



# **Disclosures on Risk Based Capital under Pillar III of Basel III**

**For the year ended on December 31, 2024**



## Disclosures on Risk Based Capital under Pillar – III of Basel III

Basel III is a global regulatory capital and liquidity framework developed by the Basel Committee on Banking Supervision (BCBS) to strengthen the regulation, supervision and risk management of the banking system. By applying stringent capital and liquidity standards, it intended to improve the banking sector's shock absorption capacity arising from financial and economic stress and reduce the likelihood and severity of future financial crises.

The Basel III framework is structured around three-mutually reinforcing pillars:



**Pillar 1**  
Minimum Capital  
Requirements



**Pillar 2**  
Supervisory Review  
Process



**Pillar 3**  
Market  
Discipline

- 01 Minimum capital requirements to be maintained by a bank against credit, market and operational risk.
- 02 Supervisory Review Process assess the overall capital adequacy in relation to a bank's risk profile and a strategy for maintaining adequate capital.
- 03 Market discipline denotes the practice of publicly disclosing information about a bank's risk profile, capital adequacy, and risk management practices.

The Disclosure on Risk Based Capital under Basel III plays a crucial role in promoting transparency and market discipline in the banking sector. The Disclosures help market participants make informed decisions and contribute to the overall stability of the financial system.

Trust Bank PLC (TBL) has implemented Basel III framework as part of its capital management strategy in line with the BRPD circular no.18 'Guidelines on Risk Based Capital Adequacy' dated December 21, 2014. This disclosure is a rigorous effort of the bank for providing a detailed insight into the bank's risk exposures, risk management practices and capital adequacy to the stakeholders. It contains accurate information related to liquidity, solvency, performance and risk profile of the bank.



**Qualitative Disclosures:**

*(a) The name of the top corporate entity in the group to which this guideline applies:*

The framework applies to Trust Bank PLC (TBL) on ‘Consolidated Basis’ as there are three subsidiaries of the Bank as on the reporting date i.e. 31 December, 2024. However, ‘Solo Basis’ information has been presented beside those of ‘Consolidated Basis’ to facilitate comparison.

*(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):*

Trust Bank PLC has three (03) subsidiaries i.e.



**A brief description of the Bank and its subsidiary are given below:**

**Trust Bank PLC**

The bank was founded as a Public Limited Company (Banking Company) on June 17, 1999, in accordance with the Companies Act of 1994, to engage in various banking activities. It began operations on the same day, June 17, 1999, with approval from Bangladesh Bank. The bank is listed on both the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited.

As of December 31, 2024, the Bank is operating through its Head Office, with a network of 118 branches, 8 sub-branches, 1 SME Service Center, 13 collection booths, and 271 ATMs across Bangladesh.

**Off-shore Banking Unit (OBU):** The Offshore Banking Unit (OBU) operates as a distinct business unit, subject to the relevant rules, regulations, and guidelines of Bangladesh. As of the reporting date, December 31, 2024, there is 1 (one) OBU, located at the Head Office. Investments in OBUs are risk-weighted with the exposure of the Bank.



### **Trust Bank Investment PLC**

Trust Bank Investment PLC (TBIL) is a fully owned subsidiary of Trust Bank PLC and incorporated with the Registrar of Joint Stock Companies & Firms, Bangladesh as a public limited company on September 09, 2010 under the Companies Act, 1994. TBIL received its merchant bank license from the Bangladesh Securities and Exchange Commission on October 25, 2010, and is licensed to provide services such as Portfolio Management, Underwriting, Issue Management, and Corporate Counseling.

TBIL commenced its operations on November 14, 2010, by taking over the assets and liabilities of the Bank's Merchant Banking Division, excluding TBL's own investment portfolio, in accordance with the directives of Bangladesh Bank.

### **Trust Bank Securities Limited**

Trust Bank Securities Limited (TBSL) was incorporated on 7<sup>th</sup> February 2013 as a Private Limited Company under the Companies Act, 1994. The registered office of TBSL is situated at level-01, Shadhinata Tower, Bir Srestha Shaheed Jahangir Gate, Dhaka Cantonment, Dhaka-1206.

The primary objective of the company is to engage in the business of stock broking/dealing in shares and securities, along with providing other services as outlined in the company's Memorandum and Articles of Association.

### **Trust Axiata Digital Limited**

TAP was established to operate as a Mobile Financial Services (MFS) provider and Payment Service Provider (PSP). Its operations align with the Bangladesh Mobile Financial Services Regulations, 2018, the Bangladesh Payment and Settlement Systems Regulations, 2014, and any subsequent updates or relevant legal frameworks. TAP was launched on July 28, 2021 with a mission to deliver a wide array of MFS offerings to both financially included and underserved populations in Bangladesh. The company strives to deliver services that are convenient, secure, affordable and adaptable, aiming to enhance financial inclusion across all economic segments.

