

Corporate Governance Report

Corporate Governance Practices at EBL

Good governance is a pre-requisite for existence and sustenance of institutions like banks as it deals with public money and trust. Banks play a crucial role in the economy by channeling funds from depositors to entrepreneurs and businesses leading to economic growth. EBL's corporate governance practices prioritize varied stakeholder interests through ethical and responsible business conduct, adhering to legal and regulatory compliance in all its business and operational processes. The Board approves governance policies and practices, delegates authority to committees and management to ensure operational integrity, ethical standards, transparency, accountability, and foster a culture of integrity across the organization.

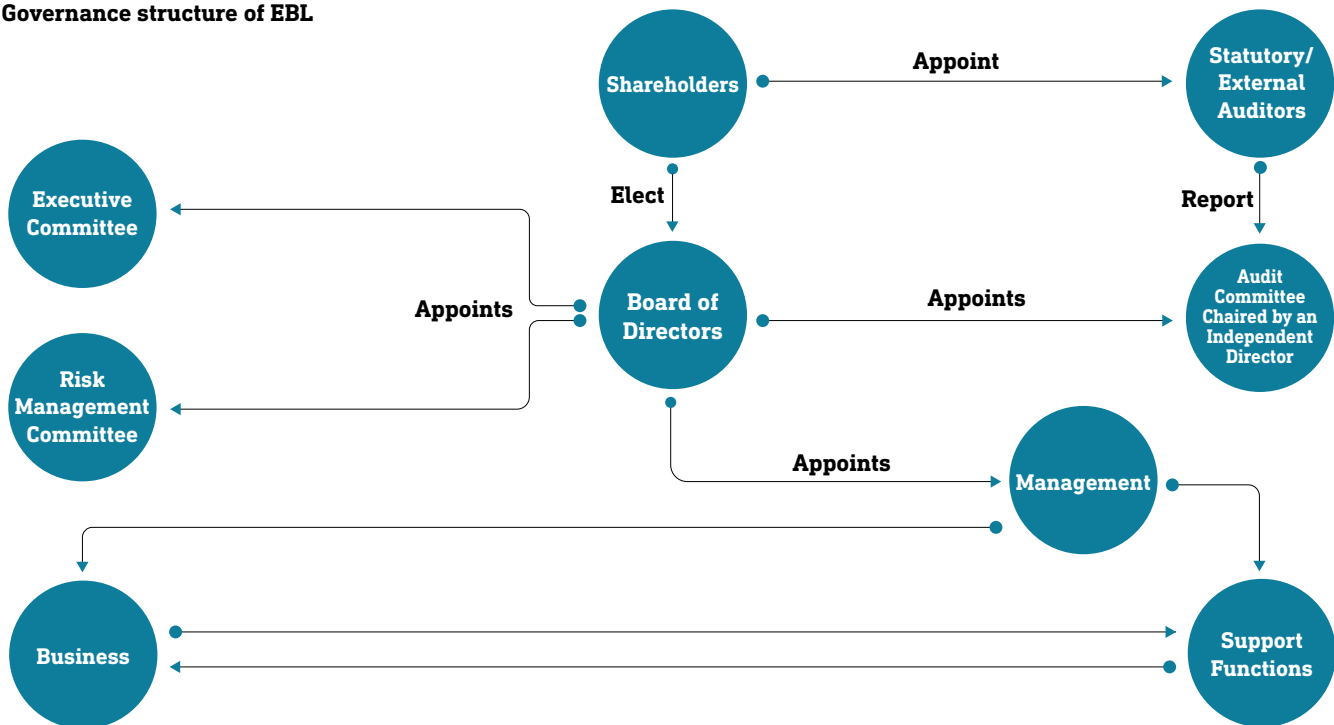
The Board is committed to meeting expectations of diverse stakeholders and fulfilling its obligations across multiple domains including business, ethics, governance, CSR and regulatory compliances. As a publicly listed company, EBL meticulously discloses its governance practices annually in its report, with compliance status duly certified by professional accountants or chartered secretaries, as required by the BSEC Code of Corporate Governance. Compliance certificate can be viewed in the page 132.

Governance Structure

Board of Directors occupies the center stage of overall governance practice of EBL and is responsible for establishing an appropriate governance structure in the Bank while the shareholders' role is to appoint the suitable directors and the auditors.

'Tone at the top' - Board of Directors plays a pivotal role in shaping governance structure and practices through their choice of strategy and leadership to drive the Bank to growth path. Design and implementation of governance mechanism including selection and appointment of members of sub-committees of Board and senior management rests primarily on the Board. The responsibility of setting strategic pursuits and goals of the company is also on the Board. The management of EBL as an extended wing of the Board executes policies and procedures set by the Board for the greater interest of shareholders and other stakeholders. The risk management and overall support functions of the Bank has been designed and kept fully independent from Business to guard against any unforeseen events that undermine the brand value of the Bank.

Governance structure of EBL



The Bank makes sure to follow strong moral values and rules in its business. The Board encourages a culture of honesty, respect and openness. EBL has a set of rules and code of conducts that everyone who works here has to follow. These rules make sure everyone treats each other, suppliers, shareholders, and investors fairly.

Guiding Philosophy of Governance Practices

We prioritize governance principles, essential reforms, and adherence to laws, regulations, and international best practices recommended by various authorities with a view to achieving long-term growth and sustainability. Our corporate governance

practices are aligned with relevant guidelines, acts, codes, and policies, including the Bank Company Act, 1991, and the Companies Act, 1994 (with subsequent amendments).

However, the Bank's corporate governance philosophy encompasses not only regulatory and legal compliances but also various internal rules, policies, procedures and best practices of local and global banks. As a responsible corporate citizen, the Bank is committed to exercise sound governance practices based on integrity, openness, fairness, professionalism and accountability in building confidence among stakeholders.

The corporate governance philosophy of the Bank is based on the following principles:

- Creating value for all stakeholders without compromising ethical principles.
- Ensuring fairness and equitable treatment of all stakeholders, including employees and shareholders.
- Compliance with all applicable laws, rules and regulations and their inherent spirit.
- Ensuring transparency and accountability, and maintaining a full disclosure policy with the motto 'when in doubt, disclose'.
- Embracing a trusteeship model in which management is the trustee, not the owner, of the shareholders' wealth.
- Establishing a sound system of risk management and internal controls with adequate safeguards and early warning systems.

Structure of the Board

According to Clause 94 of the Articles of Association of EBL, the Board of Directors (BoD) currently comprises 14 directors among whom 13 are Non-executive directors including the Chairman and 1 is the Managing Director (Ex-Officio). BoD of the Bank appointed 3 Independent Directors as prescribed in the BSEC Corporate Governance Code and Section 15 of Bank Company Act 1991.

Policy on appointment of Directors

Directors are appointed as per respective provisions, sections and regulations of Companies Act, Bank Company Act, Bangladesh Bank, Bangladesh Securities & Exchange Commission and Articles of Association of the Bank (EBL).

The BoD consists of noted entrepreneurs and business professionals having experience and acumen in diverse range of businesses and operations. Collectively they have enriched the Board with the knowledge and expertise in banking and finance, information technology, accounting, economics, marketing, administration and law. Their rich and diverse backgrounds have given the Board a vantage point in directing and monitoring the Bank to achieve its desired goals.

Retirement and election of Directors

According to clauses 105 and 106 of the Articles of Association of the Bank (EBL), following directors retired at the 31st Annual General Meeting (AGM) held on 31 May 2023. Being eligible for re-election, all four of them got re-elected by the shareholders in the same AGM.

