



**“COMPLIANCE OF CORPORATE GOVERNANCE CODE IN THE
CONVENTIONAL AND ISLAMIC BANKING SECTOR OF BANGLADESH
AND ITS EFFECT ON PROFITABILITY”**

Project Report on:
**“Compliance of Corporate Governance Code in the Conventional
and Islamic Banking Sector of Bangladesh and its Effect on
Profitability”**



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Date of Submission: 15-01-2024

Acknowledgment

First and foremost, I would like to start by thanking Almighty Allah for providing me assistance in the preparation of this report on “Compliance of Corporate Governance Code in the Conventional and Islamic Banking Sector of Bangladesh and its Effect on Profitability.”

Then, I would like to express my sincere gratitude to my supervisor at United International University (UIU), whose direction, instructions, and insightful advice have been crucial to the accomplishment of this project. The consistency of their guidance and assistance has greatly enhanced the caliber and comprehensiveness of this report.

I would like to thank everyone who contributed to this effort by helping, giving insightful information, and lending their experience. Together, your efforts have improved the report's overall quality and content.

I am especially grateful to my parents, who have always been a source of strength with their everlasting support, unconditional love, and loving presence. Their support has been essential to overcome obstacles

Letter of Transmittal

Date: 15 January 2024

Mohammad Amzad Hossain

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Subject: Submission of Project Report on "Compliance of Corporate Governance Code in the Conventional and Islamic Banking Sector of Bangladesh and its Effect on Profitability"

Dear Sir,

As-Salamu-Alaikum,

I am writing to submit my project report on "Compliance of Corporate Governance Code in the Conventional and Islamic Banking Sector of Bangladesh and its Effect on Profitability" to fulfill the requirements for a Bachelor of Business Administration in Accounting Information System at United International University.

I have exerted my best efforts to ensure this study's clarity, completeness, and organization, providing valuable insights into the application of corporate governance in Bangladesh. The project is grounded in my learning from journals, websites, and other reliable sources.

I express my gratitude for your insightful remarks and ideas, which have significantly contributed to the success of this project. Your support and collaborative efforts are genuinely appreciated.

Yours sincerely,

Sanjida Jahan

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BBA in AIS

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Declaration by the Student

I, Sanjida Jahan, hereby declare that the report titled "Compliance of Corporate Governance Code in the Conventional and Islamic Banking Sector of Bangladesh: An Analysis of its Impact on Profitability" is the result of my independent research and study. All information, data, and analysis presented in this report are authentic and have been collected from reliable sources. I have adhered to ethical standards throughout the research process, and any external materials used have been properly cited. This work has not been submitted in part or full for any other academic purpose, and I take full responsibility for its content.

Signature: _____

Date: 15 January 2024

Full Name: Sanjida Jahan

Student ID: 114171027.

Abstract

This report offers a comprehensive analysis of corporate governance practice in the banking industry of Bangladesh, with a specific focus on annual reports covering the fiscal years 2020 to 2022. The study steers a holistic analysis of conventional and Islamic banks, scrutinizing their disclosure indices, risk-return dynamics, compliance with corporate governance codes, and governance practices and impact of compliance of corporate governance code on the profitability of the banks. Significant discoveries encompass Al-Arafah Islami Bank PLC's exceptional performance, as evidenced by its robust disclosure index of 68.45%, which demonstrates an unwavering commitment to corporate governance and transparency. Social Islami Bank Limited (SIBL) and Eastern Bank PLC emerge as the foremost conventional and Islamic banks, respectively, with regard to disclosure, when compared from a comparative standpoint. The risk-return analysis reveals discrepancies in financial performance, wherein Shahjalal Islami Bank PLC exhibits a profitable and compliant state of harmonious equilibrium. In contrast to conventional banks, Dutch-Bangla Bank Limited distinguishes itself through its noteworthy average return of 8.22%. The results of correlation analyses indicate that average returns and compliance indices in Islamic institutions are positively correlated, indicating a synergistic relationship. Compliance and financial returns may be inversely correlated in conventional banks, indicating the possibility of a compromise. Enhanced disclosure practices, the need for conventional institutions to strike a balance, and the significance of sustainable governance are highlighted in the recommendations. Data constraints, especially for unlisted companies, and difficulties stemming from the pandemic are examples of limitations. This report provides significant insights into the corporate governance dynamics of the banking sector in Bangladesh for the benefit of stakeholders, investors, and industry observers. It offers strategic guidance that enables informed decision-making and effective risk management.

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CHAPTER 1:

INTRODUCTION

1.1 Introduction

The banking industry plays a pivotal role in supporting economies by facilitating financial transactions, stimulating economic expansion, and ensuring the free flow of capital. With the exception of a few obstacles, the banking sector in Bangladesh has undergone substantial changes throughout the years, making substantial contributions to the country's economic growth.

The significance of corporate governance in the banking industry has grown noticeably, as it affects the integrity, openness, and moral behavior of financial establishments. It is of the utmost importance that banks operate responsibly by adhering to governance codes and regulatory frameworks; this protects the interests of stakeholders, including depositors, investors, and the economy.

1.2 Rationale for the Study

The significance of corporate governance in the banking industry is of utmost importance, especially in a rapidly changing and developing financial environment. Given the multitude of issues faced by Bangladesh's banking industry, such as mismanagement, financial crises, and regulatory complications, it is essential to comprehend and adhere to corporate governance norms in order to maintain stability and promote investor trust.

The purpose of this research is to explore the regulatory framework of corporate governance in the banking industry of Bangladesh, analyzing its impact on the profitability of the sector. The study aims to get a thorough knowledge of the problems, strengths, and opportunities for development in the banking governance framework by examining disclosure indices, risk-return dynamics, and statistical correlations.

1.3 Objectives of the Study

The primary objectives of this study include:

1. **Assess Corporate Governance Compliance:** Evaluate the degree to which banks in Bangladesh adhere to corporate governance norms and regulatory frameworks.
2. **Evaluate Disclosure norms:** Assess the disclosure indices of Islamic and conventional banks to measure transparency and compliance with governance norms.
3. **Analyze Risk-Return Dynamics:** Examine the correlation between risk and return in the banking industry, distinguishing between Islamic and conventional banks.

- 4. Offer Strategic suggestions:** Utilizing the results, provide suggestions that aim to improve corporate governance processes and achieve a harmonious equilibrium between compliance and financial success.

1.4 Scope of the Study

The primary focus of this study is the banking sector in Bangladesh, which includes conventional and Islamic banks. The analysis encompasses a designated period of time, taking into account pertinent data and occurrences since the current year. Additionally, an analysis of the wider ramifications of corporate governance on the expansion and financial soundness of banks is encompassed within its scope.

1.5 Significance of the Study

The findings of this study are anticipated to provide significant contributions to a range of stakeholders, encompassing policymakers, regulatory bodies, financial institutions, and investors. Comprehending the intricacies of corporate governance compliance and its ramifications on profitability will empower stakeholders to make well-informed decisions, promote the adoption of accountable governance practices, and fortify the banking sector in Bangladesh as a whole.

1.6 Structure of the Report

The format of this study is designed to provide a methodical investigation of the corporate governance code compliance in Bangladesh's banking industry. The literature reviews, methods, in-depth results, and analyses that follow will be covered in the next chapters. The suggestions that follow will help the industry adopt responsible governance practices and promote sustainable development.

CHAPTER 2:

OBJECTIVE OF THE

REPORT

2.1 Primary Objective

Each B.B.A. in Accounting and Information System student at United International University must fulfill a unique requirement as part of their pursuit of academic excellence: the completion of an independent project and a carefully prepared written report. This mandatory project characterizes our last semester and is a critical turning point on our path to earning the prestigious B.B.A. in AIS degree.

Regarding the final projects, the main focus is on writing a report, a research study that explores the complex terrain of corporate governance application in various financial organizations. This investigation is more than just a required reading; it is an essential component that is deeply ingrained in our learning process.

Our main goal goes beyond what is often considered curriculum. Deciphering the complex dynamics of corporate governance and analyzing how it interacts with different banks' overall success is an ambitious goal. This academic project is both a necessary academic requirement and a special chance to expand our knowledge of corporate governance in the complex banking industry.

Our goal is not just to complete the degree requirements as we set out on this intellectual journey. Our final year report is a unique and intellectually stimulating project since we are motivated by the innate desire to make a significant contribution to the field of corporate governance knowledge.

2.2 Secondary Objective:

This thorough investigation has two secondary objectives, which include first, it seeks to explore certain facets while offering a more overall picture of the corporate governance environment in Bangladesh's banking industry. These ancillary objectives include:

- **Bangladesh Bank Gadget Comparison with Banks:**
Conduct a comprehensive analysis comparing the corporate governance practices of various banks with the guidelines set forth by the Bangladesh Bank. This aims to gauge the extent of alignment between the practices of individual banks and the regulatory standards imposed by the central bank.

- **Differences Between Commercial and Islamic Banks:**

Explore and elucidate the distinctions between five commercial banks and five Islamic banks regarding their corporate governance frameworks. Additionally, scrutinizes the evolution and enhancements in their governance rules over the past three years, providing an insightful overview of the industry's adaptability and commitment to continuous improvement. Corporate Governance Reporting: examining in detail the corporate governance reporting procedures of Bangladesh's largest financial institutions in order to provide insight into how closely they conform to accepted governance norms.

The combined effort of these secondary objectives concludes in an in-depth study of corporate governance within the banking industry, providing invaluable perspectives for informative comprehension and practical application.

2.3 Additional Objective:

In addition to the primary and secondary objectives outlined earlier, this report encompasses some more specific objectives, delving into comparative analyses and progressive changes within the banking sector of Bangladesh:

- **Identification and Solution Development:** This involves determining the full range of corporate governance issues facing the banking sector and developing workable ways to deal with them.
- **Analysis of Annual Reports:** Conduct a comprehensive analysis of the annual reports of banks, employing important ratios to discover the extent to which corporate governance standards are being adhered to inside these financial organizations.
- **Impact of Ratio Analyses on Profitability:** Examining the relationship between adherence to corporate governance guidelines and long-term profitability by examining how different ratio analyses affect a bank's profitability and financial sustainability.
- **Practical Consequences of Corporate Governance Compliance:** Examining the real-world effects of corporate governance compliance in financial institutions and revealing the ramifications of this crucial function.

- Bangladesh's Regulatory Environment: Examining and evaluating the country's regulations pertaining to transparency and corporate responsibility, in order to obtain a better understanding of the framework that controls business operations.
- Risk-Reward Dynamics of Stocks and Corporate Governance Procedures: This study examines the subtle relationship between corporate governance protocols and the risk-reward features of stocks, providing a nuanced view on the interaction between the two.
- Global Comparative Analysis: Extensive research on national approaches to corporate governance, offering a comparative framework for comprehending different governance models and practices worldwide.

These additional objectives not only broaden the scope of the study but also offer a nuanced understanding of the specific dynamics and developments within the banking sector, aligning with the overarching goal of evaluating corporate governance compliance and its impact on profitability.

CHAPTER 3:

LITERATURE REVIEW

3.1 Literature Review

An essential aspect of how a business operates is corporate governance, which includes moral decision-making, capable leadership, and openness. This study of the literature makes its way through the complex dynamics of corporate governance, looking at the cooperative processes and guiding principles that make an organization successful.

A company's ability to make moral judgments that benefit its stakeholders depends on how capable and open its management is (M.A. Hossain, 2003). The lack of disagreement suggests capable management, emphasizing the function of internal controls as crucial assessors of the organization's moral character.

According to HK Alam (2010), corporate governance is the complex process that owners, administrators, and managers of a firm engage in to make sure that business operations run smoothly and that objectives are met. As a reflection of the collective efforts of people who founded and led the company, good corporate governance is beneficial to those who value peace, harmony, and tranquility inside an organization (J. Aksith, 2007).

Corporate governance refers to the guidelines, policies, procedures, and choices made by a business's executives that establish expectations for both the staff and the corporation as a whole. Because corporate governance has an indirect impact on decision-makers in the government and business community, both the firm and nomination consultants have a strong stake in it. According to Mason (2015), the executive committee assumes a crucial function in guaranteeing that assessments of equality are grounded in concrete outcomes.

Strong corporate culture and excellent management are essential in today's business environment. Accumulating wealth on its own is not enough to win over investors and survive the cutthroat business world. Companies looking to build a reputation for ethical behavior now need to show that they are committed to ISR, ethical business processes, and high standards of behavior (H. Mason, 2015).

Ethical business practices and treating shareholders and stakeholders equally become essential components of corporate governance. In order to ensure authenticity, it is imperative that firms follow transparency and integrity guidelines in order to facilitate efficient administration. Access to correct data in all business domains is facilitated by workplace adherence to fundamental principles.

Following established procedures in financial, administrative, and other company-wide affairs is frequently essential to efficient corporate operations. Not only do well-maintained enterprises benefit the public and investors, but also the government. Best practices for corporate governance help with regulation and management by balancing the playing field when responding to shareholder demands. Under the direction of strict internal inspection, capable corporate management can reduce internal conflicts (J. Aderson, 2017).

Through openness and complete disclosure, good corporate governance promotes trust among affiliate investors by guaranteeing compliance with relevant laws, rules, and standards. According to commercial law, the company has crucial responsibilities to fulfill for both owners and clients. The development of efficient internal company management processes is vital in fulfilling management's obligation to safeguard the interests of financiers and shareholders.

This thorough literature review paves the way for a more in-depth investigation of corporate governance by exposing its guiding principles, cooperative procedures, and vital function in forming moral behavior, stakeholder relations, and organizational resilience in ever-changing market environments. The next sections will focus on certain aspects, looking at the corporate governance landscape globally, its obstacles, and the complex interactions between governance systems in various organizational situations.

3.2 All-Inclusive Corporate Governance Systems and Procedures

Mechanisms and controls are essential tools in the field of corporate governance that are designed to mitigate moral hazard and adverse selection inefficiencies. These diverse metrics function both externally and internally, offering a comprehensive method of regulatory compliance and control.

3.2.1 The Sentinel Role of the External Auditor

The external auditor is a crucial external element that serves as a sentinel to verify the veracity of management's reporting to shareholders. This outside inspection goes beyond budgetary assessments and probes the management of psychological conditions inside the company.

3.3 Corporate Governance Controls: Internal Vigilance

Internally implemented controls are essential to corporate governance because they provide attentive oversight and prompt action to match business operations with organizational goals. These many controls consist of the following:

3.3.1 Board of Directors: Preserving Capital Invested

The board of directors acts as the front line, protecting invested funds and exercising control over upper management. Frequent board meetings turn into important spaces for identifying, addressing, and preventing problems. The function of non-executive directors, who are frequently seen as independent, complicates the relationship between their existence and enhanced productivity or corporate governance. Executive directors provide externally imposed assessments based on decision quality since they have a thorough awareness of decision-making procedures.

3.3.2 Internal Processes, Systems, and Auditors: Guaranteeing Harmony

Internal control protocols, which oversee the acts of board members and personnel, guarantee compliance with legal requirements, operational efficiency, and financial reporting objectives. An essential component of this process are internal auditors, who confirm the efficacy and correctness of internal control and financial reporting systems.

3.3.3 Power Balance: Robust Governance Framework

An efficient governance system is guaranteed by upholding a clear division of authorities, such as different responsibilities for the President and Treasurer. Departments serve as the checks and balances in complex organizations, recommending and vetting administrative changes to protect the interests of stakeholders.

3.3.4 Pay Policies:

Correlating Earnings with Performance Through incentives, stock options, or other benefits, performance-based pay plans correlate employee earnings with production. As a result of their inability to avoid mistakes or unfair behavior, these performance-based incentive systems may unintentionally encourage narrow-minded behavior.

3.4 Outside Supervision: Corporate Governance Beyond Limits

External corporate governance controls involve parties outside the firm itself and go beyond organizational borders. This external examination consists of:

3.4.1 Analysis of Performance Data: Impacting Competitiveness

External parties that have an impact on the profitability and competitiveness of the organization evaluate and analyze performance data, mostly through financial reports.

3.4.2 Government-Mandated Laws: Framework for Legal Compliance

Government-mandated regulations provide legal frameworks that businesses must abide with, acting as external controls. Adherence to legal and societal norms guarantees congruence.

3.4.3 Labor Market Dynamics: Adapting to Shifts in the Workforce

The management of the labor market by addressing labor market dynamics, adapting to shifting workforce demands, skill shortages, and new employment trends are examples of external effects.

3.4.4 Media Influence: Molding Public Opinion

Through disseminating stories and information that affect a company's reputation, public image, and stakeholder perceptions, media outlets exercise external influence.

3.4.5 Acquisitive Measures: Business Strategy Choices

Mergers and acquisitions are examples of external corporate governance controls that are strategic actions impacted by external market, competitive, and economic forces.

In conclusion, a thorough grasp of both internal and external corporate governance systems is essential for navigating the dynamic and complicated terrain of organizational monitoring and regulatory compliance.

3.5 Managing Corporate Governance: A Crucial Strategic Role

Corporate governance is the complex compass that companies use to navigate the maze of laws, statutes, rules, and regulations while coordinating their activities into a harmonious whole. The board of directors, management, and shareholders or members are the key triad that take center stage in this comprehensive structure, which captures the many objectives of governance and

the interaction among stakeholders. In addition to these three groups, stakeholders also include suppliers, government agencies, workers, customers, lenders (banks, bondholders), and members of the general public. To be clear, in the context of membership and non-profit organizations, "shareholders" is synonymous with "members."

This broad notion of corporate governance unfolds into many subdomains, with a focus on the use of precisely calibrated processes. These systems serve as guardians, vigilantly attending to the principal-agent problem and guaranteeing that important players in an organization maintain the highest standards of responsibility. Although there is a focused discourse on the aspect of corporate governance related to economic efficiency, our investigation is a purposeful dive into the domain of shareholder-centric imperatives. The view expands even further to include the viewpoint of stakeholders and the complex structures that define global corporate governance.

Corporate governance manifests not only as a legal structure but also as a strategic philosophy, a way of working that directs businesses to exercise responsible corporate governance. This strategy tactfully expands its grasp to include the requirements of the community and the environment in addition to the objectives of investors. It aims for balance, balancing the interests of creditors, workers, customers, suppliers, investors, and the society at large. By doing this, corporate governance transforms into a lighthouse of responsible and comprehensive corporate leadership that strikes a careful balance between operational excellence and social responsibility.

3.6 Principles of Ethical Corporate Governance: An Extensive Analysis

A strong foundation in corporate governance is built upon a complex collection of values that are necessary to promote moral behavior and long-term organizational performance. Together, these tenets serve as the cornerstone of effective corporate governance and include:

1. Integrity, honesty, transparency, and trust.
 - These are the cornerstones that form the moral fabric of business conduct.
2. Put Performance, Accountability, Respect for Others, and Dedication First:
 - Internal factors that drive stakeholder value and organizational performance.

Collaboration between the management and the board of directors is essential to successfully putting these concepts into practice. Creating a governance model is thus a crucial task with the goal of fostering value coherence among the many stakeholders within the organization. It

is essential that this model be continuously observed and evaluated to guarantee its continued applicability and efficacy. CEOs and CFOs in particular are very important and should always be committed to acting morally and refraining from any kind of improper behavior.

3.7 Core Principles of Conventional Corporate Governance:

1. Respecting the Rights of Shareholders:

- Encouraging the rights of shareholders by making information easily available and aggressively encouraging participation at annual meetings.

2. Taking Legitimate Stakeholder Needs into Account:

- Taking legal duties into account while attending to the various needs of all legitimate stakeholders.

3. Board Expertise and Composition:

- To effectively handle challenging business issues, the board's expertise and knowledge should be diversified. The best ratio of executive to non-executive directors is still up for discussion.

4. Honesty, Moral Rectitude, and Code of Ethics:

Moral rectitude plays a critical role in reducing legal risks. Executive teams and corporate boards follow a code of ethics that promotes moral and responsible behavior.

5. Compliance and Ethics Programs:

- Understanding that depending just on workers' integrity is inadequate, companies implement Compliance and Ethics Programs to reduce the possibility of immoral or unlawful actions.

6. Publicizing Responsibilities and Protecting Financial Statements:

- To ensure accountability, organizations should specify and make public the responsibilities of the board and management. To ensure the accuracy and dependability of financial statement reporting, safeguards are necessary. Equitable access for all investors is ensured by prompt and equitable disclosure of relevant information.

3.8 Issues Resolved by Corporate Governance Guidelines:

1. The value of internal controls and auditing

- A focus on strong internal control systems to guarantee accuracy and efficiency.

2. Objectivity of External Auditors.

- Examining how well external auditors are able to remain impartial and how comprehensively they conduct their investigations.

3. Assurance and Risk Management.

- Addressing issues with assurance and practical risk management techniques.

4. CEO and Executive Remuneration.

- Carefully assessing senior executives' compensation packages to ensure they meet ethical and performance requirements.

5. Director Responsibilities and Means of Performance.

- This section looks at the ways in which directors carry out their duties.

6. Procedures for Dividends, Policy, and Board Elections.

- Evaluation of the effect and openness of dividend distribution policies, as well as the fairness and transparency of board member elections.

This thorough analysis highlights how complex ethical corporate governance is, and how values and issues work together to help organizations navigate obstacles honorably and resolutely in the interest of stakeholders.

3.9 Managing Corporate Governance: An Essential Strategic Role

Corporate governance is the complex compass that leads businesses through the maze of legislation, rules, and regulations and coordinates their operations into a coherent whole. The board of directors, management, and shareholders are the three main pillars of an all-encompassing framework, representing the various goals of governance and interactions amongst stakeholders. Stakeholders extend well beyond these main players and include, among others, suppliers, governmental organizations, workers, clients, lenders, and members of the public. Regarding membership and non-profit organizations, "shareholders" is synonymous with "members."

This broad notion of corporate governance unfurls into several subdomains, highlighting well calibrated mechanisms that function as watchful proxies, resolving the principal-agent dilemma, and guaranteeing the utmost levels of accountability. Although economic efficiency is still the major focus, we deliberately dive into shareholder-centric imperatives and go even beyond to include stakeholder viewpoints and the complex frameworks that define global corporate governance.

Corporate governance is a strategic ideology that guides firms to exercise responsible corporate governance. It goes well beyond a conventional legal framework. This approach deftly broadens its purview to include financial goals in addition to social and environmental concerns, aiming to strike a balance between the interests of investors, creditors, workers, suppliers, consumers, and the general public. As a result, corporate governance stands out as an example of thorough and accountable corporate leadership that skillfully strikes a balance between social responsibility and operational performance.

3.9.1 Ethical Corporate Governance Principles: Comprehensive Analysis

Strong corporate governance is built on a wide range of complicated ideals that are necessary to promote moral behavior and long-term organizational success. The cornerstones of efficient corporate governance are these ideas:

1. Reliability, Truthfulness, Openness, and Faith; Essential cornerstones of the ethical framework of corporate behavior.
2. Accountability, Dedication, Respect, and success; Internal factors that influence organizational success and stakeholder value.

