Disclosure on Risk Based Capital (Basel III)

Introduction:

Basel III guidelines attempt to plug the gaps identified in Basel II. However, the world economy and financial markets are dynamic and evolving ecosystems with many forces in play. Consequently, financial regulations will keep on evolving. The intensity of regulatory interventions is expected to increase in the future and the importance of risk management is expected to further move up in the priority of board members and top management.

It is therefore imperative that a Basel III implementation is planned and designed with a high degree of scalability to support future changes in regulation. A Basel III implementation should be taken as an opportunity to remove a silo based approach to risk management and move towards a reliable and scalable enterprise wide risk management system.

Disclosure Policy:

The following detail qualitative and quantitative disclosures are provided in accordance with Bangladesh Bank rules and regulations on risk based capital adequacy under Basel-III issued through Revised RBCA (Revised Regulatory Capital framework for banks in line with Basel-III) Guidelines dated December 21, 2014. The purpose of these requirements is to complement the capital adequacy requirements and the Pillar-II: Supervisory Review Process. These disclosures are intended for market participants to assess key information about the bank's exposure to various risks and to provide a consistent and understandable disclosure framework for easy comparison among banks operating in the market. The Bank follows following approaches for calculating Risk Weighted Asset (RWA) as per Basel-III guidelines stated in BRPD Circular No.18 dated December 21, 2014 of Bangladesh Bank:

- Standardized approach for credit risk
- Standardized approach for Market risk
- Basic indicator approach for operational risk

Disclosure framework:

1. Scope of application
2. Capital structure
3. Capital adequacy
4. Credit Risk
5. Equities: disclosures for banking book positions
6. Interest rate risk in the banking book (IRRBB)
7. Market Risk
8. Operational Risk
9. Leverage Ratio
10. Liquidity Ratio
11. Remuneration

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1. Scope of application:

The Bank obtained the permission of subsidiary company as NRB Commercial Securities Limited (NRBCSL) from Bangladesh Bank in 2015. According to BRPD Circular-12, 24, 35 (dated March 29, 2010, August 03, 2010 & December 29, 2010 respectively) and BRPD circular letter no-08, dated July 23, 2012, investments in subsidiaries have been consolidated for the purpose of assessing capital adequacy. At present the Bank has one subsidiary NRB Commercial Securities Limited (NRBCSL).

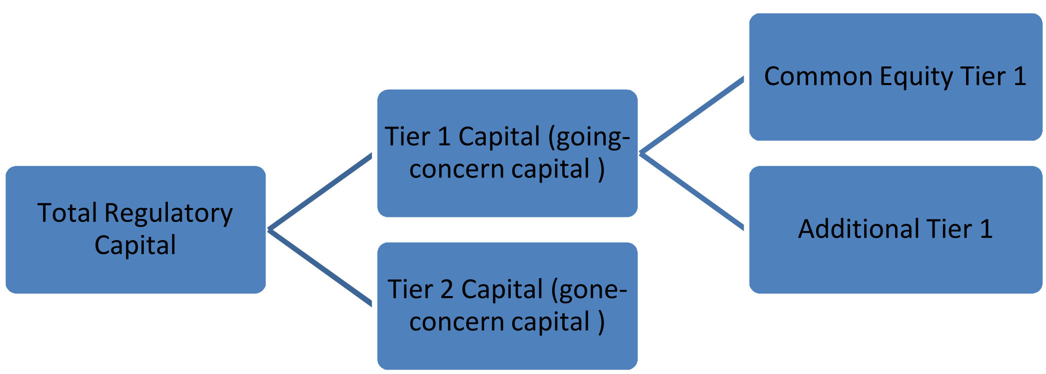
Solo Basis' refers to all position of the NRB Commercial Bank and its local and overseas branches/offices.

'Consolidated Basis' refers to all position of the NRB Commercial bank (including its local and overseas branches) and its subsidiary company **NRBCSL** engaged in financial activities.

2. a) Capital Structure:

Qualitative Disclosures:

NRBC Bank's total regulatory Capital will consists of sum of the following categories.