Sl.	Name of Director	Mode of Change
1.	Mufakharul Islam Khasru Representing: ZS Holding Ltd.	Re-elected
2.	Gazi Md. Shakhawat Hossain Representing: Purnima Construction (Pvt.) Ltd.	Re-elected
3.	K.J.S. Banu	Re-elected
4.	Zara Namreen Representing: Namreen Power Ltd.	Re-elected

Pursuant to section 92 of the companies Act, 1994 and as per clauses 105 & 106 of the Articles of Association of the Bank, 1/3 (one third) of

the following Directors shall retire by rotation from the office of the Directors in the forthcoming AGM and will be eligible for re-election.

- Md. Showkat Ali Chowdhury
- M. Ghaziul Haque
- Mir Nasir Hossain
- Salina Ali

The Board appointed Khondkar Atique-e-Rabbani as Independent Director of the Bank after 31st AGM which will be placed in the next AGM (29 April 2024) for shareholders' approval in compliance with Corporate Governance Code of BSEC & Articles of Association of the Bank.

Non-Executive Directors

All the Directors of EBL including the Chairman are Non-Executive Directors except the Managing Director.

Independent Directors

EBL encourages effective representation of independent directors in its Board to infuse diverse knowledge and core competencies relevant to banking business. The BoD has appointed 03 independent directors in compliance with relevant Corporate Governance Code of BSEC. The independent directors being conversant in the field of financial, information technology, regulatory and corporate laws enjoy full freedom to carry out their assigned roles. With them they have brought in more than 10 years of corporate management/ professional experiences for meaningful contribution to the BoD.

Board meeting and attendance

The Board of Directors holds meetings on regular basis: usually twice in a month but emergency meetings are called as and when required. Management provides information, references and detailed working papers for each item of agenda to all the Directors well ahead of time fixed for the BoD meeting for consideration. In the meeting, the Chairman of the BoD allocates sufficient time for the Directors to consider each item of the agenda and allow them to discuss, inquire, and express opinions freely on the items of interest so that they can fulfill their duties to the best of their abilities. During the year 2023, a total of 24 Board Meetings were held; the attendance records are as follows:

Sl.	Name	Position	No. of Meetings attended
1.	Md. Showkat Ali Chowdhury	Chairman	23/24
2.	M. Ghaziul Haque	Director	13/24
3.	Mir Nasir Hossain	Director	21/24
4.	Salina Ali	Director	17/24
5.	Anis Ahmed	Director	4/24
6.	Mufakharul Islam Khasru	Director	21/24
7.	Gazi Md. Shakhawat Hossain	Director	22/24
8.	K.J.S. Banu	Director	21/24
9.	Zara Namreen	Director	17/24
10.	Dr. Toufic Ahmad Choudhury	Independent Director	21/24
11.	Ruslan Nasir	Director	19/24

Sl.	Name	Position	No. of Meetings attended
12.	Barrister K. M. Tanjib-ul Alam	Independent Director	22/24
13.*	Ashiq Imran	Independent Director	18/19
14.	Ali Reza Iftexhar	Managing Director	24/24

*Mr. Ashiq Imran, former Independent Director, resigned from EBL Board on 20 October 2023. Subsequently, Mr. Khondkar Atique-e-Rabbani was appointed as an Independent Director of the Bank on 31 January 2024.

The Directors who could not attend the meeting(s) were granted leave of absence by the Board.

Attendance of CFO, Head of ICC and CS in Board Meeting

Chief Financial Officer (CFO), Head of Internal Control & Compliance (ICC) and the Company Secretary (CS) of the Bank attend the meetings of the Board of Directors, provided that the CFO, Head of ICC and/or the CS do not attend such part of a meeting which involves consideration of an agenda item relating to their personal matters.

Ownership Composition

As on 31 December 2023, the Directors of EBL held 30.67% of total shares whereas General Public, Institutions & Foreign investors held 22.05%, 47.01% and 0.27% respectively:

Sl.	Composition	31.12.2023		31.12.2022	
		No of shares held	% of total Shares	No of shares held	% of total Shares
1	Directors	370,217,723	30.67%	329,082,425	30.67%
2	General Public	266,204,206	22.05%	223,463,019	20.82%
3	Institutions	567,517,404	47.01%	514,801,129	47.97%
4	Foreign Investors	3,295,382	0.27%	5,750,952	0.54%
Total		1,207,234,715	100%	1,073,097,525	100%

Directors shareholding status

In compliance with BSEC Notification dated 21 May 2019, all the eligible directors (other than Independent Directors) of EBL have been holding required percentage of shares individually (minimum 2%) as well as jointly (minimum 30%).

Shareholding structure of directors is as follows:

Sl.	Name	Position	31-12-2023	
			No of Shares Held	% of total shares
1	Md. Showkat Ali Chowdhury Representing Namreen Enterprise Ltd.	Chairman	47,857,293	3.97%
2	M. Ghaziul Haque	Director	38,765,518	3.21%
3	Mir Nasir Hossain Representing Mir Holdings Ltd.	Director	36,047,617	2.99%
4	Salina Ali Representing Borak Real Estate Ltd.	Director	57,906,365	4.79%
5	Anis Ahmed Representing MGH Healthcare Limited	Director	24,625,073	2.04%
6	Mufakkharul Islam Khasru Representing ZS Holding Ltd.	Director	24,150,656	2.00%
7	Gazi Md. Shakhawat Hossain Representing Purnima Construction (Pvt.) Ltd.	Director	36,468,949	3.03%
8	K.J.S. Banu	Director	32,264,929	2.67%
9	Zara Namreen Representing Namreen Power Limited	Director	24,150,656	2.00%
10	Dr. Toufic Ahmad Choudhury	Independent Director	-	-
11	Ruslan Nasir Representing Coloasia Limited	Director	47,980,667	3.97%
12	Barrister K.M. Tanjib-ul Alam	Independent Director	-	-
13	Ali Reza Iftexhar	Managing Director	-	-
Total			370,217,723	30.67%

Free Float Shareholding

Particulars		As on 31.12.2023		As on 31.12.2022	
1. Total number of Shares			1,207,234,715		1,073,097,525
Less:	a. Shares held by Directors	370,217,723		329,082,425	
	b. Shares held by Government	NIL		NIL	
	c. Strategic shareholding by private Corporate Bodies/ Individuals (Holding more than 5% shares by an individual/company, be considered as Strategic)	120,399,655		107,021,916	
	d. Shares held by Associate Companies (Cross Holding)	NIL		NIL	
	e. Any other Locked-in Shares (Directors Personal Holding)	70,098,793		62,310,040	
2. Subtotal (a to e)			560,716,171		498,414,381
Total Free Float Shares (1-2)			646,518,544		574,683,144
No. of Sponsors			NIL		NIL
% of free float shares in respect of total shares			53.55%		53.55%

Shareholding of MD, CS, CFO, Head of ICC and top 5 Salaried Executives

Please refer to Note 14.1 to the Financial Statements of 2023.

Separation of Chairman and Managing Director Roles

In compliance with the guidelines of Bangladesh Bank and BSEC, we report that the Chairman of the Board has been elected from among the non-executive Directors and there are clear and defined roles and responsibilities of the Chairman and the Managing Director.

