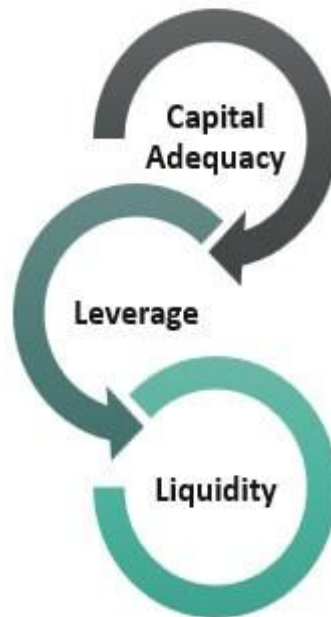
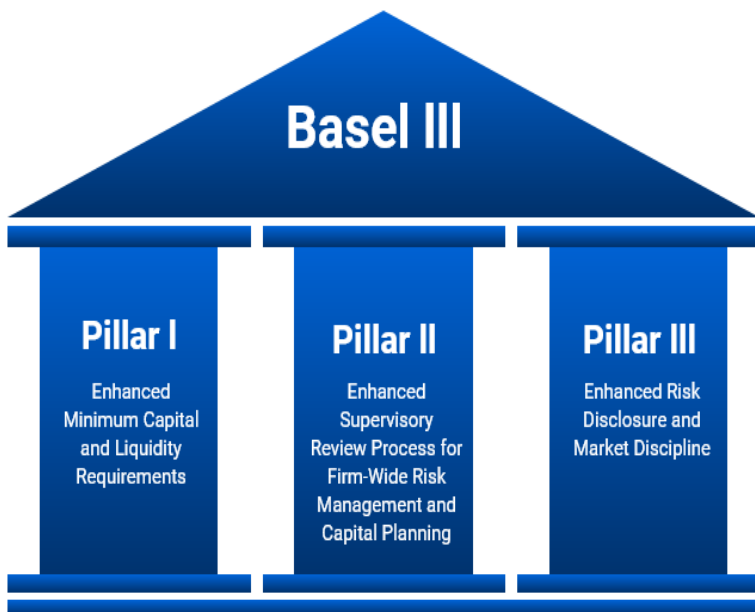


Disclosures on Risk Based Capital under Basel-III

2025



BASIC Bank PLC.

Serving people for progress

A 100% STATE OWNED COMMERCIAL BANK

Disclosures on Risk Based Capital Requirement under Basel-III for the year ended 31 December 2025

Disclosure Overview

The following detailed qualitative and quantitative disclosures are provided in accordance with the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for Banks in Line with Basel-III) issued by Bangladesh Bank through BRPD Circular No. 18 dated December 21, 2014. This is intended to provide the users an insight about various risk exposures, to which the Bank is exposed and maintained adequate capital against them. The users will also be able to compare the Bank's performance within the banking industry.

Scope and purpose

The purpose of Market Discipline in the Revised Regulatory Capital Framework is to complement the Minimum Capital Requirements (MCR) and the Supervisory Review Process (SRP). The aim of introducing Market Discipline in the revised Framework is to establish more transparent and more disciplined financial market so that stakeholders can assess the position of a bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets.

All the quantitative disclosures furnished here are on **Solo Basis** and on the basis of Audited Financial Statements of BASIC Bank PLC. for the year ended 31 December 2025 prepared under relevant International Accounting and Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and related circulars/instructions issued by Bangladesh Bank from time to time.

A) Scope of Application

Qualitative Disclosures

a. The name of the top corporate entity in the group to which this guidelines applies.	BASIC Bank PLC.
b. An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group: (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted.	The Risk Based Capital Adequacy Guideline applies to BASIC Bank PLC. on " Solo Basis " as there are no subsidiaries of the Bank on reporting date.
c. Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not Applicable

Quantitative Disclosures

d. The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.	Not Applicable
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B) Capital Structure

