
(b)	He shall duly report to Bangladesh Bank regarding any contravention of the Bank Company Act or any other law/regulation by the Board of Directors.	√		
(c)	He shall participate in the Board meeting and give his deliberate opinion on all agenda raised in the meeting. Any memorandum raised by an Independent Director shall be considered with due importance by the Board of Directors.	√		
(d)	If he is included in any committee of the Board of Directors as per BRPD Circular No. 02 dated 11 th February 2024, he will faithfully carry out the duties & responsibilities with devotion, and comply with the instructions of the circular as a member of the respective committee.	√		
(e)	If the opinion of the Independent Director is not given due importance in the Board or in its committees or if any kind of inconsistency is observed in the management of the bank, he shall inform in writing to the Department of Off-site Supervision, and Banking Regulation & Policy Department of Bangladesh Bank.	√		
(f)	If any complaint is proved against the Independent Director or any adverse observation against him due to his negligence of duty is found in any inspection conducted by Bangladesh Bank, action will be taken against him as per the Bank Company Act.	√		
(g)	The Chairman of Audit Committee of the Bank should be elected from the Independent Directors. The tenure of the Chairman of Audit Committee shall be 03 (three) years i.e. One term, and no independent director shall serve as Chairman of the Committee for two consecutive terms.	√		
(h)	He shall always try to safeguard the interests of the depositors and general shareholders (other than directors).	√		
4. Tenure and Removal of Independent Director				
(a)	Generally the Independent Director shall be appointed for one term of 03 (three) years, and at the end of the term he may be nominated for the re-appointment for another term subject to the provisions of Section 15 of the Bank Company Act.	√		

(b)	The Board of Directors may request the Bangladesh Bank to remove an Independent Director mentioning specific reasons.	√		Not applicable (No Such Case arose)
(c)	An Independent Director himself can resign from the Post of Independent Director by giving 07 (seven) days notice.	√		Not applicable (No Such Case arose)
(d)	Bangladesh Bank may remove any Independent Director mentioning specific reasons.	√		Not applicable (No Such Case arose)

Appointment & Responsibilities of Managing Director (MD)/Chief Executive Officer (CEO)

1.	Qualification and suitability for appointment or re-appointment of Managing Director (MD) or Chief Executive Officer (CEO): To be appointment or re-appointment to the post of Managing Director or CEO one shall have the following qualifications and suitability as per BRPD Circular No. 05 dated 27 February 2024 along with the qualifications & competencies needed for a Director and Independent Director as per BRPD Circular No. 02 & 03 dated 11 & 14 February 2024 respectively, those are applicable to him-			
1.1	Character and moral purity:			
(a)	He was not associated as an official of any company or financial institution whose registration/license has been canceled due to his direct or indirect offense.	√		
(b)	He has not been removed/dismissed/downgraded or released from his post due to misappropriation of money, corruption, fraud-forgery and moral turpitude while he was chairman or director or official or employee of any company or organization.	√		
(c)	He has not been removed/dismissed/downgraded or released from his post while holding the position of chief executive or chairman or director or official or employee of any Bank-Company or any other financial institution.	√		
(d)	There is no adverse observation against him in off-site or on-site inspection of Bangladesh Bank.	√		
(e)	He possesses such qualifications & competencies required for a Director and Independent Director as per BRPD Circular No. 02 & 03 dated 11 & 14 February 2024 respectively, those are applicable to him.	√		
1.2	Financial Transparency/Integrity:			
(a)	He has not stopped payment of his dues to any creditor nor has he been exempted from repayment by way of negotiation with or concession from the creditor nor is he a defaulter of loan.	√		
(b)	He has never been declared as bankrupt by the court and he is not a tax defaulter also.	√		