The Chairman of the Board approves the agenda of the Board meetings, assisted by the Managing Director and the Company Secretary. Regular agenda items include approving credits beyond MD's authority and aspects of the Bank's corporate strategy, financial performance, core risks and credit policy, corporate governance, CSR and organizational structure, human resources policy, customer service strategies, procurement policy, etc.

On the other hand, MD, being the Head of management team, is accountable to the Board and its Committees to run and manage the Bank in accordance with the prescribed policies, principles

and strategies established by the Board and rules, regulations and guidelines from the Central Bank, BSEC and other regulatory authorities. Management's primary responsibilities are to:

- Manage the operation of the Bank safeguarding interest of customers and other stakeholders in compliance with the highest standards of ethics and integrity;
- Implement the policies and strategic direction established by the Board;
- Establish and maintain a strong system of internal controls;
- Ensure Bank's compliance with applicable legal and regulatory requirements.

Roles and responsibilities of the Board of Directors

The major roles and responsibilities of the Board, among others, are to set the vision, mission and policies of the Bank and to determine the goals, objectives and strategies to ensure efficient utilization of the Bank's resources. The roles and responsibilities of the Board of Directors are outlined below (but not limited to) in compliance with the guidelines of Bangladesh Bank:

Major roles and responsibilities	Brief Particulars
Work planning and strategic management	<ul style="list-style-type: none"> • Determining the objectives and goals and chalk out strategies and work plans. • Making strategies relating to structural change and reformation for enhancement of institutional efficiency and other relevant policy matters. • Analyzing/monitoring the status of implementation of the work plans. • Setting the Key Performance Indicators (KPIs) for the MD & officers immediate two tiers below the MD, and have it evaluated from time to time.
Credit and risk management	<ul style="list-style-type: none"> • Formulating policies, strategies, procedures etc. in respect of appraisal of loan proposal, sanction, disbursement, recovery, reschedule and write-off under the purview of the existing laws, rules and regulations. • Delegating lending authority to MD and his designated executives prudently. • Framing policies for risk management and monitoring compliance of the guidelines of Bangladesh Bank regarding key risk management.
Internal control management	<ul style="list-style-type: none"> • Keeping vigilance on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan portfolio. • Establishing internal control system in such a way so that the internal audit process can be conducted independently from the management. • Reviewing reports submitted by its audit regarding compliance of recommendations made in internal and external audit reports and Bangladesh Bank inspection reports.

Major roles and responsibilities	Brief Particulars
Human resources management and development	<ul style="list-style-type: none"> • Framing policies relating to recruitment, promotion, transfer, disciplinary measures, human resources development etc. and service rules. • Refraining from any interference into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. • Carrying out recruitment, promotion, transfer and punishment of the officers- immediate two tiers below the MD in compliance with the service rules. • Paying attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan proposals, and adoption of modern electronic and information technologies and introduction of effective Management Information System (MIS). • Establishing a Code of Ethics for every tier and promote healthy code of conducts for upholding a compliance culture.
Financial management	<ul style="list-style-type: none"> • Finalizing and approving annual budget and periodic financial statements. • Reviewing/monitoring the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures. • Framing policies and procedures for bank's purchase and procurement activities and accordingly approving Delegation of Authority to MD for expenditures. Decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business to be adopted with the approval of the Board. • Reviewing whether an Asset-Liability Committee (ALCO) has been formed and is working as per Bangladesh Bank guidelines.
Appointment of Managing Director (MD)	<ul style="list-style-type: none"> • Appointing an honest, efficient, experienced and suitable Managing Director with the approval of Bangladesh Bank.
Formation of supporting committees	<ul style="list-style-type: none"> • Forming an executive committee, an audit committee and a risk management committee with the directors. Board can not form any other sub-committee except the mentioned three committees.

Responsibilities of the Chairman of the Board

To fix following responsibilities, guidelines of Bangladesh Bank and BSEC have been taken into consideration.

The overall responsibilities of the Chairman are to:

- Ensure that the Board sets and implements the Bank's direction and strategy effectively.
- Act as the Bank's lead representative, explaining policies and aspirations to the shareholders.
- Ensure no participation in or interference into the administrative or operational and routine affairs of the Bank.

The specific responsibilities of the Chairman, among others, are to:

- Provide overall leadership to the Board, setting vision and driving innovation, working closely with the MD.
- Take a leading role in determining the composition and structure of the Board which will involve regular assessment of the:
 - Size of the Board,
 - Quality of interaction, harmony and involvement of the Directors.
- Set the Board's Agenda and plan Board Meetings.
- Chair all Board Meetings, directing debate towards consensus.
- Ensure that the Board receives appropriate, accurate, timely and clear information.
- Chair the AGM and other shareholders' meetings to foster effective dialogue with shareholders.

- Ensure that the views of shareholders are communicated to the Board as a whole.
- Work with Chairman of Board Committees.
- Conduct (if required) on-site inspection of any branch or financing activities under the purview of the oversight responsibilities of the Board.

Roles and Responsibilities of MD, CFO, CS and HIAC

The Board of Directors of EBL clearly defines and approves the respective roles, responsibilities and duties of Managing Director (MD), Chief Financial Officer (CFO), Company Secretary (CS) and Head of Internal Audit & Compliance (HIAC).

To set out the following responsibilities of MD, guidelines of Bangladesh Bank and BSEC have been taken into consideration.

- In terms of financial, business and administrative authorities vested upon him by the BoD, the MD shall discharge his own responsibilities. He shall remain accountable for achievement of financial and business targets by means of business plan and its efficient implementation and prudent administrative and financial management.
- The MD shall ensure compliance of the Bank Company Act 1991 and other relevant laws and regulations in discharging routine functions of the Bank.
- At the time of presenting any memorandum in the Board Meeting or Board Committee Meeting, the MD shall point out if there is any deviation from the Bank Company Act 1991 and other relevant laws and regulations.

- The MD shall report to Bangladesh Bank of issues in violation of the Bank Company Act 1991 or of other laws/regulations.
- The recruitment and promotion of all staffs of the Bank except those in the two tiers below him shall rest on the MD. He shall act in such cases in accordance with the approved 'EBL people management policy'.
- The authority relating to transfer and disciplinary measures against the staff, except those at two tiers below the MD, shall rest on him. Besides, under the purview of the 'EBL people management policy' approved by the BoD, he shall nominate officers for training and other related issues.

Appointment of CFO, Head of ICC and CS

The Bank appointed a Chief Financial Officer, a Head of Internal Control & Compliance and a Company Secretary as per the policy of the Bank and other regulatory laws and regulations. They are well conversant in the field of financial, regulatory and corporate laws to carry out their assigned responsibilities.

Independence of Non-Executive Directors

All the Non-Executive Directors enjoy full freedom to carry out their coveted responsibilities. They attend Board meetings regularly and participate in the deliberation and discussions effectively. They get actively involved in setting strategic direction but do not participate in or interfere into the administrative or operational or routine affairs of the Bank. However, they ensure confidentiality of the Bank's agenda papers, discussions at the Board/Committee Meetings, Notes and Minutes.

Annual appraisal of the Board's performance

At AGM shareholders critically appraise the performance of the Board and evaluate financial position and performance of the Bank, its adequacy and effectiveness of internal control system and overall governance mechanism. The shareholders also ask questions and make queries to the BoD during AGM and the Chairman of BoD gives a patience hearing and responds to their queries.

