

Corporate Governance Report

Corporate governance

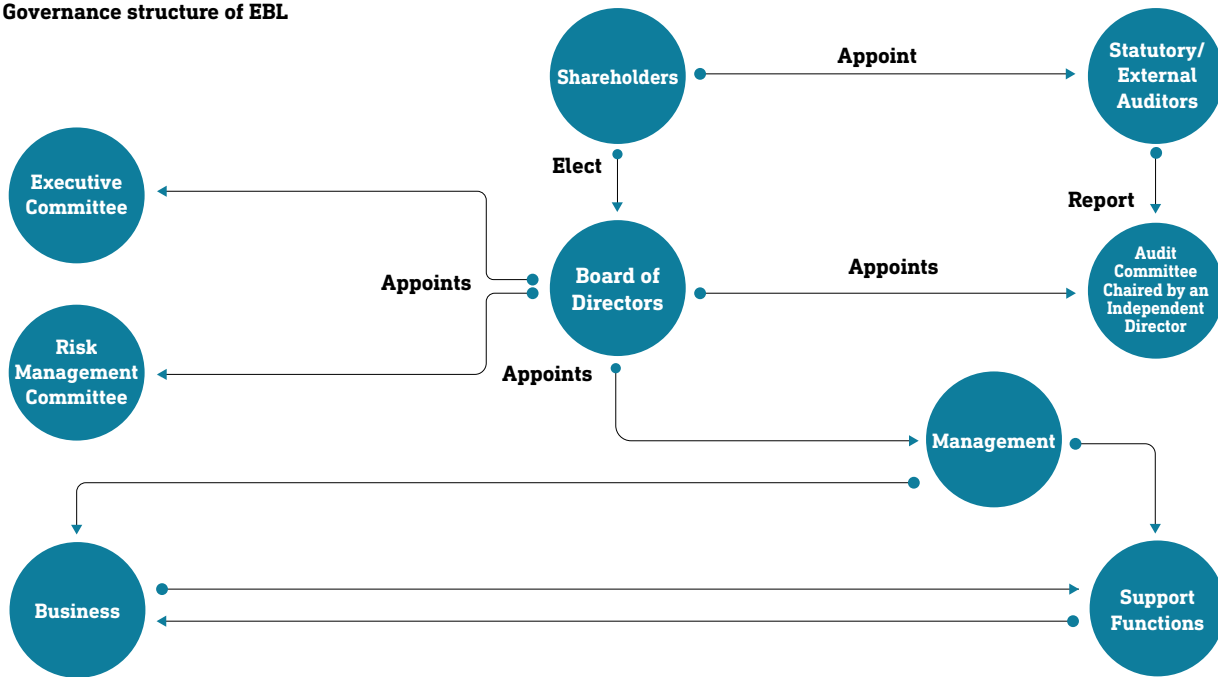
Good governance is the key to proper functioning and sustainable operations of the banking sector as well as overall economy of a country. Banks play an important role in the economy by intermediating funds from savers and depositors to activities that help drive economic growth. Banks' safety and soundness, therefore, are the key to financial stability, and the way they conduct their businesses, therefore, is of paramount importance. Good governance ensures sustainable growth by way of maintaining an equitable balance while meeting varied expectations from diverse stakeholders. The primary objective of corporate governance, therefore, is to safeguard diverse range of stakeholders' interest on a sustainable basis. It is manifested through adherence to ethical business norms, firm commitment to values and compliance with applicable laws and regulations, while enhancing shareholders value.

Governance structure of the Bank

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 onus 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



Guiding philosophy of governance practices

Principles of good governance are embedded in the core values of EBL, a Bank that strongly believes in inclusive and sustainable growth. As a locally incorporated bank, two key regulators- Bangladesh Bank (Central Bank of Bangladesh) and Bangladesh Securities and Exchange Commission (BSEC) play a major role in shaping governance structure and practices of the Bank.

However, the Bank's corporate governance philosophy encompasses not only regulatory and legal requirements 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

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 Clauses 94 of the Articles of Association of EBL, the Board of Directors (BoD) currently comprises 14 directors among whom 13 (thirteen) are Non-executive directors including the Chairman and 1 (one) is the Managing Director (Ex-Officio). The Board of Directors of the Bank appointed 3 (three) Independent Directors as prescribed in the BSEC Corporate Governance Guidelines 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 Companies 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, law and architecture. Their rich and diverse backgrounds have given the Board a vantage point in directing and monitoring the Bank to achieve its desired objectives.