In order to put these ideas into reality, management and the board must work together. In order to promote value coherence across stakeholders, designing a governance model becomes a crucial effort that requires continual monitoring and review to guarantee continued relevance and effectiveness. CEOs and CFOs are crucial figures who must always be committed to acting morally.

3.9.2 Fundamental Ideas of Conventional Corporate Governance

1. Respecting Shareholder Rights; Promoting shareholder involvement and facilitating easy access to information.

2. Treating Legitimate Stakeholder demands; Juggling legal obligations with meeting different demands of stakeholders.

3. Board composition and expertise; broadening the board's skill set to address difficult problems. There is ongoing discussion over the ideal ratio of executive to non-executive directors.

4. Honesty, Moral Rectitude, and Code of Ethics; Following a code of ethics to uphold moral standards in order to reduce legal risks.

5. Compliance and Ethics Programs; Organizations adopt programs to lessen the possibility of immoral or unlawful behavior because they understand that relying just on integrity is insufficient.

6. Publicizing Responsibilities and Safeguarding Financial Statements; Providing fair information disclosure, defining duties, and putting protections in place for financial reporting are ways to ensure accountability.

3.9.3 Corporate Governance Policies for Addressing Problems:

1. The importance of auditing and internal controls; placing a significant emphasis on internal controls to ensure efficiency and accuracy.

2. Objectivity of External Auditors; Examining the objectivity and completeness of the investigations conducted by external auditors.

3. Assurance and Risk Management; Handling issues pertaining to assurance and useful risk control strategies.

4. CEO and Executive Remuneration; Analyzing top executives' pay closely to make sure it complies with moral and performance requirements.

5. Director Responsibilities and Means of Performance; analyzing how directors carry out their responsibilities.

6. Dividends, Policy, and Board Elections Procedures; Evaluating the effect and openness of dividend policies and the impartiality of board member selections.

This thorough examination highlights the complexities of moral corporate governance by showing how ideas and problems interact in a complicated way to lead companies honorably and resolutely in the best interests of stakeholders.

3.10 The Legal Requirements and Implementation of Corporate Governance Standards in Bangladesh

Bangladesh's banking and business-related system has set certain rules and regulations that every company participating in the country's stock market or trading must follow. Bangladesh's corporate governance laws and essentials are as follows:

1. Term Limits and Board Composition:

- All Bangladeshi businesses are required by law to abide by laws that set term limits for board members. Five members is the least and twenty members is the maximum for a company's board of directors.

2. Competency and Effective Board Structure:

- Businesses, banks, and corporations have to follow regulations for the appointment of personnel to their boards, making sure that people with critical competencies are placed in optimal positions.

- The accomplishment of organizational objectives depends on adherence to sound corporate governance principles.

3. Annual Reports and Public Declarations:

- Companies are required by national law to produce an annual report, which is often known as a "report issued by the director."

- As a kind of public disclosure, this disclosure comprises documentation outlining the company's opinions.

4. Annual Reports on Industry Outlook

- The board of directors is required to present annual reports that include information on projected industry developments, new strategic orientations, and predictable growth. A glimpse into the company's future prospects and possible changes in the industrial market is given by the disclosure.

5. Disclosure of risks and hazards:

- Businesses are required to notify relevant business partners of any potential risks and hazards inside the sector. The government may now take the appropriate action to reduce risks, increase efficiency, and fulfill its social and ethical obligations thanks to this revelation.

6. Losses, Rewards, and Corporate Governance Disclosure:

- Companies are required to state in their annual report any conditions that might result in unexpected rewards or losses in order to maintain corporate governance.

7. Websites and Compliance:

- Companies operating in Bangladesh are required to have a website that links to the Trading Exchange Commission of Bangladesh websites. Following registration, the business's internal portal or website must function and adhere to the corporate governance structure.

8. Postings and Declaration on Online Portal:

- Organizations aiming to fulfill corporate governance requirements are required to publish the necessary information in the form of a statement declaration on the corporate online portal.

9. International Standards Compliance:

- Financial institutions in Bangladesh are required to confirm that the International Financial Reporting Standards and International Accounting Standards are followed in their statements.

-CEOs and CFOs enhance openness by confirming, with legal justification, the integrity of yearly transaction reports.

10. Independent Audit and yearly Review:

- The yearly audit report or financial statement must be reviewed and approved by an independent licensed certified auditor or competent accountant. The purpose of the yearly assessment is to verify that the corporate governance guidelines of the ministry are being followed.

11. ICS Standards and Practices:

- Following just standards and procedures, such as keeping accurate records of all financial dealings, is essential to guaranteeing corporate governance in Bangladesh.

- Law compliance is the responsibility of the company's authorities and management, which is why the ICSB annually reviews and validates the company's corporate management standard.

Furthermore, it is mandatory for all financial institutions in Bangladesh to confirm and certify that their financial statements adhere to both the International Financial Reporting Standards

and the International Accounting Standards. A detailed image of the situation will be presented to the relevant business partners and stakeholders by making all decisions and projections with complete knowledge. An honest and transparent picture of the business's financial operations is also given in the annual financial statement. The CEO and CFO of the concerned companies will also confirm that the yearly transaction summaries in the annual report are true, transparent, and backed by sufficient legal justifications. The yearly audit report (FS) must be reviewed and approved by an independent licensed certified auditor or qualified accountant in order to ensure that the business's activities adhere to the standards established by the ministry's CG criteria. This has resemblance to the certification seen in annual audit reports verifying the organization's compliance with corporate governance guidelines. In Bangladesh, maintaining CG in the workplace necessitates abiding by just standards and procedures, including as maintaining an accurate record of every financial transaction. The ICSB should carry out a comprehensive review and validation of the company's corporate management standard every year, since it is the duty of the management and authorities to guarantee adherence to relevant laws and regulations.

CHAPTER 4:

METHODOLOGY

4.1 Methods and Procedures

A thorough literature review was the first step in the research approach that was used in this study. The purpose of this analysis was to investigate the many conversation topics surrounding corporate governance from a variety of points of view. For the purpose of doing research that is more focused, the scope of the study was purposefully confined to three separate sectors in Bangladesh. These industries were financial institutions, public limited corporations, and state-owned enterprises. Banks were not included in the study.

Following the completion of the literature review, a number of in-depth meetings and conversations were held with important stakeholders from a variety of organizations. Gaining significant insights into the subtleties of corporate governance processes in Bangladesh was made possible by active involvement with key persons such as board members, board secretaries, and firm executives. In addition, the insight provided by highly regarded academics and researchers contributed to the overall enhancement of the subject's comprehension.

The following are some of the key considerations that have been recognized as being fundamental to the achievement of exceptional corporate governance:

- Ensuring transparency and honesty with all parties involved
- Clarifying and reinforcing the roles of management and board members
- Maintaining a commitment to equality in decision-making manufacturing procedures
- The establishment of a common understanding of duty between the board and management

In order to include real-world experiences into the research, a survey was carefully crafted. The survey's objective was to get a more in-depth understanding of the existing condition of corporate governance across Bangladesh's most important industries. It was a questionnaire with numerous subsections that covered the following topics:

- (a) A description of the company;
- (b) The rights of shareholders and the disclosure of information;
- (c) Openness and transparency to the public;
- (d) The efficiency of the board of directors;
- (e) The Purpose and Obligations of the Board of Directors; and

f) The efficiency of the independent directors that serve on the organizational board.

This structured survey made it possible to conduct an in-depth analysis of the corporate governance environment that now exists in the selected sectors. For the purpose of achieving a comprehensive comprehension of the topic at hand, the technique centered on integrating theoretical insights with practical viewpoints. The highlighted problems and the findings of the survey, taken together, established the framework for the informative analysis and suggestions that were included in the subsequent report.

4.2 Methodology of the Research

When it comes to research, the selection of acceptable methodologies and tactics is one of the most important factors in determining whether or not a project will be successful and productive. One of the most important aspects of the preparation phase is the adoption of sequential techniques and procedures, which serve as the foundation for a reporting structure that is both more transparent and more organized.

There is no possible way to overestimate the significance of selecting the appropriate research methodology, especially when one has the objective of having a significant influence on the larger environment. Whenever one is working on projects of this kind, a substantial amount of attention is spent on determining the most efficient approach to communicate the research process. This strategy places an emphasis on the delivery of clear and succinct explanations and descriptions that include pertinent ideas, techniques, and numerical data.

The technique that was selected is one that conforms to a dedication to transparency and openness, and it presents all of the information and numerical data in a way that is simple to comprehend. This study has been methodically constructed in a narrative and logical way, and there is no desire to change, influence, or compromise the core ideals that are vital to the research effort. The objective of this approach is to make it easier to have a clear and thorough grasp of the research process, which will ultimately ensure the legitimacy and relevance of the study that is conducted.

4.3 Instruments for Analyzing Data

For the purpose of this investigation, two separate kinds of data are used, the first of which is classified as descriptive data. The Microsoft Suite and the Google Suite have emerged as the key tools for inputting extensive textual information relevant to the operations of financial institutions. This is in accordance with the requirements of corporate governance frameworks.

On the other hand, Microsoft Excel plays a significant part in the process of data input, making it easier to analyze a variety of financial factors such as sales, profit, and loss. The purpose of this application is to provide a dynamic platform for numerical computations. It not only allows for the projection of ratios and number charts, but it also enables market analysis, comparisons, and quantitative mathematical calculations.

The incorporation of a wide variety of images is done with the intention of improving the visual representation and comprehension of the information that has been obtained. This requires the utilization of Photoshop procedures, such as reducing the size of the image, cropping it, and making modifications to the brightness and contrast, in order to guarantee the most effective incorporation into the report. In addition, the "photo" tool is applied to alter photos of essential aspects, which contributes to a presentation of the study results that is both more thorough and illustrative.

4.4 Methods of Sampling and the Population

For the purpose of addressing the present difficulties that are being brought about by the worldwide pandemic, the study utilizes a sophisticated sampling strategy, making use of internet platforms in order to collect the necessary project data. In-person visits to listed banks, which have traditionally been the method of choice for data gathering, have been made impracticable as a result of the current conditions. Banks, along with other modern companies, have embraced the digital era by frequently releasing their complete annual reports on the Internet. This is a part of the changing environment that banks are a part of.

Not only does this transition to online reporting guarantee the genuineness of the data, but it also makes the information more accessible via the websites of businesses and government agencies. The data collecting procedure is simplified as a result of this strategic choice, which not only conforms to the safety requirements for the organization. It makes it possible to retrieve relevant information that is essential to the study goals in a manner that is both more efficient and more structured.

A certain set of financial institutions that are listed on the Dhaka Stock Exchange (DSE) will be the primary focus of the investigation that will be carried out for the purpose of this report. In order to give a nuanced study of certain entities, which will ensure depth and relevance in relation to the research goals, this selection was made for the purpose of providing such an analysis.

4.4.1 Selection of Bank for Comprehensive Analysis

To ensure a thorough study that is in line with the key goals of this research, we have used a careful selection method. The research will specifically examine two separate classifications of banks, each providing diverse perspectives on the overall topic of adherence to corporate governance regulations and its influence on profitability in the banking industry of Bangladesh.

1. Selected Islamic Banks:

- This subset consists of five Islamic banks,

- i. Shahjalal Islami Bank PLC.**
- ii. Islami Bank Bangladesh PLC.**
- iii. First Security Islami Bank PLC.**
- iv. Social Islami Bank Limited**
- v. Al-Arafah Islami Bank PLC.**

selected to exemplify the unique characteristics and complexities of compliance within the Islamic banking system. By include these institutions, it enables a thorough examination of corporate governance standards that are specifically tailored to the principles of Islamic financing.

2. Non-Islamic or Commercial Banks (5 Selected):

- The second group consists of five non-Islamic or commercial banks,

- i. Dutch-Bangla Bank Limited**
- ii. Eastern Bank PLC.**
- iii. Dhaka Bank PLC.**
- iv. CITY BANK PLC.**
- v. BRAC Bank PLC.**

which provides a comparison aspect to the research. The selected institutions, which serve as examples of the wider financial sector in Bangladesh, will enable an analysis of corporate governance procedures within a traditional banking environment.

The selection of these 10 banks is intentional, with the purpose of gaining a comprehensive knowledge of corporate governance compliance and its impact on the profitability dynamics in Bangladesh's heterogeneous banking industry. The selected banks will function as representative samples, providing significant insights into the wider industry environment.

4.4.2 Selected Financial Year: 2020-2022

This research will undertake a thorough historical analysis, examining the financial performance of the chosen banks over three consecutive years: 2020, 2021, and 2022. The chosen temporal scope has been meticulously selected to provide a comprehensive comprehension of the changing environment, enabling the detection of trends, patterns, and prospective changes in corporate governance compliance and its influence on profitability.

The choice to prioritize these particular fiscal years corresponds to the need for a comprehensive assessment that encompasses both the pre-pandemic and pandemic-affected periods. The incorporation of the year 2020 offers valuable observations on the banks' capacity to withstand and adjust to difficult circumstances, while succeeding years add to a comprehensive evaluation of corporate governance standards and their relationship with profitability.

This report seeks to provide a comprehensive perspective on the financial progress of the chosen banks over a three-year period. Its objective is to enable stakeholders and readers to make well-informed observations and draw significant conclusions about the relationship between corporate governance and profitability in the banking industry of Bangladesh.

4.5 Data Collection for Business Description

The company descriptions in this report are derived from a thorough examination of annual reports obtained from banks that are listed on the Dhaka Stock Exchange (DSE). This deliberate choice guarantees the availability of extensive and trustworthy data from influential participants in the banking industry of Bangladesh. The process of collecting data comprises a comprehensive and complex approach:

- 1. Yearly Reports:** The fundamental aspect of gathering information is the comprehensive analysis of yearly reports. These papers provide a wealth of information, including in-depth analysis of financial performance, strategic goals, and corporate governance processes. The annual reports of the chosen banks for the years 2020, 2021, and 2022 have been carefully examined to extract relevant business descriptions.
- 2. Online Resources and Databases:** The vast array of online resources, such as the official websites of the chosen institutions and pertinent financial databases, play a crucial role in gathering data. By accessing these digital libraries, the report guarantees

an up-to-date and dynamic understanding of the business environment, using the real-time and user-friendly nature of online platforms.

3. Financial Statements: The financial statements of the banks play a crucial role in evaluating how well they follow corporate governance rules. The aforementioned statements, which include balance sheets, income statements, and cash flow statements, serve as a quantitative basis for assessing financial well-being and governance processes.

4. Various sources of information have been examined, including not just annual reports and financial statements, but also journals, magazines, books, and reliable websites dedicated to banking. This thorough method enhances the story by integrating ideas from several viewpoints, guaranteeing a full and nuanced portrayal of each bank's business description.

The research aims to provide a thorough and complete business description section by combining information from many sources. This will provide readers a deep grasp of the operational landscapes and corporate governance commitment of the chosen banks.

4.6 Data Source and Design

4.6.1 Source of Data:

The basis of this inquiry relies on the careful usage of secondary sources, in accordance with industry norms, due to the emphasis on publicly listed financial institutions in Bangladesh. The use of secondary data guarantees a thorough and perceptive investigation of the topic matter, with crucial data obtained from the following sources:

- 1. The primary information** is obtained from the annual reports of the chosen banks, which are crucial for comprehending their financial performance, governance policies, and strategic goals.
- 2. DSE Database:** The Dhaka Stock Exchange (DSE) database provides crucial data, serving as a consolidated repository of information pertaining to publicly listed firms.
- 3. Websites:** The official websites of the selected banks are crucial for extracting data, since they provide up-to-date and verified information on many parts of their activities.

4. Literature Sources: The research is enhanced by examining books, journals, and other literature pertaining to the banking sector, since this allows for the inclusion of many viewpoints and industry knowledge.

4.6.2 Data Design:

Data Design refers to the process of structuring and organizing data in a systematic and efficient manner. Data collecting is a complex and detailed process that utilizes several techniques and platforms to address the specific difficulties presented by the parliamentary pre-election situation. The primary techniques used in data compilation comprise:

- 1. Surveys and questionnaires** were used to gather precise information in a focused and organized manner.
- 2. online Banking Websites:** Conducting a direct investigation of online banking platforms yielded primary data on digital interfaces, consumer experiences, and technical advancements in the banking industry.
- 3. Online Weblogs:** Data from online weblogs and forums were collected, providing a firsthand insight on public opinions, concerns, and conversations about the chosen banks.
- 4. Other Website Hyperlinks:** Including hyperlinks to other websites, particularly those supported by regulatory organizations, enhanced comprehension of compliance and governance frameworks.
- 5. Government Articles:** Articles pertaining to the government provided vital insights into the regulatory framework, policy changes, and their repercussions on the banking industry.
- 6. Wide-ranging Internet Resources:** The research used a multitude of internet resources, guaranteeing a comprehensive perspective by including diverse opinions and industry evaluations.

Essentially, the study's strength and applicability in understanding corporate governance in the banking industry of Bangladesh lies in its use of secondary data and a well-planned combination of data gathering methodologies. The meticulous incorporation of data, resources, and information is evidence of the comprehensive preparation and implementation of the research.

CHAPTER 5:

CORPORATE

GOVERNANCE FOCUS

- BANKING

5.1 Compliance with Corporate Governance in Specific Sectors

The banking sector is now facing operating difficulties as a result of insufficient compliance with corporate governance rules, which hinders financial transparency and auditability. Placing openness and accountability as a top priority has the potential to improve the financial performance, stability, and stock value of the sector. In order to ensure strong governance, financial institutions must deliver their yearly reports and information in a transparent and easily understandable way for all stakeholders. (Citation: "The regulations, adherence, and effective management in the financial services sector in 2015")

The Securities and Exchange Commission of Bangladesh has established comprehensive criteria that linked banks must strictly adhere to, which consist of about thirty-six disclosure elements.

5.1.1 Study Approach:

This study utilizes the disclosure information obtained from banks' audit reports to assess their adherence to the prescribed requirements. The research includes essential financial measures and ratios to assess the industry's compliance with corporate governance standards.

1. Profitability Ratio:

- Comprises Return on Equity (ROE), Return on Assets (ROA), and Return on Investment (ROI).

2. Solvency Ratio:

- Assessed through Debt-to-Equity and Debt-to-Capital Ratios.

3. Market Value Ratio:

- Examined using Earnings Per Share (EPS), Dividend Payout Ratio, and Price Earning Ratio.

The study seeks to get insights into the industry's financial transparency, governance compliance, and overall performance by closely examining these parameters. The main objective is to ensure a thorough comprehension of the financial well-being of the sector and its adherence to corporate governance standards.

5.1.2 Important measurements and mathematical equations:

1. Profitability Ratio:

- **Return on Equity (ROE):** $ROE = \frac{NetIncome}{Shareholders' Equity}$
- **Return on Assets (ROA):** $ROA = \frac{NetIncome}{Average Assets}$
- **Return on Investment (ROI):** $ROI = \frac{NetIncome}{Cost of Investment}$

2. Solvency Ratio:

- **Debt-to-Equity Ratio:** $Debt-to-Equity Ratio = \frac{Total Debt}{Shareholders' Equity}$
- **Debt-to-Capital Ratio:** $Debt-to-Capital Ratio = \frac{Total Debt}{Total Capital}$

3. Market Value Ratio:

- **Earnings Per Share (EPS):** $EPS = \frac{Net Income}{Number of Outstanding Shares}$
- **Price Earnings Ratio (P/E Ratio):** $P/E Ratio = \frac{Market Price Per Share}{Earnings Per Share}$
- **Dividend Payout Ratio:** $Dividend Payout Ratio = \frac{Dividends Per Share}{Earnings Per Share}$

These measures provide valuable information on financial well-being, profitability, and compliance with corporate governance norms. The research used data extracted from banks' audit reports to evaluate adherence to disclosure regulations and measure performance in three critical domains.

5.2 Corporate Governance and Compliance in Islamic Banks:

This chapter explores the unique environment of corporate governance and regulatory frameworks in Islamic banks, which differentiate them from conventional banks. This text examines the core concepts that govern corporate governance in Islamic banking, with a focus on promoting openness, ethical behavior, and active involvement of stakeholders. The distinctive feature of Islamic banks is in the presence of Sharia boards, which guarantee strict compliance with Islamic principles in all aspects of their operations.

Regulatory control in the realm of Islamic banking practices is significantly influenced by both national and international entities. The Corporate Governance Code-2018 of the Bangladesh Securities and Exchange Commission (BSEC) serves as an important regulatory standard for Islamic banks that are listed. Moreover, a significant emphasis is placed on adhering to international Islamic financial regulations, established by esteemed organizations such as the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

An important topic covered in this chapter is the use of reverse-engineering to create a debt structure specifically designed for the obligations of Islamic banks. This pertains to the

particular difficulties in corporate governance associated with the investment account structure, since account holders do not possess internal corporate safeguards on boards.

The chapter also examines the many control systems used by Islamic banks, including capital sufficiency, market risk, and liquidity management. Emphasis is placed on the convergence of Sharia principles with risk reduction, taking into account the distinct factors of Islamic banking.

This arrangement presents challenges since account holders do not have inherent legal safeguards, as they are not represented on the board of directors. In addition, they lack the legal and regulatory protections that creditors usually have, even though they have the highest priority claim on the banks' assets.

The bank works under the regulatory framework including laws, regulations, codes, directives, and policies that are relevant to the banking industry and its activities. Diverse control techniques are strategically used, including vital areas such as capital sufficiency, risk oversight, market dynamics, liquidity, compliance with anti-money laundering regulations, prudential rules, and reporting requirements.

The Bangladesh Securities and Exchange Commission (BSEC) has just released the Corporate Governance Code-2018, which applies to firms listed on the Stock Exchanges. This extensive regulatory framework also enhances the overall management and adherence environment.

The following discussion will provide a comprehensive analysis of the summaries of five Islamic banks, exploring their unique organizational frameworks. Furthermore, it will provide light on the complex terrain of corporate governance and regulatory concerns in this field.

In addition, the chapter examines real-life case studies of five important Islamic banks, scrutinizing their governance structures and procedures. The chapter provides useful insights for the larger Islamic banking industry by analyzing unique corporate governance difficulties and measures for regulatory compliance.

The chapter finishes by examining the potential future trends in governance of Islamic banking, taking into account the impact of technology improvements and changing market factors. The text examines possible regulatory advancements and their influence on governance frameworks, providing insight into the capacity of Islamic banks to adjust to worldwide changes in regulatory models.

Overall, this chapter provides a thorough examination of the corporate governance and regulatory aspects that are unique to Islamic banks, therefore enhancing our knowledge of their operating context.