***(c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group:***

Not applicable

#### **Quantitative Disclosures:**

***(d) The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.***

Not Applicable

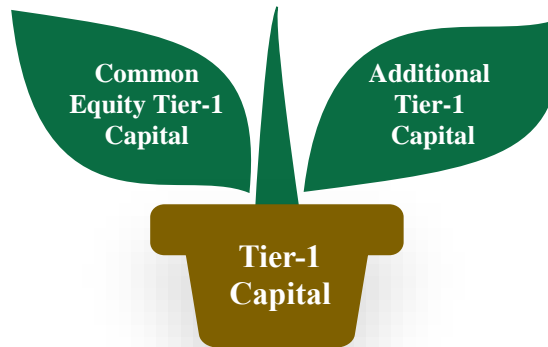


**Qualitative Disclosures:**

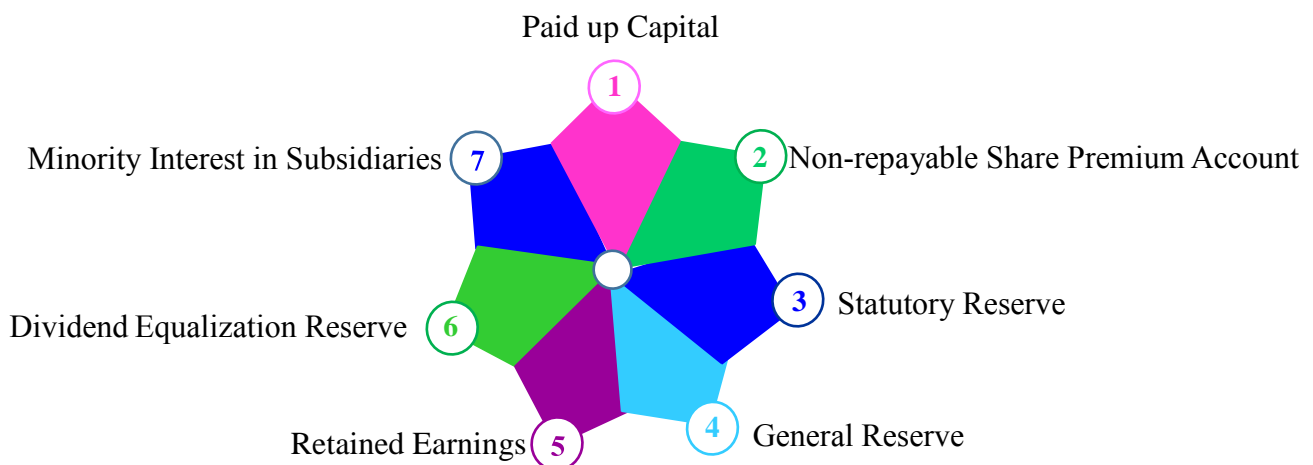
*(a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1 or in Tier 2.*

For the purpose of calculating capital under capital adequacy framework, the capital of banks has been classified into two tiers. The total regulatory capital consists of sum of the following categories:

**I. Tier 1 Capital (going-concern capital):** This form of capital can absorb losses without triggering bankruptcy of the bank. Hence, it is the core measure of a bank's financial strength from regulator's point of view. The components of Tier-1 capital are:

**a) Common Equity Tier 1 Capital**

It comprises of highest quality capital elements.



**Less:** Regulatory adjustments applicable on CET1

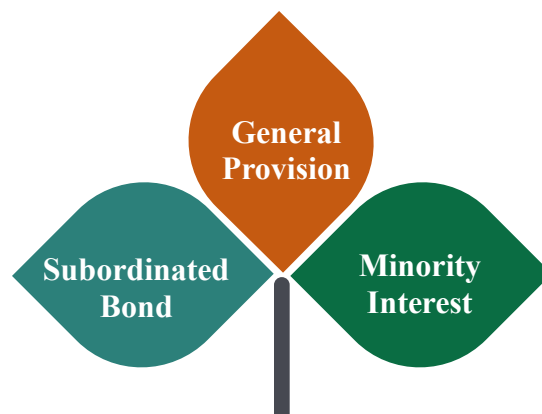


## b) Additional Tier 1:

- Non-cumulative irredeemable preference share
- Instruments issued by the banks that meet the qualifying criteria for AT1
- Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties as specified in Annex-4 of Basel III Guidelines (For Consolidated Reporting)

**Less:** Regulatory adjustments applicable on AT1

**II. Tier-2 Capital:** It is called ‘gone-concern capital’ and represents elements which fall short of some of the characteristics of the core capital.