(c)	He has not been involved in any illegal activities while performing his professional duties in a Bank-Company or Financial Institute.	√		
1.3	Educational Qualification, Suitability, and Experience:			
(a)	He should be a holder of minimum post-graduate degree from a recognized university. Higher academic or professional education in economics, accounting, finance, banking, management or business administration will be considered as additional qualification of the concerned person.	√		
(b)	He shall not have third division or class at any stage of his educational career. In case of result published in Grading system, If GPA is less than 3.00 in case of SSC or equivalent and HSC or equivalent examination, and if CGPA is less than 2.50 in 4.00 point scale and less than 3.00 in 5.00 point scale in case of CGPA given by any authorized university, that will not be acceptable. The result (Class/Division/GPA) in case of degree obtained from abroad must be approved and equated by the appropriate authority.	√		
(c)	He should have proven performance and reputation in the immediate preceding posts.	√		
(d)	He should have leadership qualities.	√		
(e)	He cannot be a Director of any Bank- Company or Financial Institution or Insurance Company established under the Finance Company Act, 2023 or any institution controlled by such companies or cannot be employed in any profitable position in the said institutions.	√		
(f)	He cannot be engaged in any other Business or profession.	√		
(g)	He shall not have any Business Interest in the concerned Bank.	√		
(h)	He shall not have any engagement with any organization owned or controlled by any director of the bank or where the director has interest.	√		
(i)	No member of his family shall be included in the Board of Directors of the concerned bank.	√		
(j)	The concerned person should have at least 02 (Two) years experience as a diligent official in the immediate below position of MD or CEO of the Bank with at least 20 (Twenty) years of experience in the Banking profession.	√		
1.4	Age Limit:			
	The minimum age of the concerned person shall be 45 (Forty five) years and any person above the age of 65 (Sixty five) years shall not hold the post of Managing Director or CEO of any Banking-Company.	√		
1.5	Tenure of appointment:			
	The term of appointment of the Managing Director (MD) or Chief Executive Officer (CEO) shall normally be 03 (Three) years, but he shall be eligible for re-appointment. In case of re-appointment, if less than 03 (Three) years left to exceed the maximum age limit of 65 years, then he can be appointed for that remaining period only. However, recommendation of Bangladesh Bank regarding his tenure after interviewing the candidate must be considered as final and be followed.	√		
1.6	Performance Indicators on Appointment or Re-appointment:			
	Specific target for the reduction of non-performing loan and the recovery			

	of written-off loan should be assigned, and time to time progress therein should be monitored while appointing or re-appointing the Managing Director or CEO of a Bank-Company. Besides, performance indicators for financial and managerial progression i.e. Other performance indicators to be included for his performance at the said post. Furthermore, any special responsibilities or targets assigned by Bangladesh Bank on him from time to time in the interest of the depositors or in the interest of the Bank or the public will also be included as performance indicators in the case of his appointment/re-appointment.	√		
1.7	Evaluation Report: In case of re-appointment of the Managing Director or Chief Executive Officer (CEO), an evaluation report shall be submitted to Bangladesh Bank by the Chairman with the approval of the Board of Directors of the Bank. In this case the following issues should be taken into consideration-			
(a)	Achievement of pre-assigned target of recovery of default loan.	√		
(b)	The extent to which the predetermined target of recovery of written-off loan has been achieved.	√		
(c)	Progress report on fulfillment of responsibilities/ achievement of targets as assigned by Bangladesh Bank from time to time during the period of appointment.	√		
(d)	Details of achievement of target regarding improvement of specific financial, business, and managerial performance.	√		
(e)	Details of the improvement in key financial indicators such as CAMELS of the bank.	√		
1.8	Interviewing and prior approval of Bangladesh Bank to appoint the Managing Director or CEO:			
(a)	According to the provisions of sub-sections (4) and (5) of section 15 of the Bank Company Act, prior written approval of Bangladesh Bank must be obtained before the appointment or re-appointment of the Managing Director or Chief Executive Officer (CEO) of the bank company.	√		
(b)	Required documents and information (as per BRPD Circular No. 05, dated 27 February 2024) must be submitted to Bangladesh Bank before 02 (Two) months of appointment or re-appointment of the Managing Director or CEO.	√		
(c)	The Bank-Company shall appoint/re-appoint someone as its Managing Director or CEO based on the recommendation made through interviewing by the committee formed by Bangladesh Bank and chaired by its Deputy Governor assigned for the purpose.	√		
2.	Fixation of Salary, Allowances, and Determination of other Benefits:			
	In case of fixation of salary, allowances and determination of other benefits of the Managing Director or Chief Executive Officer and submission of proposal to Bangladesh Bank in this regard, the instructions of BRPD Circular No. 05 dated 27 February 2024 regarding Appointment & Responsibilities of Managing Director/Chief Executive Officer of a bank-company shall be followed.	√		
3.	Incentive Bonus:			
	The Managing Director or CEO of the Bank shall be entitled to Incentive Bonus subject to the payment of Incentive Bonus in favor of Officers/Employees of the Bank. However, such Incentive Bonus payable in favor of him shall not exceed Tk. 15 (Fifteen) lakhs per year. Provided further that, no other official of the Bank shall be entitled to	√		