5.2.1 First Security Islami Bank PLC (FSIB)

First Security Islami Bank PLC. (FSIB) is a trailblazer in the field of Islamic Sharia'h-based banking in Bangladesh, using contemporary and forward-thinking principles. FSIB was established on October 25, 1999, and officially transformed into a fully operational Islamic bank on January 1, 2009. Its primary objective is to adhere to and enforce all Islamic principles and guidelines. The bank is dedicated to achieving continuous expansion, foreseeing the changing requirements of its broad customer base, and establishing itself as a symbol of innovation in the country's banking industry. FSIB offers convenient access to a wide range of customers via many distribution channels, including as branches, sub-branches, agent banking outlets, countrywide ATM booths, and its "FSIBL Cloud" application for online banking and mobile financial services.

FSIB, with a remarkable twenty-year track record, has played a vital role in the financial sector of Bangladesh, fueled by innovation and an enterprising mindset. The bank is resolute in its dedication to provide the optimal client experience and generating enduring wealth for its shareholders. The aim of FSIB is to actively contribute to the socio-economic development of the country, by striving for the greatest level of customer satisfaction, ensuring consistent increase in market share with an emphasis on quality, upholding ethics and transparency at all levels, and making a meaningful contribution to the national economy.

The goal of FSIB is to establish itself as the leading financial institution in the nation, operating in accordance with Islamic Shariah principles. This will be achieved by providing top-notch goods and services, using cutting-edge technology, and maintaining a highly motivated workforce. The bank's strategies encompass the recruitment and retention of competent local staff, ongoing skill development, promotion of equal employment opportunities, establishment of effective managerial succession plans, adoption of technological advancements to ensure stable financial growth, attainment of financial strength and expansion of market share, and generation of income for shareholders through the cultivation of trust and provision of professional customer service. FSIB's steadfast dedication to Islamic values, together with its strategic vision and objective, establishes it as a prominent participant in the banking industry in Bangladesh.

Table: 5.2.1 First Security Islami Bank PLC (FSIB)

	2020	2021	2022	Average
ROE	15.41%	16.23%	13.06%	14.90%
ROA	0.60%	0.64%	0.51%	0.58%
ROI	2.57%	1.51%	2.87%	2.32%
Debt to Equity Ratio	26.24%	25.56%	26.43%	26.08%
EPS	2.80	3.33	2.81	2.98
Price Earning Ratio	3.06%	3.87%	3.50%	3.48%
Dividend Payout Ratio	35.71%	25.84%	35.59%	32.38%
Disclosure of Corporate Governance Compliance:	118	115	116	116

The financial performance of First Security Islami Bank PLC from 2020 to 2022 exhibits a combination of strong indicators and areas that could be enhanced. The Return on Equity (ROE) exhibited a significant pattern, commencing at 15.41% in 2020, peaking at 16.23% in 2021, and subsequently undergoing a modest decrease to 13.06% in 2022. The bank's average return on equity (ROE) of 14.90% indicates its capacity to generate significant profits for shareholders. However, the decline in 2022 necessitates a thorough analysis of the factors impacting profitability and the need for strategic modifications.

The Return on Assets (ROA) exhibited a steady trend, with figures of 0.60%, 0.64%, and 0.51% in 2020, 2021, and 2022, correspondingly. The bank's average return on assets (ROA) of 0.58% demonstrates its effective utilization of assets to generate earnings, thereby making a positive contribution to its overall financial performance. The stability observed indicates the presence of efficient asset management strategies, but it is necessary to examine potential areas for optimization in more detail.

The Return on Investment (ROI) experienced volatility, beginning at 2.57% in 2020, decreasing to 1.51% in 2021, and subsequently rising to 2.87% in 2022. An in-depth examination of the bank's investment strategies and capital utilization is necessary to maximize overall profitability, given the average ROI of 2.32%.

The Debt to Equity Ratio exhibited a consistent pattern, starting at 26.24% in 2020, experiencing a slight decrease to 25.56% in 2021, and then a slight increase to 26.43% in 2022, with an average ratio of 26.08%. The bank's financial stability is supported by its moderate leverage, which demonstrates a prudent approach to managing financial risk. An in-depth analysis of the individual elements of debt and equity can offer valuable insights into the bank's tolerance for risk and its strategy for managing its capital structure.

The Earnings per Share (EPS) showed fluctuations, beginning at 2.80 in 2020, rising to 3.33 in 2021, and subsequently declining to 2.81 in 2022. The bank's average earnings per share (EPS) of 2.98 indicates its capacity to maintain profitability for each outstanding share. This prompts a deeper examination of the factors that impact per-share earnings.

The Price Earning Ratio (P/E) exhibited a consistent pattern, commencing at 3.06% in 2020, rising to 3.87% in 2021, and subsequently declining to 3.50% in 2022, with an average P/E of 3.48%. The volatility of these fluctuations may be influenced by the prevailing market sentiment and expectations concerning the bank's prospective earnings. An in-depth examination of external factors that affect the price-to-earnings ratio (P/E) can offer further insight into these fluctuations.

The Dividend Payout Ratio displayed fluctuations, beginning at 35.71% in 2020, declining to 25.84% in 2021, and subsequently rising to 35.59% in 2022. The mean ratio was 32.38%, indicating changes in the bank's policy for distributing dividends. Stakeholders need to thoroughly analyze the reasons for these changes, taking into account the bank's financial performance, liquidity position, and dividend strategy, in order to understand the factors that affect shareholder returns.

First Security Islami Bank PLC has consistently upheld the practice of disclosing compliance with corporate governance, achieving scores of 118, 115, 116, and an average compliance score of 116. The bank's commitment highlights its unwavering focus on conducting business with transparency and adhering to ethical practices, which enhances its overall credibility and governance structure.

First Security Islami Bank PLC's financial performance demonstrates robustness in crucial indicators, although variations necessitate a more detailed examination of metrics like Return on Equity (ROE), Return on Investment (ROI), and Earnings per Share (EPS). An in-depth analysis of the bank's strategic decisions, operational efficiency, and risk management strategies is necessary to provide stakeholders with a thorough comprehension of the bank's performance. This analysis will also serve as a guide for future strategic initiatives, ensuring long-term growth and stability in the ever-changing financial environment.

The current level of adherence to the requirements outlined in the commission's Notification No.SEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018, issued under section 2CC of the Securities and Exchange Ordinance, 1969.

Table: 5.2.1 First Security Islami Bank PLC (FSIB)'s Disclosure Of Corporate Governance

Condition No	Title	Compliance Status(Put √ in the appropriate column)		Remarks if any
		Complied	Not complied	
1	Board of Directors			
1(1)	Board's Size (Shall not be less than 5 and more than 20)	√	–	–
1(2)	Independent Director			
1(2)(a)	At least 1/5 th Independent Directors of the total directors	√	–	–
1.2(b)	Independent Directors means for this clause			
1.2 (b)(i)	Holding no share or less than 1% of paid up shares	√	–	–
1.2 (b)(ii)	Not a sponsor of the Company	√	–	–
1.2 (b)(iii)	Not an executive of the company preceding 02 (two) FY	√	–	–
1.2 (b)(iv)	Not have any relationship with the Company	√	–	–
1.2 (b)(v)	Not a member or TREC holder, director or officer of any stock exchange	√	–	–
1.2 (b)(vi)	Not a shareholder, director of Member of Stock exchange	√	–	–
1.2 (b)(vii)	Not a partner or executive of statutory audit firm preceding three years	√	–	–
1.2 (b)(viii)	Not independent director more than 5 listed companies	√	–	–
1.2 (b)(ix)	Not convicted by a court	√	–	–
1.2 (b)(x)	Not convicted for a criminal offence	√	–	–
1(2)(c)	Appointed by the Board of Directors & approved in AGM	√	–	–
1(2)(d)	Post cannot remain vacant for more than 90 days	√	–	–
1(2) (e)	Tenure of the office of an Independent director shall be 3 years	√	–	–
1(3)	Qualification of Independent Director (ID)			
1(3) (a)	Independent director shall be knowledgeable individual	√	–	–
1(3)(b)(i)	Business leader who is or was a promoter or director of an unlisted company	√	–	–
1(3)(b)(ii)	Corporate leader who is or was a top level executive not lower than CEO or DMD or CFO or HIAC or CS	√	–	–
1(3)(b)(iii)	Former official of government or statutory body not below 5 th Grade of national pay scale	√	–	–
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law	√	–	–
1(3)(b)(v)	Professionals of advocate practicing in high court, CA, CMA and CS who were in practice	√	–	–
1(3)(c)	Experience of an Independent Director is at least 10 years	√	–	–

1(3)(d)	Qualification of the Independent director may be relaxed	–	–	N/A
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1(4)(a)	The position of the Chairman of the Board and Chief Executive Officer shall be filled by different individuals	√	–	–
1(4)(b)	The Managing Director and/or Chief Executive Officer of a listed company shall not hold the same position in another listed company.	√	–	–
1(4)(c)	The Chairman of the board shall be elected from among the non-executive directors of the company	√	–	–
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer	√	–	–
1(4)(e)	In the absence of the chairperson of the Board remain members elect chairman among them	√	–	–
1(5)	The Directors' Report to the Shareholders			
1(5)(i)	An Industry outlook and possible future development	√	–	–
1(5)(ii)	Segment or product-wise performance	√	–	–
1(5)(iii)	Risks and concerns including internal and external factors	√	–	–
1(5)(iv)	A discussion on Cost of Goods sold, Gross & Net Profit margin	√	–	–
1(5)(v)	A discussion on continuity of any Extra-Ordinary gain or loss	–	–	N/A
1(5)(vi)	A detailed discussion on related party transaction should be disclosed	√	–	–
1(5)(vii)	A statement of utilization of proceeds from public issues, rights issue and/or through others instruments	–	–	N/A
1(5)(viii)	Explanation of deteriorated financial result after IPO, RPO and Rights share offer	–	–	N/A
1(5)(ix)	Explanation of Significant variations between financial statements	–	–	N/A
1(5)(x)	A statement of remuneration paid to directors including Independent Director	√	–	–
1(5)(xi)	A statement that financial statements are prepared by management of issuer company	√	–	–
1(5)(xii)	Maintaining of proper books of accounts	√	–	–
1(5)(xiii)	A statement that appropriate accounting policies have been applied	√	–	–
1(5)(xiv)	Applicable IAS / BAS / IFRS / BFRS have been followed	√	–	–
1(5)(xv)	System of internal control is sound in design	√	–	–
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions	√	–	–
1(5)(xvii)	There is no significant doubt to continue as a going concern	√	–	–

1(5)(xviii)	Significant deviation shall be highlighted	√	–	–
1(5)(xix)	Key operating and financial data shall be summarized	√	–	–
1(5)(xx)	In case of no declaration of dividend	–	–	N/A
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)	Number of Board meetings & attendance by each director	√	–	–
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares held by:			
1(5)(xxiii)(a)	Share held by Parent/Subsidiary/Associate Companies	√	–	–
1(5)(xxiii)(b)	Share held by Directors, CEO, CS, CFO, Head of Internal Audit and their spouse	√	–	–
1(5)(xxiii)(c)	Share held by Executives	√	–	–
1(5)(xxiii)(d)	Shareholders holding 10% or more voting interest	√	–	–
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on 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	√	–	–
1.5 (xxiv)(c)	Other companies in which the person is associated	√	–	–
1.5 (xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
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, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes	√	–	–
1.5 (xxv)(c)	Comparative analysis of financial performance as well as cash flows for current financial year	√	–	–
1.5 (xxv)(d)	Compare such financial performance and cash flow	√	–	–
1.5 (xxv)(e)	Briefly explain the financial and economic scenario of the country	√	–	–
1.5 (xxv)(f)	Risks and concerns issues related to the financial statements	√	–	–
1.5 (xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position	√	–	–
1.5 (xxvi)	Declaration or certification by the CEO and CFO	√	–	–
1.5 (xxvii)	The report as well as certificate regarding compliance of condition 9 of CGC	√	–	–

1(6)	The company shall conduct its Board meetings and record the minutes of the meetings	√	–	–
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the NRC at condition No. 6	–	–	Formation of NRC is under correspondence of BB with BSEC
1(7)(b)	The code of conduct as determined by the NRC	–	–	Do
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provision relating to the composition of the Board of Directors of holding company shall be made applicable for subsidiary company	√	–	–
2(b)	Inclusion of at least 1 Independent director of holding company in the Board of Directors the subsidiary company	√	–	–
2(c)	Minutes of the Board meeting of the subsidiary company shall be placed at the board meeting of the holding company	√	–	–
2(d)	Minutes of the holding company shall state that the affairs of the subsidiary company have reviewed	√	–	–
2(e)	Audit Committee of the holding company shall review the financial statements of the subsidiary company	√	–	–
3	Managing Director, Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)			
3(1)	Appointment			
3(1)(a)	Appointment of Managing Director, Company Secretary, CFO and Head of Internal Audit are approved by the Board	√	–	–
3(1)(b)	The position of Managing Director, Company Secretary, CFO and Head of Internal Audit are filled by different individuals	√	–	–
3(1)(c)	The MD, CS, CFO and HIAC of listed company shall not hold any executive position in other company	√	–	–
3(1)(d)	Respective roles, responsibilities and duties of CFO and CS are clearly defined by the board	√	–	–
3(1)(e)	The MD, CS, CFO and HIAC are not remove from their position without approval of Board	√	–	No such event occurred
3(2)	Requirement to attend the Board Meetings of MD, CFO, CS and HIAC	√	–	
3(3)	Duties of Managing Director, Chief Financial Officer			
3(3)(a)(i)	The MD, CS, CFO shall certify that they have reviewed financial statements and these financial statements do not contain any materially untrue	√	–	–
3(3)(a)(ii)	These financial statements together present a true and fair view of the company's affairs	√	–	–
3(3)(b)	The MD, CS, CFO shall certify that there are no fraudulent, illegal transactions entered into company	√	–	–

3(3)(c)	The certificate of MD and CFO shall be disclosed in the Annual Report	√	–	–
4	Board of Directors' Committee			
4(i)	Audit Committee	√	–	
4(ii)	Nomination and Remuneration Committee	–	–	N/A
5	Audit Committee			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee	√	–	–
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair of the state of affairs	√	–	–
5(1)(c)	The Audit Committee shall be responsible to the Board and its duties shall be clearly set forth in writing	√	–	–
5(2)	Constitution of Audit Committee			
5(2)(a)	Composition of the Audit Committee with at least 03 (three) members	√	–	–
5(2)(b)	The Board shall appoint members of the Audit Committee	√	–	–
5(2)(c)	All members of the audit committee are financially literate	√	–	–
5(2)(d)	Filling of casual vacancy of the Committee members	–	–	N/A
5(2)(e)	The Company Secretary shall act as Secretary	√	–	–
5(2)(f)	The quorum of the Audit Committee shall not constitute without at least 01 (one) Independent Director	√	–	–
5(3)	Chairman of the Audit Committee			
5(3)(a)	Selection of Chairman of the Audit Committee	√	–	–
5(3)(b)	In the absence of Chairman of the Audit Committee remaining members elect the Chairman among them	√	–	–
5(3)(c)	Presence of Chairman of the Audit Committee at AGM	√	–	–
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least 04 (four) meetings	√	–	–
5(4)(b)	The Quorum of the meeting of the Audit Committee in presence of either two members or two third members	√	–	–
5(5)	Role of the Audit Committee			
5(5)(a)	Oversee of financial reporting process	√	–	–
5(5)(b)	Monitor of accounting policies and principles	√	–	–
5(5)(c)	Monitor of internal control risk management process	√	–	–
5(5)(d)	Oversee hiring and performance of external auditors	√	–	–
5(5)(e)	Hold meeting with external auditor for review annual financial statements	√	–	–
5(5)(f)	Review of financial statement along with Management	√	–	–

5(5)(g)	Review of half yearly & quarterly financial statements along with the Management	√	–	–
5(5)(h)	Review of the adequacy of internal audit function	√	–	–
5(5)(i)	Review the Management's Discussion and analysis before disclosing Annual Report	√	–	–
5(5)(j)	Review all statements of related party transaction	√	–	–
5(5)(k)	Review of Mgt. Letter / Internal control weakness	√	–	–
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit	√	–	–
5(5)(m)	Oversee whether the proceeds raised through IPO / RIPO / Right Issue fund utilization	–	–	N/A
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	Audit committee shall report its activities to the Board	√	–	–
5(6)(a)(ii)	Audit committee shall immediately report to the Board			
5(6)(a)(ii)(a)	Report on Conflicts of interest	–	–	N/A
5(6)(a)(ii)(b)	Suspected fraud/Irregularities/material defect in internal control	–	–	N/A
5(6)(a)(ii)(c)	Suspected infringement of law, rules and regulations	–	–	N/A
5(6)(a)(ii)(d)	Any other matter which shall be disclosed to the Board	–	–	N/A
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit	√	–	–
5(5)(m)	Oversee whether the proceeds raised through IPO / RIPO / Right Issue fund utilization	–	–	N/A
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	Audit committee shall report its activities to the Board	√	–	–
5(6)(a)(ii)	Audit committee shall immediately report to the Board			
5(6)(a)(ii)(a)	Report on Conflicts of interest	–	–	N/A
5(6)(a)(ii)(b)	Suspected fraud/Irregularities/material defect in internal control	–	–	N/A
5(6)(a)(ii)(c)	Suspected infringement of law, rules and regulations	–	–	N/A
5(6)(a)(ii)(d)	Any other matter which shall be disclosed to the Board	–	–	N/A
5(5)(m)	Oversee whether the proceeds raised through IPO / RIPO / Right Issue fund utilization	–	–	N/A
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	Audit committee shall report its activities to the Board	√	–	–

5(6)(a)(ii)	Audit committee shall immediately report to the Board			
5(6)(a)(ii)(a)	Report on Conflicts of interest	–	–	N/A
5(6)(a)(ii)(b)	Suspected fraud/Irregularities/material defect in internal control	–	–	N/A
5(6)(a)(ii)(c)	Suspected infringement of law, rules and regulations	–	–	N/A
5(6)(a)(ii)(d)	Any other matter which shall be disclosed to the Board	–	–	N/A
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit	√	–	–
5(5)(m)	Oversee whether the proceeds raised through IPO / RIPO / Right Issue fund utilization	–	–	N/A
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	Audit committee shall report its activities to the Board	√	–	–
5(6)(a)(ii)	Audit committee shall immediately report to the Board			
5(6)(a)(ii)(a)	Report on Conflicts of interest	–	–	N/A
5(6)(a)(ii)(b)	Suspected fraud/Irregularities/material defect in internal control	–	–	N/A
5(6)(a)(ii)(c)	Suspected infringement of law, rules and regulations	–	–	N/A
5(6)(a)(ii)(d)	Any other matter which shall be disclosed to the Board	–	–	N/A
5(6)(b)	Reporting to the Authorities	–	–	N/A
5(7)	Reporting to the Shareholders and General Investors	√	–	–
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Boards of Directors			
6(1)(a)	The Company shall have NRC	–	–	Formation of NRC is under correspondence of BB with BSEC
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications	–	–	Do
6(1)(c)	The terms of reference of the NRC shall be clearly set forth in writing covering the areas	–	–	Do
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members	–	–	Do
6(2)(b)	All members of the committee shall be non-executive directors	–	–	Do
6(2)(c)	Members of the committee shall be nominated and appointed by the Board	–	–	Do
6(2)(d)	The Board shall have authority to remove and appoint any member of the committee	–	–	Do

6(2)(e)	In case of death, resignation, disqualification or removal of any member of the committee or in any other case of vacancies, the board shall fill the vacancy within 180 days	–	–	Do
6(2)(f)	The chairperson of the committee may appoint or co-opt any external expert and/or member(s) of staff	–	–	Do
6(2)(g)	The company secretary shall act as the secretary of the committee	–	–	Do
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent Director	–	–	Do
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role	–	–	Do
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select one member of the NRC who shall be an independent director	–	–	Do
6(3)(b)	In the absence of the chairperson of the NRC, the remaining members may elect one of themselves	–	–	Do
6(3)(c)	The chairperson of the NRC shall attend the annual general meeting to answer the queries of the shareholders.	–	–	Do
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a FY	–	–	Do
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting	–	–	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	–	–	Do
6(4)(d)	The proceeding of each meeting of the NRC shall duly be recorded in the minutes	–	–	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	–	–	Do
6(5)(b)(i)	NRC shall oversee, among others formulating the criteria for determining qualifications, positive attributes and independence of a director and recommended a policy	–	–	Do
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	–	–	Do
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks	–	–	Do
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	–	–	Do

6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity	–	–	N/A
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	–	–	N/A
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board	–	–	N/A
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria	–	–	N/A
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies	–	–	N/A
6(5)(c)	The company shall disclose the nomination and remuneration policy during the year at a glance in its annual report	–	–	N/A
7	External or Statutory Auditors			
7(1)(i)	Appraisal or valuation services or fairness opinions	√	–	–
7(1)(ii)	Financial information systems	√	–	–
7(1)(iii)	Book-keeping to the accounting records	√	–	–
7(1)(iv)	Broker-dealer services	√	–	–
7(1)(v)	Actuarial services	√	–	–
7(1)(vi)	Internal audit services	√	–	–
7(1)(vii)	Any other service that the Audit Committee determines	√	–	–
7(1)(viii)	Audit or certification services on compliance of corporate governance as required condition No.9(1)	√	–	–
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 company they audit at least during the tenure	√	–	–
7(3)	Representative of external or statutory auditors shall remain present in the shareholders' meeting	√	–	–
8	Maintaining a website by the company			
8(1)	The company shall have an official website linked with the website of the stock exchange	√	–	–
8(2)	The company shall keep the website functional from the date of listing	√	–	–
8(3)	The company shall make available the detailed disclosures on its website as required under listing regulations	√	–	–
9	Reporting and Compliance of Corporate Governance			
9 (1)	The company shall obtain certificate from practicing professional Accountant / Secretary	√	–	–
9 (2)	The professional for providing certificate on CGC shall be appointed by shareholders in the AGM	–	√	To be complied from the upcoming AGM

9(3)	The directors of the company shall state that the company has complied with these conditions or not	√	–	–
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5.2.2 Islami Bank Bangladesh PLC (IBBPLC)

Islami Bank Bangladesh PLC (IBBPLC) is the biggest commercial bank in Bangladesh and has been in the forefront of Shariah-based Islamic banking in South-East Asia since its foundation in March 1983. IBBPLC is a publicly traded company that operates as a joint venture and is mostly owned by international institutions. It is listed on the Dhaka and Chattogram stock markets. The bank prides itself on having a vast network, consisting of 394 branches, 237 sub-branches, and 2722 Agent Banking Outlets, making it the private sector bank with the biggest branch network in Bangladesh. IBBPLC is a leading worldwide provider of various financial services, including general banking, commercial investment, and foreign exchange. It is also the top player in the field of Islamic microfinance.