The performance of the Board is appraised based on certain parameters such as shareholder return, share price, return on capital employed, earnings per share etc. of the Bank. The attendance of Directors and their active participation in the meeting on various agenda is ensured in every Board meeting. The Board approves annual budget each year and monitors the variance quarterly to ensure achievement of the target. The Board's performance is greatly dependent on the achievement of budgeted target. Besides, the performance reports of supporting committees of the Board are also placed in the Board meeting through which the performance of the Board members are regularly assessed.

Annual evaluation of MD by the Board

The Board of Directors of EBL clearly defines and approves the roles, responsibilities and duties of MD. Based on these assigned responsibilities, BoD makes annual evaluation of MD. Furthermore, the performance evaluation of MD is done by the Board through various reports featuring financial position and performance and

- Compliance status of various assignments given by the Board to MD and his team from time to time.
- Variance analysis of budget vs. actual result and steps taken by MD to achieve the budgeted target.
- Among the financial parameters, NPL ratio, growth of loan & deposit, return on equity and return on assets, cost to income

ratio, loans write off and its recovery, capital to risk weighted assets ratio, credit to deposit ratio etc. are the common ones.

Training of Directors

Training of Directors includes providing training and information on the latest update related to banking business such as relevant laws, policy guidelines, circulars, rules and regulations issued by the regulatory authorities; so that they can effectively discharge the responsibilities. Sometimes special discussion sessions are arranged with the experts on highly technical and complex issues. They also participate in the programs and seminars organized by various professional bodies at home and abroad on business, economic, technical, professional and corporate governance issues.

Directors' knowledge and expertise in Finance and Accounting

Two Directors in the Board obtained post-graduation major in Accounting from the University of Dhaka having requisite expertise in the field of accounting and finance. Other Directors, majority of whom are either successful entrepreneurs or seasoned professionals, are also well conversant in the field of business, economics, Law, ICT and administration.

Compliance with corporate governance guidelines

The status of our compliance of Corporate Governance Code issued by BSEC, Bangladesh Bank, Companies Act-1994 and Bangladesh Secretarial Standards (BSS) has been presented in page 112-131, and 139-140. A. Qasem & Co., Chartered Accountants, duly certified the compliance status of corporate governance code and issued a report which is presented in page 132.

Vision, Mission and Strategy of the Bank

- The vision and mission statement of the Bank approved by the Board of Directors is presented in page no. 13 of this report. The said statements are also disclosed in Bank's website and other related publications.
- Strategic priorities which are time to time directed by the Board have been presented in page no. 15 of this annual report.
- Our sector wise business objectives, strategies, priorities and future business outlooks have been elaborately described in "Management Discussion and Analysis" section of this report.

Board Committees and their Responsibilities

To ensure good governance in bank management, Bangladesh Bank issued a circular allowing banks to form maximum three committees or sub-committees of the Board.

To ensure proper accountability and transparency, EBL has three Board committees namely Executive Committee, Audit Committee and Risk Management Committee to oversee and direct the operations, performance and strategic direction of the Bank. The composition of the said Board Committees is presented in "Corporate Directory" Section of this annual report.

Executive Committee (EC)

- **Appointment and composition:** In Compliance with Section 15 Kha (2) of Bank Company Act 1991 and guidelines of Bangladesh Bank, the Board of Directors of EBL has re-constituted the Executive Committee (EC) of the Board in 2022 with four members (maximum limit is seven members). None of them are the members of Audit Committee of the Board. The

Company Secretary acts as the secretary of the committee. The EC is comprised of 3 (three) Non-Executive Directors and Managing Director of the Bank. Details of EC members are stated in 'Corporate Directory' Section of this annual report.

- **Meeting and responsibilities of EC:** The EC of a larger sized BoD usually acts as a proxy for full BoD; attends a meeting with short notice and takes decisions to ensure smooth flow of banking businesses. However, any decision taken by the committee has to be subsequently ratified by the full Board.

Audit Committee (AC)

The Audit Committee of the Board carries out its functions based on the Terms of Reference (ToR) approved by the Board and is accountable to the Board of Directors. To make the quorum of the AC meeting at least 01 (one) Independent Director has to be present. The Company Secretary acts as the secretary of the committee.

- **Appointment and composition:** In compliance with guidelines of Bangladesh Bank and BSEC's Corporate Governance Code, Audit Committee (AC) of EBL Board has been re-constituted by the BoD from time to time to review and oversee company's financial reporting, non-financial corporate disclosures, internal control systems and compliance to governing laws, rules and regulations etc. independently. Details of AC members are stated in "Corporate Directory" Section of this annual report.
- **Chairman of the AC:** Chairman of the AC is an Independent Director who performs his duties with full freedom.
- **Members are Non-Executive Directors:** All members of the AC are Non-executive Directors. No Executive of the Bank is eligible to become a member of the AC. Also, no member of EC is nominated as the member of the AC.
- **Qualification of members of AC:** All members of the AC are financially literate with degree in economics, accounting and business administration. Moreover, all members of the AC have reasonable knowledge in banking business, its operations, and risks involved in it.
- **Terms of Reference (ToR) of AC:** The ToR of the AC has been framed in line with the provisions of Bangladesh bank, BSEC's Corporate Governance Code and other best practice corporate governance guidelines and standards. Some important roles and responsibilities of AC as per ToR have been described in "Report of the Audit Committee" section of this report.
- **Internal Control & Compliance Division's Access to AC:** Heads of Internal Control & Compliance (ICC) and Internal Audit have direct access to the AC as and when required. In addition, the AC meets the Head of ICC and the Head of Internal Audit at least once in a year, without management being present, to discuss any issues arising from the internal audits carried out.
- **Objectives and activities of the AC:** The AC regularly reviews the internal control system of the Bank and the quarterly, half yearly and annual financial statements of the Bank before submission to the Board for consideration. The objectives and activities of the AC have been described in "Report of the Audit Committee" section of this annual report.

- **Meeting of the Audit Committee:** The Audit Committee of EBL held 7 (seven) meetings in 2023 and had detailed discussions and review sessions with the Head of ICC, Head of Internal Audit, External Auditors regarding their findings, observations and suggestions with corrective measures. The AC instructed the management to follow those suggestions and monitored accordingly from time to time.

The Minutes of the Audit Committee Meetings containing various suggestions and recommendations to the management and the Board are placed to the Board for ratification on a regular basis. The major areas focused by the AC during the year 2023 have been presented in "Report of the Audit Committee" section of this annual report.

Risk Management Committee (RMC)

- **Appointment and composition:** In Compliance with guidelines of Bangladesh Bank, the Board of Directors of EBL has re-constituted the Risk Management Committee of the Board in 2023 with five members. The RMC has been formed to minimize probable risks arisen during implementation of Board approved policies, procedures and strategies. The RMC is entrusted to examine and review whether management is properly working on identification, management and mitigation of credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk, information and communication technology risk, operational risk, interest rate risk and liquidity risk and keeping adequate provision and capital against the said risks.

All five members of this RMC are Non-Executive Directors; details of RMC members are stated in "Corporate Directory" Section of this annual report.
- **Roles and responsibilities of RMC:** It is the responsibility of RMC to identify and assess risk and guide management to formulate action plans for minimizing/controlling risks. The committee reviews the risk management policy and modify the same as per requirement. Some important roles and responsibilities of RMC have been described in "Report of the Risk Management Committee of the Board" section of this report.
- **Activities of RMC:** Major activities of RMC in 2023 have been described in "Report of the Risk Management Committee of the Board" section of this report.
- **Meeting of the RMC:** The committee is required to conduct at least four meetings in a year although it can be more as per requirement. The committee may call the MD, Chief Risk Officer (CRO) or any other executive to attend the committee meeting. The RMC held 4 (four) meetings during 2023 and had detailed discussions and review sessions with the CRO regarding their findings, observations and recommendations on issues of Bank affairs that need improvement. The major areas focused by the RMC during 2023 have been presented in "Report of the Risk Management Committee of the Board" section of this report.