	Incentive Bonus in excess of the limit prescribed for the Managing Director or CEO.			
4.	Honorarium for attending the Board Meeting:			
	The Managing Director or Chief Executive Officer CEO is a salaried official of the Bank and shall not be entitled to any honorarium for attending the meeting of the Board or any committee of the Board.	√		
5.	Traveling outside Bangladesh The Managing Director or Chief Executive Officer of a Bank-Company shall avoid so far possible being outside Bangladesh for a long period of time. If travel outside Bangladesh is indispensable, following information and documents (attested by the Company Secretary) should be submitted along with the proposal sent by the Bank for pre-approval for travel outside Bangladesh-			
(a)	Application for Pre-approval of Bangladesh Bank: The application must be made to Bangladesh Bank before 10 (Ten) working days of his traveling for pre-approval.	√		
(b)	Information and Documents to be Submitted: (i) Attested copy of the decision of the Board of Directors; (ii) Proposed travel Schedule (including transit time); (iii) Purpose of travel and address of staying abroad (if more than one country, name of each country, duration of possible stay and address); (iv) The number of visit and purpose of travelling abroad during the relevant calendar year and the date and country of last visit; and (v) Source of travelling expenses.	√		
(c)	Intimation regarding Managing Director or CEO (In-charge): If the application for travelling abroad of regular Managing Director or CEO is approved by Bangladesh Bank then the name, designation, official phone number, cell phone number and e-mail address of the official who shall perform as Managing Director or CEO (In-charge) during the absence must be intimated in writing to the Banking Regulation and Policy Department (Division-II) before the regular Managing Director (MD) or Chief Executive Officer (CEO) leaves his office.	√		
6.	Responsibilities, Duties and Authorities of the Managing Director (MD) or Chief Executive Officer (CEO): The Managing Director (MD) or Chief Executive Officer (CEO) of Bank Company shall perform the duties and responsibilities and exercise the Authorities as follows:			
(a)	Performing Trust and Fiduciary Duty The Managing Director (MD) or Chief Executive Officer (CEO) must have proper knowledge and understanding of the following trust & fiduciary duty to protect the best interests of the depositors, and the banking company, namely-			
	(i) Duty of Care: He shall follow all the Acts, rules and regulations related to banking business. Furthermore, He shall act prudently, avoiding all forms of ignoring or negligence, so as not to cause any financial or other loss to the bank and depositors because of him.	√		
	(ii) Duty of Loyalty: He shall perform his or her duties in good faith, being loyal to the Bank Company and avoiding conflict of interest so that the interests of the Bank and depositors are protected instead of his or her own or any other person's interest.	√		
	(iii) He shall exercise the Authorities conferred on him for the purposes for which he is authorized.	√		

