Standard Bank PLC.
Head office
Risk Management Division

Disclosures on Risk Based Capital (Basel-III) based on 31.12.2023

(a) Scope of Application

Qualitative Disclosure	(a)	The Revised Risk Based Capital Adequacy (RBCA) framework which is called Basel-III guideline issued by Bangladesh Bank in December-2014 duly applies to Standard Bank PLC.
	(b)	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)	No incidence occurred which lead to imposition of any regulatory restriction or impediment for transferring fund within the Standard Bank group.
Quantitative Disclosure	(d)	No Capital deficiency in solo or consolidated assessment.

(b) Capital Structure

Qualitative Disclosure	(a)	The regulatory capital of the bank has been classified broadly into two tiers, which are consisted of the 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 CET1 capital: 1) Shortfall in provisions against NPIs and Investments 2) Goodwill and all other Intangible Assets 3) Deferred Tax Assets (DTA) 4) Defined benefit pension fund assets 5) Gain on sale related to securitization transactions 6) Investment in own CET-1 instruments/shares 7) Reciprocal crossholdings in the CET-1 Capital of Banking, Financial and Insurance Entities 8) Any investment exceeding the approved limit under section 26 ka(1) of Bank Company Act-1991 (50% of investment) 9) Investment in Subsidiaries which are not consolidated (50% of investment) 10) Other if any **b) Additional Tier 1 Capital (AT-1)** Additional Tier 1 (AT1) capital consists of the following items: 1) Non-cumulative irredeemable preference shares 2) Instruments issued by the banks that meet the qualifying

		criteria for AT1 as specified in the guideline. 3) Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties (for consolidated reporting only) 4) Others **Less:**Regulatory adjustments applicable on AT1 Capital: 1) Investment in own AT-1 instruments/shares 2) Reciprocal crossholdings in the AT-1 Capital of Banking, Financial and Insurance Entities 3) 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: 1) 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) 2) All other preference shares 3) Subordinated debt / Instruments issued by the banks that meet the qualifying criteria for Tier-2 capital as specified in the guideline. 4) Minority Interest i.e. Tier-2 issued by consolidated subsidiaries to third parties as specified in the guideline. 5) Revaluation Reserves as on December 31, 2014 (50% of Fixed Assets and Securities and 10% of Equities) 6) Others **Less:** Regulatory adjustments applicable on Tier-2 capital: 1) Revaluation Reserves for Fixed Assets, Securities and Equity Securities (followed phase-in deductions as per Basel-III). 2) Investment in own T-2 instruments/shares 3) Reciprocal crossholdings in the T-2 Capital of Banking, Financial and Insurance Entities. 4) Any investment exceeding the approved limit under section 26 ka(1) of Bank company Act-1991 (50% of investment). 5) Investment in Subsidiaries which are not consolidated (50% of investment) 6) 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: 1) Common Equity Tier-1 of at least 4.5% of the total RWA. 2) Tier-1 capital will be at least 6.0% of the total RWA. 3) Minimum CRAR of 10% of the total RWA. 4) Additional Tier 1 capital can be admitted maximum up to 1.5% of the total RWA or 33.33% of CET1, whichever is higher. 5) Tier-2 capital can be admitted maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher. 6) 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		The quantitative disclosure of Capital Structure are as follows:

	Tier 1 Capital (going-concern capital)			
	Common Equity Tier 1 Capital (CET1)		**SOLO**	**Consolidated**
1.01	Fully Paid-up Capital		1,088.63	1,088.63
1.02	Non-repayable Share premium account		-	-
1.03	Statutory Reserve		696.90	696.90
1.04	General Reserve		-	-
1.05	Retained Earnings		56.59	57.26
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 1.09)**		**1,842.12**	**1,842.81**
	Less: Regulatory adjustments applicable on CET1			
1.10	Shortfall in provisions required against Non Performing Loans (NPLs)		20.02	20.02
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		3.19	3.19
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		-	1.21
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)**		**23.21**	**24.42**
1.23	**Total Common Equity Tier-1 (1.01 - 1.09)**		**1,818.91**	**1,818.39**
	Additional Tier 1 Capital			
2.24	Non-cumulative irredeemable preference shares		-	-
2.25	Instruments issued by the bank that meets the qualifying criteria for AT1		450.00	450.00
2.26	Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties (for consolidated reporting only)		-	-
2.27	Others		-	-
2.28	**Sub-Total (2.24 to 2.27)**		**450.00**	**450.00**
	Less: Regulatory adjustments applicable on AT1 Capital			
2.29	Investment in own AT-1 instruments/shares		-	-
2.30	Reciprocal crossholdings in the AT-1 Capital of Banking, Financial and Insurance Entities		-	-
2.31	Other if any		-	-
2.32	**Sub-Total (2.29 to 2.31)**		**-**	**-**
2.33	**Total Additional Tier 1 Capital Available (2.5 – 2.8)**		**450.00**	**450.00**
2.34	**Maximum Limit of Additional Tier-1 Capital [considering para 3.2(iv) including foot note no.9 of RBCA Guidelines]**		**438.79**	**435.58**
2.35	**Excess Amount over Maximum Limit of AT-1**		**11.21**	**14.42**
2.36	**Total Admissible Additional Tier-1 Capital**		**438.79**	**435.58**
2.37	**Total Eligible Tier-1 Capital (1.23 + 2.36)**		**2,257.70**	**2,253.97**