Benefits provided to Directors and Managing Director

According to the Circulars and Guidelines issued by Bangladesh Bank, banks in Bangladesh can only provide the following facilities to the Directors:

Chairman: The Chairman of the Board of Directors may be provided an office chamber, a private secretary, an office assistant, a telephone

in office, a full time car and a mobile phone to be used within country. The Chairman of EBL did not accept any support staff and private secretary and any mobile phone from the Bank.

Directors: Directors are entitled to fees and other benefits for attending the Board/sub-committee (EC/AC/RMC) meetings (The benefits provided to Directors of EBL have been mentioned in Note 33 to the Financial Statements).

Managing Director: Managing Director is paid salary, allowances and other facilities according to his service contract approved by the Board and Bangladesh Bank (the benefits provided to MD of EBL have been mentioned in Note 32 to the Financial Statements).

EBL has fully complied with Bangladesh Bank Circulars and Guidelines.

Establishment and review of Internal Control System

EBL has a sound system of internal control to safeguard stakeholders' interest. The Board of Directors having ultimate responsibility of its operations has delegated to the Audit Committee for review of the adequacy and effectiveness of the system of internal control.

A review of internal control system has been presented in "Directors' Report" of this annual report.

Risk management

The Risk Management Division (RMD) is responsible to oversee, monitor and report all risks in line with the risk appetite set by the Risk Management Committee (RMC) of the Board. The RMC of the Board reviews and monitors the overall risk management system of the Bank and updates to the Board from time to time. Risk management functions are subject to continuous scrutiny of the Internal Control & Compliance Division (ICCD) to ensure appropriateness and integrity of the risk management practices.

The risk management practice of EBL has been described in "Risk Management" section of this report. Also the roles and responsibilities of RMC and major areas focused by RMC in 2023 have been presented in "Report of the Risk Management Committee of the Board" section of this report.

Appointment of Independent Scrutinizer for the 32nd AGM of EBL

Mohammad Sanaullah & Associates has been appointed as an Independent Scrutinizer in compliance with the directive of BSEC dated 10 March 2021 to scrutinize the e-voting system and to ensure other rights of the shareholders in the ensuing 32nd Annual General Meeting (AGM) of the Bank (EBL). Independent Scrutinizer shall have to submit the authenticated report on process of election & voting results to the Bangladesh Securities & Exchange Commission (BSEC) within 48 (forty eight) hours from the conclusion of Annual General Meeting (AGM) of the Bank (EBL).

Appointment of external auditors

The shareholders of EBL in the 31st AGM held on 31 May 2023 appointed Howladar Yunus & Co., Chartered Accountants, as the statutory auditors for the year 2023.

Services not provided by external auditors

In compliance with the provision 7 of BSEC Corporate Governance Code, we declare that Howladar Yunus & Co., Chartered Accountants, was not engaged in any of the following services during 2023 while conducting statutory audit:

- Appraisal or valuation services or fairness opinions.
- Financial information system design and implementation.
- Book-keeping or other services related to accounting records or financial statements.
- Broker-dealer services.
- Actuarial services.
- Internal audit services or special audit services.
- Audit/certification services on compliance of corporate governance code issued by BSEC.
- Any service that the Audit Committee determines.
- Any other service that creates conflict of interest.

No partner or employee of Howladar Yunus & Co., Chartered Accountants, nor any family members of them held any share of EBL during the tenure of their audit assignment.

Highlights on Central Bank Inspection

Crucial role of Central Bank Inspection is well recognized by the BoD and management of EBL. Bangladesh Bank conducted a comprehensive inspection in 2023 covering Head Office, selected branches, core risks and departments of EBL like earlier years. A total of 46 inspection reports were furnished by Bangladesh Bank during the course of 2023. Our compliance status was highly commendable, reflecting a proactive response to the observations made in the inspection reports. Timely and precise responses were provided for major issues. The Board, in turn, directed the management to meticulously adhere to the recommendations put forth by Bangladesh Bank.

Related party transactions

The Bank in its ordinary course of business undertook financial transactions with some entities or persons that fall within the definition of 'Related Party' as contained in IAS 24 (Related Party Disclosures) and relevant provisions of Bank Company Act 1991 and Bangladesh Bank BRPD Circular No. 12 dated 15 June 2022. Following Bangladesh Bank BRPD circular -12 dated 15 June 2022 (restricting banks from procuring goods or services from "related parties"), EBL discontinued procuring goods and services (i.e. courier, internet, refreshment items etc.) from respective related party entities except Unique Hotel & Resorts PLC and replaced all those by suitable alternatives. However, EBL Skylounge situated at HSIA, Dhaka of which service is taken from Unique Hotel & Resorts PLC (UHRL) is yet to be replaced due to its unique nature of propositions and absence of ready and suitable alternatives. Considering the business sensitivity (especially cards business) and unavailability of suitable alternative for replacing UHRL, EBL applied and got permission from Bangladesh Bank to continue with the UHRL till 30th June 2024.

Please refer to Annexure C1 of financial statements for details of related party transactions.

Compliance of Code of Conduct and Ethical Guidelines

The Board of Directors complies with all applicable laws and regulations of the land and with the Memorandum and Articles of Association and the policies of the Bank adopted by the Board from time to time.

All the employees are committed to adhere to the Code of Conduct and are expected to demonstrate highest level of ethical standards.

They are also expected to undertake at all times to comply with or adhere to all applicable laws and regulations of the country, policies and instructions of the Bank, wherever they operate.

Board's Review on the organization's disaster recovery plan

EBL prioritizes operational resilience to ensure uninterrupted service even during unforeseen events which can be both localized natural disasters i.e. fires, floods, earthquakes, or man-made disasters i.e. power outages, connectivity failures, and explosions. Approved Disaster Recovery Plan (DRP) of ICT delineates a comprehensive and consistent set of actions to be executed before, during, and after such crisis. EBL boasts two geographically dispersed Disaster Recovery Sites (DRS) – Dilkusha as near DR for immediate restoration and Jashore as far DR for long-term continuity. We implement data backups and retention strategies tailored to each system's criticality, minimizing the risk of information loss. In 2023, a significant milestone has been achieved by completing the replication of Agent Banking System across all DRS locations, ensuring data consistency and redundancy. As a part of ongoing commitment to resilience and preparedness, the Bank conducts comprehensive DR drills every year, simulating real-world disruptions of varying scales. In 2023, the scope of the drill was expanded by testing the ability to resume critical operations even in the event of a complete data center failure. Valuable insights from these simulations give information regarding continuous improvement of the DRP, reinforcing for preparedness and confidence in navigating any challenge.

Board's Policy on ICT Governance

EBL recognizes the transformative power of information and communication technology. To fully harness its potential, efficient and effective ICT governance is prioritized, ensuring it seamlessly aligns with the broader enterprise framework. ICT governance adopts a comprehensive approach that takes into account stakeholder needs, evaluates various options, establishes priorities, and monitors performance and compliance against predefined objectives and directions. The Board of Directors has officially endorsed the Information Security Policy and ICT Risk Management Policy to achieve the following governance objectives:

- Alignment with enterprise governance.
- Oversight of the ICT environment through the implementation of global standards.
- Compliance with regulatory requirements.
- Allocation of resources in a judicious manner to meet current and future ICT needs.
- Ensuring transparency in procurement procedures.