IBBPLC has established itself as a strong player in the financial industry, with a paid-up capital of Taka 16,099.91 Million, total deposits of 1410604 Million, and an outstanding credit rating of ST-1 (short term) and AAA (long term). The bank, which employs 20,878 individuals, reinforces its popularity with a total of 2121 ATM kiosks. The IBBL Tower is a symbol of the bank's prominence and impact in the business.

The aim of IBBPLC is to build Islamic Banking via a welfare-oriented system, assuring fairness and impartiality in economic operations, well-balanced growth, and equitable development. The strategic goals include guaranteeing customer happiness, implementing a banking approach focused on welfare, ensuring smooth transition of management, adapting to technology advancements, and giving priority to client welfare. The bank aims to become a more robust and resilient organization, leading the banking industry and consistently achieving high ratings based on the quantity of high-quality assets.

The strategic goals include diversification across sectors, sizes, economic purposes, and geographical locations in terms of investments, hence enabling growth via retail and SME/Women entrepreneur finance. IBBPLC focuses its investments on the key areas of the economy that are considered important and given high importance. The company aims to become a preferred employer by fostering and enhancing the skills and abilities of its employees within a culture that emphasizes achieving results. The bank prioritizes human

resources and financial capital to guarantee a rewarding career trajectory, appealing amenities, and a superb working atmosphere.

Furthermore, IBBPLC is resolute in its dedication to completely prohibiting any carelessness in matters of compliance, including both Shariah and regulatory matters. The bank places great importance on ongoing training and development of its staff, ensuring they have the necessary resources to meet consumer demands, and excelling in servicing underprivileged communities and regions. IBBPLC encourages team members to assume responsibility for each task, fostering proactive and well-considered efforts in order to attain international benchmarks and enhance the company culture. The bank is committed to upholding its Corporate Social Responsibilities (CSR) via all its operations, including advocating for the use of solar energy, fostering a culture of green banking, and supporting ecological equilibrium.

IBBPLC celebrated its 40th anniversary on March 30, 2023, marking a significant milestone in its history. The bank has continually accomplished significant achievements, such as establishing many Agent Banking Outlets, issuing Mudaraba Perpetual Bonds (MPB), and creating Sub-branches. Significant accomplishments including attaining Tk. 1 Trillion in deposits, inaugurating the 2500th Agent Banking Outlet, and introducing pioneering services like as the Cellfin App. The bank has gradually increased its presence, strengthening its position in the financial industry and adopting technological innovations. The milestones include notable timeframes, including 2021 to the present, 2016 to 2020, 2011 to 2015, 2003 to 2010, 1995 to 2000, 1984 to 1989, and 1983. Every accomplishment demonstrates IBBPLC's dedication to achieving high standards, introducing new ideas, and maintaining continuous expansion since its establishment.

Table: 5.2.2 Islami Bank Bangladesh PLC (IBBPLC)

	2020	2021	2022	Average
ROE	7.38%	7.19%	8.67%	7.75%
ROA	0.35%	0.30%	0.34%	0.33%
ROI	7.40%	6.32%	6.39%	6.70%
Debt to Equity Ratio	22.00%	24.34%	25.97%	24.10%
EPS	2.81	2.88	3.68	3.12
Price Earning Ratio	7.01%	11.11%	8.70%	8.94%
Dividend Payout Ratio	35.61%	34.70%	27.18%	32.50%
Disclosure of Corporate Governance Compliance:	116	116	110	114

The financial performance of Islami Bank Bangladesh PLC, covering the period from 2020 to 2022, offers a comprehensive overview of the bank's operational efficiency, profitability, and financial well-being. The Return on Equity (ROE) displayed a varied pattern, commencing at 7.38% in 2020, marginally declining to 7.19% in 2021, and subsequently witnessing an increase to 8.67% in 2022. The bank's average return on equity (ROE) of 7.75% highlights its capacity to generate profits for shareholders. However, the fluctuations in ROE indicate the necessity to investigate the factors that impact profitability and make strategic adjustments accordingly.

The Return on Assets (ROA) exhibited consistent performance, with figures of 0.35%, 0.30%, and 0.34% in 2020, 2021, and 2022, correspondingly. The bank's average return on assets (ROA) of 0.33% demonstrates its consistent efficiency in utilizing its assets to generate earnings, which has a positive impact on its overall financial performance. The stability observed indicates the presence of efficient asset management strategies, but also calls for a more detailed analysis of possible areas for improvement.

The Return on Investment (ROI) experienced marginal variations, commencing at 7.40% in 2020, decreasing to 6.32% in 2021, and subsequently rising modestly to 6.39% in 2022. The average return on investment (ROI) of 6.70% indicates a satisfactory level of return on both equity and debt capital that has been invested. The observed changes suggest the necessity of conducting a detailed analysis of the bank's investment strategies and how capital is being utilized.

The Debt to Equity Ratio exhibited a progressive pattern, starting at 22.00% in 2020, escalating to 24.34% in 2021, and further rising to 25.97% in 2022, with an average ratio of 24.10%. The increasing dependence on financial leverage is evident from this upward trend, highlighting the need for a meticulous equilibrium between debt and equity to achieve optimal financial risk management. An in-depth analysis of the individual elements of debt and equity can offer valuable insights into the bank's tolerance for risk and its strategy for managing its capital structure.

The Earnings per Share (EPS) exhibited a progressive trend, commencing at 2.81 in 2020, escalating to 2.88 in 2021, and subsequently undergoing a significant upsurge to 3.68 in 2022. The bank's average earnings per share (EPS) of 3.12 highlights its success in increasing per-share earnings, indicating potential enhancements in revenue streams and cost management.

The Price Earning Ratio (P/E) exhibited fluctuation, beginning at 7.01% in 2020, rising to 11.11% in 2021, and subsequently declining to 8.70% in 2022, with an average P/E of 8.94%. The volatility of these fluctuations can be attributed to the impact of market sentiment and the anticipation of the bank's future earnings prospects. An exhaustive examination of external factors that influence the price-to-earnings ratio (P/E) can offer further insight into these fluctuations. The Dividend Payout Ratio showed fluctuations, beginning at 35.61% in 2020, slightly declining to 34.70% in 2021, and then experiencing a significant decrease to 27.18% in 2022. The mean ratio was 32.50%, indicating changes in the bank's policy for distributing dividends. Stakeholders must thoroughly analyze the reasoning behind these changes, taking into account the bank's financial performance, liquidity position, and dividend strategy, in order to understand the factors that affect shareholder returns.

Islami Bank Bangladesh PLC has consistently upheld its commitment to disclosing its compliance with corporate governance standards, achieving scores of 116, 116, 110, and an average compliance score of 114. The bank's commitment highlights its unwavering focus on conducting business with transparency and ethical standards, which enhances its overall credibility and governance structure.

Ultimately, the financial performance of Islami Bank Bangladesh PLC demonstrates stability in specific important indicators, albeit with significant variations in metrics such as ROE, Debt to Equity Ratio, EPS, P/E, and Dividend Payout Ratio. An in-depth analysis of the bank's strategic decisions, operational efficiency, and risk management strategies is necessary to provide stakeholders with a thorough comprehension of the bank's performance and to inform future strategic initiatives for long-term growth and stability in the ever-changing financial environment.

5.2.3 Shahjalal Islami Bank PLC

Shahjalal Islami Bank PLC. was listed on the Dhaka Stock Exchange and had a recorded stock price of 18.30 BDT. The trading volume for the bank's shares was 40,171. The 52-week range extends from 18.25 to 19.32 BDT. The bank's financial overview indicates a Price-to-Earnings (P/E) Ratio of 5.55 (as of 12/21/23), Earnings per Share (EPS) of ₳3.30 (Trailing Twelve Months), and a Market Capitalization of ₳20.37 billion. SHAHJABANK has 1.11 billion shares outstanding and a public float of 344.26 million. As of 12/21/23, it has a yield of 6.37%. The last dividend paid was ₳1.16504857614369 on 06/25/23, with an ex-dividend date on 04/30/23.

The bank is involved in commercial banking services in the areas of Corporate Banking, Small and Medium Enterprise (SME) Banking, Retail Banking, and Treasury divisions, as stated in its profile. The bank, established on May 10, 2001, operates from the Shahjalal Islami Bank Tower in Dhaka, Bangladesh. It follows the principles of Islamic Shariah and has strategically grown its branch network to provide a range of investment and deposit services.

Shahjalal Islami Bank is supported by a capable Management Team, led by Mr. Muhammed Shahidul Islam, under the supervision of a highly qualified Board of Directors. The bank's objective is to establish itself as the most esteemed brand in Shariah banking and investing in Bangladesh, by delivering sustainable value to stakeholders and prioritizing human development rooted in morals and ethics.

The bank's mission involves providing high-quality service and customer care, upholding strong principles of integrity, promoting inclusive and innovative banking, ensuring sustainable value for all stakeholders, continuously developing professionals, and upgrading systems to meet challenges and strive for excellence. The bank places a high importance on developing its human resources based on moral and ethical principles, while also using advanced technologies for system automation and digitalization.

Shahjalal Islami Bank Ltd. has shown strong resistance in the financial industry by implementing interest-free banking practices and earning actual revenue, which has resulted in a positive impact on the economy and an increase in the GDP. The bank's adherence to Shariah principles, together with a strategic vision and objective, establishes it as a significant participant in the banking sector in Bangladesh.

Shahjalal Islami Bank PLCs ration analysis as following:

Table: 5.2.3 Shahjalal Islami Bank PLC

	2020	2021	2022	Average
ROE	11.08%	13.70%	16.92%	13.90%
ROA	0.68%	0.85%	1.08%	0.87%
ROI	8.34%	6.76%	6.36%	7.15%
Debt to Equity Ratio	15.35%	14.84%	14.54%	14.91%
EPS	1.85	2.39	3.26	2.50
Price Earning Ratio	12.35%	9.11%	5.76%	9.07%
Dividend Payout Ratio	46.00%	62.76%	64.86%	57.87%
Disclosure of Corporate Governance Compliance:	118	119	118	118

The financial performance of Shahjalal Islami Bank PLC from 2020 to 2022 demonstrates a notable upward trend in important measures, suggesting the bank's resilience and strategic positioning. The Return on Equity (ROE) demonstrated a steady increase, beginning at 11.08% in 2020, escalating to 13.70% in 2021, and further advancing to 16.92% in 2022. The bank's average return on equity (ROE) of 13.90% highlights its capacity to generate significant profits for shareholders, indicating proficient management of equity capital and operational effectiveness.

The Return on Assets (ROA) exhibited a consistent upward trajectory, with percentages of 0.68%, 0.85%, and 1.08% in the years 2020, 2021, and 2022, respectively. The bank's average return on assets (ROA) of 0.87% indicates its skill in effectively using its assets to generate earnings, which has a positive impact on its overall financial performance. The increasing trend indicates the implementation of efficient asset management techniques and well-informed strategic choices.

The Return on Investment (ROI) exhibited a slight variation, starting at 8.34% in 2020, decreasing to 6.76% in 2021, and subsequently observing a modest rise to 6.36% in 2022. An in-depth examination of the bank's investment strategies and capital allocation decisions is necessary to maximize overall profitability, given the average return on investment (ROI) of 7.15%.

The Debt to Equity Ratio exhibited a consistent pattern, commencing at 15.35% in 2020, experiencing a slight decline to 14.84% in 2021, and subsequently decreasing to 14.54% in 2022, with an average ratio of 14.91%. The bank's financial stability is enhanced by its consistent and moderate use of leverage, which demonstrates a balanced approach to managing financial risk.

The Earnings per Share (EPS) demonstrated a significant increase, beginning at 1.85 in 2020, rising to 2.39 in 2021, and then experiencing a remarkable surge to 3.26 in 2022. The bank's average earnings per share (EPS) of 2.50 demonstrates its success in increasing per-share earnings, indicating potential enhancements in revenue streams and cost management.

The Price Earning Ratio (P/E) exhibited fluctuations, commencing at 12.35% in 2020, subsequently decreasing to 9.11% in 2021, and further declining to 5.76% in 2022, yielding an average P/E of 9.07%. The alterations can be impacted by market sentiment and anticipations regarding the bank's prospective earnings capacity. An exhaustive examination of external

factors that influence the price-to-earnings ratio (P/E) can offer further insight into these fluctuations.

The Dividend Payout Ratio showed fluctuations, starting at 46.00% in 2020, rising to 62.76% in 2021, and further increasing to 64.86% in 2022. The mean ratio was 57.87%, suggesting changes in the bank's policy for distributing dividends. Stakeholders need to thoroughly analyze the reasoning behind these changes, taking into account the bank's financial performance, liquidity position, and dividend strategy, in order to understand the factors that affect shareholder returns.

Shahjalal Islami Bank PLC has consistently upheld a high level of Corporate Governance Compliance, achieving scores of 118, 119, 118, and an average compliance score of 118. The bank's unwavering commitment highlights its dedication to transparent and ethical business practices, which enhances its overall credibility and governance framework.

Shahjalal Islami Bank PLC's financial performance exhibits favorable trends in important indicators, indicating the implementation of effective management strategies. The significant improvements in Return on Equity (ROE), Return on Assets (ROA), and Earnings per Share (EPS) demonstrate a strong performance, while the fluctuations in Price/Earnings (P/E) ratio and Dividend Payout Ratio highlight the need for a thorough understanding of market dynamics and strategic decision-making. The bank's dedication to corporate governance bolsters its credibility and strategically positions it for sustained expansion and stability in the financial sector.

5.2.4 Social Islami Bank Ltd. (SIBL)

Social Islami Bank Ltd. (SIBL), established in 1995, has a prominent role in Bangladesh's financial sector as a top Shariah-compliant organization. SIBL has been in the forefront of advancing the Islamic banking system in the nation, guided by contemporary and forward-thinking Islamic principles. Initially established as a Shariah-compliant institution on October 25, 1999, it later transformed into a fully-fledged Islamic bank on January 1, 2009, in response to public demand and the careful choices made by its board and management.

SIBL works using a three-tier banking model that includes the Formal, Non-formal, and Voluntary sectors. This new strategy seeks to provide dynamism into the field of welfare banking, with a major objective of eliminating poverty within the nation. The bank is dedicated to formulating a comprehensive and enduring strategy plan to achieve dynamic expansion,

accommodating evolving customer requirements, and establishing itself as a symbol of innovation in Bangladesh's banking industry.

The bank offers a diverse array of services via many distribution channels, including as branches, sub-branches, Agent Banking Outlets, ATM booths, and digital platforms such the "FSIBL Cloud" online banking and Mobile Financial Services. Having a history spanning more than twenty years, SIBL has always shown an entrepreneurial drive and a dedication to providing exceptional client satisfaction.

The primary objective of SIBL is to actively contribute to the socio-economic progress of the nation, while also assuring customer contentment and achieving consistent market share expansion via the implementation of high standards of quality and ethical conduct. The bank prioritizes integrity and openness at all levels, aiming for sustainable development that both rewards shareholders and positively impacts the national economy.

SIBL has an authorized capital of Taka 30,000,000,000, and a paid-up capital of Taka 10,341,542,860. The bank undergoes evaluation by Alpha Credit Rating Limited and has a staff of 4,000 individuals distributed across its 179 branches, 213 sub-branches, and 375 Agent Banking Outlets nationwide. SIBL is strongly dedicated to business Social Responsibility (CSR) as a responsible business organization. The bank proactively participates in charitable endeavors including health, education, disaster management, rehabilitation, poverty eradication, and other areas.

The Shariah Supervisory Committee (SSC) is a crucial component of SIBL's activities, as mandated by Article 104 of its Articles of Association. The SSC, consisting of experts from many fields such as Fakihs/Islamic Scholars, Economists, Bankers, and Lawyers, plays a vital role in providing advice to the bank about Shariah compliance. The committee supervises the adherence of all activities to Islamic principles and offers expert comments on topics pertaining to them.

SIBL's dedication to integrity is seen in its emphasis on compliance with established norms, values, practices, and principles of society. The bank strives to create a compassionate society and actively works towards this objective via its humanitarian corporate social responsibility (CSR) initiatives, which have a beneficial effect on the lives of the disadvantaged. The National Integrity Strategy (NIS) is in accordance with SIBL's vision, with the objective of fostering effective governance in both state institutions and society, hence fostering trust among people. SIBL's comprehensive strategy, which combines financial services, ethical principles, and

contributions to society, establishes it as a prominent participant in Bangladesh's Islamic banking industry.

Table: 5.2.4 Social Islami Bank Ltd. (SIBL)

	2020	2021	2022	Average
ROE	8.73%	8.91%	12.15%	9.93%
ROA	0.42%	0.42%	0.57%	0.47%
ROI	4.12%	2.72%	5.95%	4.26%
Debt to Equity Ratio	17.87%	17.86%	16.42%	17.38%
EPS	1.57	1.69	1.97	1.74
Price Earning Ratio	7.86%	8.87%	9.25%	8.66%
Dividend Payout Ratio	63.69%	59.17%	50.76%	57.87%
Disclosure of Corporate Governance Compliance:	128	128	126	127

The financial performance of Social Islami Bank Ltd. (SIBL) from 2020 to 2022 demonstrates a combination of favorable trends and aspects that require further attention. The Return on Equity (ROE) demonstrated a significant upward trend, commencing at 8.73% in 2020, undergoing a slight rise to 8.91% in 2021, and subsequently experiencing a substantial surge to 12.15% in 2022. The bank's average return on equity (ROE) of 9.93% demonstrates its capacity to generate profits for shareholders. The notable increase in 2022 calls for a comprehensive investigation into the factors that contributed to this growth and the strategic implications it holds for maintaining profitability in the long term.

The Return on Assets (ROA) remained stable, with values of 0.42%, 0.42%, and 0.57% in 2020, 2021, and 2022, respectively. The bank's average return on assets (ROA) of 0.47% highlights its consistent efficiency in effectively utilizing its assets to generate earnings, which has a positive impact on its overall financial performance. The presence of stability indicates the implementation of efficient asset management strategies, which encourages further investigation into potential opportunities for improvement.

The Return on Investment (ROI) displayed fluctuations, starting at 4.12% in 2020, declining to 2.72% in 2021, and then undergoing a significant rise to 5.95% in 2022. An in-depth

examination of the bank's investment strategies and capital utilization is necessary to maximize overall profitability, given the average ROI of 4.26%.

The Debt to Equity Ratio demonstrated a consistent pattern, commencing at 17.87% in 2020, maintaining a nearly identical value of 17.86% in 2021, and subsequently undergoing a slight decline to 16.42% in 2022, resulting in an average ratio of 17.38%. The bank's financial stability is supported by its moderate leverage, which demonstrates a prudent approach to managing financial risk. An in-depth analysis of the individual elements of debt and equity can offer valuable insights into the bank's willingness to take risks and its strategy for managing its capital structure.

The Earnings per Share (EPS) demonstrated a gradual increase, beginning at 1.57 in 2020, rising to 1.69 in 2021, and further escalating to 1.97 in 2022. The bank's average earnings per share (EPS) of 1.74 demonstrates its capacity to increase earnings on a per-share basis, indicating potential enhancements in revenue generation and cost control.

The Price Earning Ratio (P/E) exhibited fluctuation, beginning at 7.86% in 2020, escalating to 8.87% in 2021, and subsequently rising to 9.25% in 2022, with an average P/E of 8.66%. The variations in value may be impacted by the overall sentiment and anticipations of the market concerning the bank's prospective earnings. Examining the various external factors that influence the price-to-earnings ratio (P/E) can offer a more comprehensive understanding of the reasons behind these fluctuations.

The Dividend Payout Ratio displayed fluctuation, beginning at 63.69% in 2020, dropping to 59.17% in 2021, and further declining to 50.76% in 2022. The mean ratio was 57.87%, suggesting changes in the bank's policy for distributing dividends. Stakeholders must thoroughly analyze the reasoning behind these changes, taking into account the bank's financial performance, liquidity position, and dividend strategy, in order to understand the factors that affect shareholder returns.

Social Islami Bank Ltd. has consistently maintained a high level of compliance with the Disclosure of Corporate Governance, achieving scores of 128, 128, 126, and an average compliance score of 127. The bank's commitment highlights its unwavering focus on conducting business with transparency and adhering to ethical practices, which enhances its overall credibility and governance structure.

To summarize, Social Islami Bank Ltd.'s financial performance demonstrates favorable patterns in important indicators, with significant variations in ROE, ROI, and Dividend Payout Ratio. An in-depth analysis of the bank's strategic decisions, operational efficiency, and risk management strategies is necessary to provide stakeholders with a thorough comprehension of the bank's performance. This analysis will also serve as a guide for future strategic initiatives, ensuring long-term growth and stability in the ever-changing financial environment.

5.2.5 Al Arafah Islami Bank PLC

Al Arafah Islami Bank PLC was founded on June 18, 1995, with a dedication to achieving prosperity in both the present life and the hereafter by adhering to the teachings of Allah and the direction of His Rasul (SM). It has become a key participant in the Islamic banking industry of Bangladesh. The bank's debut ceremony occurred on September 27, 1995, after it was officially registered as a private limited business. The bank has an authorized capital of Tk. 15,000.00 million and a paid-up capital of Tk. 10,649.02 million as of December 31, 2021. The sponsors of the company include distinguished Islamic Scholars and ethical businesspeople, and all of the paid-up capital is held by local shareholders.

By December 31, 2021, the bank's equity amounted to Tk. 2348.32 crore, the workforce consisted of 4,247 people, and the number of shareholders was 19,146. Al Arafah Islami Bank has constantly maintained profitability, routinely releasing dividends over the years. The bank prioritizes providing exceptional client service by using cutting-edge technology and offering a wide range of customized goods and services.

The bank, driven by its dedication to making a substantial impact on the national economy, has achieved notable progress in socio-economic development by establishing 211 branches around the country, including 25 branches specifically designated for affluent customers. The primary objective of Al Arafah Islami Bank is to establish itself as a leading institution in the field of Islamic banking in Bangladesh, making significant contributions to the overall economic development of the country.

The mission involves the following objectives: attaining the approval of Almighty Allah, promoting Shariah-based banking methods, delivering high-quality financial services using the latest technology, ensuring prompt and efficient customer service, upholding strong business ethics, fostering balanced development, providing a competitive return on shareholders' equity, offering innovative banking services at a competitive price, attracting and retaining skilled

employees, offering competitive compensation packages, and demonstrating a strong dedication to the growth of the national economy through increased involvement in Micro and SME financing.

Al Arafah Islami Bank works with a customer-centric strategy, striving for stable and consistent growth in both attracting deposits and making high-quality investments. The bank aims to maintain its status as a prominent Islamic bank in Bangladesh by providing financial services to consumers, small and medium-scale firms, and corporate customers throughout the country via its offices. The business efforts are customized to synchronize with the evolving commerce and industrial requirements of customers. Under the leadership of esteemed Islamic figures, such as the founder chairman Mr. A.Z.M Shamsul Alam, who is an Islamic scholar, economist, writer, and former government bureaucrat in Bangladesh, the bank adheres to the guidance of its directors, Islamic bankers, and the divine guidance of Almighty Allah. This approach allows the bank to establish itself as a prominent and contemporary institution in Bangladesh.