Qualitative Disclosures

- a. Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET-1, Additional Tier-1 or Tier-2.
- For the purpose of calculating capital under Capital Adequacy Framework, the capital of banks shall be classified into two tiers:
- Tier-1 Capital (Going-Concern Capital)
 - Tier-2 Capital (Gone-Concern Capital)
- Tier-1 Capital is further classified into two categories:
- Common Equity Tier-1 (CET-1)
 - Additional Tier-1
- CET-1 capital, which is the sum of core capitals like Paid-up Capital, Retained Earnings, Statutory Reserve, General Reserve etc. after netting regulatory adjustments like Shortfall in specific loan loss provision maintained, Goodwill, Deferred Tax Assets etc., of BASIC Bank as on 31 December 2025 was Tk. (2,493.10) crore. Bangladesh Bank allowed Regulatory Forbearance for total provision shortfall of Tk. 5,082.00 crore against loans and advances, balance with Banks & NBFIs, non-banking assets and other assets of the Bank vide its letter no# BSD-3(WING-4)/2026-360 dated 30 April 2026. As per the Forbearance, Regulatory Capital was calculated without adjusting shortfall in provision against NPL & Balance with Banks & NBFIs which was Tk. 4,976.42 crore.

Additional Tier-1 (AT-1) Capital shall consist of Non-cumulative Irredeemable Preference Shares account, Instruments issued by the banks that meet the qualifying criteria for the same, Minority Interest etc. after netting regulatory adjustments. On 31 December 2025, the Bank only had a Non-cumulative Irredeemable Preference Shares account for Tk. 120.50 crore in AT-1 Capital.

On the other hand, Tier-2 Capital represents other elements which fall short of some of the characteristics of the core capital but contribute to the overall strength of a bank. Tier-2 Capital shall consist of General Provisions, Subordinated Debt/Instruments issued by the bank etc. after netting regulatory adjustments. The Bank had a total of Tk. 20.60 crore eligible for Tier-2 Capital on 31 December 2025.

All banks will be required to maintain the capital adequacy ratios as per following table:

Particulars	2025
Minimum CET-1 Capital Ratio	4.50%
Capital Conservation Buffer (CCB)	2.50%
Minimum CET-1 plus CCB	7.00%
Minimum T-1 Capital Ratio	6.00%
Minimum T-1 Capital Ratio plus CCB	8.50%
Minimum Total Capital Ratio	10.00%
Minimum Total Capital plus CCB	12.50%
Leverage Ratio	3.75%

Quantitative Disclosures

(Amount in crore Tk.)

Tier- 1 Capital (Going Concern Capital)					
b. The amount of Regulatory Capital, with separate disclosure of: • CET-1 Capital • Additional Tier-1 Capital • Total Tier-1 Capital • Tier-2 Capital	Common Equity Tier-1				
	Fully Paid-up Capital	1,084.70			
	Statutory Reserve	222.47			
	General Reserve	4.00			
	Retained Earnings	(6,296.10)			
	Others (fresh fund provided by Govt. in the process of converting to capital)	2,600.00			
				(2,384.93)	
	Regulatory Adjustments (from CET-1):				
	Shortfall in provisions against NPL	0.00			
	Deferred Tax Assets (DTA)	108.17			
Total Deductions from CET-1			(108.17)		
				(2,493.10)	
	Additional Tier-1 Capital				
Non-cumulative irredeemable pref. shares	120.50				
				120.50	
				(2,372.60)	
Tier- 2 Capital (Gone Concern Capital)					
General Provision	20.60				
			20.60		
Regulatory Adjustments (from Tier-2):					
Total Deductions from Tier-2			(0.00)		
				20.60	
				(2,352.01)	

* Regulatory Forbearance was allowed by Bangladesh Bank for total provision shortfall of Tk. 5,082.00 crore against Loans and Advances, Balance with Banks & NBFIs, Non-Banking Assets and Other Assets of the Bank vide its letter no# BSD-3(WING-4)/2026-360 dated 30 April 2026. As per the Forbearance, Regulatory Capital was calculated without adjusting Tk. 4,976.42 crore as shortfall in provision against NPL & Balance with Banks & NBFIs.