In essence, EBL's ICT governance policy serves as a catalyst for innovation and transformation, fostering sustainable growth at a reasonable cost.

Effective anti-money laundering and anti-terrorist financing program

EBL has established a definitive stance against money laundering and terrorist financing, demonstrating a commitment to a Zero Tolerance approach. The Board and senior management have placed utmost priority to the Anti-Money Laundering (AML) and Anti-Terrorism Compliance Program. To build a vigorous anti-money laundering and anti-terrorism program, EBL has deployed necessary resource and manpower.

Central Compliance Committee (CCC) has been reconstructed with

14 crucial department/division heads so that they can actively contribute to AML/CFT compliance program. Triple C is chaired by CAMLCO who is responsible for overall AML & CFT Compliance of the bank. A dedicated department "Anti Money Laundering Department (AML)", headed by Deputy CAMLCO, acts as an executive arm of Triple C.

Responsibilities of the Central Compliance Committee (Triple C)

- Define and develop AML/CFT compliance policies, strategies & programs aligned with international and national standards and regulations and evaluate the same time to time.
- Supervise for effective implementation of AML/CFT annual program of Anti Money Laundering Department (AML) held jointly with CAMLCO.
- Meet at least quarterly to review policies, assess overall compliance status of the Bank and issue directives in this regard.
- Submit half yearly Reports to MD on progress of implementation of AML/CFT related measures with recommendations.
- Direct AMLD to issue instructions for adherence by branches and departments relating to policy and procedures on KYC/CDD/EDD, Transaction Monitoring/Screening, etc. and nominate Branch Anti Money Laundering Compliance Officers (BAMLCOs)/Department Anti Money Laundering Compliance Officers (DAMLCOs) having requisite skill sets, experience and rank.

Triple C meetings have been held quarterly and decisions taken in those meetings have been implemented timely. Specialized trainings have been arranged for BAMLCOs/DAMLCOs for AML/CFT measures.

AML has implemented automated sanction screening and transaction monitoring software (AML System Velocity) to establish a robust monitoring system. Currently, eight sanction lists; UN, OFAC SDN, OFAC non-SDN, EU, UK, Canadian, Australian and a local sanction list are incorporated in the system for sanction screening. Moreover, 60 transaction monitoring rules and 58 transaction monitoring reports are incorporated in transaction monitoring system to identify suspicious/unusual transactions. To put it in a nutshell, AML System Velocity has enhanced monitoring, reporting, and escalation of suspicious transactions. In compliance with BFIU Circular No 24 dated 10 December 2019, EBL has introduced a Board-approved "EBL Prevention of Trade Based Money Laundering Policy" (TBML Policy) to subject trade transactions to greater scrutiny.

Whistleblowing and Anti-Fraud program

Whistleblowing and Anti-fraud program is a tool for bank to fight against fraud-forgery and corruption. EBL has been encouraging whistleblowing for any unusual misdeed or offence observed by employees. As per Speak up Policy of EBL, employees are encouraged, guided and protected for blowing whistle against any unusual activities they may encounter. Whistleblower can report his/her concern in person, in writing, via email or over telephone and in anonymity.

In order to develop an environment that assists in preventing Fraud, including Misappropriation, Abuse & Corruption and Theft risks across the Bank, EBL has prepared and implemented Fraud and Theft Risk Prevention and Management Policy. This policy has outlined the measures to prevent fraud and theft to safeguard the bank.

Internal Control & Compliance Division (ICCD) under supervision of Head of ICC establishes and maintains an effective internal control system throughout the Bank with respect to Fraud/Theft risk. In addition, ICCD conducts surprise audit or investigations along with regular audit as instructed by the Board or Audit Committee of the Bank and submits reports with observations and recommendations to the Audit Committee at regular interval.

Compliance with Secretarial Standards

The Institute of Chartered Secretaries of Bangladesh (ICSB) has framed and issued Secretarial standards to streamline and standardize the diverse secretarial practices. ICSB recognizing the need for integration, harmonization and standardization of diverse secretarial practices, has constituted the Secretarial Standard on Board (SSB) for implementation of Secretarial Standards of Board of Directors (BSS-1), Secretarial Standards on General Meeting (BSS-2), Secretarial Standard on Minutes (BSS-3) and Secretarial Standard on Dividend (BSS-4) with the objective of formulating Bangladesh Secretarial Standards.

The Board of Directors of EBL in the Board Meeting held on 27 December 2017 discussed and accorded approval to the Management's proposal for adopting the Bangladesh Secretarial Standards (BSS) of ICSB.

Governance of Board of Directors of Subsidiary Companies

EBL has fully complied with the following provisions of BSEC Corporate Governance Code regarding governance of Board of Directors of Subsidiary Companies:

- At least one Independent Director of EBL is a Director on the Board of the subsidiary Company.
- The minutes of the Board meetings of the subsidiary companies are being placed for review in the following Board meeting of EBL.
- The Board of Directors of EBL reviews the affairs of the subsidiary companies and it has been duly stated in the minutes of the respective Board meeting.
- The Audit Committee of EBL reviews the Financial Statements, the investments in particular made by the subsidiary companies.

Human capital

Employee first is the bracing motto of EBL. Our core brand has always been our employees, appreciated for their passion to perform. For us employees are the best brand. Our Human Resources Department is also the first in Bangladesh to achieve ISO certification for its commitment to quality HR Practice in People Management.

Cash Dividend

Sl.	Year	Amount in BDT	Remarks
1	Cash Dividend for the year 1997 to 2017	62,472,595.57	Transferred to the Capital Market Stabilization Fund (CMSF)
2	Cash Dividend for the year-2018	7,707,926.30	Necessary instructions and guidelines are yet to receive from the primary regulator regarding the transfer of the cash dividend to CMSF.
3	Cash Dividend for the year-2019	9,540,422.11	
4	Cash Dividend for the year-2020	10,165,660.82	
5	Cash Dividend for the year-2021	6,269,384.84	
6	Cash Dividend for the year-2022	12,503,697.69	

The details discussion on the Bank's Human Capital has been presented in "eblHR: The Trendsetter in Caring HR Practices" section under "Management Discussion & Analysis" of this report.

Communication with stakeholders

- **Communication with shareholders:** The assigned desk under Company Secretariat plays an important role to have effective communication with its shareholders and other stakeholders. Shareholders and other stakeholders of the Bank may contact to this Department during office hour for any sort of information and queries. Common services include but not limited to allow or rejection of transfer or transmission of shares, issue of duplicate certificates, allotment of shares issued from time to time, opening and operation of bank accounts for payment of dividend, redemption of paper shares and the listing of securities on stock exchanges etc. Furthermore, EBL provides updated information in its website from time to time for the shareholders and other stakeholders of the Bank.

- **Policy on ensuring participation of shareholders at AGM:** To ensure effective participation of shareholders in AGM, EBL publishes notice of AGM in daily newspapers with necessary details within reasonable time-frame. The AGM normally takes place in a well-known place and at convenient time. Annual reports are circulated as per provision of Companies Act 1994 and related Notification issued by BSEC, so that shareholders get sufficient time to go through the report and can freely provide their valuable comments and suggestions in the AGM. EBL convenes its AGM by using Digital Platform in order to avoid large gathering by ensuring voting and other rights of shareholders.