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 30th Annual General Meeting (AGM) held on 19 May 2022. Being eligible for re-election, all three of them were re-elected by the shareholders in the same Annual General Meeting (AGM).

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 2022, a total of 21 Board Meetings were held; the attendance records are as follows:

Sl.	Name	Position	No. of Meetings attended
1	Md. Showkat Ali Chowdhury	Chairman	20/21
2	M. Ghaziul Haque	Director	11/21
3	Mir Nasir Hossain	Director	20/21
4	Salina Ali	Director	17/21
5	Anis Ahmed	Director	12/21
6	Mufakkharul Islam Khasru	Director	19/21
7	Gazi Md. Shakhawat Hossain	Director	18/21
8	K.J.S. Banu	Director	17/21
9	Zara Namreen	Director	19/21

Sl.	Meetings	Mode of Change
1	Md. Showkat Ali Chowdhury Representing: Namreen Enterprise Ltd.	Re-elected
2	Mir Nasir Hossain Representing: Mir Holdings Ltd.	Re-elected
3	Anis Ahmed Representing: MGH Healthcare Limited	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;

- Mufakkharul Islam Khasru
- Gazi Md. Shakhawat Hossain
- K.J.S. Banu
- Zara Namreen

The Board appointed Barrister K.M. Tanjib-ul Alam as Independent Director after holding of the 30th Annual General Meeting which would be placed at the next AGM (31.05.2023) for shareholders' approval in compliance with Corporate Governance Code of Bangladesh Securities & Exchange Commission (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 & CEO.

Independent Directors

EBL encourages effective representation of independent directors in its Board to infuse diverse knowledge and core competencies relevant to banking business. In compliance with relevant Corporate Governance Code (CGC) of BSEC, the BoD has appointed 03 (three) independent directors subsequently approved by the shareholders at the Annual General Meeting (AGM). The independent directors being conversant in the field of financial, 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.

Sl.	Name	Position	No. of Meetings attended
10	Dr. Toufic Ahmad Choudhury	Independent Director	21/21
11	Ashiq Imran	Independent Director	19/21
12	Ruslan Nasir	Director	17/21
13	Barrister K. M. Tanjib-ul Alam	Independent Director	06/06
14	Ali Reza Iftekhar	Managing Director & CEO	20/21

N.B: Barrister K. M. Tanjib-ul Alam joined EBL Board on 03 October 2022.

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 2022, the Directors of EBL held 30.67% of total shares whereas General Public and Financial Institutions held 56.35% and 12.98% respectively:

Sl.	Composition	31.12.2022		31.12.2021	
		No of shares held	% of total Shares	No of shares held	% of total Shares
1	Directors	329,082,425	30.67%	287,911,286	30.18%
2	General Public	604,717,737	56.35%	539,089,564	56.52%
3	Financial Institutions	139,297,363	12.98%	126,863,617	13.30%
Total		1,073,097,525	100.00%	953,864,467	100.00%

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	31-12-2022	
			No of Shares Held	% of total shares
1	Md. Showkat Ali Chowdhury Representing Namreen Enterprise Ltd.	Chairman	42,539,816	3.97%
2	M. Ghaziul Haque	Director	34,458,239	3.21%
3	Mir Nasir Hossain Representing Mir Holdings Ltd.	Director	32,042,327	2.99%
4	Salina Ali Representing Borak Real Estate Ltd.	Director	51,472,325	4.79%
5	Anis Ahmed Representing MGH Healthcare Limited	Director	21,888,954	2.04%
6	Mufakkharul Islam Khasru Representing ZS Holding Ltd.	Director	21,467,250	2.00%
7	Gazi Md. Shakhawat Hossain Representing Purnima Construction (Pvt) Ltd.	Director	32,416,845	3.03%
8	K.J.S. Banu	Director	28,679,937	2.67%
9	Zara Namreen Representing Namreen Power Limited.	Director	21,467,250	2.00%
10	Dr. Toufic Ahmad Choudhury	Independent Director	-	-
11	Ashiq Imran	Independent Director	-	-
12	Ruslan Nasir Representing Coloasia Limited	Director	42,649,482	3.97%
13	Barrister K.M. Tanjib-ul Alam	Independent Director	-	-
14	Ali Reza Iftekhar	Managing Director & CEO	-	-
Total			329,082,425	30.67%