## Capital Requirement as per RBCA Guidelines of Bangladesh Bank for the year 2024:

Capital Requirement as per RBCA Guidelines	Status of Compliance
Common Equity Tier 1 of at least 4.5% of the total RWA	Complied
Tier-1 capital will be at least 6.0% of the total RWA	Complied
Minimum CRAR of 10% of the total RWA	Complied
Additional Tier I capital can be admitted maximum up to the Sum of 1.5% of the total RWA and 33.33% of excess CET 1*	Complied
Tier 2 capital can be admitted maximum up to the sum of 4.0% of the total RWA and 88.89% of Excess CET1*	Complied
In addition to minimum CRAR, Capital Conservation Buffer of 2.50% of the total RWA is being introduced which is maintained in the form of CET1	Complied

*\*As Per Paragraph 3.2, footnote 9 of RBCA Guidelines, BRPD circular-18, dated December 21, 2014*



## Quantitative Disclosures:

(b) The amount of Regulatory capital of Trust Bank PLC under Basel-III as on 31.12.2024 is as below:

		BDT in Million	
Particulars		Solo	Consolidated
A. Total Tier-1 Capital (Going-Concern Capital)			
1. Common Equity Tier-1			
Fully Paid-up Capital	9,247.25	9,247.25	
Statutory Reserve	10,779.75	10,779.75	
Retained Earnings	4,950.83	5,248.29	
Minority interest in Subsidiaries	-	0.0008	
Sub-total	24,977.84	25,275.30	
Less, Regulatory Adjustments			
Goodwill and all other Intangible Assets	21.59	21.59	
Deferred Tax Assets (DTA)	135.84	404.18	
Total Common Equity Tier-1 Capital	24,820.41	24,849.52	
2. Additional Tier-1 Capital	4,000.00	4,000.00	
Total Tier-1 Capital (1+2)	28,820.41	28,849.52	
B. Tier-2 Capital (Gone-Concern Capital)			
General Provision	4,814.29	4,814.29	
Subordinated debt	9,600.00	9,600.00	
3. Total Available Tier -2 Capital	14,414.29	14,414.29	
4. Total Admissible Tier-2 Capital	14,414.29	14,414.29	
Total Regulatory Capital (A+B)	43,234.70	43,263.81	

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## Capital Adequacy

### Qualitative Disclosures:

(a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities:

Trust Bank PLC has adopted the Standardized Approach (TSA) to calculate the RWA for Credit Risk and capital charge for Market Risk while Basic Indicator Approach (BIA) is adopted to calculate the capital charge for Operational Risk. The Bank has been successfully maintaining Capital to Risk Weighted Assets Ratio (CRAR) above the regulatory requirements. Besides meeting regulatory capital requirement, the Bank maintains adequate capital to absorb material risks foreseen. Therefore, the Bank's CRAR consistently remained above the regulatory limit during 2024 (Solo 13.21% & Consolidated 13.16%).

The Bank has a Board-approved policy on the Internal Capital Adequacy Assessment Process (ICAAP), as required by Bangladesh Bank. The ICAAP outlines the Bank's Risk Appetite,



identifies key risks, describes the process for assessing capital adequacy in line with business projections, evaluates the effectiveness of the risk control framework, includes capital raising strategies, and incorporates Bank-wide stress testing.

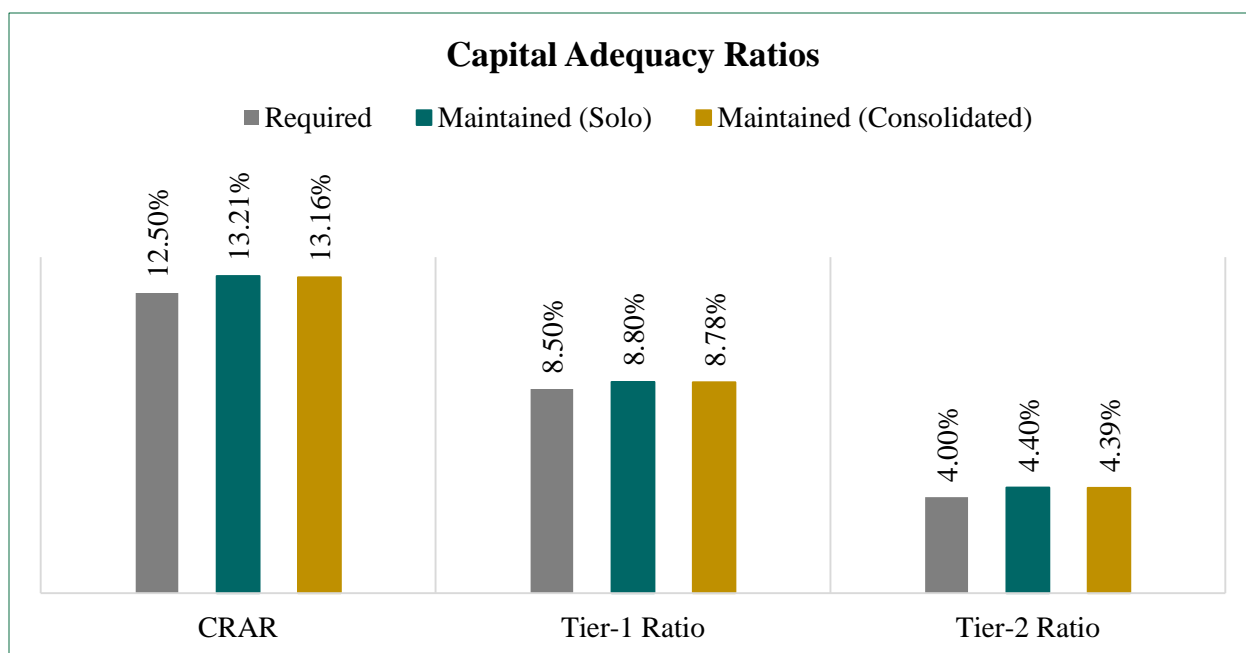
The bank fastidiously evaluates its capital needs, taking into account future business growth, to ensure sufficient capital for future activities. The Risk Management Division (RMD), under the direction of the SRP team/ERMC (Executive Risk Management Committee), is actively involved in identifying, quantifying, managing and monitoring all risks the bank faces. The bank's performance relative to the Risk Appetite outlined in the ICAAP, as well as the results of stress testing, are periodically reported to the Board of Directors for their review.