C) Capital Adequacy

Qualitative Disclosures

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|---|--|
| a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities. | Capital Adequacy is the cushion required to be maintained for covering the Credit Risk, Market Risk and Operational Risk so as protecting the depositors and general creditors' interest against such losses. In line with latest Guidelines on Risk Based Capital Adequacy that has been issued through BRPD Circular No. 18 dated 21 December 2014, the Bank has adopted Standardized Approach (SA) for computing capital requirement for Credit Risk and Market Risk and Basic Indicator Approach (BIA) for computing capital requirement for Operational Risk. |
|---|--|

Quantitative Disclosures

(Amount in crore Tk.)

b) Capital requirement for Credit Risk	1,629.44			
c) Capital requirement for Market Risk	55.78			
d) Capital requirement for Operational Risk	147.26			
e) Capital to Risk Weighted Assets Ratio:	Total	CET-1	Tier-1	Tier-2
• For the consolidated group	N/A	N/A	N/A	N/A
• For stand alone	-12.84%	-13.61%	-12.95%	0.11%
f) Capital Conservation Buffer Maintained	0.00			
g) Available Capital under Pillar-2 req.	0.00			

D) Credit Risk

Qualitative Disclosures

a. The general qualitative disclosures requirement with respect to credit risk, including:

- Definitions of past due and impaired (for accounting purposes);

To define past due and impairment through classification and provisioning, BASIC Bank PLC. follows Bangladesh Bank circulars and guidelines.

As per BRPD Circular-15 dated 27/11/2024, all loans and advances are grouped into 04 (four) categories for the purpose of classification, namely-(a) Continuous Loan (b) Demand Loan (c) Fixed Term Loan and (d) Short-term Agricultural Credit. As per this circular, the basis for determination of Past Due/Overdue period for all loans is as under:

Types of Facility	Past Due/Overdue Period
Continuous Loan & Demand Loan	If not repaid/renewed within the fixed expiry date for repayment or after the demand by the Bank or from the creation of the forced loan is treated as past due/overdue from the following day of the expiry date.
Fixed Term Loan & Short-term Agricultural Credit	In case of any installment(s) or part of installment(s) is not repaid within the fixed expiry/due date, the amount of unpaid installment(s) is treated as past due/overdue from the following day of the expiry/due date.

For all categories of loans, the entire loan is classified depending on the period of past due or overdue as mentioned below:

CL Types	Past Due/Overdue Period for Loan Classification
Unclassified	<ul style="list-style-type: none"> Standard (STD)-0: No past due/overdue Standard (STD)-1: ≥ 1 day but < 1 month Standard (STD)-2: ≥ 1 month but < 2 months Special Mention Account (SMA): ≥ 2 months but < 3 months
Classified	<ul style="list-style-type: none"> Sub-standard (SS): ≥ 3 months but < 6 months Doubtful (DF): ≥ 6 months but < 12 months Bad/Loss (B/L): ≥ 12 months

- Description of approaches followed for specific and general allowances and statistical methods

Bank maintains provision at the following rates for all categories of loans:

Provision & CL Types	Rate of Provision	
General Provision	STD-0	• 0.50% for Short-term Agricultural & CMS Enterprise Credits under CMSME Sector
	STD-1	• 1% of other loan outstanding
	STD-2	• 0.50% for Short-term Agricultural & CMS Enterprise Credits under CMSME Sector
	SMA	• 5% of other loan outstanding
Specific Provision	SS	20% of base for provision
	DF	50% of base for provision
	B/L	100% of base for provision

- Discussion of the bank's credit risk management policy

Credit risk is defined as the possibility of failure of the Bank's borrower(s) to meet the financial obligation in accordance with agreed terms. The main objective of credit risk management is to minimize the negative impact through adopting proper measures and also limiting credit risk exposures within acceptable limit.

BASIC Bank PLC. has a Credit Risk Management Division (CRMD) as well as a Credit Risk Management Committee (CRMC) for prudent management of credit risk. Final authority and responsibility for all activities that expose the Bank to credit risk belong to the Board of Directors. The Board, however, delegated specific authority to the Managing Director and other Executives of the Bank through a well structured delegation of power. Besides, the Board determines Risk Appetite for credit risk of the Bank desiring optimum business mix, risk preference etc. The Bank strictly adheres to the regulatory policies; rules etc. as regard to credit management and are in compliance with regulatory requirements as stipulated by Bangladesh Bank from time to time. The credit assessment process of the Bank is initiated at Branch as well as Circle Offices which include all plausible aspects including eligibility of the borrower, requirement of information and/or documents etc. While assessing the overall rating of borrowers, the Bank follows Bangladesh Bank's prescribed Internal Credit Risk Rating (ICRR) system which captures quantitative and qualitative issues related to financial risk, performance behavior, business and industry risk, management risk, security risk, relationship risk and compliance risk. Collateral values are also accurately identified by using standard evaluation methodologies. Bank procedures require verification including certification by Bank officials during initial, annual and periodic reviews including genuineness checking of collaterals. All these procedures are also ensured before sanction of the loan through Credit Pre-Audit Cell of Audit & Inspection Division under Internal Control & Compliance of the Bank. Respective branch, Circles, as well as Internal Control & Compliance (ICC) of the Bank are simultaneously engaged in effective credit monitoring of the Bank. Besides, Risk Management Division of the Bank reviews various parameters of credit risk, e.g. concentration, quality of assets etc. on time to time and places the observations to Executive Risk Management Committee of the Bank.