Major Components of Capital

Going- Concern Capital/Common Equity Tier 1 (CET1) capital shall consist of sum of paid up Capital, Statutory reserve, general reserve, retained earnings and Minority interest in subsidiaries after netting regulatory adjustments applicable on CET1 as mentioned in RBCA guideline.

Additional Tier 1 (AT1) capital shall consist of Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties (for consolidated reporting only).The Bank does not hold any Additional Tier 1 (AT1) capital.

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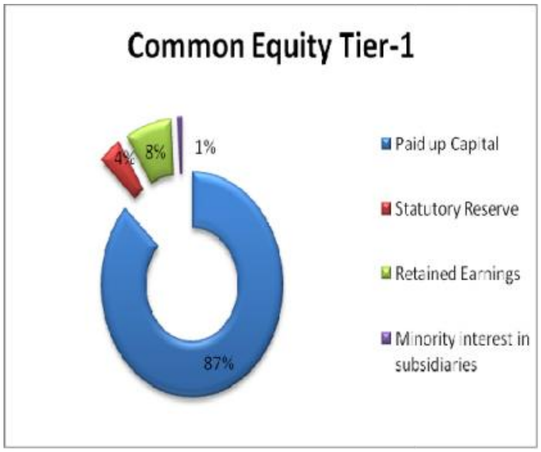
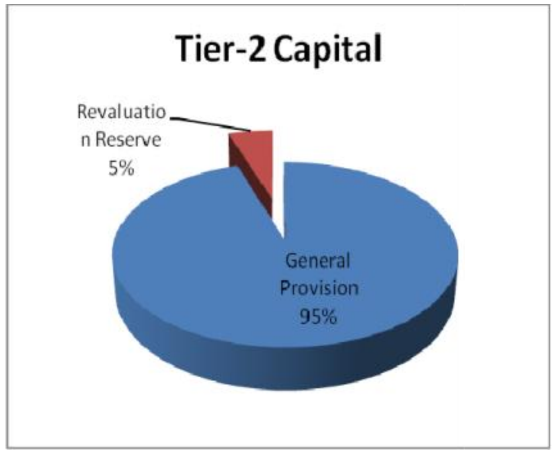
Gone-Concern Capital/ Tier 2 (CET1) capital shall consist of sum of General Provisions, Subordinated debt / Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital.





Quantitative Disclosures:

Particulars	Solo	Consolidate
Common Equity Tier-1		**Fig in Crore Tk.**
Paid up Capital	444.61	444.61
Statutory Reserve	20.32	20.32
Retained Earning	42.01	41.93
Minority interest in Subsidiaries	N/A	3.99
Tier-1 Capital	506.94	510.85
Regulatory Adjustments		
Deferred Tax Assets (DTA)	0.18	0.18
Tier-1 Capital after adjustment	506.76	510.67
Tier-2 Capital		
General Provisions	32.41	32.41
Revaluation Reserve	1.75	1.75
Regulatory Adjustments		
Revaluation Reserve 20% washout in 2015	0.35	0.35
Tier-2 Capital after adjustment	33.81	33.81
Total Regulatory Capital	**540.57**	**544.48**

b) Conditions of Capital maintenance: The Bank complied with all the required conditions for maintaining regulatory capital as stipulated in the revised RBCA guidelines by Bangladesh Bank as per following details:

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Complied
T-1 to RWA=17.46%

- 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

Complied
CRAR= 18.63%

- 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

Complied
CRAR= 18.63%

- 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

3. Capital Adequacy:

Qualitative Disclosures:

NRB Commercial Bank Limited with its focused strategy on risk management has always been consistent in maintaining capital adequacy ratio above the regulatory requirements. The Bank has been successfully managing the incremental growth of the Risk Weighted Assets by ensuring diversification of the portfolio in SME, Retail and Corporate segments. However, RWA is also managed by taking collaterals against loans. NRBCL also strives to extend its relationship with corporate clients having good credit ratings.

The Bank has maintained regular reporting with Bangladesh Bank regarding the Capital adequacy. The Bank also ensures the capital levels that are sufficient to cover all material risk of the Bank. The entire objective of the Bank's capital planning is to ensure that the Bank is adequately capitalized at all level throughout the year.