Free Float Shareholding

Particulars	As on 31.12.2022	As on 31.12.2021
Total number of Shares (1)	1,073,097,525	953,864,467
Less: Shares held by Directors (a)	329,082,425	287,911,286
Shares held by Government (b)	NIL	NIL
Strategic shareholding by private Corporate Bodies/ Individuals (Holding more than 5% shares by an individual/company considered as Strategic) (c)	107,021,916	95,130,592
Shares held by Associate Companies (Cross Holding) (d)	NIL	NIL
Any other Lock-in Shares (Directors Personal Holding) (e)	62,310,040	69,164,482
Subtotal (a to e) (2)	498,414,381	452,206,360
Total Free Float Shares (1-2)	574,683,144	501,658,107
No. of Sponsors	NIL	NIL
% of free float shares in respect of total shares	53.55%	52.59%

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

Please refer to Note 14.1 to the Financial Statements of 2022.

Separation of Chairman and Chief Executive Officer Roles

In compliance with Bangladesh Bank BRPD Circular No. 11 and Circular Letter No. 18 dated 27 October 2013 and Clause 1(4) of Corporate Governance (CG) Code of BSEC dated 03 June 2018, 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 Chief Executive Officer.

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 CEO'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, CEO, 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 Bangladesh Bank BRPD Circular No. 11 dated 27 October 2013:

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 development of implementation of the work plans. • Setting the Key Performance Indicators (KPIs) for the CEO & officers immediate two tiers below the CEO, 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 among CEO and his subordinate 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 CEO 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 & CEO 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 Chief Executive Officer (CEO)	<ul style="list-style-type: none"> • Appointing an honest, efficient, experienced and suitable CEO or 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't form any other sub-committee except the mentioned three committees.

Responsibilities of the Chairman of the Board

To set out the following responsibilities, BRPD Circular No. 11 dated 27 October 2013 issued by Bangladesh Bank and Corporate Governance Code issued by BSEC on 03 June 2018 has 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 aims and policies 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 CEO.
- 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 CEO, CFO, CS and Head of ICC

The Board of Directors of EBL clearly defines and approves the respective roles, responsibilities and duties of Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary (CS) and Head of Internal Control & Compliance (ICC).

To set out the following responsibilities of CEO, BRPD Circular Letter No. 18 dated 27 October 2013 issued by Bangladesh Bank and Corporate Governance Code issued by BSEC on 03 June 2018 have been taken into consideration.

- In terms of financial, business and administrative authorities vested upon him by the BoD, the CEO 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 CEO 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 CEO shall point out if there is any deviation from the Bank Company Act 1991 and other relevant laws and regulations.
- The CEO 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 CEO. 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 CEO, 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 patient 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 & CEO by the Board

The Board of Directors of EBL clearly defines and approves the roles, responsibilities and duties of Chief Executive Officer (CEO). Based on these assigned responsibilities, BoD makes annual evaluation of MD & CEO. Furthermore, the performance evaluation of MD & CEO

is done by the Board through various reports featuring financial position and performance and

- Compliance status of various assignments given by the Board to CEO and his team from time to time.
- Variance analysis of Budget vs. Actual result and steps taken by CEO 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 and administration.

Compliance with corporate governance guidelines

The status of compliance of Corporate Governance Code issued by BSEC has been presented in page no. 112-121. A. Qasem & Co., Chartered Accountants, duly certified the compliance status of corporate governance code and issued a report which is presented in page no. 122.

Vision, Mission and Strategy of the Bank

- The vision and mission statements of the Bank approved by the Board of Directors are 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 (BRPD Circular No. 11 dated 27 October 2013) 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 BRPD Circular No. 11 dated 27 October 2013, 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 & CEO 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 Bangladesh Bank BRPD Circular No.11 dated 27 October 2013 and BSEC's Corporate Governance Code dated 03 June 2018, 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 and two members have post-graduation degree in 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 BRPD Circular No. 11 dated 27 October 2013, Corporate Governance Code issued by BSEC on 03 June 2018, 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 of the Board" 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 6 (six) meetings in 2022 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 2022 have been presented in "Report of the Audit Committee of the Board" section of this annual report.

Risk Management Committee (RMC)

- **Appointment and composition:** In Compliance with BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of EBL has re-constituted the Risk Management Committee of the Board in 2022 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 2022 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 CEO, Chief Risk Officer (CRO) or any executive to attend the committee meeting. The RMC held 4 (four) meetings during 2022 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 2022 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 avail 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 & CEO:** 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 & CEO 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 system 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 2022 have been presented in "Report of the Risk Management Committee of the Board" section of this report.