### Quantitative Disclosures:

Particulars	BDT in Million	
	Solo	Consolidated
b) Capital requirement for Credit Risk	29,341.90	29,116.60
c) Capital requirement for Market Risk	384.37	695.90
d) Capital requirement for Operational Risk	3,010.26	3,052.66
Total Capital Requirement (b+c+d)	32,736.53	32,865.17
Total Risk Weighted Asset (RWA)	327,365.35	328,651.71
Minimum Capital Requirement (MCR) @ 10% of RWA	32,736.54	32,865.17
MCR (10%) plus CCB (2.50%) @12.50%	40,920.67	41,081.46
Total Capital Maintained	43,234.70	43,263.80
e) (i) Capital to Risk weighted Asset Ratio (CRAR)	13.21%	13.16%
(ii) Common Equity Tier 1 (CET 1) Ratio	7.58%	7.56%
(iii) Tier 1 Capital Adequacy Ratio	8.80%	8.78%
(iv) Tier 2 Capital Adequacy Ratio	4.40%	4.39%
Requirement for Capital Conservation Buffer (CCB)	2.50%	2.50%
f) Capital Conservation Buffer (CCB) Maintained	2.80%	2.78%
g) Available Capital under Pillar 2 Requirement*	2,314.03	2,182.34

\*Total Capital Maintained less MCR with Capital Conservation Buffer (CCB)





### Stress Testing Analysis

The stress test is a forward-looking quantitative evaluation of bank capital that demonstrates how a hypothetical stressed economic and financial scenario would affect Bank's capital ratios. It helps banks overcome the limitations of traditional risk models based on historical data by providing a broader view of potential risks. It also aids senior management in understanding the bank's situation during stress and facilitates communication about its financial condition to both internal and external stakeholders. The analysis typically reflects the capital adequacy and liquidity ratios, which are compared to regulatory requirements to pinpoint vulnerabilities.

All scheduled banks are required to develop a comprehensive and proactive stress testing framework that aligns with the scale, complexity, and risk characteristics of their operations. The process should be integral to a bank's internal risk management and capital adequacy assessment.

The results of Stress Testing Analysis of Trust Bank PLC as of December 2024 are provided below:

Particulars	Minor		Moderate		Major	
	Solo	Conso	Solo	Conso	Solo	Conso
CRAR before shock (%)	13.21	13.16	13.21	13.16	13.21	13.16
Total shock for different stress scenarios (%)	(2.77)	(2.81)	(4.47)	(4.52)	(6.85)	(6.91)
CRAR after combined shock (%)	10.43	10.36	8.74	8.65	6.36	6.25

\*Conso= Consolidated



**Qualitative Disclosures:****(a) The general qualitative disclosure requirement with respect to credit risk:**

Credit risk in a bank refers to the possibility that a borrower or counterparty may fail to meet their financial obligations in accordance with agreed terms. Credit risk also arises with deterioration of borrower's credit rating. This is one of the key risks banks face, as it directly impacts the bank's ability to generate income, maintain liquidity, and ensure financial stability

Effective credit risk management is a vital component of a comprehensive risk management strategy. This is crucial for a bank's long-term sustainability and profitability. The likelihood of the borrower defaulting and financial impact on the Bank in case of failure are considered when assessing credit risk.

- ✓ Active monitoring of account level activity and limit utilization trends help to inform the early alert and risk trigger mechanisms. Potential problem accounts are investigated, monitored and appropriate action is taken.
- ✓ The bank rigorously emphasizes and takes all-out efforts to maintain the credit rating percentage and to increase the rated number of Corporate and SME borrowers. Throughout the year 2024, TBL has maintained over 90 percent credit rating for both on-balance sheet & off-balance sheet exposure against total eligible clients for rating.
- ✓ Standing Committees dedicated to account and portfolio monitoring supported by portfolio information reports are a well-established discipline. The portfolio is monitored from the point of view of industry concentrations, risk grade distribution, tenure and security profiles amongst other parameters.

**(i) Definitions of past due and impaired:** All the loans and advances are grouped into four categories for the purpose of classification, namely; (i) Continuous Loan (ii) Demand Loan (iii) Fixed Term Loan and (iv) Short-term Agricultural and Micro-Credit. in accordance with the Bangladesh Bank guidelines.

- Any Continuous Loan 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.
- 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.
- In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue after three months of the expiry date.
- The Short-term Agricultural and Micro-Credit if not repaid within the fixed expiry date for repayment will be considered past due/overdue after three months of the expiry date.



