

CORPORATE GOVERNANCE COMPLIANCE REPORT

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is presented below:

| Condition No. | Titles | Compliance Status (Put √ in the appropriate column) | Remarks |
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| Complied | Not Complied | | |
| 1. BOARD OF DIRECTORS | | | |
| 1.1 Board's Size | The number of the Board members of the company shall not be less than 5 (five) and more than 20 (twenty). | √ | The Board of BRAC Bank Ltd. (BBL) is comprised of 7 Directors |
| 1.2 Independent Directors | (i) At least one fifth (1/5) of the total number of Directors in the company's Board shall be Independent Directors. | √ | There are three Independent Directors in the BBL Board namely: Dr. Hafz G.A Siddiqi ; Kazi Mahmood Sattar and Zahida Ispahani |
| (ii) For the purpose of this clause "Independent Director" means a director | | | |
| a) does not hold any share or holds less than 1% share of the total paid-up capital. | √ | The Independent Directors have declared their compliances | |
| b) who or his family members are not connected with the company's any sponsor or Director or shareholder who holds 1% or more shares. | √ | Do | |
| c) who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies. | √ | Do | |

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| d) who is not a member, director or officer of any Stock Exchange. | √ | Do | |
| e) who is not a shareholder, director or officer of any member of Stock Exchange or any intermediary of the capital market. | √ | Do | |
| f) who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm. | √ | Do | |
| g) who shall not be an Independent Director in more than 3 (three) listed companies. | √ | Do | |
| h) who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI). | √ | Do | |
| i) who has not been convicted for a criminal offence involving moral turpitude. | √ | Do | |
| (iii) The Independent Director(s) shall be appointed by the Board of Directors and approved by the shareholders in the AGM. | √ | | |

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| (iv) The Post of Independent Director(s) can't remain vacant for more than 90 (ninety) days. | √ | | |
| (v) The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded. | √ | | |
| (vi) The tenure of office of an Independent Director | √ | | |

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| shall be for a period of 3 (three) years, which may be extended for 1 (one) term only. | | | |
| 1.3 Qualification of Independent Directors | (i) Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business. | √ | |
| (ii) Independent Director should be a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher with Economics or Business Studies or Law background/ Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The Independent Director must have at least 12 (twelve) years of corporate management/ professional experiences. | √ | | |
| (iii) In special cases the above qualifications may be relaxed subject to prior approval of the Commission. | Not Applicable | | |
| 1.4 Chairman of the Board and Chief Executive Officer | The positions of the Chairman of the Board and CEO of the companies shall be filled by different individuals. Chairman of the Board shall be elected from among the Directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the CEO. | √ | Chairman - Sir Fazle Hasan Abed, KCMG ; CEO - Selim R. F. Hussain |
| 1.5 The Directors' Report to Shareholders | (i) Industry outlook and possible future developments in the industry. | √ | |
| (ii) Segment-wise or product-wise performance. | √ | | |
| (iii) Risks and concerns. | √ | | |

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| (iv) A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin. | √ | | |
| (v) Discussion on continuity of any Extra-Ordinary gain or loss. | Not applicable as no extra ordinary gain or loss occurred in this financial year | | |
| (vi) Basis for related party transactions a statement of all related party transactions should be disclosed in the annual report. | √ | The Directors' report complied with the guideline | |
| (vii) Utilization of proceeds from public issues, rights issues and/or through any others instruments. | Not applicable as no proceeds from public issues, rights issues and/or through any others instruments | | |
| (viii) An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc. | Do | | |
| Condition No. | Titles | Compliance Status (Put √ in the appropriate column) | Remarks |
| Complied | Not Complied | | |
| (ix) If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report. | Not applicable as no significant variance occurred between Quarterly and Annual Financial Statements | | |
| (x) Remuneration to Directors including Independent Directors. | √ | The Directors' report complied with the guideline | |
| (xi) The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity. | √ | Do | |
| (xii) Proper books of account of the issuer company have been maintained. | √ | Do | |

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| (xiii) 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 | √ | Do | |
| (xiv) International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed. | √ | Do | |
| (xv) The system of internal control is sound in design and has been effectively implemented and monitored. | √ | Do | |
| (xvi) There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed. | √ | Do | |
| (xvii) Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained. | √ | Do | |
| (xviii) Key operating and financial data of at least preceding 5 (five) years shall be summarized. | √ | Do | |
| (xix) If the issuer company has not declared dividend(cash or stock) for the year, the reasons thereof shall be given. | Not applicable | | |

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| (xx) The number of Board meetings held during the year and attendance by each Director shall be disclosed. | √ | The Directors' report complied with the guideline | |
| (xxi) The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by- | | | |
| (a) Parent / Subsidiary / Associated Companies and other related parties (name wise details); | √ | Do | |
| (b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details); | √ | Do | |
| (c) Executives; | √ | Do | |

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| (d) Shareholders holding ten percent (10%) or more voting interest in the company (name wise details). | √ | Do | |
| (xxii) In case of the appointment/re-appointment of a Director the company shall disclose the following information to the shareholders- | | | |
| (a) a brief resume of the Director. | √ | The Directors' report complied with the guideline | |
| (b) nature of his/her expertise in specific functional areas. | √ | Do | |
| (c) names of companies in which the person also holds the Directorship and the membership of committees of the Board. | √ | Do | |