Table: 5.2.5 Al Arafah Islami Bank PLC

	2020	2021	2022	Average
ROE	10.10%	8.21%	8.13%	8.81%
ROA	0.61%	0.46%	0.39%	0.49%
ROI	7.50%	6.00%	6.46%	6.65%
Debt to Equity Ratio	16.44%	17.87%	20.84%	18.38%
EPS	2.41	1.90	1.90	2.07
Price Earning Ratio	9.22%	13.57%	12.10%	11.63%
Dividend Payout Ratio	62.24%	78.95%	78.95%	73.38%
Disclosure of Corporate Governance Compliance:	129	130	125	128

The financial performance of Al Arafah Islami Bank PLC from 2020 to 2022 shows a combination of important indicators indicating potential for enhancement and stability in different areas. The Return on Equity (ROE) demonstrated a downward trajectory, commencing at 10.10% in 2020, subsequently declining to 8.21% in 2021, and subsequently stabilizing at 8.13% in 2022. The ROE of 8.81% necessitates a more thorough analysis of the factors that impact profitability and the strategic choices made to improve shareholder returns.

The Return on Assets (ROA) experienced a marginal decline over the years, with figures of 0.61%, 0.46%, and 0.39% in 2020, 2021, and 2022, correspondingly. The bank's average return on assets (ROA) of 0.49% demonstrates its effectiveness in using its assets to generate earnings. This suggests that there may be opportunities for improvement and operational enhancements.

The Return on Investment (ROI) underwent marginal fluctuations, commencing at 7.50% in 2020, decreasing to 6.00% in 2021, and subsequently observing a slight upturn to 6.46% in 2022. To optimize overall profitability, a nuanced analysis of the bank's investment strategies and capital utilization is required, considering the average ROI of 6.65%.

The Debt to Equity Ratio exhibited a consistent upward trajectory, starting at 16.44% in 2020, climbing to 17.87% in 2021, and further rising to 20.84% in 2022, with an average ratio of 18.38%. The increasing dependence on financial leverage is evident from this upward trend, highlighting the need for a meticulous equilibrium between debt and equity to achieve optimal financial risk management. An in-depth analysis of the individual elements of debt and equity can offer valuable insights into the bank's tolerance for risk and its strategy for managing its capital structure.

The Earnings per Share (EPS) showed a downward trend, starting at 2.41 in 2020, declining to 1.90 in 2021, and maintaining the same value of 1.90 in 2022. The bank's average EPS of 2.07 indicates the difficulty in maintaining per-share earnings, suggesting potential opportunities for enhancing revenue streams and managing costs.

The Price Earning Ratio (P/E) showed fluctuation, beginning at 9.22% in 2020, rising to 13.57% in 2021, and then declining to 12.10% in 2022, with an average P/E of 11.63%. The variations in value may be impacted by the overall sentiment and anticipations of the market concerning the bank's prospective profitability. An exhaustive examination of external factors that influence the price-to-earnings ratio (P/E) can offer further insight into these fluctuations.

The Dividend Payout Ratio experienced a significant rise, starting at 62.24% in 2020 and further increasing to 78.95% in both 2021 and 2022. The mean ratio was 73.38%, suggesting a change in the bank's policy for distributing dividends. Stakeholders need to thoroughly analyze the reasons behind these changes, taking into account the bank's financial performance, liquidity position, and dividend strategy, in order to understand the factors that affect shareholder returns.

Al Arafah Islami Bank PLC has consistently adhered to the requirements of corporate governance, achieving scores of 129, 130, 125, and an average compliance score of 128. The bank's commitment demonstrates its unwavering focus on conducting business in a transparent and ethical manner, which enhances its overall credibility and governance structure.

To summarize, the financial performance of Al Arafah Islami Bank PLC demonstrates stability in several important indicators, but also exhibits significant fluctuations in metrics such as Return on Equity (ROE), Return on Assets (ROA), and Dividend Payout Ratio. An in-depth analysis of the bank's strategic decisions, operational efficiency, and risk management strategies is necessary to provide stakeholders with a thorough comprehension of the bank's performance and to inform future strategic initiatives for long-term growth and stability in the ever-changing financial environment.

5.3 Corporate Governance and Compliance in Conventional Banks(Non-Islamic):

The operating environment of non-Islamic banks in Bangladesh is significantly influenced by Corporate Governance and Compliance. Given the crucial role of the financial sector in maintaining the country's economic stability, it is necessary for these institutions to follow strong governance systems and compliance frameworks. This is to guarantee openness, accountability, and ethical behavior in their activities. The regulatory framework established by the Bangladesh Bank, the nation's central bank, is the basis for corporate governance procedures and compliance requirements. Conventional banks, functioning under this structure, often have a Board of Directors that is accountable for making strategic decisions and supervising the bank's administration. The purpose of this board is to guarantee that the bank's actions conform to legal and regulatory obligations.

Moreover, the compliance departments at these institutions have a vital function in overseeing and guaranteeing compliance with the established laws and regulations. Periodic audits and assessments are performed to examine the efficacy of internal controls and risk management protocols. Non-Islamic banks often use internationally recognized standards, such as the Basel III framework, to improve their risk management and governance systems. The Compliance Committee, including essential stakeholders, guarantees adherence of the bank's policies and procedures to both local and international standards.

Corporate governance in non-Islamic banks goes beyond just following regulations. It includes ethical conduct, being responsible and accountable, and creating wealth for shareholders.

Codes of conduct and ethical standards are implemented to provide clear instructions for workers and executives on their professional behavior. The governance system also prioritizes safeguarding the rights and interests of shareholders. These institutions have an obligation to periodically provide financial information and performance reports, fostering openness and enabling stakeholders to make well-informed choices.

Corporate Governance and Compliance play crucial roles in the operation of non-Islamic banks in Bangladesh's financial industry. The dedication to maintaining these values guarantees the stability, honesty, and long-term viability of the banking sector, hence fostering the general economic progress of the nation.

5.3.1 Dutch Bangla Bank PLC (DBBLPLC)

Dutch-Bangla Bank PLC. (DBBPLC) is a well-known financial institution in Bangladesh. It was created in June 1996 under the Bank Companies Act 1991 and is constituted as a public limited company. As a planned partnership between a privately-owned commercial bank and local Bangladeshi stakeholders, this bank is directed by Founder and Chairman M. Sahabuddin Ahmed and collaborates with the Dutch corporation FMO. The bank, known as "DBBL" or "Dutch Bangla" in colloquial terms, has pioneered as the first Bangladeshi-European collaboration in the nation's banking industry. The company officially started its activities on June 3, 1996, and is now listed on both the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

DBBL has encountered several problems throughout the course of its existence, including instances of theft and cyberattacks, which highlight the changing nature of security in the banking sector. The bank has successfully maintained a strong and extensive network of ATMs throughout Bangladesh, with a remarkable total of 4,930 ATMs. This makes it the biggest ATM network in the nation. In addition, DBBL has expanded its operations into internet payments with its Nexus Gateway technology, which enables retailers to process online transactions using different types of cards.

Dutch-Bangla Bank is renowned for its significant philanthropic efforts in Bangladesh, in addition to its financial services. As a prominent benefactor, the bank actively backs programs in social awareness, healthcare, and education, making it one of the greatest private benefactors. The bank's dedication to social responsibility is in line with its overarching objective to make a substantial contribution to the national economy and maintain ethical business standards.

DBBL is headquartered in Motijheel, Dhaka and operates via 320 locations. It offers a range of services including retail and corporate banking, mortgage loans, private banking, credit cards, and mobile banking. Ms. Sadia Rayen Ahmed holds the position of Chairman at the bank. In 2018, DBBL disclosed significant financial data, which consisted of a rise in revenue to ₳29.216 billion (US\$270 million), an operating income of ₳7.224 billion (US\$67 million), and a net income of ₳4.201 billion (US\$39 million). The bank's aggregate assets amounted to ₳346.469 billion (US\$3.2 billion), accompanied by a capital ratio of 15.6%. DBBL's dedication to innovation, seamless incorporation of technology, and ethical obligation highlights its prominent role in the banking industry in Bangladesh. Additional details on the bank and its services may be obtained by visiting its website, dutchbanglabank.com.

Table: 5.3.1 Dutch Bangla Bank PLC (DBBLPLC)

	2020	2021	2022	Average
ROE	18.40%	16.10%	14.40%	16.30%
ROA	1.30%	1.10%	1.10%	1.17%
ROI	8.50%	6.40%	6.70%	7.20%
Debt to Equity Ratio	43.40%	32.50%	24.00%	33.30%
EPS	7.70	8.90	6.50	7.70
Price Earning Ratio	7.70%	8.90%	6.50%	7.70%
Dividend Payout Ratio	30.00%	30.68%	30.71%	30.46%
Disclosure of Corporate Governance Compliance:	115	115	115	115

Dutch Bangla Bank PLC (DBBLPLC) exhibited a commendable financial performance from 2020 to 2022, displaying resilient indicators in significant domains. The Return on Equity (ROE) showed a gradual decrease, starting at an impressive 18.40% in 2020, then declining to 16.10% in 2021, and further dropping to 14.40% in 2022. The bank's average return on equity (ROE) of 16.30% indicates its capacity to generate significant profits for shareholders. The declining trend prompts a thorough analysis of factors impacting profitability and the need for strategic adjustments.

The Return on Assets (ROA) exhibited a sustained level of excellence, maintaining values of 1.30%, 1.10%, and 1.10% in the years 2020, 2021, and 2022, correspondingly. The bank's ROA of 1.17% demonstrates its effective use of assets to generate earnings, making a substantial contribution to its overall financial performance. The stability observed indicates the implementation of efficient asset management strategies, which further strengthens the bank's ability to utilize resources for maximum profitability.

The Return on Investment (ROI) experienced a gradual decrease, beginning at 8.50% in 2020, dropping to 6.40% in 2021, and then slightly recovering to 6.70% in 2022. An in-depth examination of the bank's investment strategies and capital utilization is necessary to maximize overall profitability, given the average ROI of 7.20%.

The Debt to Equity Ratio exhibited a consistent decrease, starting at 43.40% in 2020, then declining to 32.50% in 2021, and further dropping to 24.00% in 2022. The average ratio over this period was 33.30%. The bank's financial stability is being enhanced by a deliberate strategy to decrease financial leverage, as evidenced by the declining trend. An in-depth analysis of the individual elements of debt and equity can offer valuable insights into the bank's willingness to take risks and its strategy for managing its capital structure.

The Earnings per Share (EPS) exhibited volatility, commencing at 7.70 in 2020, ascending to 8.90 in 2021, and subsequently declining to 6.50 in 2022. The bank's average earnings per share (EPS) of 7.70 demonstrate its capacity to maintain profitability on a per-share basis. The observed changes warrant additional examination of the factors that impact earnings per share.

The Price Earning Ratio (P/E) exhibited consistent patterns, beginning at 7.70% in 2020, rising to 8.90% in 2021, and subsequently declining to 6.50% in 2022, resulting in an average P/E of 7.70%. The volatility of these fluctuations can be attributed to the impact of market sentiment and the anticipation of the bank's future earnings prospects. An exhaustive examination of external factors that influence the price-to-earnings ratio (P/E) can offer further insight into these fluctuations.

The Dividend Payout Ratio exhibited a consistent trend, beginning at 30.00% in 2020, experiencing a slight rise to 30.68% in 2021, and further increasing to 30.71% in 2022. The average ratio was 30.46%, indicating that the bank's dividend distribution policy remained consistent. An in-depth analysis of the bank's dividend strategy, taking into account its financial performance and liquidity position, is essential for stakeholders to comprehend the bank's dedication to rewarding shareholders.

The Dutch Bangla Bank PLC has consistently upheld its commitment to disclosing and complying with corporate governance standards, achieving a score of 115 for three consecutive years. The bank's commitment highlights its unwavering focus on conducting business with transparency and ethical standards, which enhances its overall credibility and governance structure.

To summarize, the financial performance of Dutch Bangla Bank PLC demonstrates robustness in important measures, although variations warrant a more detailed examination of indicators such as Return on Equity (ROE), Return on Investment (ROI), and Earnings per Share (EPS). An in-depth analysis of the bank's strategic decisions, operational efficiency, and risk management strategies is necessary to provide stakeholders with a thorough comprehension of the bank's performance. This analysis will also serve as a guide for future strategic initiatives, ensuring continued growth and stability in the ever-changing financial environment.

Table: 5.3.1.1 Dutch Bangla Bank PLC (DBBLPLC)'s Disclosure Of Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1 (1) Size of the Board of Directors	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓		
1 (2) Independent Directors	(a) At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		
	(b) For the purpose of this clause "independent director" means a director-			
	(i) who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		
	(ii) who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	✓		
	(iii) who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
	(iv) who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		
	(v) who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		
	(vi) who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
	(vii) who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		
	(viii) who is not independent director in more than 5 (five) listed companies	✓		

	(ix) who 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 Non-Bank Financial Institution (NBFI); and	✓		
	(x) who has not been convicted for a criminal offence involving moral turpitude;	✓		
	(c) The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	✓		
	(d) The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	✓		
	(e) The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only;	✓		
1(3) Qualification of Independent Director	(a) Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		
	(b) Independent director shall have following qualifications:			
	(i) Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or			Not applicable
	(ii) Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or	✓		
	(iii) Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or			Not applicable
	(iv) University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			Not applicable

	(v) Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	✓		
	(c) The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
	(d) In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			Not applicable
1(4) Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer	(a) The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		
	(b) The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
	(c) The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
	(d) The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		Roles and responsibilities are as per Bangladesh Bank guidelines and service rules of the Bank
	(e) In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		

1 (5) The Directors' Report to Shareholders

(i)	An industry outlook and possible future developments in the industry;	✓		
(ii)	The segment-wise or product-wise performance;	✓		
(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;			Not applicable
(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);			Not applicable

(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	✓		IPO was made in 2001 and the IPO fund were used for acquisition of fixed assets and lending
(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.;	✓		
(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		
(x)	A statement of remuneration paid to the directors including independent directors;	✓		
(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
(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;	✓		
(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		

(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			Not applicable
(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-			
	(a) Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		
	(b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
	(c) Executives;	√		
	(d) Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	√		
(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-			
	(a) a brief resume of the director;	√		
	(b) nature of his / her expertise in specific functional areas;	√		
	(c) names of companies in which the person also holds the directorship and the membership of committees of the board;	√		
(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
	(a) accounting policies and estimation for preparation of financial statements;	√		
	(b) changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
	(c) comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
	(d) compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;			Financial performance of peer bank are not available.
	(e) briefly explain the financial and economic scenario of the country and the globe;	√		
	(f) risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and concerns;	√		

	(g) future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
(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 ; and	✓		
(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C	✓		
1(6) Meetings of the Board of Directors	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
1(7) Code of Conduct for the Chairperson, other Board members and Chief Executive Officer	(a) The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;			Bangladesh Bank vide their letter No. BRPD (R-1)717/ 2021-5064 dated 16 June, 2021 informed all the Banks that till amendment of the Bank Companies Act, 1991 there is no scope by the Bank to comply with those clauses of the corporate governance code 2018 including formation of Nomination and Remuneration Committee (NRC) which are contradictory to the Bank Companies Act 1991 and its related circulars.
	(b) The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.			

2. Governance of Board of Directors of Subsidiary Company

2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			Not applicable (a subsidiary company was incorporated in 2010 but did not start any operation)
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;			Not applicable
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;			Not applicable
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			Not applicable

2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			Not applicable
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3. Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)

3(1) Appointment	(a) The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
	(b) The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
	(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;	✓		
	(d) The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
	(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).	✓		After implementation of this new corporate governance code no one is removed from their position
3(2) Requirement to attend Board of Directors' Meetings	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		Attended up to November 23, 2020. Following BRPD Circular letter no.23/2013 & 55/2020 dated 26.12.2013 & 12.11.2020 respectively, Bangladesh Bank vide their letter no. DOS(BSS-2)/1158-08/DBL/2020-3903 dated November 23, 2020 instructed us to ensure that other than Managing Director and Company Secretary, any other officials shall not attend the meeting of the Board of Directors and its different Committee except invitation from the Board.

3(3) Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)	(a) The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
	(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
	(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;	√		
	(b) The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
	(c) The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		

4. Board of Directors' Committee

	For ensuring good governance in the company, the Board shall have at least following subcommittees:			
	(i) Audit Committee; and	√		
	(ii) Nomination and Remuneration Committee.			Bangladesh Bank vide their letter No. BRPD (R-1)717/ 2021-5064 dated 16 June, 2021 informed all the Banks that till amendment of the Bank Companies Act, 1991 there is no scope by the Bank to comply with those clauses of the corporate governance code 2018 including formation of Nomination and Remuneration Committee (NRC) which are contradictory to the Bank Companies Act 1991 and its related circulars.

5. Audit Committee

5(1) Responsibility to the Board of Directors

(a)	The company shall have an Audit Committee as a sub-committee of the Board;	√		
(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		

5(2) Constitution of the Audit Committee

(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√		
(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		
(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;			Not applicable
(e)	The company secretary shall act as the secretary of the Committee;	√		
(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		

5(3) Chairperson of the Audit Committee

(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		
(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	✓		
(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	✓		

5(4) Meeting of the Audit Committee

(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓		
(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		

5(5) Role of Audit Committee

(a)	Oversee the financial reporting process;	✓		
(b)	monitor choice of accounting policies and principles;	✓		
(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
(d)	oversee hiring and performance of external auditors;	✓		
(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;	✓		
(f)	review along with the management, the annual financial statements before submission to the Board for approval;	✓		
(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
(h)	review the adequacy of internal audit function;	✓		
(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
(j)	review statement of all related party transactions submitted by the management;	✓		
(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		

(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.	√		IPO was made in 2001 and the IPO fund were used for acquisition of fixed assets and lending
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5(6) Reporting of the Audit Committee

(a) Reporting to the Board of Directors	(i) The Audit Committee shall report on its activities to the Board.	√		
	(ii) The Audit Committee shall immediately report to the Board on the following findings, if any:-			
	(a) report on conflicts of interests;			Nil
	(b) suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			Nil
	(c) suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			Nil
	(d) any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			Nil
(b) Reporting to the Authorities	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			Nil

5 (7) Reporting to the Shareholders and General Investors

	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		
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6. Nomination and Remuneration Committee (NRC)

(1) Responsibility to the Board of Directors	(a) The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;			
	(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;			

	(c) The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			
(2) Constitution of the NRC	(a) The Committee shall comprise of at least three members including an independent director;			Bangladesh Bank
	(b) All members of the Committee shall be non-executive directors;			vide their letter
	(c) Members of the Committee shall be nominated and appointed by the Board;			No. BRPD (R-1)717/
	(d) The Board shall have authority to remove and appoint any member of the Committee;			2021-5064 dated
	(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;			16 June, 2021
	(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;			informed all the Banks that till
	(g) The company secretary shall act as the secretary of the Committee;			amendment of the Bank Companies Act, 1991 there is
	(h) The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;			no scope by the Bank to comply
	(i) No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.			with those clauses of the corporate
(3) Chairperson of the NRC	(a) The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			governance code
	(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;			2018 including
	(c) The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.			formation of Nomination and Remuneration Committee (NRC) which are contradictory to
(4) Meeting of the NRC	(a) The NRC shall conduct at least one meeting in a financial year;			the Bank
	(b) The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			Companies Act
	(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);			1991 and its related circulars.

	(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.			
(5) Role of the NRC	(a) NRC shall be independent and responsible or accountable to the Board and to the shareholders;			
	(b) NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
	(i) formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
	(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			
	(b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and			
	(c) remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;			
	(ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;			
	(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;			
	(iv) formulating the criteria for evaluation of performance of independent directors and the Board;			
	(v) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and			
	(vi) developing, recommending and reviewing annually the company's human resources and training policies;			
	(c) The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.			

7. External / Statutory Auditors

7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
	(i) appraisal or valuation services or fairness opinions;	√		

	(ii) financial information systems design and implementation;	✓		
	(iii) book-keeping or other services related to the accounting records or financial statements;	✓		
	(iv) broker-dealer services;	✓		
	(v) actuarial services;	✓		
	(vi) internal audit services or special audit services;	✓		
	(vii) any service that the Audit Committee determines;	✓		
	(viii) audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
	(ix) any other service that creates conflict of interest.	✓		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	✓		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		

8. Maintaining a website by the Company

8(1)	The company shall have an official website linked with the website of the stock exchange.	✓		
8(2)	The company shall keep the website functional from the date of listing.	✓		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		

9. Reporting and Compliance of Corporate Governance

9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		

Hoda Vasi Chowdhury & Co

Chartered Accountants

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

Report to the Shareholders of Dutch-Bangla Bank Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Dutch-Bangla Bank Limited (the "Bank") for the year ended on 31 December 2022. This Code relates to the Notification No BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

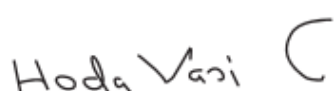
Such compliance with the Corporate Governance Code is the responsibility of the Bank. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSSs) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Bank has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission (except for Nomination and Remuneration Committee for which the Bank is awaiting directives from Bangladesh Bank);
- (b) The Bank has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSSs) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the Bank as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the Bank is satisfactory.

Dated: Dhaka
18 April 2023


Sabbir Ahmed, FCA
Partner
ICAB Enrolment Number 770
For Hoda Vasi Chowdhury & Co
Chartered Accountants

5.3.2 Eastern Bank PLC (EBL)

Eastern Bank PLC (EBL), based in Dhaka, Bangladesh, is a prominent participant in the nation's financial sector, with a noteworthy background tracing back to its establishment on August 8, 1992. EBL was incorporated as a public limited company in accordance with the Bank Companies Act of 1991. Over the last thirty years, EBL has been recognized as a symbol of both stability and innovation within the banking industry.

Under the leadership of Chairman Md. Showkat Ali Chowdhury and Managing Director & CEO Ali Reza Ifekhar, EBL has expanded its range of services to include retail banking, corporate finance, asset management, equities broking, and security. EBL, a bank listed on both the Dhaka Stock Exchange (DSE: EBL) and the Chittagong Stock Exchange (CSE: EBL), has shown resilience and flexibility in adapting to the changing financial environment.

The bank's worldwide presence grew substantially with the intention to establish its first overseas full-fledged branch in Calcutta, India, signifying a noteworthy foray into international banking. This development is in line with EBL's current subsidiary in Hong Kong, EBL Finance (HK) Limited, as well as its representative offices in Myanmar and Guangzhou, China. It demonstrates a strategic approach to global operations.