Appointment of external auditors

The shareholders of EBL in the 30th AGM held on 19 May 2022 appointed Howladar Yunus & Co., Chartered Accountants, as the statutory auditors for the year 2022.

Appointment of Independent Scrutinizer for the 31st AGM of EBL

'Mohammad Sanaullah & Associates' is 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 31st 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).

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 2022 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 inspections

Crucial role of Central Bank Inspection is well recognized by the BoD and management of EBL. Bangladesh Bank conducted a comprehensive inspection in 2022 covering Head Office, some branches, core risks and departments of EBL like earlier years. Bangladesh Bank had 33 inspection reports during 2022. Our compliance status was very good regarding observations of inspection reports. Response on major issues had been provided in timely manner. The Board instructed management to comply with Bangladesh Bank's recommendations precisely.

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 by the end of 2022. 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 2023.

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

Code of Conduct and Ethical Guidelines

EBL has separate Code of Conduct and Ethical Guidelines for the Board and employees of the Bank. The Code of Conduct outlines the values, ethical principles and expected behaviors for all EBL employees. Highlights of our Code of Conduct and Ethical Guidelines are as follows:

- **Prevent money laundering and transaction structuring:** Employees shall comply with local laws and regulations on money laundering and prevention of fraud. Any suspicious behavior of customers shall be reported immediately.
- **Honesty and integrity:** An employees must act honestly and with integrity at all times. He/she must act fairly and equitably when dealing with the public, customer and other employees.

- **Avoid conflicts of interest:** Employees shall not use their position in the Bank for personal gain or to obtain benefits for themselves and members of their families or friends.
- **Bribery:** It is contrary to the code to offer, promise and authorize either directly or indirectly, to pay any other person any financial or other advantage in order to secure an improper advantage, or direct business to any other person or entity.
- **Borrowings:** An employee shall not borrow money from any customer or employees of the Bank or from person(s) likely to have dealings with the Bank.
- **Outside employment:** Employees are not allowed to be employed elsewhere while they are with the Bank as full-time employees. Employees are not allowed to join the management of any company in order to avoid conflict of interests.
- **Speculation in stocks:** Employees and their dependents shall not speculate/trade in stocks, shares, securities or commodities of any description nor be connected with the formation or management of a joint-stock company.
- **Participation in political activities:** An employee shall not directly or indirectly participate in any political activities during employment with the Bank.
- **Representation to Directors:** An employee shall not make any personal representation to Directors of the Bank. All representations must be addressed to the Managing Director through proper channel.
- **Acceptance of Gift:** Money shall never be accepted as a gift. It is not allowed to accept gifts for the purpose of influencing a decision.
- **Habitual lateness:** Habitual lateness is not acceptable in EBL and it is considered to be an offense. If the employee continues to be late at office that will warrant immediate disciplinary action.
- **Password sharing:** Any user ID and password provided by the Bank to any employee shall be maintained with highest confidentiality. All employees of EBL shall take reasonable precautions to keep their user ID(s) and password(s) secure.
- **Customer complaints:** All employees shall give priority in resolving customer complaints quickly, fairly and record them accordingly. They shall exude empathy by responding to the customers' feelings. Employees will solve the problem in a right way.

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 Disaster Recovery Plan

ICT's Disaster Recovery Plan (DRP) is formulated to provide guidance during localized natural disasters such as fires, floods, earthquakes and or man-made disasters like power outages, connectivity failures, explosions etc. The approved DRP outlines comprehensive and consistent actions that need to be taken before, during, and after these disasters. There are two Disaster Recovery Sites (DRS) in EBL, the near DR is at Dilkusha, and the far DR is at

Jashore. Data backup and retention are done regularly at these sites to mitigate the risk of data loss based on the criticality of the system. In 2022 replication of the upgraded CBS has been completed for all the sites, and consistent data has been ensured. Like every year, in 2022, the Bank conducted a DR drill but with an extended scope to check whether the business can be resumed if the data center fails. Takeaways from DR Drills pave the way to make improvements in the plan and help build the mindset to reinstate essential operations seamlessly in case of disasters.

Board's Policy on ICT Governance

Efficient and effective governance of ICT requires a holistic approach. Being an essential part of enterprise governance, ICT governance ensures that stakeholder needs are considered, options are evaluated, directions are set through prioritization, and performance and compliance are monitored against agreed-on directions and objectives.