Classified loans are categorized under the following 03 (three) categories:

1. Sub-standard
2. Doubtful
3. Bad & Loss

The summary of loan classification is given below:

Type of Facility	Loan Classification		
	Sub-Standard (Overdue Period)	Doubtful (Overdue Period)	Bad & Loss (Overdue Period)
<b>Continuous Loan &amp; Demand Loan</b>	<b>Other than CMS *</b> 3 months or more but less than 9 months	<b>Other than CMS</b> 9 months or more but less than 12 months	<b>Other than CMS</b> 12 months or more
	<b>CMS</b> 6 months or more but less than 18 months	<b>CMS</b> 18 months or more but less than 30 months	<b>CMS</b> 30 months or more
<b>Fixed Term Loan</b>	<b>Other than CMS</b> 3 months or more but less than 9 months	<b>Other than CMS</b> 9 months or more but less than 12 months	<b>Other than CMS</b> 12 months or more
	<b>CMS</b> 6 months or more but less than 18 months	<b>CMS</b> 18 months or more but less than 30 months	<b>CMS</b> 30 months or more
<b>Short Term Agricultural &amp; Micro Credit</b>	12 months or more but less than 36 months	36 months or more but less than 60 months	60 months or more

\* CMS means Cottage, Micro and Small credits defined in SMESPD Circular No. 02 dated 05 September 2019.

**(ii) Description of approaches followed for specific and general allowances and statistical methods:**

General provision requirement for unclassified loans and advances:

Type of Loan	Rate of Provision	
	Standard	SMA*
Small & Medium Enterprise Financing (SMEF)	0.25%	0.25%
Consumer Financing (Other than HF & LP)	2%	2%
Consumer Financing (House Financing HF)	1%	1%
Consumer Financing (Loans for Professional to setup business)	2%	2%
Loans to BHs/ MBs/ Sds against Shares etc.	1%	1%
All Other Credit	1%	1%
Short Term Agricultural Credit & Micro Credit	1%	1%

\*SMA=Special Mentioned Account



### Specific provision requirements for classified loans and advances

Classification Status	Type of Loan	Rate of Provision
Substandard	Short Term Agri Credit & Micro Credit (STAC & MC)	5%
	Cottage, Micro & Small Credit (CMS)	5%
	Other than Short Term Agri Credit & Micro Credit and CMS	20%
Doubtful	Short Term Agri Credit & Micro Credit (STAC & MC)	5%
	Cottage, Micro & Small Credit (CMS)	20%
	Other than Short Term Agri Credit & Micro Credit and CMS	50%
Bad/Loss	All types of credit facilities	100%

### (iii) Discussion of the Bank's Credit Risk Management Policy:

Credit risk management is a strong process that allows banks to proactively manage their loan portfolios, minimizing losses and ensuring a reasonable return for shareholders. The Bank has established careful, well-structured, and systematic strategies to manage its credit risk, which include the following:

- ✓ Fostering a culture of credit risk awareness
- ✓ Credit policy approved by the Board of Directors
- ✓ Establishment of a dedicated Credit Risk Management Division
- ✓ Separate Credit Administration Division
- ✓ Clear segregation of duties and responsibilities
- ✓ Formation of a Recovery & Monitoring Division
- ✓ Independent internal audit with direct access to the Board/Audit Committee
- ✓ Emphasis on credit quality and portfolio diversification
- ✓ Implementation of an early warning system
- ✓ Provisions for interest suspension and reserves
- ✓ A structured lending and credit approval process
- ✓ Counterparty credit rating assessments
- ✓ Robust Non-Performing Loan (NPL) management system
- ✓ Environmental and Social Risk Grading

### Credit Policy Manual

TBL's credit policy guidelines are aligned with the bank's revised vision and mission. The bank has identified three key commitments: i. attaining long-term sustainable growth by analyzing market trends; ii. developing a network for financial inclusion; and iii. ensuring compliance and accountability to all stakeholders.

The bank's credit risk management policy focuses on achieving sustainable growth in a healthy loan portfolio. It outlines a clear system for identifying, measuring, monitoring, and controlling the various risks associated with the bank's credit portfolio. This includes reducing exposure to high-risk areas, focusing more on promising industries, sectors, and segments, balancing risk with return on assets, and optimizing the value for stakeholders.