EBL's history has been marked by significant events, such as its establishment as Eastern Bank PLC on August 16, 1992, after the transfer from the Bank of Credit and Commerce International (BCCI). Despite facing many difficulties, such as reimbursing customers for compromised card data and resolving security issues with its ATMs, the bank has constantly shown a dedication to surmounting barriers and upholding financial soundness.

EBL had strong financial success in 2019, with an operating income of US\$180 million and a net income of US\$95 million. The bank's aggregate assets amounted to US\$4 billion, highlighting its significant position and influence in the financial industry. As of September 30, 2019, the ownership structure of the company is characterized by a varied sharing pattern. Institutions own 44.20% of the shares, sponsors/directors hold 31.60%, and the public has 23.80%.

In addition to financial indicators, EBL lays significant importance on corporate governance, which has earned them distinction with a sustainability rating award from Bangladesh Bank. The bank actively participates in syndicated loans, as seen by its involvement in organizing a 1.2 billion BDT loan for Thengamara Mohila Sabuj Sangha. This highlights the bank's dedication to promoting community development.

EBL is committed to its objective of being the most valued brand in Bangladesh's financial services sector. It upholds fundamental principles including service quality, dedication, openness, honesty, trust, and responsible corporate citizenship. The bank's recent accomplishments, such as being awarded the title of 'Bank of the Year 2023' in Bangladesh by The Banker and receiving other prizes at the Mastercard Excellence Awards 2023, highlight its continued dedication to achieving excellence.

In 2023, Eastern Bank Limited underwent a significant shift by officially renaming itself as Eastern Bank PLC (EBL), marking a new phase in its development. EBL is a leading bank in Bangladesh's dynamic banking industry, known for its emphasis on sustainability, corporate governance, and innovative financial solutions. It sets high standards for other banks to follow.

Table: 5.3.2 Eastern Bank PLC (EBL)

	2020	2021	2022	Average
ROE	15.04%	15.51%	15.41%	15.32%
ROA	1.22%	1.28%	1.21%	1.24%
ROI	3.44%	12.95%	6.93%	7.77%
Debt to Equity Ratio	10.63%	11,54%	12.01%	11.32%
EPS	5.05	4.88	4.78	4.90
Price Earning Ratio	7.12%	7.89%	6.68%	7.23%
Dividend Payout Ratio	69.31%	51.23%	52.52%	57.69%
Disclosure of Corporate Governance Compliance:	122	121	120	121

Eastern Bank PLC (EBL) exhibited commendable financial performance from 2020 to 2022, displaying strong metrics in important areas. The Return on Equity (ROE) demonstrated a steady pattern, commencing at an impressive 15.04% in 2020, rising to 15.51% in 2021, and then remaining stable at 15.41% in 2022. The bank's average return on equity (ROE) of 15.32% demonstrates its capacity to generate significant profits for shareholders, highlighting its efficient use of capital invested by shareholders.

The Return on Assets (ROA) exhibited a consistent high performance, with percentages of 1.22%, 1.28%, and 1.21% in the years 2020, 2021, and 2022, respectively. The bank's average return on assets (ROA) of 1.24% demonstrates its effective utilization of its assets to generate earnings, making a substantial contribution to its overall financial performance. The stability observed implies the implementation of efficient asset management strategies, which further strengthens the bank's ability to use resources in a manner that maximizes profitability.

The Return on Investment (ROI) exhibited fluctuation, commencing at 3.44% in 2020, undergoing a substantial surge to 12.95% in 2021, and subsequently declining to 6.93% in 2022. The average return on investment (ROI) of 7.77% necessitates a thorough examination of the bank's investment strategies and capital allocation to enhance overall profitability. The significant increase in 2021 requires a comprehensive investigation into the factors that have contributed to this surge.

The Debt to Equity Ratio exhibited a gradual upward trend, starting at 10.63% in 2020, rising to 11.54% in 2021, and further increasing to 12.01% in 2022, with an average ratio of 11.32%. The modest rise suggests an increasing dependence on financial leverage, highlighting the need to carefully manage the balance between debt and equity to achieve optimal financial risk management. An in-depth analysis of the individual elements of debt and equity can offer valuable insights into the bank's willingness to take risks and its strategy for managing its capital structure.

The Earnings per Share (EPS) demonstrated a gradual decrease, beginning at 5.05 in 2020, declining to 4.88 in 2021, and further dropping to 4.78 in 2022. The bank's average earnings per share (EPS) of 4.90 indicate the difficulty in maintaining per-share earnings. This prompts a deeper examination of the factors that affect per-share earnings, including changes in net income, dividends, and potential effects on shareholder value.

The Price Earning Ratio (P/E) exhibited fluctuations, beginning at 7.12% in 2020, rising to 7.89% in 2021, and subsequently declining to 6.68% in 2022, with an average P/E of 7.23%. The volatility of these fluctuations could be impacted by the prevailing market sentiment and the expectations surrounding the bank's prospective earnings. An exhaustive examination of external factors that influence the price-to-earnings ratio (P/E) can offer further insight into these fluctuations.

The Dividend Payout Ratio exhibited fluctuations, beginning at 69.31% in 2020, declining to 51.23% in 2021, and subsequently rising to 52.52% in 2022. The mean ratio was 57.69%, suggesting variations in the bank's policy for distributing dividends. Stakeholders need to thoroughly analyze the reasoning behind these changes, taking into account the bank's financial performance, liquidity position, and dividend strategy, in order to understand the factors that affect shareholder returns.

Eastern Bank PLC has consistently upheld the practice of disclosing its compliance with corporate governance standards, achieving scores of 122, 121, and 120, with an average

compliance score of 121. The bank's commitment emphasizes its unwavering dedication to conducting business in a transparent and ethical manner, which enhances its overall credibility and governance framework.

Eastern Bank PLC's financial performance demonstrates robustness in crucial indicators, with significant variations observed in ROI, EPS, and Dividend Payout Ratio. The bank's strategic decisions, operational efficiency, and risk management strategies necessitate thorough examination to provide stakeholders with a comprehensive comprehension of the bank's performance and direct future strategic initiatives for consistent growth and stability in the ever-changing financial environment.

5.3.3 Dhaka Bank PLC

Dhaka Bank PLC was incorporated under the Companies Act of 1994 and began its commercial activities on July 5, 1995, with an Authorized Capital of Tk. 1,000 million and a paid-up Capital of Tk. 100 million. The bank has seen significant expansion throughout time, now having an Authorized Capital of Tk. 20,000 million and a paid-up Capital of Tk. 10,066 million as of June 30, 2023. The aggregate equity, including both capital and reserves, amounted to Tk. 21,475 million as of the aforementioned date.

Dhaka Bank has established a strong network of 252 delivery centers, allowing it to extend its coverage across Bangladesh. The bank has a presence in 114 sites, including 2 Islamic Banking Branches, 2 Off-shore Banking Units, 3 SME Service Centers, 26 Sub-Branches, 87 ATMs, and 20 ADMs. In addition, the bank has expanded its operations to include subsidiary businesses via Dhaka Bank Securities Limited, which oversees capital market and brokerage services, and Dhaka Bank Investment Limited, which focuses on conducting merchant banking activities.

Dhaka Bank provides an extensive array of banking and financial services catering to the needs of both individual and corporate clients. The bank takes pleasure in using cutting-edge technology and a staff of highly driven experts to provide exceptional financial services. Dhaka Bank portrays itself as the chosen option for financial services by emphasizing customer-centricity, honesty, quality, collaboration, respect for the individual, and responsible citizenship.

Mr. Abdul Hai Sarker now holds the position of Chairman of the Board of Directors of Dhaka Bank Limited, having been re-elected. The bank's strategy emphasis is on prioritizing client needs, ensuring long-term growth, and integrating financial operations. The company expands

its primary operations into Corporate Banking, SME, Agriculture, Consumer Banking, and Islamic Banking. In 2022, the bank had a presence consisting of 113 branches, 3 SME service centers, 2 offshore banking units, 25 sub-branches, 83 ATMs, and 20 ADMs.

Dhaka Bank's financial report for the end of 2022 reveals total assets amounting to around Tk. 346,556 million, which is comparable to USD 3,356 million. The bank had a client base of 631,372 deposit accounts and had Tk. 243,427 million in deposits and Tk. 239,686 million in advances, which contributed to the economic prosperity of Bangladesh.

Dhaka Bank prioritizes maintaining sufficient capital reserves and economic capital, ensuring compliance with Basel-III regulations. By December 31, 2022, the bank's Regulatory capital amounted to Tk. 31,764 million, exhibiting a Capital to Risk Weighted Assets Ratio (CRAR) of 14.12%, which is above the central bank's mandated threshold of 12.50%. Economic capital is used to effectively run the banking industry within a risk-sensitive economic framework.

The bank is committed to corporate social responsibility (CSR), making contributions to fields like education, health, disaster management, and sports. In addition, Dhaka Bank has adopted sustainability principles by establishing a Green Banking Cell, which prioritizes environmental considerations in its financial operations.

Dhaka Bank is dedicated to promoting financial inclusion and considers itself a collaborator in the economic development of the nation. It aims to provide economic advantages for people and contribute to the overall prosperity of Bangladesh.

Table: 5.3.3 Dhaka Bank PLC

	2020	2021	2022	Average
ROE	11.28%	10.53%	8.09%	9.97%
ROA	0.70%	0.65%	0.49%	0.61%
ROI	9.34%	7.78%	7.58%	8.23%
Debt to Equity Ratio	14.72%	15.57%	14.62%	14.97%
EPS	2.27	2.16	1.76	2.06
Price Earning Ratio	5.57%	6.47%	7.55%	6.53%
Dividend Payout Ratio	52.90%	55.60%	68.60%	59.03%
Disclosure of Corporate Governance Compliance:	121	119	120	120

The financial performance of Dhaka Bank PLC between 2020 and 2022 presents a nuanced

depiction, with significant indicators highlighting both strengths and potential areas for enhancement. The Return on Equity (ROE) experienced a gradual decrease, starting at 11.28% in 2020, declining to 10.53% in 2021, and further to 8.09% in 2022. The ROE of 9.97% necessitates a thorough analysis of the factors that impact profitability and strategic choices aimed at improving shareholder returns. This analysis may particularly emphasize operational efficiency and revenue generation.

The Return on Assets (ROA) demonstrated a consistent decline, decreasing from 0.70% in 2020 to 0.65% in 2021 and further to 0.49% in 2022. The bank's average return on assets (ROA) of 0.61% indicates a potential opportunity to improve the bank's use of assets and operational efficiency in order to increase overall profitability.

The Return on Investment (ROI) showed consistent stability, beginning at 9.34% in 2020, experiencing a slight decline to 7.78% in 2021, and subsequently maintaining a steady rate of 7.58% in 2022. An in-depth examination of the bank's investment strategies and capital utilization is necessary to maximize overall profitability, given the average ROI of 8.23%.

The Debt to Equity Ratio exhibited marginal variations, starting at 14.72% in 2020, rising to 15.57% in 2021, and subsequently declining to 14.62% in 2022, with an average ratio of 14.97%. The stability observed reflects a well-balanced strategy in terms of financial leverage, with a focus on the bank's cautious risk management practices. An in-depth analysis of the individual elements of debt and equity can offer valuable insights into the bank's willingness to take risks and its strategy for managing its capital structure.

The Earnings per Share (EPS) witnessed a gradual decrease, starting at 2.27 in 2020, declining to 2.16 in 2021, and further dropping to 1.76 in 2022. The bank's average earnings per share (EPS) of 2.06 indicate the difficulty it faces in maintaining per-share earnings. This suggests that there are opportunities for improvement in revenue streams and cost management.

The Price Earning Ratio (P/E) exhibited fluctuation, beginning at 5.57% in 2020, rising to 6.47% in 2021, and further increasing to 7.55% in 2022, with an average P/E of 6.53%. The variability of these fluctuations could be impacted by the prevailing market sentiment and the expectations surrounding the bank's prospective earnings. An exhaustive examination of external factors that influence the price-to-earnings ratio (P/E) can offer further insight into these fluctuations.

The Dividend Payout Ratio exhibited fluctuations, beginning at 52.90% in 2020, rising to 55.60% in 2021, and subsequently increasing to 68.60% in 2022. The mean ratio was 59.03%, suggesting variations in the bank's policy for distributing dividends. Stakeholders need to thoroughly analyze the reasoning behind these changes, taking into account the bank's financial performance, liquidity position, and dividend strategy, in order to understand the factors that affect shareholder returns.

Dhaka Bank PLC has consistently upheld its commitment to disclosing and adhering to corporate governance standards, achieving scores of 121, 119, 120, and an average compliance score of 120. The bank's commitment highlights its unwavering focus on conducting business in a transparent and ethical manner, which enhances its overall credibility and governance structure.

5.3.4 City Bank PLC

Established in 1983, City Bank PLC has seen a significant transformation, transitioning from a conventional organization to a versatile institution that places a high value on international standards and technical progress. This progress is not only assessed in terms of finances, but also in its aspiration to become the most all-encompassing bank in Bangladesh. City Bank has a large presence with 133 branches and a devoted team of over 4,866 workers. They serve a client base of more than 1.7 million individuals.

The bank has a vast infrastructure with 411 ATMs, 7 Priority Centers, and 3 Airport Lounges, ensuring a smooth and pleasurable banking experience for its clientele. City Bank has shown remarkable achievements, having distributed more than 1.39 million cards, implemented 33,607 POS devices, and formed partnerships with over 17,500 retailers. These accomplishments have firmly established City Bank as a prominent financial institution.

The origins of City Bank can be traced back to the innovative business acumen of 12 founding members. In 1983, they took the initiative to create the nation's first private commercial bank, starting with an initial capital of BDT 34 million. Presently, the capital of this institution has seen substantial growth, reaching a noteworthy amount of BDT 3.3 billion, which serves as evidence of the bank's robust financial strength and stability.

Mr. Aziz Al Kaiser, as Chairman, leads City Bank with a significant focus on corporate governance standards, guaranteeing efficient and cautious administration and removing any

conflicts of interest. The Board of Directors consists of 12 members, with 11 of them being non-executives. Their collective knowledge is used to provide strategic guidance to the bank.

City Bank has shown strong financial performance, with a revenue of BDT 24.58 billion, operating income of BDT 11.82 billion, net income of BDT 45.07 billion, and total assets of BDT 506.84 billion in 2022. Internationally, the bank has expanded its operations by establishing branches and a subsidiary office in Hong Kong and Malaysia, respectively. Significantly, the International Finance Corporation holds a 5% equity interest in City Bank.

The bank's honors emphasize its exceptional quality. City Bank PLC has been acknowledged with prestigious accolades like Best Bank in Bangladesh, Best Digital Bank, and recognition for its innovation and sustainable finance. These awards highlight the bank's dynamic and forward-thinking nature, as well as its ability to effectively merge financial expertise with a dedication to innovation, governance, and customer-centric principles. City Bank is a prominent financial institution in Bangladesh, known for its strategic and customer-centric strategy, which contributes to the overall success of the country's financial sector.

Table: 5.3.4 City Bank PLC

	2020	2021	2022	Average
ROE	14.80%	15.80%	14.10%	14.90%
ROA	1.10%	1.20%	1.00%	1.10%
ROI	8.29%	5.28%	6.36%	6.64%
Debt to Equity Ratio	12.30%	12.40%	14.40%	13.03%
EPS	3.90	4.40	9.80	6.03
Price Earning Ratio	6.30%	6.10%	5.80%	6.07%
Dividend Payout Ratio	57.18%	56.82%	31.58%	48.53%
Disclosure of Corporate Governance Compliance:	117	115	118	117

The financial performance of City Bank PLC from 2020 to 2022 exhibits a combination of robust metrics and aspects that require careful consideration, offering valuable insights for stakeholders. The Return on Equity (ROE) displayed a steady pattern, commencing at 14.80% in 2020, rising to 15.80% in 2021, and subsequently declining to 14.10% in 2022. The bank's average return on equity (ROE) of 14.90% demonstrates its capacity to generate significant profits for shareholders. The fluctuations in ROE warrant a thorough analysis of the factors that impact profitability and strategic decision-making.

The Return on Assets (ROA) exhibited a consistent level of stability, maintaining values of 1.10%, 1.20%, and 1.00% in the years 2020, 2021, and 2022, correspondingly. The bank's average return on assets (ROA) of 1.10% indicates its effective use of assets to generate earnings, which greatly enhances its overall financial performance. The stability observed indicates the implementation of efficient asset management strategies, which further strengthens the bank's ability to utilize resources for maximum profitability.

The Return on Investment (ROI) exhibited fluctuations, commencing at 8.29% in 2020, declining to 5.28% in 2021, and subsequently rising to 6.36% in 2022. An in-depth examination of the bank's investment strategies and capital utilization is necessary to maximize overall profitability, given the average ROI of 6.64%. The fluctuations in ROI warrant additional investigation into the factors that are influencing it.

The Debt to Equity Ratio experienced a gradual rise, starting at 12.30% in 2020, increasing to 12.40% in 2021, and further to 14.40% in 2022, with an average ratio of 13.03%. The gradual increase in this trend suggests an increasing dependence on borrowing money, which requires a cautious equilibrium between debt and ownership for effective management of financial risk. An in-depth analysis of the individual elements of debt and equity can offer valuable insights into the bank's willingness to take risks and its strategy for managing its capital structure.

The Earnings per Share (EPS) exhibited significant volatility, commencing at 3.90 in 2020, escalating to 4.40 in 2021, and subsequently surging to 9.80 in 2022. The bank's average earnings per share (EPS) of 6.03 indicate the difficulty in maintaining per-share earnings. This prompts a deeper investigation into the factors that affect per-share earnings, including changes in net income, dividends, and potential implications for shareholder value.

The Price Earning Ratio (P/E) exhibited fluctuations, beginning at 6.30% in 2020, declining to 6.10% in 2021, and further decreasing to 5.80% in 2022, with an average P/E of 6.07%. The variability in these values can be influenced by the overall attitude and anticipations of the market concerning the bank's prospective earnings capacity. An exhaustive examination of external factors influencing the price-to-earnings ratio (P/E) can offer further insight into these fluctuations.

The Dividend Payout Ratio displayed notable fluctuations, beginning at 57.18% in 2020, experiencing a slight decrease to 56.82% in 2021, and subsequently plummeting to 31.58% in 2022. The mean ratio was 48.53%, suggesting variations in the bank's policy for distributing dividends. Stakeholders need to thoroughly analyze the reasoning behind these changes, taking

into account the bank's financial performance, liquidity position, and dividend strategy, in order to understand the factors that affect shareholder returns.

City Bank PLC has consistently adhered to the disclosure of corporate governance compliance, achieving scores of 117, 115, 118, and an average compliance score of 117. The bank's commitment emphasizes its dedication to conducting business in a transparent and ethical manner, which enhances its overall credibility and governance framework.

City Bank PLC's financial performance demonstrates robustness in crucial indicators, showcasing significant variations in ROE, ROI, EPS, P/E, and Dividend Payout Ratio. The bank's strategic decisions, operational efficiency, and risk management strategies warrant detailed exploration to empower stakeholders with a comprehensive understanding of the bank's performance and guide future strategic initiatives for sustained growth and stability in the dynamic financial landscape.

5.3.5 BRAC Bank PLC

BRAC Bank PLC was founded in 2001 as a subsidiary of BRAC, a well-known development organization in Bangladesh. It has become a significant participant in the country's financial industry, with a particular emphasis on serving the requirements of small and medium-sized firms (SMEs). The bank, established by Fazle Hasan Abed, the visionary creator of BRAC and BRAC University, has expanded its enormous network, which includes more than 187 branches, 507 SME unit offices, and 500 strategically located ATMs around the country.

BRAC Bank has had significant advancements and expansions throughout time, such as the creation of BRAC Afghanistan Bank in 2006 and acquisitions in the equities and securities industry. Notwithstanding the unfortunate death of CEO and Managing Director Imran Rahman in 2008, the bank shown resilience and flexibility.

BRAC Bank secured a substantial investment of USD 30 million from the International Finance Corporation in April 2021, solidifying its worldwide acclaim. In 2022, Bangladesh Bank instructed the bank to apportion 50% of its revenues derived from Foreign Exchange trading towards corporate social responsibility initiatives, so underscoring its commitment to making a positive societal influence.

As of 2022, BRAC Bank demonstrates its financial robustness by its total assets of BDT 611 billion, indicating both stability and expansion. In addition to expanding its range of services to include digital banking like as internet banking, mobile banking, and e-wallet services, the

bank has also established itself as the top-rated Bangladeshi bank by both local and foreign credit rating agencies.

The bank offers a wide array of financial services, including SME banking, retail banking, card services, foreign exchange, wholesale banking, custodial services, and probashi banking. The distribution network of the company consists of 193 branches, 457 SME unit offices, and an increasing number of agent banking outlets, totaling 1,041. BRAC Bank provides accessibility and convenience to its clients via a network of 375 ATMs and 96 CDMs, strategically located.

BRAC Bank's varied portfolio is significantly influenced by its subsidiaries, which include BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, bKash (Mobile banking service) Limited, BRAC Saajan Exchange Limited, BRAC IT Services Limited, and Astha.

BRAC Bank revealed its financial performance as of June 30, 2023, which includes a Profit After Tax of BDT 3,030 million, Total Deposits of BDT 440,963 million, and Total Loans & Advances of BDT 470,888 million. The Net Asset Value (NAV) per Share is now BDT 37.21, while the Earnings Per Share (EPS) is BDT 1.88. The bank's Market Capitalization has reached BDT 57,596 million.

BRAC Bank has received several accolades and recognitions, including the esteemed "Best Bank for SMEs" award from Asia money in 2017. The bank's possession of ISO certification in Information Security and its ability to get credit ratings from both local and international organizations demonstrate its strong dedication to maintaining high standards of quality and compliance.

BRAC Bank has a well-diversified ownership structure, with BRAC owning the majority of shares at 46.165%, while the remaining 53.756% is held by the general public, institutions, and international companies.

The bank is guided by the Board of Directors, headed by Chairperson Meheriar M Hasan and Vice Chairperson Faruq Mayeenuddin Ahmed, who aim to establish a financially successful and socially conscious financial organization. BRAC Bank exemplifies its dedication to promoting sustainable expansion in the small and medium-sized enterprise (SME) industry, maintaining a consistent increase in low-cost deposits, and upholding its responsibilities to corporate social welfare, so contributing to the overall developmental objectives of Bangladesh.