Tier 2 Capital (gone-concern capital)				
3.38	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 standardize approach)		52.72	52.72
3.39	All other preference shares		-	-
3.40	Subordinated debt / Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital as specified in the guideline.		506.00	506.00
3.41	Minority Interest i.e. Tier-2 issued by consolidated subsidiaries to third parties as specified in the guideline.		-	-
3.42	Revaluation Reserves as on 31 December, 2014 (50% of Fixed Assets and Securities and 10% of Equities)		1.31	1.31
3.43	Other if any (if any item approved by BB)		-	-
3.44	**Sub-Total (3.38 to 3.43)**		**560.03**	**560.03**
	Less: Regulatory adjustments applicable on Tier-2 capital			
3.45	Revaluation Reserves for Fixed Assets, Securities and Equity Securities (follow phase-in deductions as per Basel-III).		1.31	1.31
3.46	Investment in own T-2 instruments/shares		-	-
3.47	Reciprocal crossholdings in the T-2 Capital of Banking, Financial and Insurance Entities.		-	-
3.48	Any investment exceeding the approved limit under section 26 ka(1) of Bank company Act-1991 (50% of investment).		-	-
3.49	Investment in Subsidiaries which are not consolidated (50% of investment)		-	-
3.50	Other if any		-	-
3.51	**Sub-Total (3.45 to 3.50)**		**1.31**	**1.31**
3.52	**Total Eligible Tier-2 Capital (3.44 – 3.51)**		**558.72**	**558.72**
	Total Eligible Capital (Tier-1+Tier-2)(2.37+3.52)		**2,816.43**	**2,812.69**

Note: There is a Total Provision Shortfall of Tk.223.44 crore including General Provision Shortfall of Tk.151.38 crore, Specific Provision Shortfall of Tk.20.02 crore and Other Items Provision Shortfall of Tk.52.04 crore in the Bank, which will be maintained within 2024 as per Bangladesh Bank letter no.DBI-6/51(4)/2024-310 dated 24.04.2024 & DOS(CAMS)1157/41(Dividend)/2024-1782 dated 29.04.2024.

(c) Capital Adequacy

Qualitative Disclosure	(a)	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. Bank has 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, and external capital sources.	**Solo**	**Consolidated**
Quantitative Disclosure	(b)	Capital Requirement for Credit Risk	1,913.63	1,912.21
	(c)	Capital Requirement for Market Risk	29.86	65.46
	(d)	Capital Requirement for Operational Risk	66.49	68.85
	(e)	Total Capital, CET-1 Capital, Total Tier-1 Capital and Tier-2 Capital Ratio: • For the consolidated group: ➢ Total CRAR 13.74%		

		➢ CET-1 Capital Ratio 8.89% ➢ Total Tier-1 Capital Ratio 11.01% ➢ Tier-2 Capital Ratio 2.73% • For stand alone: ➢ Total CRAR 14.01% ➢ CET-1 Capital Ratio 9.05% ➢ Total Tier-1 Capital Ratio 11.23% ➢ Tier-2 Capital Ratio 2.78%
	(f)	Capital Conservation Buffer- Minimum Requirement: 2.50% of Total RWA. • For the consolidated group: 3.74% of Total RWA • For stand alone: 4.01% of Total RWA
	(g)	Available Capital under Pillar-2 requirement - BDT 2,637.41 Crore as on 31.12.2022. The said amount as on 31.12.2023 will be arrived at within 31.05.2024.

(d) Investment (Credit) Risk

Qualitative Disclosure	(a)	**Investment (Credit) Risk & 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 generates the largest regulatory capital requirement. Standard Bank PLC. has standards, policies and procedures dedicated to controlling and monitoring risk 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 both partner and challenge business originators effectively in defining and implementing risk appetite, and its re-evaluation under actual and scenario 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 for use 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 to 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 the controlling and monitoring of investment (credit) risks from these activities. A thorough risk assessment is done before sanction of any investment (credit) facility at risk management units. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the investment (credit) facility etc. Bank has also established separate Investment (Credit) Risk Management Services 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 grading system for analyzing the risk associated with investment (credit). The parameters, while risk grading 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) 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.

