Standard Bank PLC.

Shari'ah Based Islami Bank

DISCLOSURES ON RISK BASED CAPITAL (BASEL-III)

2024

Prepared By Risk Management Division

Standard Bank PLC.

Background:

These disclosures have been made in accordance with the Bangladesh Bank circular no. 18 dated 21st December 2014 as guideline on "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework)" for Banks in line with Basel-III. The said guideline helps the banking sector cope with the international best practice and to make the Bank's capital more risk sensitive and shock resilient.

Basel-III guideline apply to all scheduled bank's on 'Solo' basis as well as on 'Consolidated' basis where;

- Solo basis refers to all position of the bank and its local & overseas branches/offices; and
- Consolidated basis refers to all position of the bank (including its local & overseas branches/offices) and its subsidiary companies engaged in financial (excluding insurance) activities like merchant banks, brokerage firms, discount houses etc. [If any].

Objective:

The objective of Market discipline in the revised framework is to establish a more transparent and 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. The following detailed qualitative and quantitative disclosures are provided in accordance with Guidelines on Risk Based Capital Adequacy by Bangladesh Bank.

Validation & Consistency:

The disclosures (qualitative and quantitative) under the revised Risk Based Capital Adequacy (RBCA) framework as advised by Bangladesh Bank, is based on the audited financial position of the bank as of 31 December 2024.

Scope of Application:

These disclosures build on the directive on Disclosure of information by banking institutions, to provide detailed guidance on the public disclosures of information by banks under Pillar 3 of Basel III requirements.

Disclosure framework:

According to the revised Risk Based Capital Adequacy Guidelines, the Bank requires general qualitative disclosure for each separate risk area (e.g. Investment, market, operational, banking book interest rate risk, equity). The Bank must describe their risk management objectives and policies including:

- Strategies and processes;
- The structure and organization of the relevant risk management function;
- The scope and nature of risk reporting and/or measurement systems;
- Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigations.

The following components set out in tabular form are the disclosure requirements:

A. Scope of Application
B. Capital Structure
C. Capital Adequacy
D. Investment (Credit) Risk
E. Equities: Disclosures for Banking Book Positions
F. Profit (Interest) Rate Risk in Banking Book (PRRBB)
G. Market Risk
H. Operational risk
I. Liquidity Ratio
J. Leverage Ratio
K. Remuneration

A) Scope of Application:

Qualitative disclosure		
a)	The name of the top corporate entity in the group to which this guidelines applies.	Standard 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 (i) that are fully consolidated; (ii) that are given a deduction treatment; and (iii) that are neither consolidated nor deducted (e.g. where the investment is risk weighted).	Standard Bank PLC. (A Shari'ah Based Bank) was incorporated on May 11, 1999 as a Public Limited Company under the Companies Act, 1994 with Authorized Capital of Tk. 15,000 million and paid-up Capital of Tk. 10,886 million with a vision to be a modern Bank having the object of building a sound national economy and to contribute significantly to the Public Exchequer. The bank started its commercial operations on June 03, 1999 after getting permission from Bangladesh Bank on 10 March 2013 later Standard Bank started its operation as a Shari'ah based scheduled Bank on January 01, 2021 vide Bangladesh Bank Circular No. BRPD-62, dated December 31, 2020. The Bank through its Branches provides a diverse range of financial services and products in Bangladesh with the mission to be the best Shari'ah based Islami Bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management and profitability. At present, the Bank has 138 (One Hundred Thirty Eight) branches and 4 (Four) subsidiaries. The bank renders commercial banking services to all types of customers. The range of services offered by the bank includes accepting deposit, making investment, discounting bills, conducting domestic and international money transfer, carrying out foreign exchange transactions in addition to international money transfers and offering other customer services such as collections and issuing guarantees, acceptances and letters of credit.

		Standard Bank PLC. prepared its RBCA report on 'Solo Basis' as well as on 'Consolidated Basis' where four (04) subsidiaries belong to Standard Bank PLC.
c)	Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	No incidence occurred which lead to imposition of any regulatory restriction or impediment for transferring fund within the Standard Bank group.

Quantitative disclosure		
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.	No Capital deficiency in solo or consolidated assessment.

B) Capital Structure

Qualitative disclosure		
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.	The capital of bank shall be classified into two tiers. The total regulatory capital will consist of sum of the following categories: **1) Tier-1 Capital (going-concern capital)** a) Common Equity Tier-1 Capital b) Additional Tier-1 Capital **2) Tier-2 Capital (gone-concern capital)** **Common Equity Tier 1 (CET1) capital consists of sum of the following items:** 1) Paid up capital 2) Non-repayable share premium account 3) Statutory reserve 4) General reserve 5) Retained earnings 6) Dividend equalization reserve 7) Minority interest in subsidiaries 8) Others **Less: Regulatory adjustments applicable on CET-1 capital:** -Shortfall in provisions against NPIs and Investments -Goodwill and all other Intangible Assets -Deferred Tax Assets (DTA) -Defined benefit pension fund assets -Gain on sale related to securitization transactions -Investment in own CET-1 instruments/shares -Reciprocal crossholdings in the CET-1 Capital of Banking, Financial and Insurance Entities -Any investment exceeding the approved limit under section 26 ka(1) of Bank Company Act1991 (50% of investment) -Investment in Subsidiaries which are not consolidated (50% of investment) -Other if any

b) Additional Tier 1 Capital (AT-1)

Additional Tier 1 (AT1) capital consists of the following items:

-Non-cumulative irredeemable preference shares

-Instruments issued by the banks that meet the qualifying criteria for AT1 as specified in the guideline.

-Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties (for consolidated reporting only)

-Others

Less: Regulatory adjustments applicable on AT-1 Capital:

-Investment in own AT-1 instruments/shares

-Reciprocal crossholdings in the AT-1 Capital of Banking, Financial and Insurance Entities

-Other if any

2) Tier-2 Capital (T-2)

Tier-2 capital, also called **'gone-concern 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 consist of the following items:

-General Provisions (Eligible for inclusion in Tier-2 will be limited to a maximum 1.25 percentage points of credit risk weighted assets calculated under the standardized approach)

-All other preference shares

-Subordinated debt/Instruments issued by the banks that meet the qualifying criteria for Tier-2 capital as specified in the guideline.

-Minority Interest i.e. Tier-2 issued by consolidated subsidiaries to third parties as specified in the guideline.

-Revaluation Reserves as on December 31, 2014 (50% of Fixed Assets and Securities and 10% of Equities)

-Others

Less: Regulatory adjustments applicable on Tier-2 capital:

-Revaluation Reserves for Fixed Assets, Securities and Equity Securities (followed phase-in deductions as per Basel-III).

-Investment in own T-2 instruments/shares

-Reciprocal crossholdings in the T-2 Capital of Banking, Financial and Insurance Entities.

-Any investment exceeding the approved limit under section 26 ka(1) of Bank company Act 1991 (50% of investment).

-Investment in Subsidiaries which are not consolidated (50% of investment)

-Others if any.

The calculation of Common Equity Tier-1, Additional Tier-1,Tier-1 and Tier-2 capital shall be subject to the following conditions:

-Common Equity Tier-1 of at least 4.5% of the total RWA.

-Tier-1 capital will be at least 6.0% of the total RWA.

-Minimum CRAR of 10% of the total RWA.

-Additional Tier 1 capital can be admitted maximum up to 1.5% of the total RWA or 33.33% of CET1, whichever is higher.