Table: 5.3.5 BRAC Bank PLC

	2020	2021	2022	Average
ROE	10.69%	11.00%	10.22%	10.64%
ROA	1.19%	1.31%	1.14%	1.21%
ROI	5.79%	6.04%	4.69%	5.51%
Debt to Equity Ratio	6.98%	6.65%	8.05%	7.23%
EPS	3.26	3.71	3.85	3.61
Price Earning Ratio	12.94%	13.88%	10.00%	12.27%
Dividend Payout Ratio	46.01%	40.43%	38.96%	41.80%
Disclosure of Corporate Governance Compliance:	120	121	121	121

The financial performance of BRAC Bank PLC from 2020 to 2022 offers a comprehensive overview, showcasing a well-rounded performance with both strengths and areas that require strategic consideration. The Return on Equity (ROE) exhibited consistent performance, commencing at 10.69% in 2020, rising to 11.00% in 2021, and subsequently declining marginally to 10.22% in 2022. The bank's average return on equity (ROE) of 10.64% indicates its capacity to generate satisfactory profits for shareholders. This highlights the importance of implementing strategic measures to maintain or improve this level of performance.

The Return on Assets (ROA) remained stable, with percentages of 1.19%, 1.31%, and 1.14% in the years 2020, 2021, and 2022, respectively. The bank's average return on assets (ROA) of 1.21% demonstrates its effective utilization of assets to generate profits, making a substantial contribution to its overall financial performance. The stability observed indicates the successful implementation of asset management strategies, which further strengthens the bank's ability to utilize resources for maximum profitability.

The Return on Investment (ROI) exhibited fluctuation, beginning at 5.79% in 2020, rising to 6.04% in 2021, and subsequently declining to 4.69% in 2022. The bank's investment strategies and capital utilization should be closely analyzed to optimize overall profitability, given the average ROI of 5.51%. Fluctuations in ROI suggest potential areas for improvement in managing and assessing investment portfolios.

The Debt to Equity Ratio experienced a marginal uptick, starting at 6.98% in 2020, declining to 6.65% in 2021, and subsequently climbing to 8.05% in 2022, with an average ratio of 7.23%. The gradual increase in this trend shows a growing dependence on borrowing money, which requires a cautious equilibrium between debt and ownership for effective management of

financial risks. An in-depth analysis of the individual elements of debt and equity can offer valuable insights into the bank's willingness to take risks and its strategy for managing its capital structure.

The Earnings per Share (EPS) exhibited a consistent level of stability, maintaining values of 3.26, 3.71, and 3.85 in the years 2020, 2021, and 2022, respectively. The bank's average earnings per share (EPS) of 3.61 demonstrates its capacity to sustain per-share profits. However, a comprehensive examination of the underlying factors that affect EPS, such as fluctuations in net income, dividends, and potential implications for shareholder value, is necessary.

The Price Earning Ratio (P/E) exhibited fluctuations, beginning at 12.94% in 2020, rising to 13.88% in 2021, and subsequently declining to 10.00% in 2022, with an average P/E of 12.27%. The fluctuations in question may be influenced by the prevailing market sentiment and the expectations surrounding the bank's future earnings potential. An exhaustive examination of external factors that influence the price-to-earnings ratio (P/E) can offer further insight into these fluctuations.

The Dividend Payout Ratio displayed fluctuations, beginning at 46.01% in 2020, declining to 40.43% in 2021, and further decreasing to 38.96% in 2022. The mean ratio was 41.80%, suggesting variations in the bank's policy for distributing dividends. Stakeholders must thoroughly analyze the reasoning behind these changes, taking into account the bank's financial performance, liquidity position, and dividend strategy, in order to understand the factors that affect shareholder returns.

BRAC Bank PLC has consistently maintained a high level of compliance with corporate governance standards, achieving scores of 120, 121, and 121 in consecutive years. The average compliance score over this period is 121. The bank's commitment highlights its unwavering focus on conducting business with transparency and ethical standards, which enhances its overall credibility and governance structure.

BRAC Bank PLC's financial performance demonstrates stability in key metrics, albeit with significant variations in ROI, Debt to Equity Ratio, P/E, and Dividend Payout Ratio. An in-depth analysis of the bank's strategic decisions, operational efficiency, and risk management strategies is necessary to provide stakeholders with a thorough comprehension of the bank's performance and to inform future strategic initiatives for long-term growth and stability in the ever-changing financial environment..

5.4 Disclosure index For Corporate Governance and Compliance in Islamic & Conventional Banks(Non-Islamic):

The disclosure index for corporate governance and compliance in Islamic and conventional banks is an important measure of the financial institutions' dedication to transparency, adherence to regulations, and strong governance practices. The indices, expressed as percentages, offer a comprehensive perspective on the extent to which these banks disclose information that is considered crucial by regulators and governing bodies.

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5.4.1 Islamic Banks

Banks	Index (Average Complied / Complied Required)
Shahjalal Islami Bank PLC.	63.28%
Islami Bank Bangladesh PLC.	60.96%
First Security Islami Bank PLC.	62.21%
Social Islami Bank Limited	68.09%
Al-Arafah Islami Bank PLC.	68.45%

1. Shahjalal Islami Bank PLC (SJIB): - SJIB has a significant disclosure index of 63.28%, which establishes it as a leader in Islamic banking governance. - The bank's dedication to transparency and compliance with regulatory norms enhances its credibility within the financial industry.

2. Islami Bank Bangladesh PLC (IBBPLC): - IBBPLC has a disclosure index of 60.96%, indicating a strong compliance framework that provides stakeholders with thorough and precise information. - The bank's disclosure practices demonstrate its commitment to adhering to the most stringent principles of corporate governance.

3. First Security Islami Bank PLC (FSIB): - FSIB, with a disclosure index of 62.21%, demonstrates a well-rounded commitment to transparency and adherence to

regulations. - The bank's dedication to transparency is in line with its obligation to stakeholders, promoting a culture of confidence and responsibility.

4. Social Islami Bank Limited (SIBL) - SIBL is a prominent Islamic bank that stands out as a leader in the industry, boasting an impressive disclosure index of 68.09%.

The user did not provide any text. The bank not only adheres to regulatory requirements, but also surpasses them, establishing a standard for transparency and governance practices in the Islamic banking industry.

5. Al-Arafah Islami Bank PLC (AAIB) - AAIB ranks first with a strong disclosure index of 68.45%, demonstrating a steadfast dedication to transparency and outstanding governance. - The bank's practices exemplify a commendable level of transparency, positioning it as a prominent symbol of openness in the Islamic banking industry.

5.4.2 Conventional Banks

Banks	Index (Average Complied / Complied Required)
Dutch-Bangla Bank Limited	61.50%
Eastern Bank PLC.	64.71%
Dhaka Bank PLC.	64.17%
CITY BANK PLC.	62.39%
BRAC Bank PLC.	64.53%

1. Dutch-Bangla Bank Limited (DBBL): - DBBL, with a robust disclosure index of 61.50%, effectively manages the need for transparency while also safeguarding operational confidentiality. - The bank's dedication to transparency enhances the knowledge and understanding of the investor community, demonstrating responsible management.

2. Eastern Bank PLC (EBL) stands out from other traditional banks with a disclosure index of 64.71%, demonstrating a proactive commitment to governance and compliance. The bank's dedication to transparency is crucial in promoting stakeholder confidence and guaranteeing responsibility.

3. Dhaka Bank PLC (DB): - DB upholds an impressive disclosure index of 64.17%, demonstrating a dedication to transparent reporting and compliance with governance

standards. - The bank's endeavors in disclosure enhance comprehension of its fiscal well-being and operational effectiveness.

4. CITY BANK PLC: - CITY BANK, boasting a disclosure index of 62.39%, demonstrates a strong dedication to promoting transparency in governance. - The bank's transparency measures help to uphold stakeholder trust and confidence in the ever-changing financial landscape.

5. BRAC Bank PLC (BRAC): - BRAC Bank demonstrates a strong performance with a disclosure index of 64.53%, highlighting its dedication to transparency and adherence to regulations. - The bank's disclosure practices establish a standard for responsible governance, which has a positive influence on its reputation within the financial industry.

- Al-Arafah Islami Bank PLC (AAIB) ranks first among both Islamic and conventional banks, with the highest disclosure index of 68.45%, making it the top performer overall. The AAIB's steadfast dedication to transparency and governance establishes a standard for the entire banking sector.

- Islami Bank Bangladesh PLC (IBBPLC) has the lowest disclosure index of 60.96% among the listed banks. IBBPLC should consider improving its disclosure practices to better align with industry standards, while still maintaining a high level of compliance.

To summarize, the disclosure indices not only emphasize the banks' commitment to transparency and governance, but also provide a comparative viewpoint, enabling stakeholders to make informed evaluations regarding the banks' dedication to responsible and ethical financial practices. The top and bottom performers act as benchmarks for industry norms, providing guidance to other financial institutions in their efforts to improve their governance and disclosure practices.

5.5 Risk Return Analysis: Revealing Insights in Islamic and Conventional Banks

5.5.1 Islamic Banks

Table: 5.5.1.1 Islamic Banks

Banks	Average Return	Standard Deviation	Compliance Index
Shahjalal Islami Bank PLC.	7.31%	0.05519303	63.28%
Islami Bank Bangladesh PLC.	-4.93%	0.03312327	60.96%
First Security Islami Bank PLC.	5.93%	0.06435632	62.21%
Social Islami Bank Limited	4.89%	0.04064250	68.09%
Al-Arafah Islami Bank PLC.	5.32%	0.03585767	68.45%

Findings and Insights - Islamic Banks:

1. Shahjalal Islami Bank PLC (SJIB): - SJIB demonstrates a strong performance with a robust average return of 7.31%. The compliance index of 63.28% indicates a favorable equilibrium between risk and compliance, demonstrating a cautious approach to risk management.
2. Islami Bank Bangladesh PLC (IBBPLC): - IBBPLC has a negative average return of -4.93%, indicating difficulties in generating profits. - Although the bank's investment resulted in a loss, its compliance index of 60.96% demonstrates a strong dedication to adhering to regulatory standards, emphasizing a prioritization of reducing risks.
3. First Security Islami Bank PLC (FSIB): - FSIB exhibits a commendable average return of 5.93%, indicating strong financial performance. - The bank's compliance index of 62.21% indicates that it is effectively managing risks and complying with regulatory requirements.
4. Social Islami Bank Limited (SIBL): - SIBL consistently achieves a moderate average return of 4.89%, indicating a stable financial performance. SIBL demonstrates exceptional risk management and regulatory adherence, resulting in a remarkable compliance index of 68.09%. This achievement fosters trust and confidence among stakeholders.
5. Al-Arafah Islami Bank PLC. (AAIB): - AAIB attains a commendable average yield of 5.32%, establishing a strong market position. - The compliance index of 68.45% demonstrates the bank's dedication to implementing strong risk management practices and adhering to regulatory requirements.

5.5.2 Conventional Banks

Table: 5.5.2.1 Conventional Banks

Banks	Average Return	Standard Deviation	Compliance Index
Dutch-Bangla Bank Limited	8.22%	0.06314846	61.50%
Eastern Bank PLC.	8.11%	0.06186300	64.71%
Dhaka Bank PLC.	6.27%	0.04163317	64.17%
CITY BANK PLC.	7.55%	0.05729762	62.39%
BRAC Bank PLC.	5.79%	0.03871609	64.53%

Findings and Insights - Conventional Banks:

1. Dutch-Bangla Bank Limited (DBBL): - DBBL stands out among conventional banks with an impressive average return of 8.22%, indicating strong financial performance. - The compliance index of 61.50% signifies a harmonious equilibrium between the level of risk and the level of adherence to regulatory standards.

2. EBL: Eastern Bank PLC: EBL consistently achieves a competitive average return of 8.11%, demonstrating robust financial management. The user did not provide any text. With a compliance index of 64.71%, EBL is recognized as a bank that maintains a careful balance between risk and return and demonstrates a strong dedication to following regulatory requirements

3. Dhaka Bank PLC (DB): - DB demonstrates a robust average return of 6.27%, signifying consistent financial performance. - DB's operational strategy prioritizes risk management and regulatory adherence, as evidenced by its compliance index of 64.17%.

4. CITY BANK PLC: - CITY BANK attains a commendable average yield of 7.55%, indicating a consistent performance in its financial activities. - The compliance index of 62.39% indicates a well-balanced approach to managing risk and adhering to regulations.

5. BRAC Bank PLC (BRAC): - BRAC Bank consistently achieves a moderate average return of 5.79%, establishing itself as a reliable and steady performer. - The compliance index of 64.53% highlights BRAC's dedication to reducing risk and adhering to regulatory standards.

Interbank analysis:

- **Risk-Return Dynamics:** Islamic banks exhibit significant variation in their risk-return characteristics. SJIB and SIBL achieve a harmonious equilibrium between profitability and adherence to regulations, whereas IBBPLC encounters difficulties due to a detrimental financial outcome. EBL and DBBL, in particular, exhibit strong average returns, demonstrating resilient financial performances.

- **The compliance index** of Islamic banks is slightly higher (64.20%) than that of conventional banks (63.06%) on average. Social Islami Bank Limited and Al-Arafah Islami Bank PLC have notably high compliance indices compared to other banks, with percentages of 68.09% and 68.45% respectively.

- **Standard Deviation:** - Standard deviation quantifies the extent of deviation from the mean return. Every bank demonstrates relatively low standard deviations, which suggests a stable pattern of returns.

Overall, this risk-return analysis offers a thorough comprehension of the financial environment of both Islamic and conventional banks. The results emphasize the significance of adopting a well-rounded strategy for managing risk and ensuring compliance, with noticeable discrepancies observed among different banks. Stakeholders can utilize this analysis to make well-informed decisions, taking into account both financial performance and compliance with regulatory standards.

5.6 Statistical Analysis

5.6.1 Descriptive Statistics

Table: 5.6.1.1 Islamic Banks

	N	Maximum	Minimum	Mean	Std. Deviation
Return	5	7.31%	-4.93%	1.19%	0.061172222
Stan deviation	5	0.064356	0.033123	0.048740	0.015616523
Index	5	68.45%	60.96%	64.71%	0.037433155
Valid N (listwise)	5				

Interpretation:

1. Return:

- Maximum Return: Shahjalal Islami Bank PLC has achieved the highest return of 7.31%, which suggests strong financial performance.

- Minimum Return: Islami Bank Bangladesh PLC demonstrates a negative return of -4.93%, indicating possible financial difficulties.

- Average Return: The mean return for Islamic banks stands at 1.19%, indicating a generally favorable financial trend.

- The returns across Islamic banks are relatively stable, as indicated by the low standard deviation of 0.0612.

2. Standard Deviation:

- The standard deviation ranges from 0.0331 (Islami Bank Bangladesh PLC) to 0.0644 (First Security Islami Bank PLC), indicating different degrees of volatility in returns.

3. Compliance Index:

- The maximum compliance index of 68.45% is demonstrated by Al-Arafah Islami Bank PLC, indicating a robust dedication to governance.

- Minimal Compliance: Islami Bank Bangladesh PLC exhibits the lowest level of compliance, as indicated by a compliance index of 60.96%. This implies that there are areas within the bank's operations that have room for enhancement.

- Average Compliance: The mean compliance index for Islamic banks stands at 64.71%, suggesting a generally robust adherence to corporate governance standards.

Table: 5.6.1.2 Conventional Banks

	N	Maximum	Minimum	Mean	Std. Deviation
Return	5	8.22%	5.79%	7.00%	0.012183333
Stan deviation	5	0.063148	0.038716	0.050932	0.012216185
Index	5	64.71%	61.50%	63.10%	0.016042781
Valid N (listwise)	5				

Interpretation:

1. Return:

-The Dutch-Bangla Bank Limited demonstrates an exceptional return of 8.22%, which signifies a robust financial performance.

-The minimum return of BRAC Bank PLC is 5.79%, indicating a stable financial performance.

- Average Return: The mean return for conventional banks stands at 7.00%, indicating a favorable financial trajectory.

- The returns across conventional banks are relatively stable, as indicated by the low standard deviation of 0.0122.

2. Standard Deviation:

- The standard deviation ranges from 0.0387 (BRAC Bank PLC) to 0.0631 (Dutch-Bangla Bank Limited), indicating different degrees of volatility in returns.

3. Compliance Index:

- Highest Compliance: Eastern Bank PLC stands out with the maximum compliance index of 64.71%, demonstrating a robust dedication to governance.

-The user did not provide any text. City Bank PLC has the lowest compliance index, standing at 62.39%, indicating potential areas for enhancement.

- Average Compliance: The mean compliance index for conventional banks stands at 63.10%, suggesting a generally robust adherence to corporate governance standards.

Table: 5.6.2.1 Islamic Banks Correlation

	<i>Average Return</i>	<i>Compliance Index</i>
Average Return	1	
Compliance Index	0.466693099	1

- The correlation coefficient of 0.467 indicates a positive relationship between average returns and compliance indices in Islamic banks, indicating that these banks prioritize both financial performance and governance simultaneously.

Table: 5.6.2.2 Conventional Banks Correlation

	<i>Average Return</i>	<i>Compliance Index</i>
Average Return	1	
Compliance Index	-0.541366983	1

- The average returns and compliance indices have a negative correlation (-0.541), suggesting that there may be a trade-off between higher compliance and lower returns for conventional banks.

5.6.3 Correlations Between CGC Index's and Returns

Table: 5.6.3.1 Islamic Banks Correlation

	<i>Compliance Index</i>	<i>Average Return</i>
Compliance Index	1	
Average Return	0.466693099	1

- The observation of a positive correlation (0.467) between average returns in Islamic banks and compliance indices provides further support for the concept of maintaining a harmonious equilibrium between financial performance and governance.

Table: 5.6.3.2 Conventional Banks Correlation

	<i>Compliance Index</i>	<i>Average Return</i>
Compliance Index	1	
Average Return	-0.541366983	1

-The correlation between average returns in conventional banks and compliance indices is - 0.541, indicating that an excessive focus on compliance could potentially compromise financial returns.

Overall Insights:

1. Islamic Banks: Islamic banks are characterized by consistent returns despite fluctuations in levels of compliance.

Al-Arafah Islami Bank PLC exhibits a robust dedication to governance by being at the forefront of compliance.

2. Conventional banks demonstrate robust returns accompanied by comparatively consistent levels of compliance.

Compliance is where Eastern Bank PLC truly shines, demonstrating a well-rounded approach to both financial performance and governance.

3. Correlation Dynamics: Positive correlations between financial performance and governance in Islamic banks suggest the existence of a synergistic relationship.

The presence of negative correlations within traditional banking institutions implies a possible necessity to strike a balance between financial returns and compliance endeavors.

4. Recommendations: - In order to improve their overall performance, banks with lower compliance indices should prioritize the enhancement of their governance practices.

- Achieving a harmonious coexistence between financial performance and adherence to regulations is of paramount importance in fostering sustainable expansion and maintaining stakeholder confidence.

In conclusion, the thorough statistical analysis yields significant insights regarding the governance and financial dynamics of conventional and Islamic banks, thereby providing stakeholders with strategic guidance for risk management and decision-making.

CHAPTER 6: BANKING CORPORATE GOVERNANCE COMPLIANCE CHALLENGES AND MISMANAGEMENT IN BANGLADESH

6.1 Short Overview

Bangladesh's banking sector plays a crucial role in orchestrating the symphony of its economic growth, which is characterized by the harmonious interaction of borrowers, investors, and savers. Nevertheless, recent times have thrown a shadow over this harmonious composition, necessitating an immediate focus on the dearth of discipline prevalent in the banking industry. This chapter provides an in-depth analysis of the governance issues and mismanagement that afflict the banking sector of Bangladesh.

Good corporate governance is crucial for successful and well-organized industries in developing nations, but Bangladeshi companies and banks are eager to adopt it. However, the banking industry has been plagued by several failures, including the collapse of Sonali Bank LTD and Basic Bank, which have had a profound impact on the management committee. This lack of discipline in the banking sector is a major concern for the nation's financial system, as it can be difficult to recover from corporate mistakes if the country's markets or economy are expanding.

The banking sector is a vital institution that harmonises savers, investors, and borrowers to orchestrate economic development. However, a lack of discipline in the sector has cast a shadow upon this symphony, demanding an urgent plea for order. A disciplined banking sector is fundamental to economic stability, safeguarding against excessive risk-taking and ensuring prudent financial management. Trust is the bedrock of banking, and when investors and consumers have faith in the integrity of banks, they are more likely to engage in financial activities like saving and investing, which fuels economic growth.

People's trust and confidence in the banking system have recently declined due to unprecedented classification, lack of transparency and accountability, fund embezzlement by some quarters of society, and mismanagement. Foreign rating companies like Moody's have downgraded Bangladeshi banks, risking their relationship with foreign counterparts and jeopardizing correspondent relationships. The Bangladesh Bank, the country's central bank, and the government must give due attention to save the country's banking sector, as the downfall and lack of discipline will erode the economy in many uncertain ways.

High levels of non-performing loans have weakened the financial health of banks, and deliberate defaults and a lack of stringent enforcement have exacerbated this problem. The banking sector's total risky loans amounted to Tk 377,922 crore at the end of 2022. To address

these challenges, zero classification and legal proactive actions are needed to catch intentional defaulters and punish them accordingly.

Weak corporate governance practices have made banks susceptible to undue influence from influential shareholders or directors, leading to mismanagement and conflicts of interest. Political interference in banking decisions has been a long-standing issue in Bangladesh, compromising the independence and effectiveness of banking institutions. Inadequate risk management practices have contributed to the accumulation of bad loans and financial irregularities in the sector, and scandals involving unethical behavior, such as loan fraud, money laundering, and embezzlement, have raised questions about the integrity of some banks.

There is a pressing need to restore discipline in the banking sector without hesitation and delay.

The banking sector in Bangladesh needs to be disciplined to ensure economic stability, investor trust, and equitable resource allocation. To achieve this, a concerted effort from regulatory bodies, banks, and the government is essential. Strategies to restore discipline include strengthening regulatory oversight, adopting robust corporate governance practices, combating political interference, improving risk management, establishing loan recovery mechanisms, promoting ethical training, and ensuring transparency in financial reporting.

Bangladesh Bank Governor Abdur Rouf Talukder highlighted the importance of enforcing prudential guidelines and strong rules of top management to solve non-performing loans (NPLs) in the country. He made these comments at a two-day summit organized by the Association of Bankers, Bangladesh (ABB) titled "Banking on Digital Transformation" at Pan Pacific Sonargaon.

Default loans in the banking sector increased 16.8% year-on-year to Tk 120,656 crore in 2022. The bank is focusing on digitalization of the existing system and is planning to introduce a digital bank in the country. Additionally, the central bank is planning to introduce an online and real-time-based credit scoring system soon.

Bangladesh banks are embarking on a digital transformation journey in response to customers' demand for greater convenience, and Bangladeshi banks are no exception. Many experts are working to reduce the number of business failures in Bangladesh, despite a lack of funding. As a developing nation with corporate management failure, financial and industrial researchers are studying this important topic to prevent future problems.

In conclusion, restoring discipline in the banking sector is crucial for economic stability, investor trust, and equitable resource allocation. By implementing strategies such as strengthening regulatory oversight, adopting robust corporate governance practices, combating political interference, and promoting ethical training, the banking sector can become a robust pillar of Bangladesh's economic growth and prosperity.