Quantitative Disclosures:

Particulars	Solo	Consolidate
Capital requirement for Credit Risk (10% of RWA)	265.99	263.44
Capital requirement for Market Risk	7.49	7.49
Capital requirement for Operational Risk	16.72	16.74
Total Capital Requirement	290.21	287.68
Capital to Risk Weighted Asset Ratio		
On core Capital (Against a standard of minimum 5%)	17.46%	17.75%
On actual Capital (Against a standard of minimum 10%)	18.63%	18.93%

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The Bank maintains a capital of Taka 544.48 crore as against total risk weighted assets of taka 2876.80 crore. The Bank's Capital to Risk weighted Asset Ratio (CRAR) as at 31 December 2015 is 18.93% (Consolidate) as against the minimum requirement of 10%. Tier-I capital was 17.75% (Consolidate) against minimum requirement of 5%. As a result the Bank has a buffer Capital of Taka 144.48 crore to mitigate the additional uncertain risk under Pillar-II of Basel-III.

4. Credit Risk: Credit risk is defined as the probability of failure of counterparty to meet its obligation as per agreed terms. Banks are very much prone to credit risk due to its core activities i.e. lending to corporate, commercial, SME, retail, another bank/FI or to another country. The main objective of credit risk management is to minimize the negative impact through adopting proper mitigates and also limiting credit risk exposures within acceptable limit.

Credit approval: Board of Directors of NRBCB has the sole authority to approve any credit exposure subject to maintaining Single Borrower Exposure limit and to delegate such authority to the Managing Director & CEO with or without authority for further sub delegation.

Credit policies and procedures: The Credit Policy Manual contains the core principles for identifying, measuring, approving, and managing credit risk in the bank. These policies are established by the Board of Directors, and are designed to meet the organizational requirements that exist today, and to provide flexibility for future. These policies represent the minimum standards for credit extension by the bank, and are not a substitute for experience and good judgment.

Credit risk grading and measurement: Risk measurement along with judgment and experience play a central role in informed risk taking decisions, and portfolio management. For the purpose of risk measurement we use a numerical grading system 'Credit Risk Grading' (CRG) associated with a borrower. This CRG is not a lending decision making tool but used as a general indicator to compare one set of customers with another set, and its weighted average value indicate movement of portfolio risk.

Credit risk mitigation: Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting agreements, credit insurance, and other guarantees. The reliance that can be placed on these mitigants is carefully assessed in light of issues such as legal certainty and enforceability, market valuation, and counterparty risk of the guarantor. Collateral types which are eligible for risk mitigation include: cash; residential, commercial and industrial property; fixed assets such as motor vehicles, plant and machinery; marketable securities; commodities; bank guarantees; and letters of credit. Collateral is valued by independent third party surveyor in accordance with our credit policy and procedures.

Credit monitoring: NRBC Bank's Credit Administration Department (CAD) monitors the asset portfolio of the Bank. Bank's credit monitoring system provides an early indication/alert about the deterioration of loans that allows effective management of loans in a rational manner to prevent them from turning into Non-Performing Loans (NPL).

Impaired Credit: To define past due and impairment through classification and provisioning, the bank follows Bangladesh Bank Circulars and Guidelines. The summary of some objective criteria for loan classification and provisioning requirement as stipulated by the central bank BRPD circular no. 14 dated 23 September 2012 and BRPD circular no.16 dated 18 November 2014 are as below:

	Loan Classification					
	Sub Standard		Doubtful		Bad & Loss	
	Overdue Period	Provision %	Overdue Period	Provision %	Overdue Period	Provision %
Continuous Loan	3 months or more but less than 6 months	20%	6 months or more but less than 9 months	50%	9 months or more	100%
Demand Loan	3 months or more but less than 6 months	20%	6 months or more but less than 9 months	50%	9 months or more	100%
Fixed Term	3 months or more but less than 6 months	20%	6 months or more but less than 9 months	50%	9 months or more	100%
Short Term Agricultural & Micro Credit	12 months or more but less than 36 months	5%	36 months or more but less than 60 months	5%	60 months or more	100%

Quantitative Disclosures of NRBC Bank's Credit Risk:

Geographical distribution of exposures, broken down in significant areas by major types of credit exposure:

Urban Area	**Fig in crore Tk.**
Dhaka	1,568.70
Chittagong	319.18
Rajshahi	85.87
Sylhet	32.74
Barisal	18.14
Rangpur	3.50
Khulna	0.43
Rural Area	
Dhaka	248.35
Chittagong	45.82
Total	**2,322.74**

Industry or counterparty type distribution of exposures, broken down by major types of credit exposures:

SL	Industries	Fig in crore Tk.