		-Tier-2 capital can be admitted maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher. -In addition to minimum CRAR, Capital Conservation Buffer (CCB) of 2.5% of the total RWA is being introduced which will be maintained in the form of CET1.

Quantitative disclosure

Note for Quantitative disclosure: Based on audited Financial Statements for the year ended 31 December 2024, our bank's CRAR stood at 15.65% on solo basis and 15.26% on consolidated basis as Bangladesh Bank allowed us deferral vide letter no. DOS-(CAMS)/1157/41(Dividend) 2025-3117 dated 22.05.2025 for finalizing the audited accounts without adjusting shortfall provisions where classified investments and its corresponding claims (past due claim) under Basel Accord has not been considered.

However, considering those classified investments and its status in past due claims calculation, Bank's Risk Weighted Assets (RWA) stood at BDT 21,034.80 crore on solo basis and BDT 21,532.44 crore on consolidated basis. Consequently, bank's CRAR stood at 14.12% & 13.79% on solo and consolidated basis respectively.

			BDT in Crore	
b, c, & d)	**The amount of regulatory capital as per Audited Financial Statements as of 31.12.2024 are as follows:**			
			Solo	**Consolidated**
	Tier 1 Capital (going-concern capital)			
	Sl No.	**Common Equity Tier 1 (CET-1) Capital**		
	1.01	Fully Paid up capital	1,115.84	1,115.84
	1.02	Non-repayable Share premium account	-	-
	1.03	Statutory Reserve	736.46	736.46
	1.04	General Reserve	-	-
	1.05	Retained Earnings	1.28	2.94
	1.06	Dividend Equalization Reserve	-	-
	1.07	Minority interest in Subsidiaries	-	0.02
	1.08	Other if any (if any item approved by BB)	-	-
	1.09	**Sub-Total : (1.01 to 1.08)**	**1,853.59**	**1,855.27**
		Less: Regulatory adjustments applicable on CET-1		
	1.10	Shortfall in provisions required against Non-Performing Investments (NPIs)	-	-
	1.11	Shortfall in provisions required against investment in shares	-	-
	1.12	Remaining deficit on account of revaluation of investment in securities after netting off from any other surplus on the securities	-	-
	1.13	Goodwill and all other intangible assets	2.17	2.17
	1.14	Deferred tax assets (DTA)	-	-
	1.15	Defined benefit pension fund assets	-	-

1.16	Gain on sale related to securitization transactions	-	-
1.17	Investment in own CET-1 instruments/shares	-	-
1.18	Reciprocal crossholdings in the CET-1 Capital of Banking, Financial and Insurance Entities	-	-
1.19	Any investment exceeding the approved limit under section 26 ka(1) of Bank company Act-1991 (50% of investment)	-	-
1.20	Investment in Subsidiaries which are not consolidated (50% of investment)	-	-
1.21	Other if any	-	-
1.22	**Sub-Total : (1.10 to 1.21)**	**2.17**	**2.17**
1.23	**Total Common Equity Tier-1 (1.09 – 1.22)**	**1,851.42**	**1,853.09**
	Additional Tier 1 Capital		
1.24	Non-cumulative irredeemable preference shares	-	-
1.25	Instruments issued by the bank that meets the qualifying criteria for AT1 (Mudaraba Perpetual Bond)	450.00	450.00
1.26	Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties (for consolidated reporting only)	-	-
1.27	Others	-	-
1.28	**Sub-Total : (1.24 to 1.27)**	**450.00**	**450.00**
	Less: Regulatory adjustments applicable on AT-1 Capital	-	-
1.29	Investment in own AT-1 instruments/shares	-	-
1.30	Reciprocal crossholdings in the AT-1 Capital of Banking, Financial and Insurance Entities	-	-
1.31	Other if any	-	-
1.32	**Sub-Total (1.29 to 1.31)**	-	-
1.33	**Total Additional Tier 1 Capital Available (1.28 – 1.32)**	**450.00**	**450.00**
1.34	**Maximum Limit of Additional Tier-1 Capital [considering para 3.2(iv) including foot note no.9 of RBCA Guidelines]**	**441.84**	**438.25**
1.35	**Excess Amount over Maximum Limit of AT-1**	**8.16**	**11.75**
1.36	**Total Admissible Additional Tier-1 Capital**	**441.84**	**438.25**
1.37	**Total Eligible Tier-1 Capital (1.23 + 1.36)**	**2,293.26**	**2,291.34**
	Tier 2 Capital (gone-concern capital)		
2.01	General Provisions	-	-
2.02	All other preference shares	-	-
2.03	Subordinated debt / Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital as specified in the guideline.	677.00	677.00
2.04	Minority Interest i.e. Tier-2 issued by consolidated subsidiaries to third parties as specified in the guideline.	-	-
2.05	Head Office (HO) borrowings in foreign currency received that meet the criteria of Tier 2 debt capital (Applicable for Foreign Banks)	-	-
2.06	Other if any (if any item approved by BB)	-	-
2.07	**Sub-Total (2.01 to 2.06)**	**677.00**	**677.00**

	Less: Regulatory adjustments applicable on Tier-2 Capital		
2.08	Investment in own T-2 instruments/shares	-	-
2.09	Reciprocal crossholdings in the T-2 Capital of Banking, Financial and Insurance Entities.	-	-
2.10	Any investment exceeding the approved limit under section 26 ka(1) of Bank company Act-1991 (50% of investment).	-	-
2.11	Investment in Subsidiaries which are not consolidated (50% of investment)	-	-
2.12	Other if any	-	-
2.13	**Sub-Total (2.08 to 2.12)**	**-**	**-**
2.14	**Total Eligible Tier-2 Capital (2.07 – 2.13)**	**677.00**	**677.00**
2.15	**Total Eligible Capital (Tier-1+Tier-2)(1.37+2.14)**	**2,970.26**	**2,968.34**

C) Capital Adequacy

Qualitative disclosure		
a)	A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.	Adequate capital means enough capital to compensate with Bank's risks profile. For assessing overall risk profile and a strategy for maintaining adequate capital, Bank has followed an Internal Capital Adequacy Assessment Process (ICAAP)\ which is issued by Bangladesh Bank for calculating adequate capital under Supervisory Review Process (SRP) of Basel III. Accordingly, the Bank has adopted the following approaches for its risk-wise capital calculation: ▪ Investment Risk: Standardized Approach (SA) ▪ Market Risk: Standardized Approach (SA) ▪ Operational Risk: Basic Indicator Approach (BIA) Under the Basel III guideline, Minimum Capital requirement for banks is 10% of its RWA, in addition banks also need to maintain 2.50% as Capital Conservation Buffer (CCB). Standard Bank has maintained Capital to Risk Weighted Assets Ratio (CRAR) of 14.12% on solo basis and 13.79% on consolidated basis. CCB of 4.12% on solo basis and 3.79% on consolidated basis, against required 2.5% of RWA. Bank strengthened its risk management process and internal control system in assessing and planning of economic capital against all risks. The strategic planning process critically analyzes bank's current and future capital requirements. The strategic plan includes the bank's capital needs, anticipated capital expenditures, desirable capital level, completion of credit rating of all eligible investment clients and external capital sources.