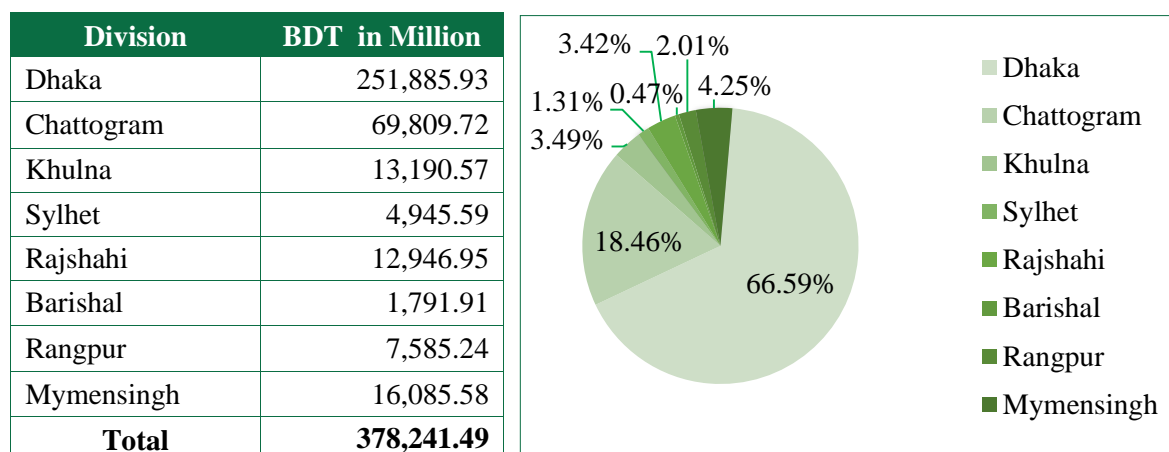
The policy also aims to achieve sustainable credit growth, both in terms of quality and quantity, while complying with prudential standards. It emphasizes balanced sectoral credit distribution to manage concentration risks across industries, sectors, and segments, while also striving to increase market share. Moreover, the policy focuses on ensuring consistency and standardization in credit practices. The bank has established a defined credit appraisal and approval process, along with a reporting and monitoring system, follow-up procedures, and a loan review/credit audit system, all of which are outlined in the Board-approved Credit Risk Management Policy.

**(b) Total Gross Credit Risk Exposure Broken down by Major Types of Credit Exposure:**

Particulars	BDT in Million
<b>Continuous loan (CL-2)</b>	
Consumer Finance	2,847.35
Small & Medium Enterprise (SME)	12,819.90
Loans to BHs/MBs/SDs against Shares	3,062.85
Other Corporate Loans	46,613.61
<b>Total</b>	<b>65,343.71</b>
<b>Demand loan (CL-3)</b>	
Small & Medium Enterprise	17,239.68
Consumer Finance	7.47
Corporate Loans	83,349.30
<b>Total</b>	<b>100,596.45</b>
<b>Term loan (CL-4)</b>	
Consumer Finance (other than HF, LP)	5,819.25
Housing Finance (HF)	6,318.49
Small & Medium Enterprise (SME)	17,099.97
Loans to BHs/MBs/SDs against Shares	7.41
Loans for Professionals to setup business(LP)	-
Corporate Loans	166,878.83
<b>Total</b>	<b>196,123.95</b>
<b>Short term Agri-credit and microcredit (CL-5)</b>	
Short term Agri-credit	3,195.05
<b>Total</b>	<b>3,195.05</b>
Staff loan	1,957.47
Offshore Banking	11,024.86
<b>Total Exposure of Trust Bank PLC</b>	<b>378,241.49</b>



**(c) Geographical Distribution, Broken down in Significant Areas by Major Types of Credit Exposures of TBL**



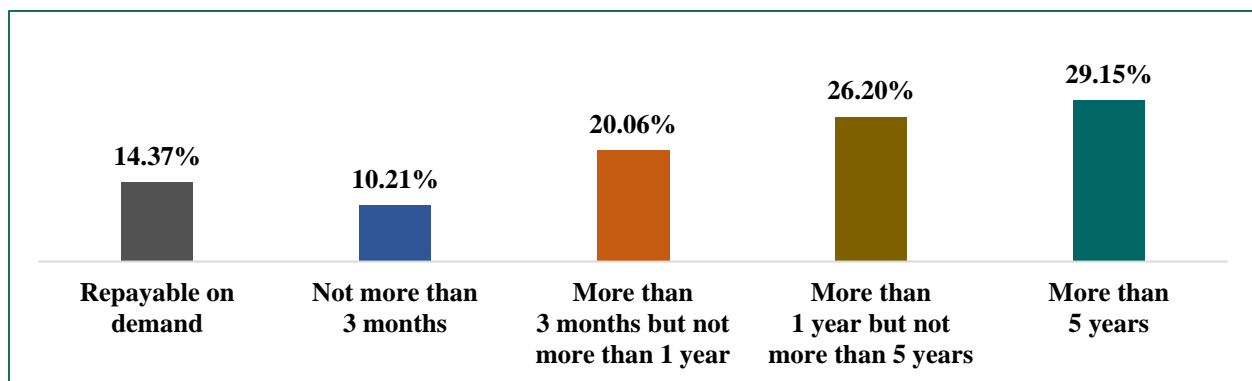
**(d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure of TBL:**

Industry Type	BDT in Million
Agriculture, Fishing, and Forestry	5,879.41
RMG	29,855.01
Textile	33,144.80
Food and allied industries	30,918.87
Pharmaceutical industries	5,180.64
Chemical, fertilizer, etc.	13,012.12
Cement and ceramic industries	9,915.05
Ship building industries	3,231.02
Ship breaking industries	2,044.33
Power and gas	16,923.14
Other manufacturing or extractive industries	55,261.37
Service Industries	33,440.82
Other Industry	927.23
Trade & Commerce	24,124.25
Construction (commercial real estate, construction & land development loans)	49,077.27
Transport	4,751.42
Consumer Financing	43,529.50
Loans to Financial Institutions	11,644.95
Miscellaneous	3,422.85
Staff Loans	1,957.47
<b>Total Exposure</b>	<b>378,241.49</b>