The Board of Directors has approved Information Security Policy and ICT Risk Management Policy for attaining the following governance objectives:

- Ensuring alignment with enterprise governance.
- Controlling the ICT environment through implementation of global standards.
- Being complied with regulatory requirements.
- Allocating rational amount of funds for ICT resources for current and future needs.
- Maintaining transparency in procurement procedures.

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

Effective Anti-Money Laundering and Anti-terrorism Program

EBL has set tone at the top by adopting Zero Tolerance stand against money laundering and terrorist financing. The Board and senior management have given utmost priority to Anti-Money Laundering and Anti-Terrorism 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 (AMLDD)", headed by Deputy CAMLCO, acts as an executive arm of Triple C.

The roles of Central Compliance Committee (Triple C) are to:

- 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 (AMLDD) 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 & CEO 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.

AMLD has on boarded an 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 Board approved "EBL Prevention of Trade Based Money Laundering Policy" (in short TBML Policy) to bring the trade transactions under 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 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.

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 make 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. During COVID-19 Pandemic, 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 30th AGM have been presented in "Stakeholders Information" section of this annual report.

Unclaimed dividends

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 2022, unclaimed dividend amount of EBL was BDT 35,810,491.

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 up the regulatory requirements and also to facilitate to 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 of EBL 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 to the shareholders for payment of cash dividend & distribution of bonus shares for the year 2021 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 Controls: the watchdog of transparency and accountability

In an increasingly digital world, the risk and control environment struggles 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 assessing 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.
- Need-based interaction with various governance groups.
- Meeting targets of planned activities, goals and objectives.
- Continuous improvement in the quality and efficacy of the bank's control processes.

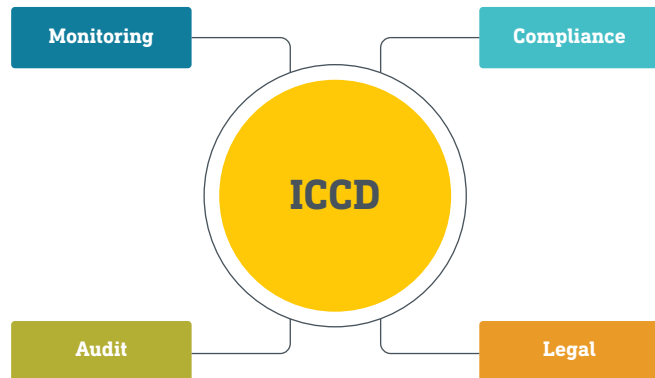
At EBL, the key objective of internal control and compliance is to ensure sustainable improvement in performance through appropriate and adequate use of governance structures. Establishing robust internal controls and ensuring an effective control framework has been one of the top priorities for EBL.

The principal objectives of Bank's internal control include:

- **Operational objectives:** Attainment of the Bank's mission and vision as per its code of business conduct.
- **Reporting objectives:** Accuracy, timeliness and comprehensiveness in reporting – both financial and non-financial; internal and external.
- **Compliance objectives:** Conducting activities and initiating appropriate actions to ensure regulatory compliance.

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 & CEO. 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 four departments namely: Audit, Monitoring, Compliance and Legal.



Audit Department: Internal Audit is an integral part of good corporate governance 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, Chief Executive Officer and senior executives while external stakeholders are shareholders, regulators, customers or the general public at large.

Independent internal audit functions of EBL provide risk based review of the effectiveness of governance, risk management and control processes by:

- Providing independent and unbiased assessment of bank's operations.
- Offering information to management on the effectiveness of governance, risk management and control processes.

- Acting as a catalyst for improvements in governance, risk management and control processes.
- Advising management what and when it needs to know.

Internal audit works to support the Bank by:

- Reviewing bank's achievement of objectives.
- Assessing if decisions are properly authorized.
- Evaluating the reliability and integrity of information.
- Ensuring assets are safeguarded.
- Assessing compliance with laws, regulations, policies and contracts.
- Considering the efficiency, effectiveness, economy and ethics of business activities.
- Reviewing opportunities for fraud and forgery.
- Following-up previous audits to assess if remedial action has been effectively implemented.
- Looking for better ways of doing things and sharing these insights with other areas within the bank.

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.

Delivery of Audit department in 2022

In 2022, Audit department conducted audit of all of 85 branches as planned. The audit of 32 divisions/departments and 3 subsidiaries was conducted against the planned audit of 34 departments and 4 subsidiaries of the Bank. After finalization of audit report, audit rating is calculated based on audit findings as well as EBL Audit Policy & Process Guidelines. Those audit ratings are informed to the branches/divisions/departments with audit report.