BASIC Bank PLC. is very much concerned with managing non-performing loan (NPL) which is being conducted by Recovery Division of the Bank. The Bank follows Bangladesh Bank's BRPD Circular for classification of loans & advances & provisioning. Recovery positions of the Bank are regularly reviewed and potential alternative actions are relentlessly asserted. Targets for the branches are determined to recover classified and write-off loans and advances. Head Office Executives and Officials have also been assigned with the responsibility of recovery of classified and write-off loans of branches of the Bank. Circle Offices are also designated with the responsibility of monitoring recovery of branches of the Bank. Moreover, Write-off Loan Recovery Unit, Intelligence Unit, Special Asset Management Unit (SAM) and Mamla Porjobekkhon Unit are also working in this regard.

Quantitative Disclosures

b. Total gross credit risk exposures broken down by major types of credit exposure.	Type	Amount (in crore Tk.)	Percentage
	Term Loan	7,511.13	58.85%
Cash Credit	1,818.95	14.25%	
Overdraft	952.14	7.46%	
Export/Packing Credit	41.38	0.32%	
Loan Against Trust Receipt	240.41	1.88%	
Real Estate Loan	240.99	1.89%	
Transport Loan	446.50	3.50%	
Micro Credit Financing	48.25	0.38%	
Staff Loan	353.57	2.77%	
Bill Purchased & Discounted	86.96	0.68%	
Others	1,023.07	8.02%	
Total	12,763.35	100.00%	

c. Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.	Division	Amount (in crore Tk.)	Percentage
	Dhaka	7,604.41	59.58%
Chattogram	2,133.19	16.71%	
Rajshahi	574.23	4.50%	
Khulna	614.42	4.81%	
Barishal	62.70	0.49%	
Sylhet	116.96	0.92%	
Rangpur	822.78	6.45%	
Mymensingh	834.66	6.54%	
Total	12,763.35	100.00%	

d. Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	Sector (only industrial loan)	Amount (in crore Tk.)	Percentage
	Food & Allied	1,294.51	14.62%
Textile	516.68	5.84%	
ERMG	1,012.15	11.43%	
Accessories	217.94	2.46%	
Jute Product & Allied	483.34	5.46%	
Forest Product & Allied	0.00	0.00%	
Paper, Board, Printing & Packaging	460.97	5.21%	
Tannery, Leather and Rubber	409.99	4.63%	
Chem. Pharm. and Allied	173.50	1.96%	
Glass, Plastic, Ceramic & other non-metal	222.78	2.52%	
Engineering	438.28	4.95%	
Electrical & Electronics	53.34	0.60%	
Service Industry	660.69	7.46%	
Misc. Industry	2,631.62	29.73%	
Industry not elsewhere classified	275.69	3.11%	
Total	8,851.48	100.00%	

e. Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.	Type of credit exposure	Amount (in crore Tk.)	Percentage
	Up to 01 Month	13.85	0.11%
	Above 1 month but not more than 3 month	384.02	3.01%
	Above 3 month but not more than 1 year	2,228.50	17.46%
	Above 1 year but not more than 5 years	6,834.38	53.55%
	Above 5 years	3,302.60	25.88%
	Total	12,763.35	100.00%