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1	Agri cultural Industry	52.59
2	Textile	157.18
3	RMG	185.17
4	NBFI	108.05
5	Food	7.34
6	Beverage	9.78
7	Pharmaceutical	19.46
8	Chemical	1.75
9	Electrical	13.47
10	Construction	74.56
11	House Building Commercial	97.92
12	House Building Residential	67.10
13	Leather	4.85
14	Tobacco	45.07
15	Service Industry	52.30
16	Transport	84.52
17	Basic Metal	36.70
18	Capital Market	0.79
20	Furniture	0.15
21	Insurance	17.62
22	Consumer Finance	81.04
23	Printing	27.80
24	Ship Breaking	30.12
25	SME	212.46
27	Steel	57.22
28	Trade Industry	454.33
30	Other Manufacturing Industry	287.98
31	Others	135.41
Total		2322.74

Total gross credit risk exposures broken down by major types of credit exposure:

Particulars	Figures in Crore Tk.
Term Loan	378.96

Lease Finance	96.10
Hire Purchase	115.13
Time Loan	299.57
L.T.R	132.05
Packing Credit	9.39
Edf Loan	21.13
Personal Loan	5.96
Sme Credit	212.46
Retail Credit	26.16
House Building Loan	164.04
P.A.D.	4.20
Staff Loan	18.57
Loans And Advances-Offshore Banking Unit	0.00
Loans To Subsidiaries	0.00
Credit Card	7.64
Cash Credit	256.57
Secured Over Draft	542.58
Loans And Advances-not specified above	12.95
Bills Purchased And Discounted	19.28
Total	**2322.74**

Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure:

Remaining Maturity	**Fig in crore Tk.**
Payable on demand	169.53
Not more than 3 months	447.03
More than 3 months but not more than 1 year	877.29
More than 1 year but not more than 5 years	528.49
More than 5 years	300.40
Total	**2,322.74**

Gross Non-performing Asset:

Unclassified	**Fig in crore Tk.**
Standard Including Staff Loan	2300.97
Special Mention account	15.48

Sub-Total (a)	2316.45
Classified	
Substandard Loan	5.06
Doubtful	1.22
Bad/loss	0.00
Sub-Total (b)	6.28
Total (a+b):	2322.74

Rate of General and Specific provision:

General provision on: (For both Standard and Special mention account) Rate	
Unclassified general loans and advances	1%
Unclassified small and medium enterprise	0.25%
Loans to BHs/MBs/SDs against shares etc.	2%
Unclassified loans for housing finance and on loans for professionals	2%
Unclassified consumer financing other than housing financing and loans for professionals	5%
Short term agri credit and micro credit	2.5%
Off balance sheet exposures	1%
Specific provision on:	
Substandard loans and advances other than short term agri credit and micro credit	20%
Doubtful loans and advances other than short term agri credit and micro credit	50%
Bad/loss loans and advances	100%
Substandard short term agri credit and micro credit	5%
Doubtful short term agri credit and micro credit	5%

Movement of Nonperforming Asset (NPAs) and specific provisions of NRBC Bank:

Movement of Nonperforming Asset (NPAs)	**Fig in crore Tk.**
Opening balance	0.00
Addition	28.26
Reduction	21.98
Closing balance	6.28
Movement of specific provisions for NPAs	
Opening balance	0.00
Provisions made during the period	0.48
Write-off	0.00
Write-back of excess provisions	0.00
Closing balance	0.48

5. Equities: Disclosures for banking book positions:

Investment in equity securities are broadly categorized into two parts:

i) **Quoted Securities:** Quoted Securities are traded in the secondary market and categorized as trading Book Assets. These securities include Common shares, Preference shares and Mutual funds.

ii) **Unquoted Securities**: As there is no secondary market for unquoted securities, these instruments are categorized as banking book assets.

