

BSEC CHECKLIST ON CORPORATE GOVERNANCE:

Status of Compliance with the Corporate Governance Code (CGC)

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

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9

Condition No.	Title	Compliance status (Put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1	Board of Directors:			
1(1)	Board Size: Board members shall not be less than 5 (five) and more than 20 (Twenty)	✓		
1(2)	Independent Directors:			
1.2(a)	Independent Director: At least 1/5 th of the total members of the Board	✓		As Per Bank Companies Act-1991 Section 15(9) PBL has 2 ID
1.2(b)	For the purpose of this clause " independent director" means a director:			
1.2 (b)(i)	Independent Directors do not hold any share or hold less than one percent (1%) shares of the total paid up capital.	✓		
1.2 (b)(ii)	Independent Directors are not connected with the company's Sponsor or Director or Shareholder who holds 1% or more shares.	✓		
1.2 (b)(iii)	Independent Director has not been an executive of the Bank in immediately preceding two financial years.	✓		
1.2 (b)(iv)	Independent Directors do not have any other relationship, whether pecuniary or otherwise, with the company or its Subsidiary/Associated Companies.	✓		
1.2 (b)(v)	Independent Director is not a member or TREC holder, director or officer of any stock exchange.	✓		
1.2 (b)(vi)	Independent Director is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1.2 (b)(vii)	Independent Director is/was not a partner or an executive of company's audit firms engaged in Statutory Audit or Internal Audit or Special Audit or Compliance Certification of this Code during preceding three years.	✓		
1.2 (b)(viii)	Independent Director shall not be independent director in more than five listed companies.	✓		
1.2 (b)(ix)	Independent Director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a NBFIs.	✓		
1.2(b)(x)	Independent Director has not been convicted for a criminal offence involving moral turpitude.	✓		
1.2(c)	Appointment of Independent Director shall be done by the Board and approved by the shareholder in the AGM;	✓		
1.2(d)	The post of Independent Director(s) cannot remain vacant for more than ninety days.	✓		
1.2(e)	The tenure of office of an Independent Director(s) shall be for a period of three years, which may be extended for One tenure only.	✓		

Condition No.	Title	Compliance status (Put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1.3	Qualification of Independent Director (ID):			
1.3(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial & corporate laws, regulatory requirements and can make meaningful contribution to the business	✓		
1.3(b)(i)	ID is a Business Leader who is/was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;	✓		
1.3(b)(ii)	ID is a Corporate Leader or was a top level executive as adopted by the code or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or	✓		
1.3(b)(iii)	Independent Director is a Former official of government or statutory or autonomous or regulatory body in the position not below 5 th Grade of the national pay scale and has at least educational background of bachelor degree in economics or commerce or business or law; or	✓		
1.3(b)(iv)	Independent Director is/was a University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	✓		
1.3(b)(v)	Independent Directors is a professional who is/was an advocate practicing in the HCD of Bangladesh Supreme Court or a CA,CMA, CFA, ACCA, CPA and CS or equivalent qualification;	✓		
1.3(c)	The ID shall have at least Ten years of experiences in any field mentioned in clause (b)	✓		
1.3(d)	Special cases for relaxing qualifications or experiences with prior approval of the Commission;	N/A		No such cases occurred
1.4	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:			
1.4(a)	Chairperson of the Board and the Managing Director and/or CEO of the Bank shall be filled by different individuals	✓		
1.4(b)	Managing Director and/or Chief Executive Officer of a Bank shall not hold the same position in another listed company or Bank.	✓		
1.4(c)	Chairperson shall be elected from among the non-executive directors of the company	✓		
1.4(d)	The Board shall clearly define respective roles & responsibilities for Chairman and the Managing Director and/or CEO.	✓		
1.4(e)	In absence of Chairman, the remaining members may elect one 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 Director's Report to Shareholders:			
1.5(i)	An industry outlook and possible future developments.	✓		
1.5(ii)	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.	✓		
1.5(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss).	✓		No such Extra-Ordinary gain or loss occurred