Quantitative disclosure			
	Particulars	**BDT in Crore**	
		Solo	**Consolidated**
Details of Risk Weighted Assets (RWA)	**a) Credit Risk:**		
	i) On- Balance sheet	18,666.44	18,908.15
	ii) Off- Balance sheet	1,267.37	1,267.37
	Total Credit Risk (i+ii)	**19,933.81**	**20,175.53**
	b) Market Risk	**131.16**	**368.02**
	c) Operational Risk	**969.83**	**988.90**
	Total RWA (a+b+c)	**21,034.80**	**21,532.44**
Details of Risk wise Minimum Capital Requirement (MCR)			
b) Capital requirement for credit risk	i) On- Balance sheet	1,866.64	1,890.81
	ii) Off- Balance sheet	126.74	126.74
	Total Credit Risk (i+ii)	**1,993.38**	**2,017.55**
c) Capital requirement for market risk	Market Risk	**13.12**	**36.80**
d) Capital requirement for market risk	Operational risk	**96.98**	**98.89**
e) Total capital, CET1 capital, Total Tier 1 capital and Tier 2 capital ratio for both solo and Consolidated basis	**a) Total Minimum Capital Requirement**	**2,103.48**	**2,153.24**
	Details of Tier wise Maintained Capital of the Bank:		
	i) CET-1 Capital	1,851.42	1,853.09
	ii) Additional Tier-1 Capital	441.84	438.25
	iii) Tier- 1 Capital (i+ii)	2,293.26	2,291.34
	iv) Tier- 2 Capital	677.00	677.00
	b) Total Maintained Capital (iii+iv)	**2,970.26**	**2,968.34**
	Total Capital Surplus (a-b)	**866.78**	**815.10**
	Total Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital/RWA)	**14.12%**	**13.79%**
	Common Equity Tier 1 Capital Ratio (CET-1 Capital/RWA)	**8.80%**	**8.61%**
	Tier 1 CRAR (Tier 1 Capital/RWA)	**10.90%**	**10.64%**
	Tier 2 CRAR (Tier 2 Capital/RWA)	**3.22%**	**3.14%**

f) Capital Conservation Buffer (CCB)	Required ratio of CCB	2.50%	2.50%
	CCB Maintained	4.12%	3.79%
g) Available Capital under Pillar 2 Requirement	Total Eligible Capital (A)	2,970.26	2,968.34
	Minimum Capital Requirement and CCB (B)	2,629.35	2,691.56
	Available Capital for Pillar 2 requirement (C=A-B)	**340.91**	**276.79**
Note: Bangladesh Bank has given consent vide letter no. DOS-(CAMS)/1157/41(Dividend) 2025-3117 dated 22.05.2025 to prepare audited financial statements without adjusting provision of Tk.3,446.71 crore subject to submitting a realistic time bound plan approved by the Board. Hence, the said provision has not been adjusted from CET-1 Capital.			

D) Investment (Credit) Risk

Qualitative disclosure		
a) The General Qualitative disclosure requirement with respect to investment (credit) risk, including:		
i)	Discussion of the Bank's Investment (Credit) Risk Management Policy;	Investment (Credit) risk is the risk of financial loss if a customer or counterparty fails to meet a payment obligation under a contract. It arises principally from direct investment, trade finance and leasing business, but also from off-balance sheet products such as guarantees and credit derivatives and from the holdings of investment securities. The failure may result from unwillingness of the counterparty or decline in his/her financial condition. Among the risks the Standard Bank PLC. engages in Investment (Credit) risk, which generates the largest regulatory capital requirement. Standard Bank PLC. has standards, policies and procedures dedicated to controlling and monitoring risks from all such activities. The aims of Investment (Credit) Risk Management, underpinning sustainably profitable business, are principally: ❖ to maintain a strong culture of responsible investment, supported by a robust risk policy and control framework; ❖ to ensure defining and implementing risk appetite, and its re-evaluation under actual conditions; and ❖ to ensure independent, expert scrutiny and approval of Investment (Credit) risks, their costs and their mitigation. The standardized approach is applied for risk weighting of exposure as per directive of Bangladesh Bank. It requires banks to use risk assessments prepared by External Credit Assessment Institutions (ECAIs) to determine the risk weightings applied to rated counterparties. The bank has used all customer ratings wherever available based on their entity rating as assigned by the approved ECAIs of Bangladesh Bank. Investment (Credit) risk is one of the major risks faced by the Bank. To assess and mitigate the Investment (Credit) risk, the Bank has implemented risk management manual, which is considered to be an important tool for retaining the quality and performance of the assets. Accordingly, the Bank's Investment

		(Credit) Risk Management functions have been designed to address all these issues including risks that arise from global changes in banking, finance and related issues. The Bank has defined segregation of duties for all Investment (Credit) risk related activities like investment (credit) approval, administration, monitoring and recovery functions. The Bank has set policies and procedures for controlling and monitoring of investment (credit) risks from these activities. A thorough risk assessment is done before sanction of any investment (credit) facility at Investment Risk Management Division. The risk assessment includes client's risk analysis, financial analysis, industry analysis, historical performance of the customer, security against the investment (credit) facility, client's successor planning, cash flow analysis etc. Bank has also established separate Investment (Credit) Administration Division (IAD) which helps in ensuring investment (credit) compliance with the post-sanction processes/ procedures laid down by the Bank from time to time. The Bank has in place a risk rating system for analyzing the risk associated with investment (credit). The parameters, while rating risk of the customers, include financial condition and performance, quality of disclosures and management, facility structure, collateral and country risk assessment where necessary. Maximum counterparty/group exposures are Limited to 15% (funded) and 25% of aggregate (funded + non-funded) of the bank's capital base as stipulated by Bangladesh Bank. Exposure beyond the said limit may be allowed only upon prior approval from Bangladesh Bank.
ii)	Definitions of past due and impaired (for accounting purposes):	**Investment Classification Criteria:** Investment (credit) products are broadly divided into continuous investment, demand investment, fixed term investment and short- term agricultural and micro-credit investment. Standard Bank PLC. follows the relevant Bangladesh Bank guidelines for classification of its investment products. Presently, there are 5 categories of classification on objective criterion. These are: Standard (STD), Special Mention Account (SMA), Sub-standard (SS), Doubtful (DF) and Bad-loss (BL). **Definition of past due/overdue:** I. Any **continuous investment** if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date. II. Any **demand investment** if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date. III. In case of any installment(s) or part of installment(s) of a **fixed term investment** is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue after six months of the expiry date. IV. The **short-term agricultural and micro-credit investment** if not repaid within the fixed expiry date for repayment will be considered past due/overdue. **Definitions of past due and impaired (for accounting purposes):** Past dues and impaired exposures are defined in accordance with the relevant Bangladesh Bank regulations. Specific and general provisions are computed periodically in

accordance with the Bangladesh Bank regulations.

Special Mention Account (SMA): These assets have potential weaknesses thus deserve management's close attention. If left unaddressed, these weaknesses may result in direction of the repayment prospect of the borrower.

Sub-Standard: These are the investments where bank has reason to doubt about the payment of the investment although recovery prospect is encouraging.

Doubtful: Any kind of investment, where serious doubt is exposed on repayment of any amount due to visible causes like business losses, eroding sales, management issue etc. the entire investment will be put into the "Doubtful (DF)".

Bad/ loss: These are the investments that have a lowest recovery possibility.

Unclassified: These are the investments where bank is fully satisfied about its repayment.

