

# Certificate on Compliance of Corporate Governance Guidelines

## HAQUE SHAHALAM MANSUR & Co.

CHARTERED ACCOUNTANTS

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### Certificate on Compliance of Corporate Governance Guidelines to the shareholders' of Mutual Trust Bank Limited

[Issued under Condition # 7(i) of Corporate Governance Guidelines of BSEC vide  
Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012]

We are engaged by Mutual Trust bank Limited to provide certification whether the company has complied with the conditions of corporate governance guidelines issued by the Bangladesh Securities and Exchange Commission in its notification number SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 and SEC/CMRRCD/2006-158/134/Admin/48 dated 21 July 2013 ("the conditions of corporate governance guidelines")

#### The Company's Responsibilities:

Those charged with governance and management of the company is responsible for complying with the conditions of corporate governance guidelines. Those charged with the governance of the company is also responsible for stating the directors' report whether the Company has complied with the conditions of the corporate governance guidelines.

#### Our Responsibilities:

Our responsibility is to examine the Company's status of compliance with the condition of corporate governance guidelines and to clarify thereon in the term of an independent assurance conclusion based on the evidence obtained. For the purpose of the engagement, we comply with ethical requirements, including independence requirements and plan and perform our procedures to obtain assurance whether the company has complied with the conditions of corporate governance guidelines.

Our conclusion has been formed on the basis of and is subject to the matter outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### Conclusion:

In our opinion, the company has complied with the conditions of corporate governance guidelines for the year ended 31 December 2014.

Dated, 25 February 2015



HAQUE SHAHALAM MANSUR & CO.  
Chartered Accountants.

# Compliance Report on BSEC's Notification

The Bangladesh Securities and Exchange Commission (BSEC) required all listed companies to report on the compliance of the conditions described in BSEC's notification dated August 07, 2012 on 'comply' basis.

The company shall obtain a certificate from a practicing professional Accountant / Chartered Accountant / Chartered Secretary / Cost and Management Accountant regarding compliance of corporate governance guidelines of the commission. The issuer company should not engage its External/Statutory Auditors to perform Audit/Certification Services on compliance of corporate governance as required under condition number 7. In compliance with the notification, we have appointed Haque Shahalam Mansur & Co., Chartered Accountants for certification in this regard.

The Board of Directors of MTB has taken appropriate steps to comply with the conditions as detailed in Annexure-I, II & III below:

## Annexure-I

14 (fourteen) meetings of the MTB Board of Directors were held from January 01, 2014 to December 31, 2014. Attendance of the Directors is given below:

Sl No	Name	Position	Meeting held	Attended	Remarks
1	Mr. Rashed Ahmed Chowdhury (Representing Associated Builders Corporation Ltd.)	Chairman	14	14	
2	Mr. M. A. Rouf, JP	Vice Chairman	14	12	Leave of absence was granted by the Board
3	Mr. Syed Manzur Elahi	Director	14	12	Leave of absence was granted by the Board
4	Dr. Arif Dowla (Representing Advanced Chemical Industries Ltd.)		14	11	Leave of absence was granted by the Board
5	Mr. Hedayetullah	Director	14	11	Leave of absence was granted by the Board
6	Mr. Md. Abdul Malek	Director	14	14	
7	Mr. Md. Wakiluddin	Director	14	14	
8	Mrs. Khwaja Nargis Hossain	Director	14	14	
9	Mr. Anjan Chowdhury (Representing ASTRAS Ltd.)	Director	14	5	Leave of absence was granted by the Board
10	Mr. Q. A. F. M Serajul Islam (Representing Pioneer Insurance Company Ltd.)	Director	14	14	
11	Mr. Anwarul Amin	Independent Director	14	14	
12	Dr. Sultan Hafeez Rahman	Independent Director	14	9	Leave of absence was granted by the Board
13	Mr. Anis A. Khan	Managing Director & CEO	14	14	Ex-Officio Director

## Annexure-II

The pattern of shareholding of Mutual Trust Bank Limited as on 31.12.2014 as per BSEC's Notification No. SEC/CMRRCD/2006-158/134/Admin/44, dated August 07, 2012.

a) Shareholding by Parent/Subsidiary/Associated Companies and other related parties : Nil

b) Shareholding by:

i) Directors:

SL No.	Name	Designation	No. of Share	% of Share as on 31.12.2014
1	Mr. Rashed Ahmed Chowdhury (Representing Associated Builders Corporation Ltd.)	Chairman	15,388,150	5.00
2	Mr. M. A. Rouf, JP	Vice Chairman	6,166,766	2.00
3	Mr. Syed Manzur Elahi	Director	10,515,238	3.42
4	Dr. Arif Dowla (Representing Advanced Chemical Industries Ltd.)	Director	10,258,755	3.33
5	Mr. Hedayetullah	Director	6,158,803	2.00
6	Mr. Md. Abdul Malek	Director	6,204,433	2.02
7	Mr. Md. Wakiluddin	Director	6,160,884	2.00
8	Mrs. Khwaja Nargis Hossain	Director	6,155,451	2.00
9	Mr. Anjan Chowdhury (Representing ASTRAS Ltd.)	Director	7,694,051	2.50
10	Mr. Q. A. F. M Serajul Islam (Representing Pioneer Insurance Company Ltd.)	Director	21,649,259	7.03
11	Mr. Anwarul Amin	Independent Director	Nil	
12	Dr. Sultan Hafeez Rahman	Independent Director	Nil	
	TOTAL			

- i) Managing Director & CEO : 3,218 shares
- iii) Company Secretary & DMD : 18,376 shares
- iv) Chief Financial Officer : Nil
- v) Head of Internal Control & Compliance : Nil
- vi) Spouses of above Executives : Nil
- c) Shareholding by other Executives (Top 5) :**
- i) Md. Hashem Chowdhury , AMD : 17,737 shares
- ii) Md. Zakir Hussain , DMD : Nil
- iii) Syed Rafiqul Haq , DMD : Nil
- iv) Md. Nurul Islam , SEVP : Nil
- v) Syed Rafiqul Hossain : Nil
- d) Shareholders holding ten percent (10%) or more shares : Nil.

### Annexure III

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

#### (Report under Condition No. 7.00)

Condition No.	Title	Compliance status		Explanation for non-compliance with the condition
		Complied	Not Complied	
1.	Board Of Directors:			
1.1	Board's size: Should not be less than 5 (five) and more than 20 (twenty).	√		
1.2	Independent Directors:			
1.2 (i)	At least one fifth (1/5) of the total number of directors in the company's board.	√		
1.2 (ii) a)	Holds less than one percent (1%) shares of the total paid-up shares of the company.	√		
1.2 (ii) b)	Not connected with any of the company's sponsors or directors or shareholders who hold one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship.	√		
1.2(ii)c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	√		
1.2(ii)d)	Is not a member, director or officer of any stock exchange.	√		
1.2(ii)e)	Is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.	√		
1.2(ii)f)	Is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm.	√		
1.2(ii)g)	Shall not be an independent director in more than 3 (three) listed companies.	√		
1.2(ii)h)	Has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI).	√		
1.2(ii)i)	Has not been convicted for a criminal offence involving moral turpitude.	√		
1.2(iii)	Nominated by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	√		
1.2(iv)	Post of independent director(s) will not remain vacant for more than 90 (ninety) days.			N/A

Condition No.	Title	Compliance status		Explanation for non-compliance with the condition
		Complied	Not Complied	
1.2(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		
1.2(vi)	Tenure of office of an independent director to be for a period of 3 (three) years, which may be extended for 1 (one) term only.	√		
1.3	Qualification of Independent Director (ID)			
1.3(i)	Shall be a knowledgeable individual with integrity, who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	√		
1.3(ii)	Should be a Business Leader/Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants or Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/ professional experience.	√		
1.3(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			N/A
1.4	Separate Chairman of the Board and Chief Executive and clearly defined roles and responsibilities.	√		
1.5	The Directors' Report to Shareholders: shall include the following additional statements:-			
1.5 (i)	Industry outlook and possible future developments in the industry.	√		
1.5(ii)	Segment-wise or product-wise performance.	√		
1.5(iii)	Risks and concerns.	√		
1.5(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√		
1.5(v)	Discussion on continuity of any extraordinary gain or loss.			N/A
1.5(vi)	Basis for related party transactions – a statement of all related party transactions should be disclosed in the annual report.	√		
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.			N/A
1.5(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.			N/A