The Glimpses of the 31st AGM have been presented in "Information for Stakeholders" section of this annual report.

- **Redressal of shareholders complaints:** Any complaint, received at AGM or throughout the year, related to transfer and transmission of shares, non-receipt of Annual Reports, timeliness of dividend receipts and other share related matters is resolved lawfully in time.

The Company Secretary of EBL plays the role as a Chief Compliance Officer in handling any such issue related to our shareholders, investors etc. The details discussion has been presented in "Redressal of Investors' Complaints" section under "Information for Stakeholders" section of this annual report.

Unclaimed dividend

Unclaimed dividend is the residual amount of declared dividend which has not yet been paid to or claimed by the shareholders. As on 31 December 2023, unclaimed dividend amount of EBL was BDT 48,094,321.31.

Summary of Unclaimed/Undistributed/Unpaid Stock Dividend and Cash Dividend and/or Fractional Dividend as on 31.12.2023.

Stock Dividend

Sl.	Year	No. of Shares	Remarks
1	Stock Dividend for the year-2006 to 2018	2,574,791	Necessary instructions and guidelines are yet to receive from the primary regulator regarding the transfer of the stock dividend to CMSF.
2	Stock Dividend for the year-2020	529,104	
3	Stock Dividend for the year-2021	444,065	
4	Stock Dividend for the year-2022	499,840	

Disclosures of dividend information to the Shareholders

Investors' relation department of EBL publishes/discloses dividend related information in the Annual Report, official website, daily newspaper as well as online news portal from time to time in a befitting manner in order to meet the regulatory requirements and to facilitate the shareholders of the Bank (EBL).

- Published the Dividend Distribution Policy of EBL in the Annual Report and Website of the Bank.
- Published year-wise summary of unpaid or unclaimed dividend in the website of the Bank.
- Disclosed summary of unpaid or unclaimed dividend of the Bank in the Annual Report.
- Presented information of unpaid or unclaimed dividend in the Annual/Quarterly financial statements of the Bank.
- Published dividend distribution compliance report in the website of the Bank (EBL).
- Intimated the shareholders for payment of cash dividend & distribution of bonus shares for the year 2023 through publishing daily newspaper and online news portal.

Environmental and social obligations

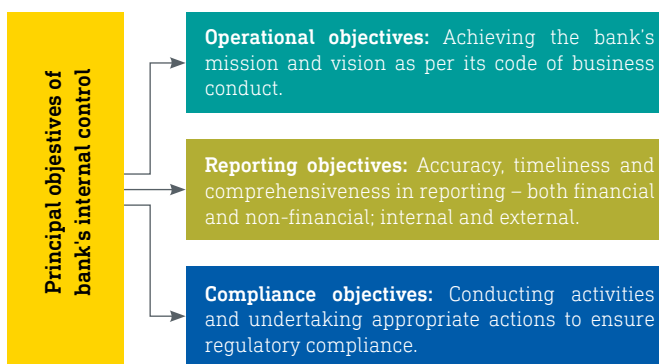
We believe that every small "GREEN" step taken today would go a long way in building a greener future. As an environment responsive Bank we initiated Go Green campaign. EBL is the first Bank to claim refinance from the Central Bank for carbon credits. A detailed description regarding environmental and social obligation has been presented in "Sustainability Report" and "Corporate Social Responsibility" sections of this Annual Report.

Internal control system

In an increasingly digitized world, the risk and control environment struggle to keep pace with the abrupt changes that undermine the efficacy of established control processes. To ensure a robust control environment that meets financial, operational, regulatory and legal requirements, the Internal Control & Compliance Division (ICCD) of EBL has been entrusted with the assessment of whether the risk management, control and governance processes of the bank is adequate and functioning in a manner to ensure:

- Adequacy and effectiveness of risk management systems.
- Dissemination of significant financial, managerial and operational information in an accurate, reliable and timely manner.
- All the activities of the employees are in compliance with policies, standards, procedures, laws and regulations.
- Use of acquired resources economically, efficiently and diligently.

- Meeting targets of planned activities, goals and objectives.
- Continuous improvement in the quality and efficacy of the bank's control processes.

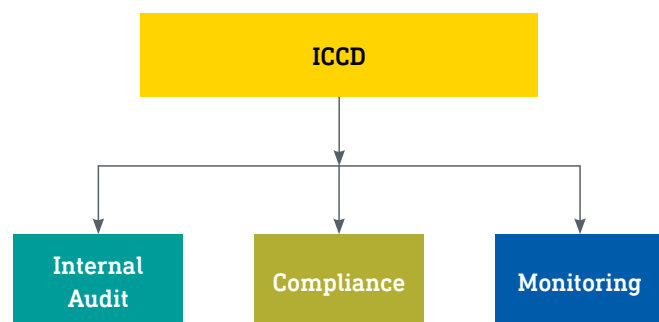


The internal control system of the Bank is designed to mitigate risks of failure to achieve business objectives. It can, therefore, only provide reasonable and not absolute assurance against material misstatement and losses. A comprehensive governance and control framework has been implemented to ensure effectiveness and efficiency of operations, compliance and reliability of financial reporting. Adequate systems, processes and controls have been put in place to identify and mitigate the risk of failure to achieve the overall objectives of the Bank. There is a continuous monitoring system in place to oversee the improvement of Bank's control environment. The Bank shall continue in its endeavor to further enhance its internal control design and assessment process in accordance with the industry best practices.

Structure of ICCD

As per 'Guidelines on Internal Control & Compliance in Banks' issued by Bangladesh Bank vide BRPD Circular No. 06 dated 04 September 2016, the Head of ICCD is reporting to the Managing Director. However, the Head of Audit, despite being a part of ICCD, is reporting directly to and is responsible to the Audit Committee of the Board.

Depending on the size and complexity of operations of the Bank, ICCD of EBL comprises of three departments namely: Audit, Monitoring, and Compliance.



Internal audit department

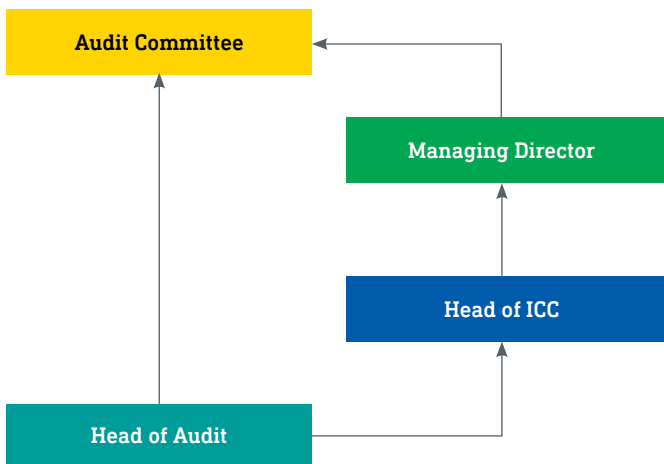
Internal Audit is an integral part of corporate governance framework and plays an important role in enhancing management and accountability both in financial and non-financial affairs of the Bank. It is the key component in EBL's assurance structure. While all assurance mechanisms are important, coordination of various assurance activities provides a holistic environment in which internal audit features prominently. Internal audit provides key stakeholders with a range of risk-based audit activities to assess whether the bank is in line with compliance norms and good governance standards. Internal stakeholders include the Board of Directors, Audit Committee, Managing Director and senior executives while external stakeholders are shareholders, regulators, customers and the general public at large.