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| 2.00 CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY (CS) | | | |
| 2.1 Appointment | The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS. | √ | Deputy Managing Director & CFO - Md. Abdul Kader Joaddar; Head of Internal Audit - M. Morshedul Quader Khalili ; CS- Rais Uddin Ahmad |
| 2.2 Requirement to attend the Board Meetings | Attendance of (CFO) and the Company Secretary in the Board meetings. | √ | |
| 3.00 AUDIT COMMITTEE | | | |
| (i) The company shall have an Audit Committee as a sub-committee of the Board of Directors. | √ | Already in place | |
| (ii) 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 company and in ensuring a good monitoring system within the business. | √ | Do | |
| (iii) The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing. | √ | Do | |
| 3.1 Constitution of Audit Committee | (i) The Audit Committee shall be composed of at least 3 (three) members. | √ | The AC is consisted of three members |
| (ii) The Board of Directors shall appoint members of the Audit Committee who shall be Directors of the company and shall include at least 1 (one) Independent Director. | √ | The Board of Directors have appointed 03 members for Audit Committee who are Directors of the company and among them 02 are Independent Directors | |

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| <p>(iii) All members of the Audit Committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management experience: -The term Financially literate means the ability to read and understand the Financial Statement i.e Balance Sheet, Income Statement and Cash Flow Statement and a person will be considered to have Accounting or related Financial Management expertise if she/he possesses professional qualification or accounting/finance graduate with at least 12 (twelve) years of corporate management / professional experiences.</p> | √ | All the members are qualified as per BSEC's Guidelines | |
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| (iv) Casual vacancy in Audit Committee (AC) shall be filled by the Board. | Not applicable | | |
| (v) The company secretary shall act as the secretary of the Committee. | √ | Stated in the Charter of Board Audit Committee and reflected in the meeting minutes of Audit Committee | |
| (vi) The quorum of the Audit Committee (AC) meeting shall not constitute without at least 1 (one) Independent Director. | √ | Do | |
| 3.2 Chairman of the Audit Committee | (i) The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an Independent Director. | √ | Do |
| (ii) Chairman of the audit committee shall remain present in the Annual General Meeting (AGM). | √ | Do | |

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| 3.3 Role of the Audit Committee | (i) Oversee the financial reporting process. | √ | Do |
| (ii) Monitor choice of accounting policies and principles. | √ | Do | |
| (iii) Monitor Internal Control Risk management process. | √ | Do | |
| (iv) Oversee hiring and performance of external auditors. | √ | Do | |
| (v) Review along with the management, the annual financial statements before submission to the board for approval. | √ | Do | |
| (vi) Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval. | √ | Do | |
| (vii) Review the adequacy of internal audit function. | √ | Do | |
| (viii) Review statement of significant related party transactions submitted by the management. | √ | Do | |
| (ix) Review Management Letters/Letter of Internal Control weakness issued by statutory auditors. | √ | | |
| (x) When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other | Not applicable as no money is raised through IPO/RPO/rights issues in this financial year | | |

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| than those stated in the offer document/ prospectus. | | | |
| 3.4 Reporting of the Audit Committee | 3.4.1. Reporting to the Board of Directors: | | |
| (i) The Audit Committee shall report on its activities to the Board of Directors. | √ | Audit Committee informs Board periodically through its minutes which are placed at Board Meetings | |
| (ii) The Audit Committee shall immediately report to the Board of Directors on the following findings, if any- | | | |

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| (a) conflicts of interests. | Not Applicable as there have been no such occurrence | | |
| (b) suspected or presumed fraud or irregularity or material defect in the internal control system. | Do | | |
| (c) suspected infringement of laws, including securities related laws, rules and regulations. | Do | | |
| (d) any other matter which shall be disclosed to the Board of Directors immediately. | Do | | |
| 3.4.2. Reporting to the Authorities: | | | |
| If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier. | Do | | |

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| <p>3.5 Reporting to the Shareholders and General Investors</p> | <p>Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.</p> | <p>Do</p> | |
| <p>4.00 EXTERNAL/STATUTORY AUDITORS</p> | | | |
| <p>(i) Non-engagement of external/ statutory auditors in appraisal or valuation services or fairness opinions.</p> | <p>√</p> | | |
| <p>(ii) Non-engagement of external/ statutory auditors in financial information systems design and implementation.</p> | <p>√</p> | | |
| <p>(iii) Non-engagement of external/ statutory auditors in book-keeping or other services related to the accounting records or financial statements.</p> | <p>√</p> | | |
| <p>(iv) Non-engagement of external/ statutory auditors in broker-dealer services.</p> | <p>√</p> | | |
| <p>(v) Non-engagement of external/ statutory auditors in actuarial services.</p> | <p>√</p> | | |
| <p>(vi) Non-engagement of external/ statutory auditors in internal audit services.</p> | <p>√</p> | | |
| <p>(vii) Non-engagement of external/ statutory auditors in any other service that the Audit Committee determines.</p> | <p>√</p> | | |
| <p>(viii) No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.</p> | <p>√</p> | | |
| <p>(ix) Audit/certification services on compliance of corporate governance as required under clause (i) of condition no 7.</p> | <p>√</p> | | |