f. By major industry or counterparty type:	(Amount in crore Tk.)								
<ul style="list-style-type: none"> • Amount of impaired loans and if available, past due loans, provided separately; <table style="width: 100%; margin-left: 20px;"> <tr> <td style="padding-left: 20px;">Unclassified loans (STD + SMA)</td> <td style="text-align: right;">4,446.63</td> </tr> <tr> <td style="padding-left: 20px;">Classified loans (SS + DF + BL)</td> <td style="text-align: right;">8,316.72</td> </tr> </table> • Specific and general provisions; <table style="width: 100%; margin-left: 20px;"> <tr> <td style="padding-left: 20px;">General provision for loans</td> <td style="text-align: right;">7.94</td> </tr> <tr> <td style="padding-left: 20px;">Specific provision for loans</td> <td style="text-align: right;">529.44</td> </tr> </table> • Charges for specific allowances and charge-offs during the period. 	Unclassified loans (STD + SMA)	4,446.63	Classified loans (SS + DF + BL)	8,316.72	General provision for loans	7.94	Specific provision for loans	529.44	0.00
Unclassified loans (STD + SMA)	4,446.63								
Classified loans (SS + DF + BL)	8,316.72								
General provision for loans	7.94								
Specific provision for loans	529.44								

g. Movement of NPLs & Provisions:	(Amount in crore Tk.)
Gross Non Performing Loans (NPLs)	8,316.72
Non Performing Loans (NPLs) to Outstanding Loans & Advances	65.16%
Movement of Non Performing Assets (NPAs)	8,835.57
Opening balance	509.76
Additions	1,028.61
Reductions	8,316.72
Closing balance	8,835.57
Movement of specific provisions for NPAs	511.58
Opening balance	511.58
Provisions made during the period	0.00
Provision provided for Write-off	0.00
Transferred from Provision for Un-classified Loans	17.86
Closing balance	529.44

E) Equities: Disclosures for Banking Book Positions

Qualitative Disclosures

- a. The general qualitative disclosure requirement with respect to Equity Risk, including:
- Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and
 - Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.
- Equity investments of the Bank are mainly for capital gain purpose and dividend earnings from invested securities of various companies. Bank also has some equity investment for strategic purpose.
- The holding of Bank's quoted and unquoted shares are valued at cost price. Provisions are made at the end of the year if total market value of the quoted and un-quoted shares is lower than the cost value of those shares.

Quantitative Disclosures

- b. Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.
- Value disclosed (cost value of Quoted & Un-quoted securities) in the balance sheet of investments was Tk. 131.47 crore and market value of which was Tk. 93.16 crore.
- Cost value of investment in Quoted Securities was Tk. 125.12 crore and market value thereof was Tk. 87.39 crore.
- c. The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.
- Tk. 1.26 crore in the year of 2025.
- d.
- | | |
|---|---|
| • Total unrealized gains/ (losses) | Total unrealized losses were Tk. 38.31 crore. |
| • Total latent revaluation gains /(losses) | Nil |
| • Any amounts of the above included in Tier-2 capital | Nil |
- e. Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.
- | | |
|-----------------------------------|-----------------|
| Specific Market Risk: | Tk. 13.14 crore |
| General Market Risk: | Tk. 13.15 crore |
| Total capital charge on equities: | Tk. 26.29 crore |

F) Interest Rate Risk in the Banking Book (IRRBB)

Qualitative Disclosures

- | | |
|---|---|
| <p>a. The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non maturity deposits, and frequency of IRRBB measurement.</p> | <p>Interest Rate Risk in the Banking Book is the risk of changes in market interest rate. Any positive or negative movement in the market interest rate affects the value of the banking book. It affects the current earning as well as the net worth of the Bank.</p> |
|---|---|

Quantitative Disclosures

- | | |
|--|--|
| <p>b. The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).</p> | <p>Market Value of Assets: Tk. 16,657.50 crore
 Market Value of Liabilities: Tk. 18,866.96 crore
 Weighted average of Duration Gap: 0.90 years
 CRAR after different level of shocks:</p> <ul style="list-style-type: none"> • Minor Level : -13.61% • Moderate Level : -14.35% • Major Level : -15.10% |
|--|--|

G) Market Risk

Qualitative Disclosures

- | | |
|---|--|
| <p>a. Views of BOD on trading/investment activities</p> | <p>As the Market Risk is the probability of losing assets in Balance Sheet and Off-Balance Sheet position arising out of the volatility in market variables i.e., interest rate, exchange rate and price; the Board of Directors approves all necessary policies related to Market Risk and review them on regular basis.</p> |
| <p>Methods used to measure Market Risk</p> | <p>Standardized Approach has been used to measure the Market Risk.</p> |
| <p>Market Risk Management system</p> | <p>Treasury & Capital Market Services Division, Mid Office Division & Back Office Division of the Bank have been functioning to manage market risk covering liquidity, interest rate and foreign exchange risks with oversight by Asset-Liability Management Committee (ALCO) comprising Senior Executives and is chaired by the Managing Director of the Bank.</p> <p>Risk Management Division also reviews the market risk parameters time to time and places the observations to Executive Risk Management Committee of the Bank.</p> |