Quoted shares are reported in market price while the unquoted shares are reported in cost price or Net Asset Value (NAV) per share whichever is lower.

Quoted Share		Fig in crore Tk.
Cost Price	**Market Price**	**Unrealized Gain/Loss**
6.97	**20.07**	**13.10**
Un-Quoted Share		
10.00		

Capital Charge on Equities:

Particulars	Amount	Capital Charge
Specific Risk	7.04	0.70
General Market Risk	7.04	0.70
Total	**14.08**	**1.41**

6. Interest Rate Risk in the Banking Book (IRRBB):

It is the risk related to interest income arising from a mismatch between the duration of assets and liabilities that arises in the normal course of business activities. Changes in interest rates affect the underlying value of the bank's assets, liabilities, and off-balance-sheet (OBS) instruments because the present value of future cash flows (and in some cases, the cash flows themselves) change when interest rates change.

Methods of Addressing IRRB:

In NRBC Bank Limited, the Asset & Liability Management (ALM) unit under the supervision of Asset and Liability Committee (ALCO) is responsible for managing market risk arising from Bank's banking book activities.

Re-pricing Schedules:

It is the simplest techniques for measuring a bank's interest rate risk exposure and that is generating a maturity/re-pricing schedule that distributes interest-sensitive assets, liabilities, and OBS positions into a certain number of predefined time bands according to their maturity (if fixed-rate) or time remaining to their next re-pricing (if floating-rate). Those assets and liabilities lacking definitive re-pricing intervals (e.g. sight deposits or savings accounts) or actual maturities that could vary from contractual maturities are assigned to re-pricing time bands according to the judgment and past experience of the bank.

Gap Analysis:

It helps to assess the interest rate risk of current earnings. To evaluate earnings exposure, interest rate-sensitive liabilities in each time band are subtracted from the corresponding interest rate-sensitive assets to produce a re-pricing "gap" for that time band. This gap is then multiplied by an assumed change in interest rates to yield an approximation of the change in net interest income that would result from such an interest rate movement.

Duration:

A maturity/re-pricing schedule is also used to evaluate the effects of changing interest rates on a bank's economic value by applying sensitivity weights to each time band. Typically, such weights are based on estimates of the duration of assets and liabilities that fall into each time band.

Quantitative Disclosure:

Particulars	
Duration in Asset	**1.70**
Duration in Liabilities	**1.14**
Duration Gap (in Years)	**0.72**

Interest rate risk in banking book as of Dec 30, 2014 is calculated as change in Market Value (MV) of equity as below:

Interest rate change	**1%**	**2%**	**3%**
Change in market value of equity	-23.24	-46.69	-70.04

The above result implies that bank has more interest rate sensitive liabilities than interest rate sensitive assets and increase in interest rate may cause a decline in the economic value of bank's capital.

Stress Test: Interest rate risk in the Banking Book

	Fig in crore Tk.		
Total Risk Sensitive Asset	**2252.27**		
Total Risk Sensitive Liabilities	**1801.56**		
Cumulative Gap			
< 3 months	**607.19**		
3-6 months	**491.30**		
6-12 months	**450.70**		
CRAR before shock (Solo)	**18.63%**		
Assumed Change in Interest Rate (%)	**1%**	**2%**	**3%**
Capital after shock	**506.31**	**471.89**	**437.47**
CRAR after shock	**17.45%**	**16.26%**	**15.07%**

7. Market Risk:

Market risk is the risk of adverse revaluation or movement of any financial instrument as a consequence of changes in market prices or rates. Market risk exists in all trading, banking and investment portfolios but for the purpose of this report, it is considered as a risk specific to trading book of the Bank. The major types of market risk as specified in the Risk Based Capital Adequacy (RBCA) are as follows:

i) Interest rate risk **ii)** Equity position risk **iii)** Foreign exchange risk and **iv)** Commodity risk.