A summary of some objective criteria for investment classification is stated below:

Type of facility	Overdue period for Investment Classification		
	Sub-standard	Doubtful	Bad & loss
Continuous & Demand Investment (except CMSME)	3 months or more but less than 9 months	9 months or more but less than 12 months	12 months or more
Continuous & Demand Investment (BRPD circular no.16 under CMSME)	6 months or more but less than 18 months	18 months or more but less than 30 months	30 months or more
Fixed Term investment (except CMSME)	9 months or more but less than 15 months	15 months or more but less than 18 months	18 months or more
Fixed Term Investment (BRPD circular no.16 under CMSME)	12 months or more but less than 24 months	24 months or more but less than 36 months	36 months or more
Short Term Agricultural & Micro-Investment	12 months or more but less than 36 months	36 months or more but less than 60 months	60 months or more
Rescheduled accounts	Reschedule accounts will be marked as per BRPD Circular No. 16 dated July 18, 2022 & BRPD Circular Letter No. 33 dated August 03, 2022.		

Default Investment: Investments have to be treated as default investment as per section 5 (GaGa) of the Banking Companies Act, 1991 and to be reported accordingly as per format given in BRPD Circular No. 8 dated August 02, 2015. In this regard, a portion of the "Sub-standard (SS)" investment will be reported as default investment.

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

As per relevant Bangladesh bank guidelines, 0.25% to 2% provision is maintained against unclassified investments, 5% to 20% provision is maintained against sub-standard investments, 5% to 50% provision is maintained against doubtful investments and 100% provision is maintained against bad/ loss after deducting value of eligible security and amount retained in profit suspense, if any, as per Bangladesh Bank guidelines. All profit is suspended/discontinued if the investment is identified as bad/ loss.

Throughout the year, the Bank reviews investments to assess whether objective evidence has arisen of impairment of an investment or portfolio that warrants a change in the classification of investments, which may result in a change in the provision required in accordance with BRPD Circular letter No. 03 (02 February 2023), BRPD Circular No.16 (21 July 2020), BRPD circular No.03 (21 April 2019), BRPD circular No.01 (20 February 2018), BRPD circular No.15 (27 September 2017), BRPD circular No.12 (20 August 2017), BRPD circular No.14 (23 September 2012). As per the circulars, a general provision is maintained at 0.25% to 2% under different categories of unclassified investments is maintained i.e. standard investments as well as SMA. Also specific provision for sub-standard investments, doubtful investments and bad & losses are maintained at 5%, 20%, 50% and 100% respectively for investments depending on time past due. Again as per BRPD circular no.06 dated 25 April 2023 and BRPD circular no.14 dated 23 September 2012, a general provision at 1% with some exceptional rates are maintained for all off-balance sheet exposures.

The provisioning rates of specific provision on investments are as follows:

Particulars	Rates
Specific provision on substandard investments, other than agricultural investments and small investments	20.00%
Specific provision on doubtful investments, other than agricultural investments and small investments	50.00%
Specific provision on substandard small investments, substandard and doubtful agricultural investments	5.00%
Specific provision on doubtful small investments	20.00%
Specific provision on bad/loss investments	100.00%

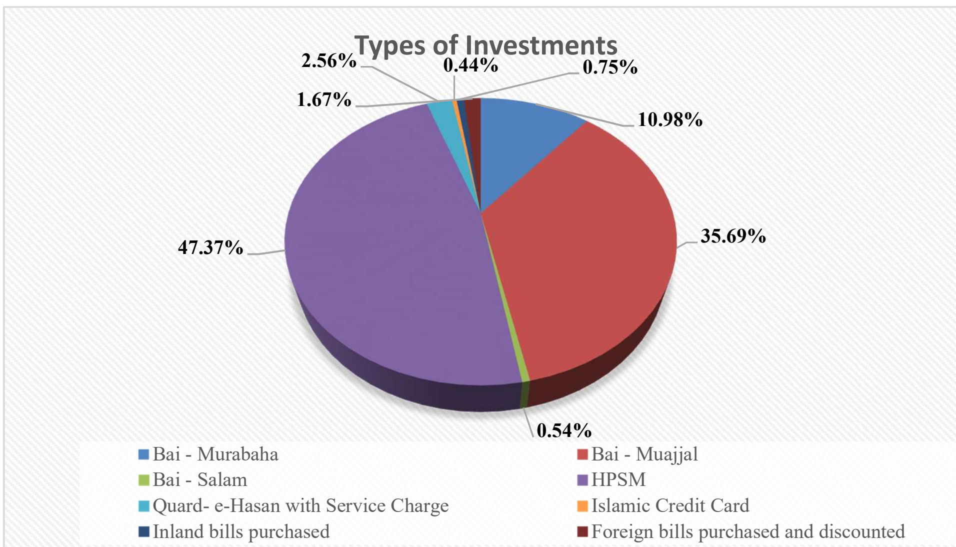
BRPD circular no.14 (23 September 2012) also provides scope for further provisioning based on qualitative judgments. If the specific provisions are assessed under the qualitative methodology, which is found higher than the specific provisions assessed under the formulaic approach, the higher of the two is recognized for Provisioning of the Investments in the profit and loss account.

Quantitative disclosure:

b) Total gross investment risk exposures broken down by major types of investment (credit) exposures

Total gross investment risk exposures broken down by major types of investment (credit) exposures as per the disclosures in the audited financial statements as of 31 December 2024:

Particulars	BDT in Crore
Bai - Murabaha	2,186.75
Bai - Muajjal	7,110.01
Bai - Salam	107.67
HPSM	9,436.33
Quard- e-Hasan with Service Charge	509.45
Islamic Credit Card	88.05
Inland bills purchased	149.03
Foreign bills purchased and discounted	331.98
Total	**19,919.27**

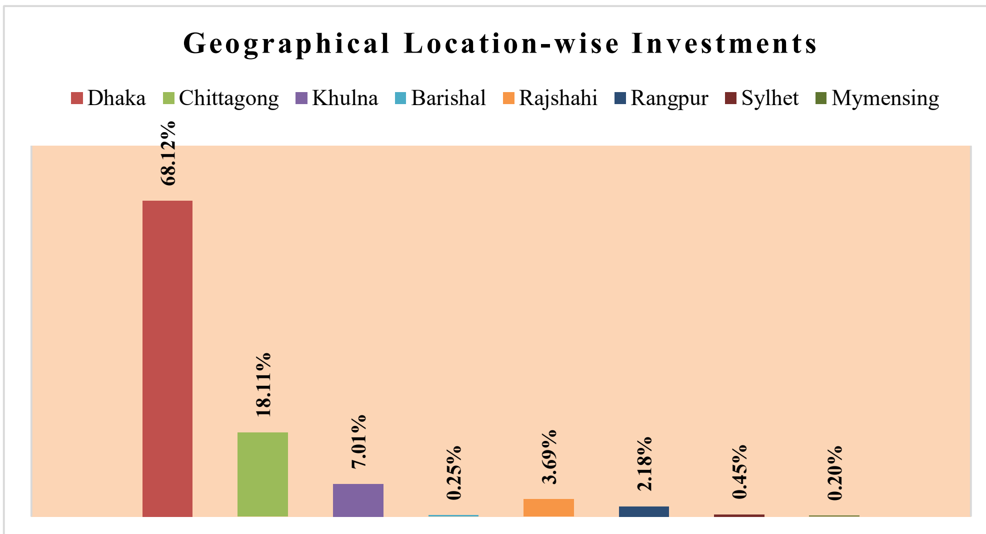


c) Geographical distribution of exposures, broken down in significant areas by major types of investment (credit) exposures

Geographical distribution of exposures, broken down in significant areas by major types of investment (credit) exposures as per the disclosures in the audited financial statements as of 31 December 2024:

Geographical Location-wise Investments:	BDT in Crore
Urban	
Dhaka Division	13,344.09
Chittagong Division	3,525.19
Khulna Division	1,396.00
Barishal Division	50.28
Rajshahi Division	684.04
Rangpur Division	394.47
Sylhet Division	81.91
Mymensing Division	11.89
Sub-total	**19,487.87**

Rural	
Dhaka Division	224.00
Chittagong Division	81.57
Khulna Division	-
Barishal Division	-
Rajshahi Division	50.84
Rangpur Division	39.05
Sylhet Division	8.39
Mymensing Division	27.55
Sub-total	**431.40**
Total Investments	**19,919.27**



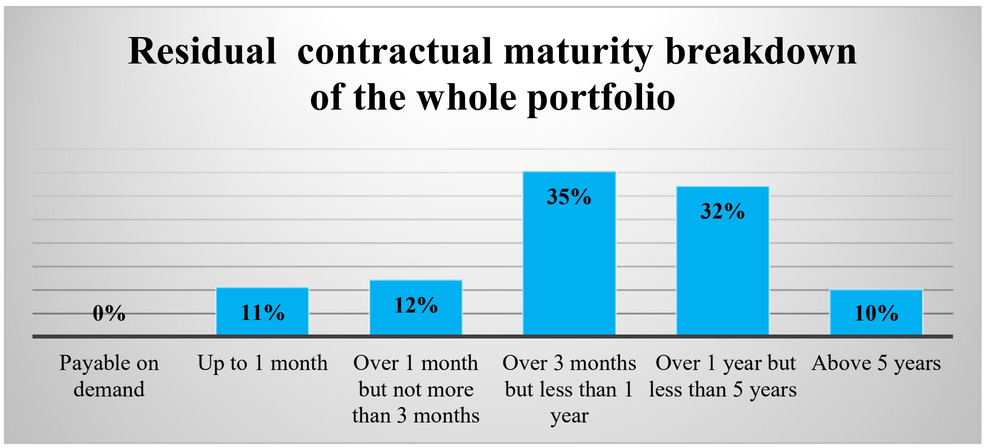
d)	Industry or counterparty types distribution of exposures broken down by major types of credit (investment) exposures	Industry or counterparty types distribution of exposures broken down by major types of credit (investment) exposures as per the disclosures in the audited financial statements as of 31 December 2024:

Particulars	**BDT in Crore**
i) Commercial lending	1,119.41
ii) Export financing	270.00
iii) House building investment	835.76
iv) Consumers Credit Scheme	639.44
v) Small and medium enterprises	3,511.00
vi) Special program investment	29.65
vii) Other Investments and advances/Investments	206.70
Sub-total	**6,611.96**
Industrial investments:	
i) Agricultural Industries	473.00
ii) Textile Industries	672.00
iii) Food and allied Industries	1,146.44
iv) Pharmaceuticals Industries	6.00
v) Leather, Chemical and Cosmetics etc.	247.15
vi) Cement and Ceramic Industries	143.29
vii) Service Industries	131.24
viii) Transport and Communication Industries	250.00
ix) Other Industries	10,238.19
Sub-total	**13,307.31**
Total Investments	**19,919.27**

e) Residual contractual maturity breakdown of the whole portfolio broken down by all types of investment (credit) exposure including bills purchased & discounted

Residual contractual maturity breakdown of the whole portfolio broken down by all types of investment (credit) exposure including bills purchased & discounted of the Bank are as under:

Particulars	BDT in Crore
Payable on demand	-
Up to 1 month	2,096.99
Over 1 month but not more than 3 months	2,401.86
Over 3 months but less than 1 year	7,023.03
Over 1 year but less than 5 years	6,397.92
Above 5 years	1,999.47
Total	**19,919.27**



f) By major industry or counterparty type

i) Amount of impaired investments and if available, past due investments provided separately:

Particulars	BDT in Crore
Special Mention Account (SMA)	49.01
Sub Standard (SS)	303.98
Doubtful (DF)	320.06
Bad & Loss (B/L)	5,344.59
Total	**6,017.64**

ii) Specific and General Provisions:

Particulars	BDT in Crore
Unclassified Investment	-
Classified Investment	782.90
Off-Balance Sheet Exposure	-
Total	**782.90**

iii) Charges for specific allowances and charges-off during the period:

Particulars	BDT in Crore
Provision on Unclassified Investment	-
Provision on Classified Investment	200.39
Provision on Off-Balance Sheet Exposure	-
Total	**200.39**

<table>
<tr><td>g)</td><td>Gross Non-Performing Assets (NPAs)</td><td>

Particulars	BDT in Crore
i) Non-performing Assets:	
Gross Non-performing Assets	5,968.62
Non-Performing Assets (NPAs) to Outstanding Investments (%)	29.96%
ii) Movement of Non-Performing Assets (NPAs)	
Opening balance	1,379.71
Additions	6,015.00
Reductions	1,426.09
Closing balance	**5,968.62**
iii) Movement of specific provisions for NPAs	
Opening balance	536.79
Provisions made during the period	200.39
Write-off	(56.19)
Transferred from General Investment of Gratuity, Special General Provision-Covid-19 and others	101.91
Closing balance	**782.90**

</td></tr>
</table>

E) Equities: Disclosures for Banking Book Positions

Qualitative Disclosures:		
a)	**The general qualitative disclosures requirement with respect to equity risk, including**	
	i) Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons	Investment in equity securities are broadly categorized into two parts: i) **Quoted Securities** (common or preference share & mutual fund) that are traded in the secondary market; ii) **Unquoted securities** are categorized as banking book equity exposures which are further sub-divided into two groups: unquoted securities which are invested without any expectation that these will be quoted in near future i.e. held to maturity (HTM). And securities those are acquired under private placement or IPO and are going to be traded in the secondary market after completing required formalities.
	ii) 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	The primary objective is to investment in equity securities for the purpose of capital gain by selling them in future or held for dividend income. Dividends received from these equity securities are accounted for as and when received and right to receive when established. Both Quoted and Un-Quoted equity securities are valued at cost and necessary provisions are maintained if the prices fall below the cost price. As per Bangladesh Bank guidelines, the HFT (Held for

	and practices affecting valuation as well as significant changes in these practices;	Trading) equity securities are revaluated once in each week using marking to market concept and HTM equity securities are amortized once a year according to Bangladesh bank guideline. The HTM equity securities are also revaluated if any, are reclassified to HFT category with the approval of Board of Directors.

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.

(BDT in Crore)

Particulars	Solo basis		Consolidated basis	
	Cost Price	**Market Price**	**Cost Price**	**Market Price**
Quoted Shares	15.17	8.75	227.37	127.18
Unquoted Shares	291.99	291.99	20.71	20.71

c) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.