Condition No.	Title	Compliance status		Explanation for non-compliance with the condition
		Complied	Not Complied	
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	√		
1.5(x)	Remuneration to directors including independent directors.	√		
1.5(xi)	Fair presentation of Financial Statements.	√		
1.5(xii)	Maintenance of proper books of accounts.	√		
1.5(xiii)	Consistent application of appropriate accounting policies and estimates.	√		
1.5(xiv)	Compliance with International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh.	√		
1.5(xv)	Soundness of Internal Control System.	√		
1.5(xvi)	Ability to continue as a going concern.	√		
1.5(xvii)	Significant deviations in Operating results from last year.			N/A
1.5(xviii)	Presentation of at least preceding 05 (five) years' key operating and financial data.	√		
1.5(xix)	Reason for non-declaration of dividend.			N/A
1.5(xx)	Number of Board meeting and attendance of directors.	√		
1.5(xxi)	Shareholding pattern:-			
1.5(xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details).	√		
1.5(xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details).	√		
1.5(xxi) c)	Executives;	√		
1.5(xxi) d)	Shareholders holding ten percent (10%) or more votes' interest in the company (name wise details).	√		
1.5(xxii)	In case of the appointment/re-appointment of a directors,			
1.5(xxii) a)	A brief resume of the director;	√		
1.5(xxii) b)	Nature of his/her expertise in specific functional areas;	√		
1.5(xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		

Condition No.	Title	Compliance status		Explanation for non-compliance with the condition
		Complied	Not Complied	
2	Chief Financial Officer (CFO), Head Of Internal Audit (Internal Control And Compliance) And Company Secretary (CS):			
2.1	Appointment and clearly defined respective roles, responsibilities and duties.	√		
2.2	Attendance of CFO and Company Secretary in the Board of Directors meeting.	√		
3	Audit Committee:			
3 (i)	A sub-committee of the Board of Directors	√		
3 (ii)	Shall assist the Board of Directors in ensuring that the financial statements reflect a true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√		
3(iii)	Shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
3.1	Constitution of the Audit Committee			
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members.	√		
3.1 (ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	√		
3.1 (iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	√		
3.1 (iv)	Filling of casual vacancy.			N/A
3.1 (v)	The company secretary shall act as the secretary of the Committee.	√		
3.1 (vi)	Quorum of the Audit Committee.	√		
3.2	Chairman of the Audit Committee:			
3.2 (i)	Who shall be an independent director.	√		
3.2 (ii)	Shall remain present in the Annual General Meeting (AGM).	√		
3.3	Role of Audit Committee shall include the following:-			
3.3 (i)	Oversee the financial reporting process.	√		
3.3 (ii)	Monitor choice of accounting policies and principles.	√		
3.3 (iii)	Monitor Internal Control Risk management process.	√		
3.3 (iv)	Oversee hiring and performance of external auditors.	√		

Condition No.	Title	Compliance status		Explanation for non-compliance with the condition
		Complied	Not Complied	
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	√		
3.3 (vi)	Review along with the management, the quarterly and half-yearly financial statements before submission to the board for approval.	√		
3.3 (vii)	Review the adequacy of internal audit function.	√		
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	√		
3.3 (ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.	√		
3.3 (x)	Disclosure of utilization of funds raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue to the Audit Committee on a quarterly basis, as a part of their quarterly declaration of financial results.			N/A
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
3.4.1(i)	Audit Committee shall report on its activities to the Board of Directors.	√		
3.4.1(ii)	Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
3.4.1(ii) a)	Report on conflicts of interests;			N/A
3.4.1(ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;			N/A
3.4.1(ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations;			N/A
3.4.1(ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.			N/A
3.4.2	Reporting to the Authorities (the Commission)			N/A
3.5	Reporting to the Shareholders and General Investors	√		
4.	External/Statutory Auditors: Should not engage to perform the following services:-			
4 (i)	Appraisal or valuation services or fairness opinions.	√		
4 (ii)	Financial information systems design and implementation.	√		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	√		



Condition No.	Title	Compliance status		Explanation for non-compliance with the condition
		Complied	Not Complied	
4 (iv)	Broker-dealer services.	√		
4 (v)	Actuarial services.	√		
4 (vi)	Internal audit services.	√		
4 (vii)	Any other service that the Audit Committee determines.	√		
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	√		
4 (ix)	Audit /certification service on compliance of corporate governance.	√		
5.	Subsidiary Company:			
5 (i)	Composition of the Board of Directors.	√		
5 (ii)	Appointment of independent director.	√		
5 (iii)	Review of minutes of Board meeting by the holding company.	√		
5 (iv)	Reviewed the affairs of the subsidiary company also.	√		
5 (v)	Review the financial statements by the Audit Committee of the holding company.	√		
6.	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO): The CEO and CFO shall certify to the Board that:-			
6. (i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:			
6 (i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
6 (i) b)	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.	√		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	√		
7.	Reporting and Compliance of Corporate Governance:			
7 (i)	Obtainment of certificate regarding compliance with conditions of Corporate Governance Guidelines.	√		
7 (ii)	Director's statement on compliance with these conditions.	√		