Internal audit of EBL is suitably equipped with professionally qualified and competent resources from auditing, accountancy, information security, management professions. The department has a diverse range of roles including audit of Retail & SME Banking-branches & sub-branches, agent banking, Corporate banking, credit risk & administration, trade operations, treasury, AML, core risks, information systems, subsidiaries, centralized operations and regulatory assignments entrusted by regulator on need basis.

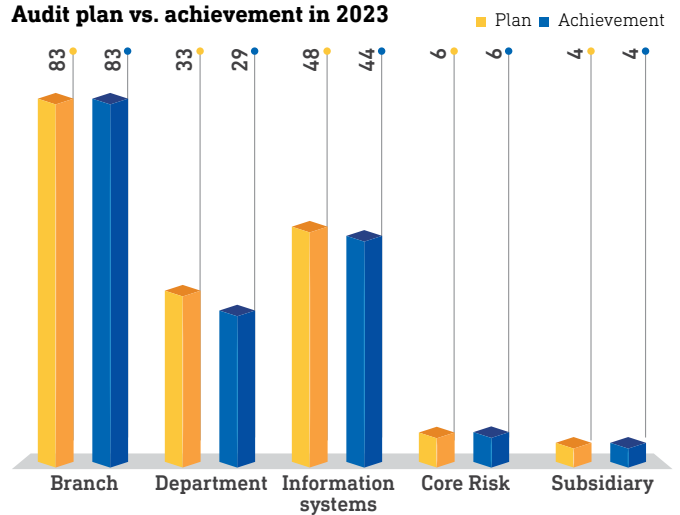
Independence of audit

Even though internal audit is a part of the Bank, reporting structures are designed in such a way that allow it to operate without inappropriate interference. The internal audit function of EBL is typically established by the authority of the Board of Directors and Bangladesh Bank regulations. Its responsibilities are defined in the audit policy & process guidelines and internal audit charter of the Bank which is approved by the Board of Directors. The internal audit charter is the mandate for internal audit to conduct its work and require:

- Full, free, and unrestricted access to all records, data, personnel and assets at the time they are relevant for performance of internal audit work.
- Free and unrestricted access to the Chair of the Audit Committee.



Audit plan vs. achievement in 2023



In addition, internal audit department conducted some audit activities in 2023 such as audit on 14 sub-branches, 09 surprise visits, 83 AML audit, 10 AML special audit, 11 agent outlets, on line FX transaction monitoring system, quarterly PIF, cash incentive, etc.

Risk based internal audit plan for 2024

After thorough discussion and analysis, with prime focus on risk based audit approach, internal audit plan 2024 of EBL and its subsidiaries was prepared and presented by head of internal audit to the ACB. The ACB in its 148th meeting approved the following plan:



Additionally, special assignments instructed by the regulator and senior management on need basis will be conducted. Internal audit submits periodic internal reports and summaries thereof to the senior management, MD as well as the Chairman of the Audit Committee. The head of internal audit provides at least quarterly updates to the Audit Committee or more frequently as appropriate. Internal audit, monitoring and compliance department coordinate its operations with the activities of the external auditor for maximum effect.

Internal audit in the era of disruptive technological advancements

The digital landscape is evolving at a rapid pace, and disruptive innovation is likely to continue to generate profound advancements over the next decade. The radical digital transformation will continue over the next decade through Edge Computing, Digital-only Banks, Cybersecurity, Artificial Intelligence, Big Data Analytics, Biometrics, Block-chain, Conversational Commerce, Dark Web, Internet of Things (IoT), and Robotic Process Automation (among others).

EBL enhances the skillset of the internal audit function by aligning with future business and technology strategies. The Information System Audit team comprises skilled staff with professional certifications, technical expertise, and industry knowledge in information and cybersecurity.

Monitoring department

Monitoring Department contributes to ensure overall efficiency of EBL's internal control mechanism on a perpetual basis through monitoring of departments and branches. This department is entrusted to protect and enhance EBL's brand value by assuring the appropriate practice of internal control system and tools, provide advice and comprehensions to the senior management and the Board. Control activities are designed and implemented to address the risks generated from operational process that the Bank identified through the risk assessment process.

Monitoring activities

Management reviews: Reports are submitted to Audit Committee of the Board and senior management on a regular basis regarding operations exceptions and deficiencies of documentations.

Activity controls: Department or division level management receives and reviews standard performance and exception reports periodically. Functional reviews occur more frequently than top-level reviews and usually are more detailed. Departments like Business Units (Corporate, Retail & SME), Credit Risk Management, Treasury, Operations are the major areas under monitoring department's surveillance.

Physical controls: Physical controls generally focus on restricting access to tangible assets, including cash and securities. Control activities include physical limitations, dual control for custodians and periodic checking of portfolio.

Compliance with exposure limits: The establishment of prudent limits on risk exposures is an important aspect of risk management. An important aspect of internal controls is a process for reviewing compliance with all limits and follow-up on instances of non-compliance. Compliance with limits for borrowers and other counterparties reduces the Bank's credit risk and helps to diversify its risk profile. Implementation of effective monitoring system helps EBL to maintain low non-performing asset in its asset portfolio.

Approvals and authorizations: Requiring approval and authorization for transactions over certain limits ensures that an appropriate level of management is aware of the transaction or situation and helps to establish accountability.

Verifications and reconciliations: Verifications of transaction details and activities and the output of risk management models used by EBL are important control activities. Periodic reconciliations, comparing transactions to account records and statements, help

identify activities and records that need to rectify. Consequently, the results of these verifications are reported to the appropriate levels of management whenever any deviation from approved process occurs.

Applied scope for Monitoring

Offsite supervision

Monitoring Team supervises regular operational activities of the Bank without physical presence to the department with the help of IT platform like core banking system, business object, data management system, e-doc software etc.

Regulatory

1. Department Control Function Checklist (Daily/Weekly/Monthly/ Quarterly)
2. Quarterly Operations Report.
3. Loan documentation Checklist
4. Self- Assessment of Anti-Fraud Internal Controls Report to Bangladesh Bank as per DOS-10

Spot visit

Monitoring team visits Division/Departments/Branches physically to check whether control process, documentation, vouchers and other activities are conducted complying with applicable process guidelines.

Compliance Department

Compliance department is entrusted with the responsibility of upholding compliance culture throughout the bank by following rules, regulations, guidelines and policies from regulators and bank itself. This department ensures compliance of compulsory laws, rules, and guidelines in every unit of the bank and provide required guidance. This department keeps liaison with regulators at all levels and informs the concerned units/departments regarding the regulatory changes.

Some major roles of this department are as follows

- Work as contact point of Bangladesh Bank and other regulators;
- Ensure proper enactment of all regulatory policies of Bangladesh Bank;
- Respond to queries of Bangladesh Bank and ensure meticulous compliance of their recommendations;
- Ensure compliance of Internal & External Audit observations and follow-up, if necessary;
- Ensure compliance of queries of regulatory bodies like-National Board of Revenue, Anti-Corruption Commission, Ministry of Finance, Law enforcing agencies and other regulators;
- Advise and guide departments and branches in resolving compliance issues;
- Checking whether the appropriate policies include:
 - a) Top level review,
 - b) Appropriate activity controls for different departments and divisions,
 - c) System of approval and authorizations,
 - d) Appropriate segregation of duties and personnel are not assigned conflicting responsibilities.