**(e) Residual Contractual Maturity Breakdown of the Whole Portfolio, Broken down by Major Types of Credit Exposure of TBL:**

Particulars	BDT in Million
Repayable on demand	54,364.84
Not more than 3 months	38,617.88
More than three months but not more than one year	75,885.47
More than one year but not more than five years	99,110.69
More than five years	110,262.61
<b>Total</b>	<b>378,241.49</b>



**(f) By major industry or counterparty type of TBL:**

☐ Amount of impaired loans and if available, past due loans, provided separately:

**BDT in Million**

Industry	*Impaired	Past due
Small & Medium Enterprise Financing	3,638.15	8,894.87
Consumer Financing	243.41	169.40
Housing Finance	138.88	363.46
Loans for Professionals to setup business	-	-
Loans to BHs/MBs/SDs against Shares etc.	28.60	56.65
Other Corporate Credit	13,472.23	25,528.28
Short Term Agri Credit & Micro Credit	5.68	12.79
Staff Loan	-	-
<b>Total</b>	<b>17,526.95</b>	<b>35,025.45</b>

\* Impaired Loan is determined from Gross NPL after deducting the value of eligible security.



❑ **Specific and general provision (Required):**

**BDT in Million**

<b>Sector</b>	<b>General Provision</b>	<b>Specific Provision</b>
Small & Medium Enterprise Financing	101.85	2,318.08
Consumer Financing	188.32	156.47
Housing Finance	57.49	119.26
Loans for Professionals to setup business	-	-
Loans to BHs/MBs/SDs against Shares etc.	30.14	28.60
Other Corporate Credit	2,735.00	11,903.12
Short Term Agri Credit & Micro Credit	31.89	1.08
Against Off-Balance Sheet	1,559.35	-
<b>TBL Total</b>	<b>4,704.04</b>	<b>14,526.61</b>
Off-shore Banking Unit	110.25	-
"Special General Provision for COVID-19"	-	-
<b>Grand Total</b>	<b>4,814.29</b>	<b>14,526.61</b>

❑ **Charges for specific allowances and charge-offs during the period:**

**BDT in Million**

**Against Unclassified Loans & Advances**

Provision held on 1 January	2,712.61
Provisions made during the year	372.45
Provision held at end of year	<b>3,085.06</b>

**Against Special Mention Accounts**

Provision held on 1 January	48.20
Provisions made during the year	11.43
Provision held at end of year	<b>59.63</b>

**General Provision for Off Balance Sheet Exposures**

Provision held on 1 January	1,489.50
Provisions made during the year	69.85
Provision held at end of year	<b>1,559.35</b>

**Provision for Off-shore Banking Unit**

Provision held on 1 January	99.01
Provisions made during the year	11.24
Provision held at end of year	<b>110.25</b>



**(g) Gross Non-Performing Assets (NPAs):**

**BDT in Million**

Gross Non-Performing Assets (NPAs)	24,052.56
Non-Performing Assets (NPAs) to outstanding loans & advances	6.36%
<b>Movement of Non-Performing Assets for NPAs</b>	
Opening balance	20,215.31
Additions	12,341.83
Reductions	8,504.58
<b>Closing Balance</b>	<b>24,052.56</b>
<b>Movements of specific provisions for NPAs</b>	
Opening balance	10,141.73
Provision made during the period	5,135.62
Recovery from previously written off debts	87.52
Write-off	(838.26)
Write back of excess provisions	-
<b>Closing Balance</b>	<b>14,526.61</b>

**5**

**Equities: Disclosures for Banking Book Positions**

**Qualitative Disclosures**

- (a) **The general qualitative disclosure 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:**

Equity risk is the risk that one's investments will depreciate because of stock market dynamics causing one to lose money. The capital charge for equities would apply on their current market value in bank's trading book. This capital charge for both specific risk and the general market risk will be at the rate of the required minimum capital adequacy ratio.

This is applied to all instruments that exhibit market behavior similar to equities. The instruments covered include equity shares, whether voting or non-voting, convertible securities that behave like equities, for example: units of mutual funds, and commitments to buy or sell equity.

Investment in equity securities by TBL is broadly categorized into two parts:

Quoted Securities: The instruments are quoted in active markets. These securities include Common shares, mutual funds listed with Stock Exchanges. These instruments are categorized as trading book assets. Investments in trading book



include securities holding for capital gains, dividend income and securities holding for strategic reasons.

Unquoted Securities: Unquoted Securities have no active market for price quotation. These instruments are categorized as banking book assets. Once unquoted securities get listed in secondary market, they are reclassified as quoted and trading book assets.