The Chattogram-based S Alam Group has taken out about Tk 300 billion in loans from Islami Bank Bangladesh Ltd, the largest commercial bank in the private sector, that the group controls. The amount taken out is way beyond what the group is entitled to, which is Tk 2.15 billion, keeping to the bank's rules. Some officials of both the central bank and Islami Bank suspect that the group along with some associates may have so far appropriated about Tk 1,000 billion from about a horde of banks, but mostly from Islami Bank, that the group controls. A recent loan scam of about Tk 68.35 billion took place in Islami Bank in April–November, and the bank is feared to have extended the loans on political consideration. A series of loan scams have taken place after the Awami League government assumed office in 2009. In almost all the cases, it is the central bank which is to blame, either for overlooking the problems or for not taking stringent action in time.

Experts say that the central bank has not taken any action against such unprecedented borrowings through various irregularities and has, rather, facilitated such unlawful lending. A senior central bank official says that the Bangladesh Bank has not allowed its officials to conduct inspections of the banks and has not approved the inspection reports or has never taken action based on the reports. Such indolence, said to be deliberate, has only put the whole of the banking sector in jeopardy. Central bank officials suspect that the group has not used the major portion of the loans in the entities for which the loans have been taken out as the group can in no way invest such a huge amount of money in such small-sized companies.

The government must lay its hands off the process of loan disbursement, find out the quarters, within the central bank and outside, responsible for the scam at hand and others that took place earlier, and take stringent action against them. The government must also make the central bank behave and allow it to run its course in plugging the loopholes in the banking sector.

HSBC's Financial Intelligence Group (FIG) unit reported that Shaikh Abdur Rahman, chief of Bangladesh's terrorist outfit JMB, had an account with Islami Bank. Bangladesh Bank found two branches of Islami Bank engaged in "suspicious transactions" and urged the bank to take action against 20 bank employees for failing to report the suspicious transactions. Six top

militants including JMB chief Abdur Rahman and his deputy Siddiqui Islam alias Bangla Bhai were executed for killing two Jhalakathi judges in 2007. HSBC's Know Your Customer unit had reported that Islami Bank be classified as a highest risk client, but HSBC rejected the suggestion, meaning HSBC did not subject the bank to any enhanced monitoring.

HSBC's internal report also stated that a Saudi NGO, International Islamic Relief Organisation (IIRO), had been implicated in terrorist financing by the US government and included on the list of those prohibited to do business in the US. The IIRO had accounts with both Islami Bank and Social Islami Bank, yet HSBC's Compliance Department denied an internal request of due diligence on the bank.

Similarly, HSBC's internal report said two shareholders of the bank, the IIRO and Islamic Charitable Society Lajnat al-Birr Al Islam, had alleged links to terrorism. The FIG cautioned about opening an account of Social Islami Bank, but failed to inform HSBC that Lajnat al-Birr, whose original name is Benevolence International Foundation, was designated by the US as a "financier of terrorism" with whom US persons are prohibited from doing business.

HSBC Bank USA, the US affiliate of the Asia-focused bank, supplied US dollars to Islami Bank and Social Islami Bank despite evidence of their links to terrorist financing. Factors in the case of Islami Bank included substantial ownership of the bank by al Rajhi, the central bank's fines for failing to report suspicious transactions by militants, and an account provided to a terrorist organization.

HSBC has acknowledged that it has sometimes failed to meet the standards that regulators and customers expect and will apologise, answer for its actions, and give its absolute commitment to fixing what went wrong. The bank believes that this case history will provide important lessons for the whole industry in seeking to prevent illicit actors entering the global financial system.

Islami Bank Bangladesh Ltd (IBBL), established in 1983 as a first-generation private bank, has been a significant player in Bangladesh's financial sector. The bank has been listed as one of the top 1,000 banks globally for nine consecutive years since 2012, making it the only Bangladeshi bank to achieve this. However, after a change of ownership in 2017, foreign shares fell to 32%, with investors from 11 Middle East-based banks including the Islamic Development Bank (IDB), Kuwait Finance House, Dubai Islamic Bank, Al-Rajhi Group, and a client of JP Morgan also owning IBBL shares.

The change of ownership began in 2013 with the aim to free the bank from Jamaat-e-Islami's influence. The bank's ownership was changed gradually, with foreigners leaving the bank as the original bank owners became "cornered." As of December 2021, the bank had around Tk 139,000 crore in deposits, which was Tk 5,000 crore more than Sonali Bank, three times that of Pubali Bank, and the second highest deposit in the private sector.

However, after the change of ownership, the bank fell into a major financial crisis due to mismanagement and internal conflicts. The chairman appointed by the S Alam Group resigned, and the bank curtailed its lending activities due to lack of funds. In 2022, the bank faced another crisis when it disbursed over Tk 25,000 crore of loans between December 2021 and September 2022. The latest audit by the Bangladesh Bank shows that the S Alam Group, which controls Islami Bank, took out Tk 30,000 crore of loans from the bank.

The Bangladesh Bank assigned an observer to the bank in 2010 to monitor lending activities, but withdrew the observer in 2020 without providing a reason. There is an allegation that the companies that took out loans for import financing from the bank spent only a small portion of the funds. Abnormal amounts of loans to unusual customers, approved in unusually short periods of time, and irregular waivers for collateral mean that the bank has been hijacked, either by the owner or by privileged businessmen. Rumours suggest that a politically powerful business group is going to take over the ownership of the bank from the S Alam Group.

Politically-motivated occupiers do not understand that bank deposits belong to ordinary customers and not any special political entities. They take advantage of the regulatory body's silence, directly or indirectly looting money from Islami Bank through loans. The question remains: what will happen to the one and a half crore depositors of the bank?

Commercial banks in Bangladesh are operating within regulations set by the central bank, which requires them to reserve securities in fixed and temporary funds, capital deposits, and daily deposits. Most of these banks do not have mandatory capital reserves, according to the International Monetary Fund's (IMF) Basel-3 guidelines. The fractional reserve system is used by banks to generate multiple lending cycles against a single deposit, creating new wealth but requiring proper investment. However, this system is not working in Bangladesh due to money laundering and loan defaulting, disrupting the balance between the deposit and credit cycle.

If defaulting, looting, and laundering of a bank's loans continue, the bank should theoretically go bankrupt unless it is artificially kept alive with public money. In the past, the Oriental Bank and The Farmers Bank were saved this way. If a quarter of the IBBL deposits of Tk 139,000 crore goes into default, there is no option but a bailout.

The financial transactions of five Shariah-based banks in the country are grinding to a halt due to a fund crisis. Bangladesh Bank has sent letters to these banks, stating that their current account balance with Bangladesh Bank has long been in the negative. Despite repeated reminders, the banks have taken no significant steps to address the matter. Bangladesh Bank has given these banks a 20-day deadline to adjust the negative status of their current accounts. If this adjustment is not done within 20 days, the banks will be blocked from the clearing system.

According to Bangladesh Bank rules, Shariah-based banks have to keep 4% of their deposits as Cash Reserve Ratio (CRR) in their current accounts. None of these five banks have been able to maintain the CRR as specified. The central bank has regularly provided these banks with loans to ensure clients do not fail to withdraw their deposits.

These five Islamic banks have been facing liquidity crisis for a year now, as they are not keeping the cash reserve ratio (CRR) and statutory liquidity ratio (SLR) funds deposited in the central bank. Fines and interests are piling up, and many of them are not even paying the fines. Bangladesh Bank's spokesman Mezbaul Haque was unwilling to speak directly about the matter, but he told Prothom Alo that if the central bank has issued any letter, it will act accordingly.

According to the rules, all banks of the country must maintain a current account with the Bangladesh Bank Motijheel office. The bank has threatened to close down the cheque clearing, ATM, and online banking services of these five banks.

6.2 Corporate Governance Failure

Prosperous and efficiently managed sectors in developing countries frequently ascribe their achievements to strong corporate governance. Although certain regions have been slower to embrace this principle, banks and corporations in Bangladesh are enthusiastic about implementing it. Nonetheless, recent occurrences have brought to the forefront instances of poor corporate governance, as exemplified by the theft-accused Sonali Bank LTD, Islamic Bank Bangladesh PLC., and Basic Bank. etc.

6.3 Impact on the Banking Industry

The banking industry's management committee has been significantly affected by corporate governance breakdowns and the collapse of specific corporations. The consequences of these challenges are currently being felt by the financial system of Bangladesh, necessitating a comprehensive analysis of the subject in order to avert additional business failures.

6.4 Trust Erosion and Downgrading by Foreign Entities

The banking system has experienced a significant erosion of public trust and confidence as a result of challenges such as unprecedented classification, inadequate transparency, accountability concerns, mismanagement, and fund embezzlement. The repercussions have transcended domestic boundaries, as foreign rating agencies such as Moody's have assigned downgrades to banks in Bangladesh. Engaging in such activities jeopardizes prospective associations with international counterparts, which may have an impact on correspondent relationships and introduce unpredictability into LC opening and confirmation associations.

6.5 Central Bank and Government Intervention

Government officials and the Bangladesh Bank, in their capacity as the nation's central bank, must give precedence to resolving the issues in order to save the banking industry. The absence of discipline within the sector presents risks to the economy as a whole, thus demanding urgent consideration.

6.6 Specific Challenges and Actions

1. The banking industry is confronted with a significant predicament in the form of elevated levels of non-performing loans (NPLs), which undermine the financial stability of institutions.

Urgent actions are advised, such as implementing zero classification and initiating legal proceedings against intentional defaulters.

2. Inadequate Corporate Governance: Banks that lack robust corporate governance practices are vulnerable to unwarranted influence, which can lead to mismanagement and conflicts of interest.

It is crucial to implement strong corporate governance principles that prioritize independence, accountability, and transparency.

Thirdly, political interference that has persisted for an extended period of time undermines the effectiveness and autonomy of banking institutions.

I propose that a merit-based approach be utilized to appoint key personnel in order to bolster independence.

4. Insufficient Risk Management: Insufficient risk management practices are a contributing factor to the buildup of delinquent loans and financial irregularities.

It is imperative to prioritize the development and implementation of comprehensive frameworks for risk management.

5. Loan Recovery Mechanisms: - Create specialized judicial bodies or agencies with the sole purpose of ensuring effective loan recovery.

Enhancing the efficacy of mechanisms aimed at recovering non-performing loans.

6. Ethical Training: Encourage bank employees to adhere to ethical standards by implementing training and awareness initiatives.

The implementation of explicit codes of conduct and vigilance against ethical standards.

7. Transparency and accountability are fundamental principles that should guide financial reporting and hold financial institutions responsible for their conduct.

Restoring discipline requires the collaboration of regulatory bodies, banks, and the government.

6.7 Prospective Outlook

Achieving discipline within the banking sector of Bangladesh is critical for ensuring equitable resource allocation, investor confidence, and economic stability. By reaffirming its dedication to discipline and engaging regulatory bodies, banks, and the government, the banking sector has the potential to evolve into a resilient cornerstone of economic expansion and prosperity in Bangladesh.

6.8 Insights from Bangladesh Bank Governor

In addressing the issues of non-performing loans and corporate governance, Bangladesh Bank Governor Abdur Rouf Talukder stresses the importance of instituting principles-based evaluations, promoting ethical conduct, and instituting cultural shifts. The active promotion of digitalization by the central bank aims to augment the efficiency and transparency of the banking system.

In conclusion; Given the predicaments of corporate governance and mismanagement within its banking sector, Bangladesh must urgently mobilize collective endeavors to rectify these concerns. Adherence to ethical principles, rigorous regulatory supervision, and improved corporate governance practices are essential measures in restoring confidence in the banking sector and safeguarding its critical contribution to the economic progress of the country.

CHAPTER 7:

FINDINGS AND

ANALYSIS

7.1 Corporate Governance Challenges and Mismanagement

7.1.1 Erosion Due to Foreign Influence

Foreign investors withdrew significantly from Islami Bank Bangladesh Limited (IBBL) as a result of the ownership transition, which had an effect on the bank's policies and decisions. The subsequent financial crises serve to emphasize the susceptibility of banks following ownership transitions to mismanagement and internal strife.

7.1.2 Financial Crisis and Loan Irregularities

Mismanagement precipitated a severe financial crisis for IBBL, as evidenced by the chairman appointed by the S Alam Group's sudden resignation. As a result of the irregularities in loan disbursements—including expedited approvals in the absence of adequate collateral or credit reports—the bank's governance and risk management practices came under scrutiny.

7.1.3 Political Interference

A governance challenge is indicated by the allegations that politically motivated individuals influenced bank decisions and the potential takeover by a politically influential business group. The violation of fundamental tenets of accountable banking is caused when funds and loans are misapplied for political benefit.

7.2 Indicators of Banking Governance and Compliance

7.2.1 Islamic Banks

1. Shahjalal Islami Bank PLC (SJIB)

(SJIB) is the standing out in the realm of Islamic banking governance, SJIB achieves a disclosure index of 63.28%. The company's commitment to transparency and adherence to regulations favors it in the marketplace.

2. Islami Bank Bangladesh PLC (IBBPLC).

The disclosure index of 60.96% for IBBPLC is below average, underscoring the necessity for enhanced disclosure practices that uphold a strong standard of compliance.

3. First Security Islami Bank PLC.(FSSIB)

The FSIB exhibits a comprehensive dedication to transparency and regulatory compliance, as evidenced by its disclosure index of 62.21%.

4. Social Islami Bank Limited (SIBL)

With a disclosure index of 68.09%, SIBL establishes a benchmark for transparency in the Islamic banking sector and exceeds regulatory requirements.

5. Al-Arafah Islami Bank PLC (AAIBPLC))

AAIBPLC, which has the highest disclosure index of 68.45% among Islamic banks, demonstrates an unwavering commitment to governance and transparency.

7.2.2 Conventional Banks

1. Dutch-Bangla Bank Limited (DBBL)

DBBL effectively ensures transparency by maintaining a disclosure index of 61.50%, which enhances the investor community's comprehension of its operations.

2. Eastern Bank PLC (EBL)

EBL distinguishes itself from traditional banks with a disclosure index of 64.71%, showcasing a proactive dedication to governance and compliance.

3. Dhaka Bank PLC (DB)

DB maintains a high level of transparency with a disclosure index of 64.17%, which allows stakeholders to fully understand its financial health and operational efficiency.

4. City Bank PLC

CITY BANK exhibits a notable commitment to fostering transparency in governance, as evidenced by its disclosure index of 62.39%.

5. BRAC Bank PLC (BRAC)

BRAC Bank upholds responsible governance with a disclosure index of 64.53%, establishing a benchmark for ethical financial practices.

7.2.3 Overall Insights

- **Top Performer:**

Al-Arafah Islami Bank PLC (AAIB) is the top performer among both Islamic and conventional banks, achieving the highest disclosure index of 68.45%. This sets a benchmark for transparency and governance.

- **Improvement Areas:**

Islami Bank Bangladesh PLC (IBBPLC) has the lowest disclosure index among listed banks (60.96%), indicating the necessity for improved disclosure practices.

- **Comparative Evaluation:**

The disclosure indices serve to highlight both the dedication of banks to transparency and governance, as well as offering stakeholders a means of comparison.

7.3 Risk-Return Analysis

7.3.1 Islamic Banks

- Shahjalal Islami Bank PLC (SJIB): Exhibits a solid financial performance, characterized by a strong average return of 7.31% and a compliance index of 63.28%.
- Islami Bank Bangladesh PLC (IBBPLC): Confronts difficulties with a detrimental average return of -4.93%, underscoring the significance of adherence to regulations (60.96%) in managing risks.
- First Security Islami Bank PLC (FSIB): Demonstrates impressive financial performance with a growth rate of 5.93% and effectively manages risks while maintaining a compliance index of 62.21%.
- Social Islami Bank Limited (SIBL): Demonstrates consistent financial performance (4.89%) and exceptional risk management, evidenced by an impressive compliance index of 68.09%.
- Al-Arafah Islami Bank PLC (AAIB): Exhibits an impressive average yield of 5.32%, indicating a robust dedication to transparency and compliance with regulations (68.45%).

7.3.2 Conventional Banks

- Dutch-Bangla Bank Limited (DBBL): Distinguishes itself with a remarkable average return of 8.22% and a harmonious compliance index of 61.50%.
- Eastern Bank PLC (EBL): Exhibits strong financial stewardship, achieving a competitive average return of 8.11% and the highest compliance index of 64.71%.
- Dhaka Bank PLC (DB): Demonstrates a steady financial performance (6.27%) and proficient risk management, as evidenced by a compliance index of 64.17%.
- CITY BANK PLC: Attains an impressive average return of 7.55% and upholds transparency in governance with a compliance index of 62.39%.
- BRAC Bank PLC (BRAC): Demonstrates dependability with a moderate average return of 5.79% and a robust dedication to transparency (64.53%).

7.3.3 Key Findings

Comparison between Islamic Banks and Conventional Banks:

- Islamic Banks

Islamic banks demonstrate consistency in profits, highlighting the significance of maintaining a harmonious approach to financial success and adherence to regulations.

- **Conventional Banks**

Conventional banks demonstrate strong profitability, with Eastern Bank PLC standing out in terms of both financial results and adherence to regulations.

- **Correlation Dynamics:**

The presence of positive correlations in Islamic banks and negative correlations in conventional banks indicates the necessity for sophisticated approaches to achieve a harmonious equilibrium between financial gains and adherence to regulations.

7.4 Statistical Analysis

7.4.1 Descriptive Statistics

7.4.1.1 Islamic Banks

Return:

- Maximum Return: SJIB (7.31%)
- Minimum Return: IBBPLC (-4.93%)
- Average Return: 1.19%

Standard Deviation:

- Stable returns indicated by a low standard deviation (0.0612).

Compliance Index:

- Maximum Compliance: AAIB (68.45%)
- Minimum Compliance: IBBPLC (60.96%)
- Average Compliance: 64.71%

7.4.1.2 Conventional Banks

Return:

- Maximum Return: DBBL (8.22%)
- Minimum Return: BRAC (5.79%)
- Average Return: 7.00%

Standard Deviation:

- Stable returns indicated by a low standard deviation (0.0122).

Compliance Index

- Maximum Compliance: EBL (64.71%)
- Minimum Compliance: CITY BANK (62.39%)
- Average Compliance: 63.10%

7.4.2 Correlations**7.4.2.1 Islamic Banks**

- The average return and compliance index have a positive correlation of 0.467, highlighting the equal significance of both financial performance and governance.

7.4.2.2 Conventional Banks

- The average return and compliance index exhibit a negative correlation (-0.541), indicating a possible trade-off between adherence to regulations and financial gains.

CHAPTER 8:

CONCLUSION AND RECOMMENDATIONS

8.1 Conclusion

An analysis of corporate governance issues and mismanagement within the banking industry of Bangladesh has unveiled significant findings regarding the intricate relationship among financial performance, compliance, and governance practices. The aforementioned obstacles, which consist of the erosion of foreign influence, financial crises, and political interference, highlight the susceptibility of banks to both internal and external pressures. The aforementioned challenges underscore the importance of establishing strong governance frameworks that place a premium on transparency, regulatory compliance, and accountable decision-making.

By comparing compliance and banking governance indices between conventional and Islamic banks, a comprehensive view of the industry landscape has been obtained. Al-Arafah Islami Bank PLC established itself as a leading institution in terms of governance and transparency, achieving the maximum disclosure index of 68.45%. Nevertheless, the divergent degrees of transparency exhibited by different banks, Islami Bank Bangladesh PLC having the lowest index at 60.96%, suggest potential avenues for enhancement.

The stability of returns in Islamic banks and the robust financial performance of conventional banks were both illuminated by the risk-return analysis. The correlation between financial performance and compliance in Islamic banks is positive, indicating a synergistic relationship. Conversely, the presence of a negative correlation in conventional banks implies a possible trade-off.

The results were additionally corroborated through statistical analysis, which contributed to a more comprehensive comprehension of return stability, compliance levels, and correlation dynamics. Stable financial patterns are indicated by low standard deviations in returns, whereas the intricate relationships between financial performance and compliance are underscored by the correlation coefficients.

8.2 Recommendations

A number of suggestions are put forth in light of the results in order to improve the corporate governance practices within the banking industry of Bangladesh:

8.2.1 Strengthening Disclosure Procedures

8.2.1.1 For Conventional Banks

It is imperative that banks, including Islami Bank Bangladesh PLC, which have lower disclosure indices, improve their disclosure practices. Increased transparency not only cultivates confidence among stakeholders but also ensures that banking operations are in accordance with industry norms. Demonstrating a commitment to responsible governance requires this step.

8.2.1.2 For Islamic Banks

Although Islamic banks exhibit commendable performance in terms of disclosure, they ought to consistently endeavor to enhance their practices. Effectively conveying information regarding adherence to Shariah principles, ethical investment methodologies, and social accountability can bolster confidence among stakeholders and positively impact the standing of Islamic banking as a whole.

8.2.2 Balanced Strategy for Conventional Banks

Conventional Banks, which may face a trade-off between financial returns and compliance, ought to implement a balanced approach. Achieving a balanced state of financial profitability and compliance with regulations is critical for the establishment of sustainable development. Eastern Bank PLC exemplifies a commendable model by dominating in both financial performance and adherence to regulations.

8.2.3 Continuous Improvement

8.2.3.1 Regarding Conventional Banks

Al-Arafah Islami Bank PLC and other banks with high compliance indices ought to maintain their dedication to responsible governance. Through the upkeep and enhancement of their current procedures, these financial institutions function as paradigms for the sector, establishing criteria that others aspire to replicate.

8.2.3.2 Regarding Islamic Banks

By capitalizing on their robust compliance positions, Islamic banks could differentiate themselves even further in the realm of ethical banking. Consistent audits, partnerships with Shariah scholars, and ongoing adjustment to changing ethical standards will firmly establish their standing as frontrunners in responsible banking.

8.2.4 Nuanced Risk Management

Conventional and Islamic Banks alike ought to implement sophisticated risk management strategies. A strategic approach is required to acknowledge the positive correlation between compliance and financial performance in Islamic banks, as well as the potential trade-off that may exist in conventional banks. Maintaining compliance with regulations while balancing risk is essential for sustained success.

8.4 Final Thoughts

In summary, the report provides insight into the intricacies of corporate governance within the Bangladeshi banking industry and its implications for financial performance. The challenges that have been identified emphasize the ongoing necessity for vigilance and enhancement in governance practices. The enumerated recommendations furnish banks with a strategic plan to effectively address these challenges, thereby cultivating an environment that promotes accountable governance, openness, and enduring financial viability. The implementation of these recommendations will play a crucial role in safeguarding the banking sector's resilience and capacity to adapt to the dynamic requirements of the financial environment as it undergoes transformation.

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