(BDT in Crore)

Particulars	Solo basis	Consolidated basis
cumulative realized gains/(losses)	5.17	13.23

d)
- Total unrealized gains (losses)
- Total latent revaluation gains(losses)
- Any amounts of the above included in Tier 2 capital

(BDT in Crore)

Particulars	Solo basis	Consolidated basis
Total unrealized gains (losses)	(6.42)	(100.19)
Total latent revaluation gains(losses)	-	-
Any amounts of the above included in Tier 2 capital	-	-

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

(BDT in Crore)

Capital Charge for equities	Solo basis	Consolidated basis
For Specific Risk	0.87	12.72
For General Market Risk	0.87	12.72
Total capital charge	1.75	25.44

F) Profit (Interest) Rate Risk in Banking Book (PRRBB)

***Qualitative* Disclosure:**

a)	The general qualitative disclosure requirement including the nature of PRRBB and key assumptions, including assumptions regarding Investment	The Banking Book consists of assets and liabilities contracted basically on account of relationship or for steady income and statutory obligations and are generally held till maturity/payment by counter party. The earnings or changes in the economic value are the main focus in banking book. Profit rate risk is the risk that a bank will experience deterioration in its financial position as profit rates move over time.

	prepayments and behavior of non-maturity deposits, and frequency of PRRBB measurement.	Profit rate risk in the banking book arises from a bank's core banking activities. Profit rate risk is the exposure of a bank's financial condition to adverse movements in profit rates. Changes in profit rates affect a bank's earnings by changing its net investment income and the level of other profit sensitive income and operating expenses.

***Quantitative* Disclosure:**

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 PRRBB, broken down by currency (as relevant)

Profit Rate Risk -Increase in Profit Rate:	Minor	Moderate	Major
Magnitude of Shock	1.00%	2.00%	3.00%
Net Investment Income impact			
<12 Months	(3.87)	(7.74)	(11.61)
Capital after shock	2,966.39	2,962.52	2,958.65
CRAR aftershock (%)	14.10	14.08	14.07
Change in CAR after shock (%)	(0.02)	(0.04)	(0.06)
Re-pricing Impact			
Change in the value of the bond portfolio	(19.30)	(38.60)	(57.89)
Capital after shock	2,947.09	2,923.93	2,900.76
CRAR aftershock (%)	14.01	13.90	13.79
Change in CAR after shock (%)	(0.09)	(0.18)	(0.28)
Overall change in CAR (NII & re-pricing impact, %)	(0.11)	(0.22)	(0.33)

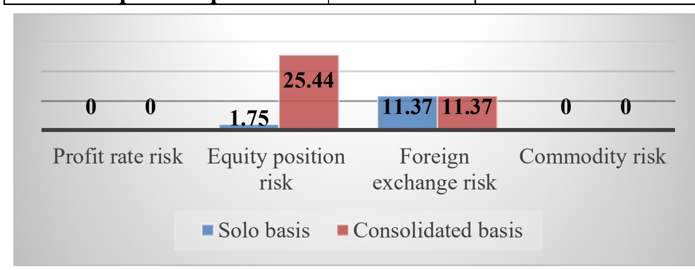
G) Market Risk:

Qualitative disclosure

a)	i)Views of Board of Directors (BOD) on trading/investment activities.	Market risk is potential for loss resulting from adverse movement in market risk factors such as profit rates, Forex rates, and equity and commodity prices. The important aspect of the Market Risk includes liquidity management, profit rate risk management and the pricing of assets and liabilities. There are three types of Market Risk such as Profit Rate Risk, Foreign Exchange Risk & Equity Price Risk. The Board of Directors approves all policies related to market risk, sets limits and reviews compliance on a regular basis.
	ii) Methods used to measure Market risk.	In Standardized Approach, the capital requirement for various market risks (profit rate risk, equity price risk, commodity price risk, and foreign exchange risk) is determined separately.

	iii) Market Risk Management system.	The Treasury Division manages market risk covering Liquidity, profit rate and foreign exchange risk with oversight from Assets Liability Management Committee (ALCO) comprising of senior executives of the Bank. ALCO is chaired by the Managing Director. ALCO meets at least once in a month.
	iv) Policies and processes for mitigating market risk.	There are approved limits for Investment to Deposit Ratio (IDR), Liquid Assets to Total Assets Ratio, Maturity Mismatch, Commitments for both on-balance sheet and off-balance sheet items and placements from money market and foreign exchange position. The limits are monitored and enforced on a regular basis to protect against market risk. The exchange rate committee of the Bank meets on a daily basis to review the prevailing market condition, exchange rate, foreign exchange position and transactions to mitigate foreign exchange risks.
Quantitative disclosure:		
b)	The capital requirements for:	(BDT in Crore)

Particulars	Solo basis	Consolidated basis
Profit rate risk	0.00	0.00
Equity position risk	1.75	25.44
Foreign exchange risk	11.37	11.37
Commodity risk	0.00	0.00
Total Capital Requirement	**13.12**	**36.80**



H) Operational risk:

Qualitative Disclosures:		
a)	i) View of BOD on system to reduce Operational Risk	Operational risk is associated with human error, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that inadequate information system; technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses or reputation problems. Operational risk exists in all products and business activities. In addressing Operational Risk, Bank strengthened its Internal Control System and ensured sound Corporate Governance in all sphere of Management and Operations at different strata as well. The Bank maintains a robust CBS (Core Banking Software) and enriches its IT infrastructure in terms of demand of time. Besides, in order to ensure capacity building of its Human Resources, the Bank takes on different measures including training, workshop and so on.

	ii) Performance gap of executives and staffs	SBPLC has a policy to provide competitive package and best working environment to attract and retain the most talented people available in the industry. SBPLC's strong brand image plays an important role in employee motivation. As a result, there is no significant performance gap.
	iii) Potential external events	No potential external events are expected to expose the Bank to significant operational risk.
	iv) Policies and processes for mitigating operational risk	To mitigate operational risk, the Bank uses basic indicator approach to calculate capital charge against operational risk. The policy for assessing operational risks including internal control & compliance risk is approved by the Board taking into account relevant guidelines of Bangladesh Bank. The Bank developed a Risk Management Division and Supervisory Review Committee for review and managing operation risk as well as evaluation of the adequacy of the capital. For mitigating operational risk, Internal Control and Compliance Division undertakes periodic and special audits of the branches and departments at the Head Office for review of the operation and compliance of statutory requirements.
	v) Approach for calculating capital charge for operational risk	The Bank followed Basic Indicator Approach (BIA) for measuring capital charges for operational risk. Under the Basic Indicator Approach (BIA), the capital charge for operational risk is a fixed percentage (denoted by alpha) of average positive annual gross income of the Bank over the past three years.
Quantitative disclosure:		
b)	The capital requirements for operational risk	see table below

Particulars	(BDT in Crore)
The Capital Requirement for Operational Risk (Solo)	96.98
The Capital Requirement for Operational Risk (Consolidated)	98.89

I) Liquidity Ratio:

a) Qualitative Disclosure	
Views of Board of Directors (BOD) on system to reduce liquidity Risk	The Board of Directors is ultimately responsible for the liquidity risk assumed by the bank and the manner in which this risk is managed and therefore should establish the bank's liquidity risk tolerance. The tolerance, which should define the level of liquidity risk that the bank is willing to assume, should be appropriate for the business strategy of the bank and its role in the financial system and should reflect the bank's financial condition and funding capacity. The prerequisites of an effective liquidity risk management include an informed board, capable management, and staff having relevant expertise and efficient systems and procedures in place. It is primarily the duty of Board of Directors to understand the liquidity risk profile of the bank and the tools used to manage liquidity risk. The board has to ensure that the bank has necessary liquidity risk management framework and bank is capable of withstanding stressed liquidity scenarios.