Policies and processes for mitigating Market Risk

There are approved limits for advance deposit ratio, liquid assets to total deposit ratio, liquid assets to short term liabilities, net open position, LCR, NSFR, WBG, structural liquidity profile, maturity mismatch, commitments for both on-balance sheet and off-balance sheet items etc. The limits are monitored and enforced regularly to protect the Bank against market risks. These limits are reviewed based on prevailing market and economic conditions to minimize risk due to market fluctuation.

Quantitative Disclosures

b. The capital requirements for:	(Amount in crore Tk.)
Interest Rate Risk	16.52
Equity Position Risk	26.29
Foreign Exchange Risk	12.96
Commodity Risk	0.00

H) Operational Risk

Qualitative Disclosures

a. Views of BOD on system to reduce Operational Risk	<p>As the Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events, the Board of Directors approves all necessary policies related to operational risk and reviews them on regular basis.</p> <p>Bank has internal manuals on Internal Control & Compliance and on Human Resources where details of operational policies, procedures and HR related activities have been stated, which is approved by the Board of Directors.</p>
Performance gap of executives and staffs	<p>Bank regularly monitors and reviews the performance of Executives both quantitatively and qualitatively through analysis of achievement of business target in various parameters and behavioral, tactical and leadership aspects through confidential evaluation process.</p>
Potential external events	<p>No potential external events are expected to expose the Bank to significant Operational Risk.</p>

Policies and processes for mitigating Operational Risk

The internal control and compliance policy is approved by the Board taking into account relevant guidelines of Bangladesh Bank for mitigating operational risks. The Bank has three Divisions under Internal Control and Compliance, namely Audit & Inspection Division, Monitoring Division and Compliance Division.

Audit and Inspection team regularly works to detect and remove procedural flaws, errors and frauds. Monitoring Division ensures proper implementation of control tools to strengthen internal check and internal control system of the Bank. Compliance Division works to ensure all sorts of regulatory and policy compliance to help smooth operation and maintain consistency and thus reduce risk. The Bank is using some tools for mitigating operational risk such as Self Assessment of Anti-fraud Internal Control; Quarterly Operational Report (QOR) and Departmental Control Function Check List (DCFCL) in line with the Bangladesh Bank's relevant Instructions and recommendations. It is required to submit the statement on Self Assessment of Anti-fraud Internal Control to Bangladesh Bank on quarterly rest.

Bank's Anti-Money Laundering Division is devoted to thwart all money laundering and terrorist finance related activities. The Central Customer Service & Complaints Management Unit is also engaged in mitigating the operation risks of the Bank.

Bank is running through centralized real time online system. External events like natural disasters and unauthorized access to Bank's centralized computer system can affect the Bank significantly. Bank has alternative arrangement for disaster recovery and a highly qualified team of IT experts who are working to prevent any type of unauthorized access.

Approach for calculating capital charge for operational risk

Bank uses Basic Indicator Approach for calculating capital charge for Operational Risk as per instruction of Bangladesh Bank.

Quantitative Disclosures

b. The capital requirements for Operational Risk:

Tk. 147.26 crore

I) Liquidity Ratio

Qualitative Disclosures

a. Views of BOD on system to reduce liquidity Risk	Board of Directors (BOD) has instructed to follow all the guidelines and instructions related to liquidity risk management with utmost importance. Moreover, the BOD has also instructed to maintain liquidity at an optimum level so that no liquidity ratio can violate regulatory range.
Methods used to measure Liquidity Risk	The Bank uses 'Cash-Flow Approach' and 'Stock Approach' for measuring Liquidity Risk. Under 'Cash-Flow Approach' Liquidity Risk is tracked through maturity or cash flow mismatches. Calculation of gaps at various 'time-buckets', is adopted as standard tool for measuring Liquidity Risk. While, Liquidity Risk under 'Stock Approach' is measured liquidity position of various Balance-Sheet items.
Liquidity Risk management system	Liquidity Risk is the potential inability to meet the liabilities as they become due. 'Cash-Flow Approach' and 'Stock Approach' are used for managing, monitoring and measuring Liquidity Risk. The Liquidity/Funds requirements under stress situations, sources of raising the funds and its possible impact on profit and loss are also worked out at quarterly interval.
Policies and processes for mitigating Liquidity Risk	Various regulatory ratios/limits like ADR, CRR, SLR, LCR, and NFSR, etc. are in place to apply the stock approach to monitor and to control Liquidity Risk and various liquidity related ratios are reported to Bangladesh Bank on weekly, monthly and quarterly basis.

Quantitative Disclosures

b. Liquidity Coverage Ratio (LCR)	217.52%
Net Stable Funding Ratio (NSFR)	126.61%
Stock of High quality liquid assets	Tk. 2,663.07 crore
Total net cash outflows over the next 30 calendar days	Tk. 1,224.29 crore
Available amount of stable funding	Tk. 15,316.89 crore
Required amount of stable funding	Tk. 12,097.45 crore

J) Leverage Ratio

Qualitative Disclosures

a. Views of BOD on system to reduce excessive leverage

The Board of Directors has instructed the management to follow all guidelines and instructions that are given by regulators in order to reduce excessive leverage in the Bank.

Policies and processes for managing excessive on and off-balance sheet leverage

The Leverage Ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The Leverage Ratio is intended to constrain the build-up of leverage in the Bank and to reinforce the risk based requirements with an easy to understand and a non-risk based measure.

The Bank has been aware of its leverage and has been trying to increase its core capital as well as controlling the growth of on and off-balance sheet exposure.

Approach for calculating exposure

The accounting measure of exposure is generally followed to calculate total exposure for leverage ratio. The Bank includes both on and off-balance sheet items for measuring total exposure as instructed by the Guidelines on Risk Based Capital Adequacy of Bangladesh Bank.

Quantitative Disclosures

b. Leverage Ratio	-14.44%
On-Balance Sheet Exposure	Tk. 16,012.25 crore
Off-Balance Sheet Exposure	Tk. 529.44 crore
Total Exposure (after related deductions)	Tk. 16,433.52 crore

K) Remuneration Policy

Qualitative Disclosures

a. Information relating to the bodies that oversee remuneration.

Name, composition and mandate of the main body overseeing remuneration.

The Board of Directors of the Bank oversees the remuneration policy. At the beginning, the Board forms 'Pay Scale Committee'. The committee examines the proposed pay scales, fringe benefits and allowances thoroughly and submits their recommendations after suitable adjustment, amendment or modification where applicable. Eventually, the Board approves the policy. The Human Resources Division executes the approved remuneration structure. Finance and Accounts Division disburses the remuneration to respective employees on monthly basis.

However, from 22/12/2019 Bank has adopted remuneration policy following National Pay Scale-2015 applicable for public bodies.

External consultants whose advice has been sought, the body by which they were commissioned and in what areas of the remuneration process.

No external remuneration consultants were engaged during the reporting period.

A description of the scope of the bank's remuneration policy (e.g., by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.

The Bank's remuneration framework is government by the **National Pay Scale 2015** (specifically S.R.O. No. 370-AIN/2015 for Public Bodies and State-Owned Enterprises). This policy applies to all domestic employees based on their respective designations and grades.

The policy includes specific provisions regarding employees subject to disciplinary proceedings. As the Bank does not currently operate foreign subsidiaries or international branches, the scope remains strictly domestic.

A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.

The Bank identifies **Senior Management, Divisional Heads and Branch Managers** as Material Risk Takers (MRTs) given their capacity to significantly influence the Bank's risk profile. "Senior Management" is defined as personnel holding the rank of Deputy General Manager (DGM) through to the Managing Director (MD). The composition of Senior Management comprises as DGM: 43, GM: 08, DMD: 02 & MD: 01.

b. Information relating to the design and structure of remuneration processes.

An overview of the key features and objectives of remuneration policy.

Only cash and cash equivalent remuneration is being permitted whereas there are no equity or equity linked payments.

The objectives of the remuneration policy incorporates:

- to attract and retain skilled and motivated employees; and
- to provide incentivize to the executive to lead employees to achieve goals.