Investment Classification Criterion: 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 loan 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 month 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 uncollected, 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: A Continuous Investment, Demand Investment, Fixed Term Investment or any installment(s)/part of installment(s) of a Fixed Term Investment which will remain past due/overdue for a period of 09 (nine) months or beyond but less than 12 (twelve) months, the entire investment will be put into the "Doubtful (DF)".

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

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

A summary of some objective criteria for loan 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)	3 months or more but less than 9 months	9 months or more but less than 12 months	12 months or more
Fixed Term 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
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. 15, September 23, 2012		

Description of approaches followed for specific and general allowances and statistical methods;
As per relevant Bangladesh bank guidelines, 0.25% to 5% 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, if any, as per Bangladesh Bank guidelines. All profit is suspended/ discontinued if the investment is identified as sub-standard, doubtful or 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 dated 31 January 2021, BRPD Circular Letter No.05 dated 24 March 2021, BRPD Circular Letter No.13 dated

26 June 2021, BRPD Circular Letter No.19 dated 26 August 2021, BRPD Circular Letter No.45 dated 04 October 2021, BRPD Circular Letter No.50 dated 14 December 2021, BRPD Circular Letter No. 52 dated 29 December 2021, BRPD (P-1)/661/13/2021-12262 dated 29 December 2021, BRPD Circular Letter No.53 dated 30 December 2021, BRPD circular No.56 (10 December 2020), BRPD circular No.52 (20 October 2020), BRPD circular No.17 (28 September 2020), BRPD Circular No.16 (21 July 2020), BRPD circular No.13 (15 June 2020), BRPD circular No.04 (19 March 2020), BRPD circular No.07 (19 March 2020), BRPD circular No.24 (17 November 2019), BRPD circular No. 06 (19 May 2019), BRPD circular No.04 (16 May 2019), BRPD circular No.03 (21 April 2019), BRPD circular No.01 (20 February 2018), BRPD circular No.15 (27 September 2017), BRPD circular No.16 (18 November 2014), BRPD circular No.14 (23 September 2012), BRPD circular No.19 (27 December 2012) and BRPD circular No.05 (29 May 2013) a general provision at 0.25% to 2% under different categories of unclassified investments (good/standard investments) as well as a special general provision for COVID-19 had to be maintained regardless of objective evidence of impairment. Also specific provision for sub-standard investments, doubtful investments and bad & losses had to be provided at 5%, 20%, 50% and 100% respectively for investments depending on time past due. Again as per BRPD circular no.10 dated 18 September 2007 and BRPD circular no.14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IFRS 9. The guidance in the circulars follows a formulaic approach whereby specified rates are applied to the various categories of investments as defined in the circulars. The provisioning rates are as follows:

Specific provision on Investments	
Specific provision on substandard investments and advances/investments other than agricultural investments	20.00%
Specific provision on doubtful investments and advances/investment other than agricultural investments	50.00%
Specific provision on substandard and doubtful agricultural investments	5.00%
Specific provision on bad/loss and advances/investments	100.00%

BRPD circular no.14 (23 September 2012) as amended by BRPD circular no.19 (27 December 2012) also provides scope for further provisioning based on qualitative judgments. In these circumstances, impairment losses are calculated on individual investments considered individually significant based on which specific provisions are raised. If the specific provisions assessed under the qualitative methodology are higher than the specific provisions assessed under the formulaic approach above, the higher of the two is recognized in liabilities under "Provisions for Investments" with any movement in the provision charged/released in the profit and loss account.

Quantitative Disclosure	(b)	**Total gross credit risk exposures broken down by major types of investment (credit) exposures:**	**BDT in Crore**
		Bai - Murabaha	1,714.41
		Bai - Muajjal	7,435.69
		Bai - Salam	69.79
		HPSM	8,608.65
		Quard- e-Hasan with Service Charge	490.13