a) Qualitative Disclosure	
	Generally speaking the Board of our bank is responsible for: a) Positioning bank's strategic direction and tolerance level for liquidity risk. b) Appointing senior managers who have ability to manage liquidity risk and delegate them the required authority to accomplish the job. c) Continuously monitoring the bank's performance and overall liquidity risk profile. d) Ensuring that liquidity risk is identified, measured, monitored, and controlled. Senior management is responsible for the implementation of sound policies and procedures keeping in view the strategic direction and risk appetite specified by Board. To effectively oversee the daily and long-term management of liquidity risk senior managers should: a) Develop and implement procedures and practices that translate the Board's goals, objectives, and risk tolerances into operating standards that are well understood by bank personnel and consistent with the Board's intent. b) Adhere to the lines of authority and responsibility that the Board has established for managing liquidity risk. c) Oversee the implementation and maintenance of management information and other systems that identify, measure, monitor, and control the bank's liquidity risk. d) Establish effective internal controls over the liquidity risk management process.
Method used to measure Liquidity risk	**01.Contractual maturity mismatch:** The contractual maturity mismatch profile identifies the gaps between the contractual inflows and outflows of liquidity for defined time bands. These maturity gaps indicate how much liquidity a bank would potentially need to raise in each of these time bands if all outflows occurred at the earliest possible date. This metric provides insight into the extent to which the bank relies on maturity transformation under its current contracts. **02.Concentration of funding:** This metric is meant to identify those sources of wholesale funding that are of such significance that withdrawal of this funding could trigger liquidity problems. The metric thus encourages the diversification of funding sources as recommended in the Sound Principles of Bank for International Settlements (BIS). **03.Available unencumbered assets:** These metrics provide supervisors with data on the quantity and key characteristics including currency denomination and location of bank's available unencumbered assets. These assets have the potential to be used as collateral to raise additional HQLA or secured funding in secondary markets or are eligible at central banks and as such may potentially be additional sources of liquidity for the bank. **04.LCR by significant currency:** While the LCR is required to be met in one single currency in order to better capture potential currency mismatches, banks and supervisors

a) Qualitative Disclosure	
	should also monitor the LCR in significant currencies. This will allow the bank and the supervisor to track potential currency mismatch issues that could arise. **05. Market-related monitoring tools:** High frequency market data with little or no time lag can be used as early warning indicators in monitoring potential liquidity difficulties at banks.
Liquidity risk management system	The liquidity risk strategy defined by Board should enunciate specific policies on particular aspects of liquidity risk management such as: a. Composition of Assets and Liabilities b. Diversification and Stability of Liabilities c. Access to Inter-bank Market The liquidity strategy must be documented in a liquidity policy, and communicated throughout the bank. The responsibility for managing the overall liquidity of the bank should be delegated to a specific identified group within the bank. This might be in the form of an Asset Liability Committee (ALCO) comprised of senior management, the treasury function or the risk management division. However, usually the liquidity risk management is performed by an ALCO. Ideally, the ALCO should comprise of senior management from each key area of the institution that assumes and/or manages liquidity risk. An effective liquidity risk management includes systems to identify, measure, monitor and control its liquidity exposures. Management should be able to accurately identify and quantify the primary sources of a bank's liquidity risk in a timely manner. To properly identify the sources, management should understand both existing as well as future risk that the institution can be exposed to. Management should always be on the alert for new sources of liquidity risk at both the transaction and portfolio levels. Key elements of an effective risk management process include an efficient MIS, systems to measure, monitor and control existing as well as future liquidity risks and reporting them to senior management.

a) Qualitative Disclosure	
Policies and process for mitigating risk	An effective measurement and monitoring system is essential for adequate management of liquidity risk. Discussed below are some (but not all) commonly used liquidity measurement and monitoring techniques that may be adopted by the banks. **Contingency Funding Plan:** In order to develop a comprehensive liquidity risk management framework, the Bank has in place way out plans for stress scenarios. Such a plan commonly known as Contingency Funding Plan (CFP) is a set of policies and procedures that serves as a blue print for a bank to meet its funding needs in a timely manner and at a reasonable cost. A CFP is a projection of future cash flows and funding sources of a bank under market scenarios including aggressive asset growth or rapid liability erosion. To be effective, it is important that a CFP should represent management's best estimate of balance sheet changes that may result from a liquidity or credit event. A CFP can provide a useful framework for managing liquidity risk both short term and in the long term. Further, it helps ensure that a financial institution can prudently and efficiently manage routine and extraordinary fluctuations in liquidity. **Use of CFP for Routine Liquidity Management** a) A reasonable amount of liquid assets are maintained. b) Measurement and projection of funding requirements during various scenarios. c) Management of access to funding sources. **Use of CFP for Emergency and Distress Environments** Not necessarily does a liquidity crisis show up gradually. In case of a sudden liquidity stress, it is important for a bank to seem organized, candid, and efficient to meet its obligations to the stakeholders. Since such a situation requires a spontaneous action, banks that already have plans to deal with such situation could address the liquidity problem more efficiently and effectively. A CFP can help ensure that bank management and key staffs are ready to respond to such situations. **Scope of CFP** To begin, the CFP should anticipate all of the bank's funding and liquidity needs by: a) Analyzing and making quantitative projections of all significant on- and off-balance-sheet funds flows and their related effects. b) Matching potential cash flow sources and uses of funds. c) Establishing indicators that alert management to a predetermined level of potential risks.

b) Quantitative Disclosure

Components

Particulars	Solo
Liquidity Coverage Ratio (LCR) (%)	113.10%
Net Stable Funding Ratio (NSFR) (%)	117.03%
Stocks of high quality liquid assets (BDT in Crore)	3,143.65
Total net cash outflows over the next 30 calendar days (BDT in Crore)	2,779.33
Available amount of stable funding (BDT in Crore)	19,954.33
Required amount of stable funding (BDT in Crore)	17,050.69

J) Leverage Ratio:

a) Qualitative Disclosure	
i) Views of BOD on system to reduce excessive leverage	In order to avoid building-up of excessive on- and off-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The leverage ratio is intended to achieve the following objectives: a) Constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy; and b) Reinforce the risk based requirements with an easy to understand and a non-risk based measure.
ii) Policies and processes for managing excessive on and off-balance sheet leverage	Introducing the leverage ratio as an additional prudential tool has several potential benefits. The financial crisis has illustrated the disruptive effects of procyclicality (amplification of the effects of the business cycle) and of the risk that can build up when financial firms acting in an individually prudent manner collectively creates systemic problems. There is now broad consensus that micro-prudential regulation needs to be complemented by macro-prudential regulation that smoothens the effects of the credit cycle. This has led to proposals for countercyclical capital requirements and investment loss provisions that would be higher in good times and lower in bad times.
iii) Approach for calculating exposure	The leverage ratio should be calculated by dividing an institution's capital measure by the total exposure (expressed as a percentage). The ratio should be calculated as the simple arithmetic mean of the monthly leverage ratios over a quarter. For the numerator of the ratio (capital measure), the Tier-1 capital should be considered. The denominator (exposure measure) should be the sum of the exposure values of all assets and off-balance sheet items not deducted from the calculation of Tier-1 capital. Leverage Ratio = Tier-1 Capital (after related deductions)/Total Exposure (after related deductions) A minimum Tier-1 leverage ratio of 3.50% is being prescribed both at solo and consolidated level. The bank is maintaining leverage ratio on quarterly basis. The calculation at the end of each calendar quarter is submitted to BB showing the average of the month end leverage ratios based on the following definition of capital and total exposure.

b) Quantitative Disclosure

Components

(BDT in Crore)

Particulars	Solo basis	Consolidated basis
Tier 1 Capital	2,293.26	2,291.34
On Balance Sheet Exposure	26,009.98	26,269.09
Off-Balance Sheet Exposure	2,878.12	2,878.12
Total Exposure after regulatory adjustments	28,885.93	29,145.04
Leverage Ratio (%)	**7.94%**	**7.86%**

K) Remuneration:

The following are the main disclosures on remuneration that bank includes in their pillar-3 documents. The bank is not only disclosing the required information, but to articulates as far as possible how these factors complement and support their overall risk management framework.