In addition to the branch, department/division and subsidiary audits, the audit department performed some audits in 2022 such as 06 core risk audit, Post Import Finance (PIF) audit as per BRPD circular letter no. 12, dated 13th June 2021, online FEX monitoring system as per the circular FEOD/IMPORT TRADE/103/2018-948 dated 11 March 2018, special audit on cyber security and vulnerability assessment, surprise audits on 08 branches, special AML audit and cash incentive audit. In 2022, all of the branches got satisfactory audit rating and most of the divisions/departments got satisfactory audit rating.

Major audit findings include, but not limited to, different types of operational lapses due to human error, non-compliance of internal policies or circulars, lack of thorough knowledge about relevant laws and regulations etc. The deficiencies identified during the audits are notified to the appropriate level (business/support heads) and significant audit findings are reported to the Managing Director & CEO and to the Audit Committee of the Board.

Highlights of audit conducted in 2022



Internal audit amidst 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 may come in the form of 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 gears up the skillset of the internal audit function taking future business and technology strategies into consideration. Information System Audit team is formed with skilled staffs having professional certifications and technical expertise and industry skills in information and cybersecurity.

Monitoring department: The Monitoring Department ensures overall efficiency of EBL's internal control mechanism on a perpetual basis through monitoring of departments and branches of EBL. This Department protects and enhances EBL's brand value by assuring the appropriate practice of internal control system and tools, provides advice and update 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 consists of the following interrelated elements:

- Establishing a better control and compliance culture within EBL;
- Risk recognition, assessment and mitigation;
- Implementation of control activities and segregation of duties;
- Information and communication; and
- Operational activities and corrective measure for deficiencies.

Some of the major tools and functions used by monitoring department are:

- Off-site Supervision through system generated reports and archives.
- Implementation status of all policy/process guideline/internal and external circulars/management instructions etc.
- GAP analysis to introduce new policy/control tools for various departments.
- Departmental Control Function Checklists (DCFCL) for department/branch.
- Quarterly Operations Report (QOR) monitoring.
- Loan Documentation Checklist (LDCL).
- Prime Risk Indicator (PRI).
- Branch/department spot check/ surprise check etc.
- Counterparty limit (Banks and NBFIs) and Dealers' limits.
- Value at risk (VaR), exchange position limit, forward swap gap limit, CRR & SLR.
- Self-assessment of anti-fraud internal controls report to Bangladesh Bank as per DOS-10.

All monitoring functions are adequately documented and reported on a timely basis to the appropriate level of management.

Compliance department: Compliance department is entrusted with the responsibility of upholding compliance culture throughout the Bank by following certain rules, regulations, guidelines and policies set by regulators and the bank itself. This department ensures compliance of compulsory laws, rules, and guidelines in every units of the Bank and provides required guidances and 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 compliance of all regulatory guidances 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 various queries of regulatory bodies like- Tax Authority, Anti-Corruption Commission, Ministry of Finance, Law enforcing agencies and other regulators;
- Advise and guide departments and branches in resolving various 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.

Legal department: Legal department of ICCD safeguards the Bank by ensuring legal support to all of its branches and departments. It performs drafting, vetting and streamlining of various agreements and contracts for all business and support functions of the Bank. It is addressing all the legal issues/disputes relating to recovery of loan from defaulted customers. It deals with the cases filed against the Bank pending in the Supreme Court of Bangladesh and its subordinated courts, e.g. Judge Courts, Magistrate Courts, and Courts under "The Consumer Right Protection Act, 2009". It also ensures appropriate legal assistance on a diverse range of substantive and procedural questions of law. It performs drafting, vetting and streamlining of various agreements, contracts, policies, guidelines, process manual and operational manual for all business and support functions of the Bank.

The fields in which this Department works are as follows: (1) Litigations – monitoring Cases failed by and against the Bank, (2) Filing Cases, GD, FIR/Azakar on the issues not related to recovery of loan from defaulted customer, (3) Power of Attorney-Issue PA & Cancellation, (4) Drafting - Agreements/contracts/AMCs/MoUs, (5) Vetting: Agreements/contracts/Guarantees; Guidelines, Manuals, Policies, Property related documents, (6) Legal Opinion: Passing Legal Opinion in relating to operation, ownership of Land and property, and other issues involving lease and business, (7) Reporting: Reporting to Bangladesh Bank and other regulators of the Bank, (8) Enlistment: Enlistment of panel lawyers, (9) Verification of Legal Instruments, (10) Processing/Registration of Logo & Trade Mark.