		Islamic Credit Card	77.88
		Inland bills purchased	131.64
		Foreign bills purchased and discounted	442.24
		Total	**18,970.41**
	(c)	**Geographical distribution of exposures, broken down in significant areas by major types of investment (credit) exposures:**	**BDT in Crore**
		Urban:	
		Dhaka Division	13,033.11
		Chittagong Division	3,111.06
		Khulna Division	1,196.99
		Barishal Division	47.92
		Rajshahi Division	674.07
		Rangpur Division	385.77
		Sylhet Division	83.48
		Mymensing Division	12.69
		Total	**18,545.10**
		Rural:	224.03
		Dhaka Division	80.66
		Chittagong Division	-
		Khulna Division	-
		Barishal Division	51.04
		Rajshahi Division	30.65
		Rangpur Division	10.73
		Sylhet Division	28.20
		Mymensing Division	**425.31**
		Total	
		Grand Total (urban + rural)	**18,970.41**
	(d)	**Industry or counterparty types distribution of exposures broken down by major types of credit (investment) exposures:**	**BDT in Crore**
		Commercial lending	1,077.00
		Export financing	457.47
		House building investment	812.00
		Consumers Credit Scheme	746.70
		Small and medium enterprises	3,698.80
		Special program investment	49.92
		Other Investments and advances/Investments	1,929.90
		Total	**8,771.79**
		Industrial investments:	
		Agricultural Industries	392.55
		Textile Industries	387.00
		Food and allied Industries	473.41
		Pharmaceuticals Industries	20.00
		Leather, Chemical and Cosmetics etc	64.37
		Cement and Ceramic Industries	18.80
		Service Industries	1,122.79
		Transport and Communication Industries	257.00
		Other Industries	7,462.70
		Total	**10,198.62**
		Grand Total	**18,970.41**
	(e)	**Residual contractual maturity breakdown of the whole portfolio broken down by all types of**	**BDT in Crore**

		investment (credit) exposure including bills purchased & discounted:	
		Payable On demand	--------
		Up to one month	1,782.40
		Over one month but not more than three months	2,340.38
		Over three months but less than one year	6,338.48
		Over one year but less than five years	5,911.72
		Above five years	2,597.43
	(f)	**By major industry or counterparty type :**	**BDT in Crore**
		Amount of impaired investments and if available, past due investments, provided separately	
		Corporate	5,415.92
		SME	3,698.80
		Consumer Financing	328.86
		Others (Agri, SOD Individual)	7,990.81
		Specific and general provisions; and	562.46
		Charges for specific allowances and charge-offs during the period	
	(g)	**Gross Non Performing Assets (NPAs)**	**BDT in Crore**
		Non Performing Assets (NPAs) to Outstanding Investments & Advances	1,379.71 7.27%
		Movement of Non Performing Assets (NPAs)	
		Opening balance	1,384.01
		Additions	1,486.54
		Reductions	1,490.84
		Closing balance	1,379.71
		Movement of specific provisions for NPAs	
		Opening balance	491.21
		Provisions made during the period	45.58
		Write-off	0.00
		Write-back of excess provisions	0.00
		Closing balance	536.80

(e) Equities: Disclosures for Banking Book Positions

Qualitative Disclosure	(a)	The general qualitative disclosure requirement with respect to the equity risk, including: The Bank does not hold any value which is described as “Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons” in RBCA Guidelines of Bangladesh bank. Therefore the Bank does not need to narrate any “Discussion of important policies” covering the valuation and accounting of equity holding 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”. Apart from above, the Bank is using the **value at cost** method for Quoted shares & Unquoted shares.
Quantitative Disclosure	(b)	Value disclosed in the balance sheet of portfolio investments, as well as the fair value of those portfolio investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.

		Cost Price **Market Price** Quoted shares BDT 15.12 crore BDT 16.12 crore Unquoted shares BDT 270.82 crore BDT 270.82 crore
	(c)	The cumulative realized gain (losses) arising from sales and liquidations in the reporting period. Realized gain (losses) from equity investments
	(d)	Total unrealized gains (losses) – 0.00 Total latent revaluation gains (losses) - 0.00 Any amounts of the above included in Tier 2 Capital 0.00
	(e)	There are no 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.

(f) Profit Rate Risk in the Banking Book (PRRBB)

Qualitative Disclosure	(a)	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. 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 interest income and the level of other interest sensitive income and operating expenses.
Quantitative Disclosure	(b)	

Profit Rate Risk -Increase in Profit Rate:	**Minor**	**Moderate**	**Major**
Magnitude of Shock	***1.00%***	***2.00%***	***3.00%***
Net Interest Income impact			
<12 Months	-9.91	-19.82	-29.72
Capital after shock	2,806.52	2,796.61	2,786.70
CRAR aftershock (%)	13.96	13.91	13.86
Change in CAR after shock (%)	-0.05	-0.10	-0.15
Re-pricing Impact			
Change in the value of the bond portfolio	-4.18	-8.36	-12.51
Capital after shock	2,802.34	2,788.26	2,774.17
CRAR aftershock (%)	13.94	13.87	13.80
Change in CAR after shock (%)	-0.02	-0.04	-0.06
Overall change in CAR (NII & re-pricing impact, %)	-0.07	-0.14	-0.21