(b) Financial, Business and Administrative Responsibilities, Duties and Authorities:			
	(i) The MD or CEO shall perform his or her duties and responsibilities in accordance with the financial, business and administrative powers assigned on him by the Board of Directors of the Bank.	√	
	(ii) He shall be responsible for the implementation of business plan of the Bank and shall be accountable for achieving of business objectives through sound administrative and financial management.	√	
	(iii) If any misinterpretation is made or incompatible instructions is given by the honorable Board members regarding the Bank Company Act and other related laws, regulations, and circulars & directives of Bangladesh Bank during the discussion of any matter raised by the Bank Management while presenting a memorandum in Board meeting or committee meeting, the MD or CEO shall inform the Board in writing of the specific Explanation of the relevant laws/regulations/circulars/directives.	√	
	(iv) In case of violation of the Bank Company Act or any other law, rule, directive, custom & practice by the members or any member of the Board in the Board meeting or Committee meeting, the MD or CEO shall inform Bangladesh Bank such contravention in writing or orally, as the case may be.	√	
	(v) The responsibility & authority of appointment & promotion of all other officers & employees except those of immediate two tiers below the MD or CEO shall be vested in the MD or CEO. He shall perform these responsibilities in all related cases as per the service-rule based on the Board approved policies. He cannot perform any action or take any decision on the basis of emotion or nepotism while performing his duties.	√	
	(vi) The Authority of appointment, transfer, promotion of and disciplinary action against all other officers & employees except those of immediate two tiers below the MD or CEO shall be vested in the MD or CEO, which shall be exercised by him as per the service-rule approved by the Board of Directors of the Bank. Further, he may nominate any officer for training, seminar, workshop etc. under the HR policy approved by the Board. If there is any restriction imposed regarding the nomination of any of the officers or employees by the government for training outside Bangladesh or for any other reason, he is bound to comply with the said restriction.	√	
	(vii) The Managing Director (MD) or Chief Executive Officer (CEO) shall assume any other responsibility if the Board assigns within the purview of the Rules, Regulations, Acts and Articles of the Bank.	√	
7.	Releasing, Dismissal or Removal of Managing Director (MD) or Chief Executive Officer (CEO), and Filling of Vacancy:		
(a)	The Managing Director (MD) or Chief Executive Officer (CEO) shall not be removed or the contract shall not be terminated before it expires if he has not involved himself with any act considered as Gross Aberration.	√	Not applicable (No Such Case arose)
(b)	If the Board of Directors of the bank wants to terminate the contract of the CEO or remove him before the expiry of the contract, such a proposal must be sent to Bangladesh Bank for approval, stating the specific reasons. If Bangladesh Bank approves such a proposal after considering all the issues, it will come into effect one month after the approval. But if such proposal is rejected by Bangladesh Bank, the CEO	√	Not applicable (No Such Case arose)

	concerned shall remain in the office for the remaining period of his contract.			
(c)	If the CEO requests to resign for personal or any other reason before the expiry of the contract, such request should be sent to Bangladesh Bank with the recommendation of the Board of Directors. The decision of the Bangladesh Bank in this regard will be deemed as final considering the recommendation of the committee of Bangladesh Bank made after taking the personal hearing/interviewing of the said CEO.	√		
(d)	In pursuance of the provisions of Section 45 or 46 of the Bank Company Act, Bangladesh Bank may release/dismiss/remove the MD or CEO of any Bank-Company at any time for mentioning specific reason.	√		Not applicable (No Such Case arose)
(e)	In case the position becomes vacant due to voluntary resignation or expiry of the term of the MD or CEO or for any other reason, as per the provisions of Section 15Ka(1) of the Bank Company Act, the Bank shall immediately fill the vacancy by a competent official from the immediate below position of MD or CEO should be appointed as acting Managing Director or Chief Executive Officer (if there are more than one eligible officials in the same position, in that case the most senior officer) for a maximum period of 03 (Three) months according to the decision of the Board of Directors, and Bangladesh Bank must be communicated about the said appointment in writing along with the resume and other details of the acting MD or CEO. The acting MD or CEO so appointed shall perform the overall duties of the Managing Director or Chief Executive Officer of the Bank.	√		Not applicable (No Such Case arose)
(f)	The post of MD or CEO of a Bank-Company shall not be kept vacant for more than 03 (Three) consecutive months, and if the vacancy is not filled within the said period, Bangladesh Bank may appoint an administrator in that bank as per the provisions of Section 15Ka (3) of the Bank Company Act.	√		Not applicable (No Such Case arose)