Among the above list the main type of market risk faced by the Bank are interest rate risk and foreign exchange risk. The management of Bangladesh Operations has given significant attention to market risk in trading book, to assess the potential impact on the Bank's business due to the unprecedented volatility in financial markets.

Views of BOD on trading/investment activities:

The Board approves all policies related to market risk, sets limits and reviews compliance on a regular basis. The objective is to obtain maximum returns without taking undue risks.

Methods used to measure Market Risk:

Bank applies maturity method in measuring interest rate risk in respect of securities in trading book. The capital charge for entire market risk exposure is computed under the standardized approach using the maturity method and in accordance with the guideline issued by Bangladesh Bank.

Market Risk Management System:

Interest rate risk:

To manage the interest rate risk, ALCO regularly monitors various ratios and parameters. Among the ratios, the key ratios that ALCO regularly monitors are Liquid asset to total assets, Volatile liability dependency ratio, and medium term funding ratio, Net stable funding ratio, liquidity ratio and Short term borrowing to Liquid assets ratio. ALCO also regularly monitors the interest rate sensitive gap and duration gap of total portfolio.

Foreign exchange risk:

To manage foreign exchange risk of the bank, the Bank has adopted the limit by central bank to monitor foreign exchange open positions. Foreign exchange risk is computed on the sum of net short positions or net long positions, whichever is higher of the foreign currency positions held by the Bank.

Qualitative Disclosure: Both Solo and Consolidated basis

The capital requirements for :	Fig in crore Tk.
i) Interest Rate Risk	**2.37**
ii) Equity Position Risk	**1.41**
iii) Foreign Exchange Risk	**3.71**
iv) Commodity Risk	**0.00**

8. Operational Risk:

Operational risk is the risk of direct or indirect loss due to an event or action resulting from the failure of internal processes, people and systems, or from external events. We seek to minimize exposure to operational risk, subject to cost benefit trade-offs.

Views of BOD on system to reduce operational risk:
Banks Internal Control & Compliance (ICCD) is the main tool in managing operational risk. Management through three units of ICCD i.e. monitoring, compliance and Audit & Inspection controls overall operation of the bank. Board audit committee directly oversees the functions of ICCD to prevent operational risk.

Performance gap of executives and staffs:
NRBC Bank is an equal opportunity employer. At NRBC Bank we recognize the importance of having the right people at right positions to achieve organizational goals. Our recruitment and selection is governed by the philosophies of fairness, transparency and diversity. Understanding what is working well and what requires further support is essential to our performance management system. The performance management process aims to clarify what is expected from employees as well as how it is to be achieved.

Policies and processes for mitigating operational risk:
As there is no upside of this risk, the objective of the management of operational risk is to minimize the risk in cost effective manner. Currently bank is not using any model or tool to capture operational loss data for historical analysis rather it is a self assessment process. Bank's ICC Division is responsible for risk identification, measurement, monitoring, control, and reporting of operational risk. Operational risks are analyzed through review of Departmental Control Function Check List (DCFCL). This is a self assessment process for detecting HIGH risk areas and finding mitigation of those risks. These DCFCLs are then discussed in monthly meeting of Bank's Risk Management Committee. The committee analyzes HIGH and MODERATE risk indicators and set responsibility for suitable personnel to resolve the issue. If anything remains unresolved or marked HIGH, it is referred to MANCOM.

Approach for calculating capital charge for operational risk:

The bank applies 'Basic Indicator Approach' of Basel III as prescribed by BB in revised RBCA guidelines. Under this approach, banks have to calculate average annual gross income (GI) of last three years and multiply the result by 15% to determine required capital charge. Gross Income is the sum of 'Net Interest Income', 'Net non-interest income' and 'Interest Suspense' of a year or it is 'Total Operating Income' of the bank

Quantitative Disclosure: The capital requirement for operational risk is as follows:

		Fig in crore Tk.
Particulars	Solo	Consolidated
The capital requirement for operational risk	**16.72**	**16.74**

9. Liquidity Ratio and Risk:

Liquidity ratios are a class of financial metrics used to determine a bank's ability to pay off its short-terms debts obligations. Liquidity risk is the risk that a bank may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

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Views of BOD on system to reduce operational risk:

The Board Risk Management Committee regularly observe the key liquidity risk indicator i.e. Volatile liability dependency ratio, medium term funding ratio, and Net stable funding ratio and provide their valuable opinion.