This requested quantitative disclosures detailed below should only cover senior management and other material takers and be broken down between these two categories.

a) Qualitative Disclosure		
a)	Information relating to the bodies that oversee remuneration	The Management of Standard Bank PLC. for remuneration program holds the responsibilities for overseeing the framing, reviewing and implementation of overall compensation structure and related polices over remuneration package issues payable to all or specialized employees and the Directors/MD/any other appointed/engaged person(s)/Material Risk takers of the Bank. They also oversee performance oriented incentives, perquisites, other financial options etc. to attract, motivate and retain employees and review compensation packages/pay structure in comparison to that of other Banks to enjoy competitive advantages in this industry. In addition, the Management of SBPLC also carries out the following roles and responsibilities: Review of the Compensation Policy annually or as demanded by market. Exercise such other powers and play the roles delegated to it by the Board. Till date, the Bank has not yet engaged any External Consultant for conducting such exercise as this activity is continually performed by the Bank's Management.
b)	Information relating to the remuneration of the processes	All applicable substantive pays and other allowances including perquisites to the employees including all subordinates, officers and executives up to the rank of SEVP are designed in well accord with the prevailing competitive remuneration structure in the industry. The package structure of all executives above the rank of SEVP i.e. DMD, AMD & MD, the individual remuneration is fixed and approved by the Board of Directors. All the Pay Structure and perquisites payable to the employees get approved by the Board of Directors of the Bank. In order to format and design the remuneration package, the Management and the Board take into the following consideration: 1. Minimum Qualification level set during the recruitment; 2. Level of Experience; 3. Level of Risk involved; 4. Complexities of the job; 5. Degree of creativity or productivity expected in the job; 6. Business developing excellence and expertise; 7. Leadership capability; 8. Corporate exposure. However, the remuneration structure/package for the Managing Director (MD) of the Bank is subject to approval of Bangladesh Bank.

c)	Description of the ways in which current and future risks are taken into account in the remuneration processes	The Management has always been in the practice of reviewing remuneration/compensation package/structure of the prime employees in top positions who are associated with high degree of risk factors in current and future position. The Board of Directors oversees and governs effective framing and implementation of the remuneration policy. Human Resource Management under the guidance of the MD administers the compensation and benefit structure in line with the best suited practices and statutory requirements as applicable.
d)	Description of the ways in which the banks seeks to link performances during a performance measurement period with levels of remuneration	On the way to link performances during a performance measurement period with levels of remuneration, the management takes the feedback or appraisal from head of branch (in case of branch officials) or concerned Head of Division (for Head Office) in the form of Annual Performance Appraisal (APA) previously known as Annual Confidential Report (ACR). Although all employees receive the festival bonuses irrespective of performance and yearly incentive is determined and awarded on basis of the Annual Performance Appraisal (APA). In case of hiring exceptionally deserving candidate, the bank offers enhanced package program with seniority in rank.
e)	Description of the ways in which the banks seeks to adjust remuneration to take account of longer-term performance	The Bank follows various schemes in regards to deferred and vested variable remuneration as follows: - PF (Vesting or entitlement to employer's contribution) happens on completion of 03 (three) years of regular service and the Bank contributes equal amount of contribution as contributed by the employee) @ 10% of substantive pay. - Gratuity as vesting or entitlement to employer's contribution is provided on completion of 05 (five) years of regular service in the Bank) @ one substantive pay for each completed year of service. -Death cum Survival Superannuation Fund (provides superannuation and other benefits to the employees of the Bank on their death, disability, retirement/or being incapacitated at any time or for any other cause that may be deemed fit as per Board's approved policy. - Furniture & Fixture (the executives of the Bank are entitled to a rank-wise specific amount to meet the cost of furnishing or decoration of residence with furniture and fixture. The amount is amortized in 05 years of continuous service of the respective employee. - Staff House Building Investment (a permanent employee in the rank of Senior Executive Officer or above, after completion of 5 (five) years of service, can avail of a House Building Investment at Bank Rate as per policy and approval from the appropriate Authority).
f)	Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these forms	Variable pay refers to the compensation as fixed by the Board on recommendation of the Management, which is based on the performance appraisal of an employee in that role, that is, how well they accomplish their goals. It may be paid as: -Performance Linked Incentives to those employees who are eligible for incentives.

<table>
<tr><td></td><td></td><td>-Ex-gratia for other employees who are not eligible for Performance-linked Incentives.
-Different awards based on extra-ordinary performance & achievement.
-Employee/Manager of the Month/ Quarter award Reimbursement/award for brilliant academic/professional achievement.
-Leave Fare Compensation (LFC).</td></tr>
<tr><td colspan="3">b) Quantitative Disclosure</td></tr>
<tr><td>g)</td><td>Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member</td><td>Number of meetings held by the main body overseeing remuneration during the financial year: Nil

Remuneration paid to member: Nil</td></tr>
<tr><td>h)</td><td>Number of employees having received a variable remuneration award during the financial year</td><td>Number of employees having received a variable remuneration award during the financial year: 2,143

Number and total amount of guaranteed bonuses award during the financial year: 03, BDT 22.10 crore

Number and amount of sign-on awards made during the year: 00</td></tr>
<tr><td>i)</td><td>Total amount of outstanding deferred remuneration, split into cash, shares, and share-linked instruments and other forms</td><td>Total amount of outstanding deferred remuneration, split into cash, shares, and share- linked instruments and other forms: BDT 545.42 crore.

Total amount of deferred remuneration paid out in the financial year: BDT 21.31 crore.</td></tr>
<tr><td>j)</td><td>Breakdown of amount of remuneration awards for the financial year to show:</td><td>Breakdown of amount of remuneration awards for the financial year to show:

-Fixed and variable remuneration:
<table>
<tr><th>Particulars</th><th>BDT in Crore</th></tr>
<tr><td>Basic Salary</td><td>113.39</td></tr>
<tr><td>Allowances</td><td>115.11</td></tr>
<tr><td>Bonus</td><td>22.10</td></tr>
<tr><td>Bank’s contribution to provident fund</td><td>11.35</td></tr>
<tr><td>Casual Wages</td><td>10.24</td></tr>
<tr><td>Total</td><td>272.19</td></tr>
</table>

- Deferred remuneration: BDT 545.42 crore.
and non-deferred remuneration: 272.19 crore.

- Different forms used (cash, shares and share-linked instruments, other forms): All the remunerations are provided in the form of cash.</td></tr>
</table>

k)	Quantitative information about employees' exposure to implicit (e.g. fluctuation in the value of shares or performance units) and explicit adjustments (e.g. claw back or similar reversals or downward revaluations of awards)of deferred remuneration and retained remuneration:	Quantitative information about employees' exposure to implicit (e.g. fluctuation in the value of shares or performance units) and explicit adjustments (e.g. claw back or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration: -Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments: Nil -Total amount of reductions during the financial year due to ex post explicit adjustments: Nil -Total amount of reductions during the financial year due to ex post Implicit adjustments: Nil