Condition No.	Title	Compliance status (Put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1.5(vi)	A detailed discussion and statement on 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.	✓		
1.5(ix)	An explanation on any significant variance between Quarterly Financial performances and Annual Financial Statements.	✓		No such variance occurred
1.5(x)	A statement of Directors remuneration.	✓		Please refer to Notes of FS
1.5(xi)	A statement on fair preparation of the financial statements by the management of the Bank.	✓		
1.5(xii)	A statement that proper books of account of the Bank 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)	IAS / BAS / IFRS / BFRS, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		
1.5(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.5(xvi)	statement with regard to the protection of minority shareholders from abusive actions of controlling shareholders.	✓		
1.5(xvii)	A statement that there is no significant doubt upon the Bank's ability to continue as a going concern.	✓		No doubts upon PBL's ability to continue as a going concern
1.5(xviii)	An explanation that significant deviations from the last year's operating results of the Bank shall be highlighted and the reasons thereof shall be explained.	✓		
1.5(xix)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		
1.5(xx)	An explanation on the reasons if the Bank has not declared dividend (cash or stock) for the year.	N/A		Dividend declared 12.50% Cash
1.5(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend.	N/A		
1.5(xxii)	The total number of Board meetings held during the year and attendance by each director.	✓		
1.5(xxiii)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:			
1.5(xxiii)(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details).	✓		
1.5(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name wise details).	✓		

Condition No.	Title	Compliance status (Put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1.5(xxiii)(c)	Executives (top five salaried employees of the Company other than stated in 1.5(xxiii) b).	✓		
1.5(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the Bank (name wise details).	N/A		
1.5(xxiv)	In case of appointment /re-appointment of a Director the Bank shall disclose the following information to the Shareholders:			
1.5(xxiv)(a)	A brief resume of the Director.	✓		
1.5(xxiv)(b)	Nature of his/her expertise in specific functional areas.	✓		
1.5(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
1.5(xxv)	A Management's Discussion and Analysis signed by CEO or MD:			
1.5(xxv)(a)	Accounting policies and estimation for preparation of financial statements.	✓		
1.5(xxv)(b)	Changes in accounting policies and estimation, if any.			
1.5(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof.	✓		
1.5(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario.	✓		
1.5(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe.	✓		
1.5(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the bank.	✓		
1.5(xxv)(g)	Future plan or projection or forecast for bank'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 of CG Code.	✓		
1.5(xxvii)	The report and compliance certificate shall be disclosed as per Annexure-B and Annexure-C of CG Code.	✓		
1(6)	Conducting Board meetings, recording the minutes of the meetings and keeping required books and records in line with the provisions of the relevant BSS as adopted by the ICSB.	✓		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer:			
1(7)(a)	Code of conduct, based on the recommendation of the NRC for the Chairman of the Board, other board members and Managing Director of the Bank.	✓		
1(7)(b)	Code of conduct as determined by the NRC shall be posted on the website of the bank.	✓		
2	Governance of Board of Directors of Subsidiary Company:			

Condition No.	Title	Compliance status (Put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
2(a)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the Composition of Board of Directors of the subsidiary company.	✓		
2(b)	At least 1(one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors 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.	✓		
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	MD or CEO, Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS):			
3(1)(a)	The Board shall appoint a MD or CEO, CS, CFO and HIAC.	✓		
3(1)(b)	The positions of the MD or CEO, CS, CFO and HIAC shall be filled by different individuals.	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time.	✓		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS.	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		No such incident occurred
3(2)	The MD or CEO, CS, CFO and HIAC of the bank shall attend the meetings of the Board.	✓		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO):			
3(3)(a)	They shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief.	✓		
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	✓		
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
3(3)(b)	They shall certify that there are to the best of knowledge and belief no transactions entered into by the bank during the year which are fraudulent, illegal or violation of the bank's code of conduct.	✓		

Condition No.	Title	Compliance status (Put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4	Board of Directors' Committee:			
4(i)	Audit Committee of the BoD	✓		
4(ii)	Nomination and Remuneration Committee of the BoD			
5	Audit Committee of BoD:			
5(1)	Responsibility to the Board of Directors:			
5(1)(a)	The Company shall have an Audit committee as a sub-committee of the Board of Directors.	✓		
5(1)(b)	The Audit committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the Bank and in ensuring a good monitoring system within the business.	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
5(2)	Constitution of the Audit Committee:			
5(2)(a)	The Audit committee shall be composed of at least 3 (three) members.	✓		
5(2)(b)	Constitution of Audit Committee with the non-executive Board Members including one independent Director.	✓		
5(2)(c)	All members of the Audit Committee should be "financially literate" and at least 1(one) member shall have accounting or related financial management experience and 10 (ten) years of such experience.	✓		
5(2)(d)	Filling of Casual Vacancy in 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 1 (one) independent director.	✓		
5(3)	Chairman of the Audit Committee:			
5(3)(a)	Chairman of the Audit Committee shall be an Independent Director.	✓		
5(3)(b)	In absence of regular Chairperson of BAC in a particular meeting the remaining members may elect a Chairman of that meeting and the reasons of such absence of regular Chairperson shall be duly recorded in the minutes.	✓		
5(3)(c)	Chairman of Audit Committee shall present in the Annual General Meeting (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.	✓		
5(4)(b)	The quorum of the meeting of Audit Committee shall be constituted in presence of either two members or two third of the members, whichever is higher, where presence of an Independent Director is a must.	✓		
5(5)	Role of the Audit Committee:			