Whether the remuneration committee reviewed the firm's remuneration policy during the past year and if so, an overview of any changes that was made.

Remuneration policy is being reviewed upon changes made by Govt. as the Bank is following National Pay Scale-2015 approved by the Board of Directors vide its meeting no-487 held on 21/12/2019 effective from 22/12/2019.

A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.

The policy aims to ensure that quality human resources are being employed, retained and compensated in accordance with their responsibilities and expertise. There is no scope of independent remuneration provision at the current pay scale of the Bank for the risk and compliance employees.

c. Description of the ways in which current and future risks are taken into account in the remuneration processes.

An overview of the key risks that the bank takes into account when implementing remuneration measures.

The level and composition of the remuneration deems to be appropriate and fair in the context of the interests of the Bank. The Bank aims to maintain a strong risk framework and continuous assessment of the risks in order to protect its resources.

An overview of the nature and type of the key measures used to take account of these risks; including risks difficult to measure (values need not be disclosed).

In this context, Bank employs an array of measures based on the nature and types of business lines/segments. The most effective tools and indicators used for measuring such risks include asset quality ratio (NPL ratio), Net Interest Margin (NIM) ratio, provision coverage ratio, credit-deposit ratio, cost-income ratio as well as some non-financial indicators such as compliance status as per regulatory norms etc.

A discussion of the ways in which these measures affect remuneration.

The key measures of the remuneration policy commensurate with the process of setting targets, Annual Performance Appraisals (APA) and the long term plans of the Bank. At the end of each financial year, the actual performance of the Bank is being assessed with target set at the beginning of the year. Bank evaluates each employee's performance on annual basis based on some pre-determined financial and non-financial indicators. However, there are significant implications of the above measures on the remuneration policy of the Bank.

A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.

In the previous year, the Bank did not experience any changes of these measures affecting remuneration.

d. Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.

An overview of main performance metrics for bank, top-level business lines and individuals.

The main performance metrics is the outcome of a comprehensive review of some performance indicators such as Profitability, Capital to Risk-weighted Assets Ratio (CRAR), Liquidity Ratios, Return on Assets (ROA), Cost to Income Ratio, Net Interest Margin (NIM) and Non-Performing Loans (NPL) to Total Loans, Loan Growth and Deposit Growth etc.

A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.

Though fixed remuneration pool is defined over the years, variable remuneration package (incentives bonus) does not arise unless a predetermined level of profit is achieved despite personal achievements of employees.

A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.

A set remuneration process is in practice. Weak performance metrics/scorecards hardly affect the remuneration practice.

e. Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance.

A discussion of the bank’s policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.

The Bank does not offer any deferred variable remuneration.

A discussion of the bank’s policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements.

Not Applicable

f. Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms.

An overview of the forms of variable remuneration offered (i.e., cash, shares and share-linked instruments and other forms)

Only cash based remuneration exists.

A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description the factors that determine the mix and their relative importance.

Not Applicable.

Quantitative Disclosures

g. Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member. Nil

h.

- Number of employees having received a variable remuneration award during the financial year. Nil

- Number and total amount of guaranteed bonuses awarded during the financial year. Number: 02 Festival bonuses & 01 Bangla New Year bonus. Total amount: Tk. 0.99 crore

<ul style="list-style-type: none"> Number and total amount of sign-on awards made during the financial year. 	Not Applicable.
<ul style="list-style-type: none"> Number and total amount of severance payments made during the financial year. 	Nil
<p>i. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. Total amount of deferred remuneration paid out in the financial year.</p>	Nil
<p>j. Breakdown of amount of remuneration awards for the financial year to show:</p> <ul style="list-style-type: none"> Fixed Variable Deferred and non-deferred 	<p>Tk. 8.69 crore Nil Nil</p>
<ul style="list-style-type: none"> Different forms used (cash, shares and share linked instruments, other forms). 	Cash only
<p>k. Quantitative information about employees' exposure to implicit (e.g., fluctuations in the value of shares or performance units) and explicit adjustments (e.g., claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:</p> <ul style="list-style-type: none"> Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments. Total amount of reductions during the financial year due to ex post explicit adjustments. Total amount of reductions during the financial year due to ex post implicit adjustments. 	<p>Not Applicable Not Applicable Not Applicable</p>