Methods used to measure Liquidity risk:

The stress test for liquidity risk evaluates the resilience of the banks towards the fall in liquid liabilities. The ratio "liquid assets to liquid liabilities" is calculated before and after the application of shocks by dividing the liquid assets with liquid liabilities. Liquid assets are the assets that are easily turned into cash without the threat of loss. They include cash, balances with Bangladesh Bank and balances with banks, call money lending, lending under repo and investment in government securities. Liquid liabilities include the deposits and the borrowings. Appropriate shocks will have to be absorbed to the liquid liabilities if the current liquidity position falls at the rate of 10%, 20% and 30% respectively.

Liquidity risk Management System:

The ALCO of the NRBC Bank regularly monitors the driving factors of liquidity risk called Regulatory liquidity indicators (RLIs). These factors is viewed form the following aspects.

- i) Cash Reserve Requirement (CRR)
- ii) Statutory Liquidity Ratio (SLR)
- iii) Medium Term Funding Ratio (MTFR)
- iv) Maximum Cumulative Outflow (MCO)
- v) Advance Deposit Ratio (ADR)
- vi) Liquidity Coverage Ratio (LCR)
- vii) Net Stable Funding Raito (NSFR)

Policies and process for mitigating liquidity risk:

Banks use its own liquidity monitoring tools. i.e. Wholesale Borrowing and Funding Guidelines, Liquidity Contingency Plan and Management action Trigger (MAT) to monitor and mitigate liquidity risk.

Quantitative Disclosure:

	Fig in crore Tk.	
Net Stable Funding Raito (NSFR)	**118.30%**	
Liquidity Coverage Ratio (LCR)	**95.95%**	
Medium Term Funding Ratio (MTFR)	**77.60%**	
Maximum Cumulative Outflow (MCO)	**19.84%**	
	Required	**Maintained**
Cash Reserve Requirement (CRR)	**181.70**	**183.00**
Statutory Liquidity Ratio (SLR)	**363.39**	**433.75**

10. Leverage Ratio:

Views of BOD on system to reduce excessive leverage:

NRB Commercial Bank's Board avoids building-up excessive on- and off-balance sheet leverage. The philosophy of the Board is to maintain a minimum Tier 1 leverage ratio of 3% which is being prescribed both at solo and consolidated level by Bangladesh Bank.

Approach for calculating exposure:

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According to instruction of Supervisory body, the bank is maintaining leverage ratio on quarterly basis. The calculation at the end of each calendar quarter will be submitted to BB showing the average of the month end leverage ratios based on the following definition of capital and total exposure.

$$\textbf{Leverage Ratio} = \frac{\textbf{Tier-1 Capital (after related deduction)}}{\textbf{Total Exposure (after related deduction)}}$$

Qualitative Disclosure:

	Solo	consolidated
Leverage Ratio	**12.53%**	**12.65%**

11. Remuneration:

The bank has a Board approved payroll/remuneration policy which is incorporated in HR policy. The bank doesn't have any individual Committee that overseeing the remuneration. MANCOM with the concern of Board will monitor the issue on required basis. The bank has approved rewarding policy for the performing employees. Financial benefits may be granted to an employee by the Board or any other authority empowered by the Board for meritorious service. An award in cash or in kind may be granted to an employee by the Board or any other authority empowered by the Board for the outstanding academic and professional achievements.

Qualitative Disclosure	Fig in crore Tk
Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	**Nil**
Number of employees having received a variable remuneration award during the financial year.	**Nil**
Number and total amount of guaranteed bonuses awarded during the financial year.	**No. 5.00 Tk. 6.26**
Number and total amount of sign-on awards made during the financial year.	**Nil**
Number and total amount of severance payments made during the financial year	**Nil**
Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	**Nil**
Total amount of deferred remuneration paid out in the financial year.	**Nil**
Breakdown of amount of remuneration awards for the financial year to show: fixed and variable, deferred and non-deferred, different forms used (cash, shares and share linked instruments, other forms).	**Nil**