(g) Market Risk

Qualitative Disclosure	(a)	**Views of BOD on trading/investment activities:** Market risk is potential for loss resulting from adverse movement in market risk factors such as interest 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. **Method 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. **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. **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 requirement for:**	**Solo**	**Consolidated**
		Profit rate risk	0.00 crore	0.00 crore
		Equity position risk	3.22 crore	38.82 crore
		Foreign exchange risk	26.64 crore	26.64 crore
		Commodity risk	0.00 crore	0.00 crore

(h) Operational Risk

Qualitative Disclosure	(a)	**Views 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. **Performance gap of executives and staffs:** SBL has a policy to provide competitive package and best working environment to attract and retain the most talented people available in the industry. SBL's strong brand image plays an important role in employee motivation. As a result, there is no significant performance

		gap. **Potential external events:** No potential external events are expected to expose the Bank to significant operational risk. **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. **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 Requirement for Operational Risk (Solo)**	BDT 66.49 crore
		The Capital Requirement for Operational Risk (Consolidated)	BDT 68.85 crore

(i) Liquidity Risk

Qualitative Disclosure	a)	**Views of the 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, 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. 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.

Methods used to measure Liquidity risk

1) 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.

2) 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).

3) 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.

4) 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 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.

5) 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. **Policies and processes for mitigating liquidity 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.	
Quantitative Disclosures	b)	Liquidity coverage ratio (LCR)	110.93%
		Net stable Funding Ratio (NSFR)	114.09%
		Stock of High Quality Liquid Assets	BDT 2,864.00 crore
		Total net cash outflows over the next 30 calendar days	BDT 2,475.98 crore
		Available amount of stable funding	BDT 19,159.78 crore
		Required amount of stable funding	BDT 16,793.74 crore

(j) Leverage Ratio:

Qualitative disclosures	a)	**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. **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. **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

<table>
<tr><td></td><td></td><td>(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% is being prescribed both at solo and consolidated level.

The banks 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.</td></tr>
<tr><td>Quantitative disclosures</td><td></td><td>
<table>
<tr><th></th><th>Solo</th><th>Consolidated</th></tr>
<tr><td>Leverage ratio</td><td>8.09%</td><td>7.99%</td></tr>
<tr><td>On balance sheet exposure</td><td>BDT 24,637.25 crore</td><td>BDT 24,924.03 crore</td></tr>
<tr><td>Off balance sheet exposure</td><td>BDT 3,304.39 crore</td><td>BDT 3,304.39 crore</td></tr>
<tr><td>Regulatory adjustments</td><td>BDT 23.21 crore</td><td>BDT 24.42 crore</td></tr>
<tr><td>Total exposure</td><td>BDT 27,918.44 crore</td><td>BDT 28,204.00 crore</td></tr>
</table>
</td></tr>
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(k) Remuneration

The following are the main disclosures on remuneration that bank includes in their pillar-3 documents. The bank is not only discloses 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.

<table>
<tr><td colspan="3">Qualitative Disclosures</td></tr>
<tr><td>(a)</td><td>Information relating to the bodies that oversee remuneration</td><td>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 SBL 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.</td></tr>
<tr><td>(b)</td><td>Information relating to the remuneration of the processes</td><td>All applicable substantive pay 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</td></tr>
</table>

		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	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
(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. ✓ 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)

Quantitative Disclosures		
(g)	Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member	Number of meetings held by the main body overseeing remuneration during the financial year: Nil Remuneration paid to member: Nil
(h)	Number of employees having received a variable remuneration award during the financial year	Number of employees having received a variable remuneration award during the financial year: 2,178 Number and total amount of guaranteed bonuses award during the financial year: 02, BDT 31.10 crore Number and amount of sign-on awards made during the year: 00
(i)	Total amount of outstanding deferred remuneration, split into cash, shares, and share-linked instruments and other forms	Total amount of outstanding deferred remuneration, split into cash, shares, and share-linked instruments and other forms: BDT 484.16 crore Total amount of deferred remuneration paid out in the financial year: BDT 30.96 crore
(j)	Breakdown of amount of remuneration awards for the financial year to show:	Breakdown of amount of remuneration awards for the financial year to show: - fixed remuneration : BDT 316.99 crore - variable remuneration: BDT 10.39 crore - deferred remuneration: BDT 484.16 crore and non-deferred remuneration: BDT 316.99 crore - different forms used (cash, shares and share-linked instruments, other forms): All the remunerations are provided in the form of cash.
(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