Condition No.	Title	Compliance status (Put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
5(5)(a)	Oversee the financial reporting process.	✓		
5(5)(b)	Monitor choice of accounting policies and principles.	✓		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced.	✓		
5(5)(d)	Oversee hiring and performance of external auditors.			
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption.	✓		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval.	✓		
5(5)(g)	Review along with the management, the quarterly & 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.	✓		
5(5)(m)	Oversee whether the proceeds raised through IPO or RPO or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission.	N/A		
5(6)	Reporting of the Audit Committee:			
5(6)(a)	Reporting to the Board of Directors:			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:	✓		
5(6)(a)(ii)(a)	Report on conflict of interests.	N/A		
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements.	N/A		
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	N/A		
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately.	✓		

Condition No.	Title	Compliance status (Put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
5(6)(b)	Reporting to the Authorities: Reporting of anything having material impact on the financial condition and results of operation to the Commission, (if ignored by the Board).	✓		
5(7)	Reporting to the Shareholders and General Investors: Report on the activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 5(6)(a)(ii) shall be disclosed in the Annual Report.	✓		
6	Nomination and Remuneration Committee (NRC): NRC has already been formed in accordance to CG Code but it has not been mentioned in the guidelines of Bangladesh Bank.			
6(1)	Responsibility to the Board of Directors:			
6(1)(a)	The Bank 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)	ToR of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	✓		
6(2)	Constitution of the NRC:			
6(2)(a)	The Committee shall comprise of at least three members including an independent director.	✓		
6(2)(b)	All members of the Committee shall be non-executive directors.	✓		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board.	✓		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee	✓		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee.	✓		
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee.			No such event occurred
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.	✓		

Condition No.	Title	Compliance status (Put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
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 bank.	✓		
6(3)	Chairperson of the NRC:			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director.	✓		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			No such event occurred
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.			Will be occurred by the Management
6(4)	Meeting of the NRC:			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year.			The Bank is waiting for Bangladesh Bank directives.
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC.			-Do-
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).			-Do-
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.			-Do-
6(5)	Role of the NRC:			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders.	✓		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	✓		
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	✓		
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully.	✓		
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	✓		
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.			Remuneration of directors and CEOs are determined by Bangladesh Bank

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		Complied	Not complied	
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality.			The Bank is waiting for Bangladesh Bank directives.
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.			-Do-
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board.			-Do-
6(5)(b)(v)	Identifying the bank's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and			-Do-
6(5)(b)(vi)	Developing, recommending and reviewing annually the bank's human resources and training policies.			-Do-
6(5)(c)	The bank 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.			-Do-
7	External/Statutory Auditors: The Bank shall not engage its external or statutory auditors to perform the following services of the bank, namely:-			
7(1)(i)	Appraisal or valuation services or fairness opinions.	✓		
7(1)(ii)	Financial information systems design and implementation.	✓		
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		
7(1)(iv)	Broker-dealer services.	✓		
7(1)(v)	Actuarial services.	✓		
7(1)(vi)	Internal audit services or special audit services.	✓		
7(1)(vii)	Any service that the Audit Committee determines.	✓		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
7(1)(ix)	Any other service that creates conflict of interest.	✓		
7(2)	No partner or employees of the external audit firms shall possess any share of the bank they audit at least during the tenure of their audit assignment of that bank; his or her family members also shall not hold any shares in the said bank.	✓		
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 bank:			
8(1)	The bank shall have an official website linked with the website of the stock exchange.	✓		
8(2)	The bank shall keep the website functional from the date of listing.	✓		