**(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 and practices affecting valuation as well as significant changes in these practices.**

The primary aim is to investment in these 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. 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 equity securities are revalued once in each week using marking to market concept and HTM equity securities are amortized once a year according to Bangladesh Bank Guideline.

**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.

Solo

Particulars		BDT in Million
Investment in Quoted Share	Cost Price	224.26
	Market Price	136.51
Difference		87.75

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

14.65

- (d) (i) Total unrealized gains (losses) (87.75)  
(ii) Total latent revaluation gains (losses) Nil  
(iii) Any amounts of the above included in Tier 2 capital Nil

- (e) Required Capital Charge on Equities

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.	General Market Risk	13.65
	Specific Risk	13.65



**Qualitative Disclosure:**

**(a) The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement:**

Interest Rate Risk in the Banking Book (IRRBB) refers to the potential effect on a bank's earnings (Net Interest Income - NII) and net asset values due to fluctuations in market interest rates. This risk arises when the timing of principal and interest cash flows, both on- and off-balance sheet, does not align with the re-pricing dates. The level of risk depends on the magnitude and direction of interest rate changes, as well as the size and maturity structure of the mismatched positions. The portion of assets and liabilities in the banking book that are sensitive to interest rate changes represents the interest rate risk. In the short term, changes in interest rates affect the bank's net interest income, which is the difference between the income earned on interest-sensitive assets and the expenses on interest-sensitive liabilities. In the long term, however, the economic value of the bank's assets, liabilities, and off-balance sheet items are impacted, which affects the bank's overall net worth.

Key assumptions on loan prepayments and behavior of non-maturity deposits:

- a) Loans with defined contractual maturity are re-priced in the respective time buckets in which it falls as per the loan repayment schedule;
- b) Loans without defined contractual maturity are segregated into different time buckets based on the past trend, seasonality, geographical perspective and re-priced accordingly; and
- c) Non-maturity deposits namely current, saving deposits are segregated into different time buckets on the basis of past trend of withdrawal, seasonality, religious festivals, geographical perspective and re-priced accordingly. However, the behavior of withdrawal of non-maturity deposits of NRBB is more or less stable.

The responsibility of interest rate risk management rests with the bank's Assets Liability Management Committee (ALCO). The bank periodically computes the interest rate risks in the banking book that arise due to re-pricing mismatches in interest rate sensitive assets and liabilities.

Bank has also been exercising Stress Testing using the Duration GAP to measure the Interest Rate Risk on its On Balance Sheet exposure for estimating the impact of the net change in the market value of equity on the Capital to Risk Weighted Assets Ratio (CRAR) due to change in interest rates only on its On Balance Sheet position (as the Bank holds no interest bearing Off Balance Sheet positions and or Derivatives). Interest rate risk is assessed and managed by GAP analysis as well as Duration Gap Analysis under stress testing.

Three main sub-types of Interest rate risk in banking book (IRRBB) are:

- **Gap Risk:** Results from mismatched re-pricing of assets and liabilities.
- **Basis Risk:** Occurs when different interest rate benchmarks move differently.
- **Option Risk:** Arises from the possibility that customers will exercise embedded options, such as loan prepayments, due to interest rate changes.



(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 of measuring IRRBB, broken down by currency

BDT in Million

Interest Rate Risk in the Banking Book	Residual maturity bucket			
	3 months	6 months	1 year	Above 1 year
Interest Sensitive Assets (A)	61,258.19	37,207.12	83,113.78	108,804.65
Interest Sensitive Liabilities (B)	53,070.20	26,658.98	77,710.27	173,561.53
<b>GAP (A-B)</b>	8,187.99	10,548.14	5,403.51	(64,756.87)

#### Duration Gap analysis

Particulars	BDT in Million
Market Value of Assets	557,210.77
Market Value of Liabilities	531,541.47

Particulars	Duration (in years)
Weighted Average of Duration of Assets (DA)	1.88
Weighted Average of Duration of Liabilities (DL)	0.80
<b>Duration GAP</b>	<b>1.11</b>

#### Changes in Market value of Equity due to an increase in interest rate as on December 31, 2024

BDT in Million

Duration GAP Analysis	Minor	Moderate	Major
	1%	2%	3%
Market value of equity	(5,688.13)	(11,376.26)	(17,064.39)
Regulatory capital (after shock)	37,546.57	31,858.43	26,170.30
RWA (after shock)	326,878.85	326,878.85	326,878.85
CRAR (after shock)	11.49%	9.75%	8.01%



### Qualitative Disclosures:

Market Risk refers to potential loss that can occur as a result of fluctuations in market conditions. It encompasses the risk of adverse impacts on the value of both on and off-balance sheet positions due to changes in equity prices, interest rates, and currency exchange rates. Our aim with respect to market risk is to strike a balance between risks and return that is optimal, while also fulfilling the needs of our customers, through our policies and procedures.

- *Interest Rate Risk:* Interest rate risk is the risk where changes in market interest rates might adversely affect a bank's financial condition.
- *Equity Position Risk:* It is risk that results from adverse changes in the value of equity related portfolios.
- *Foreign Exchange Risk:* It is the risk that a bank may suffer losses as a result of adverse exchange rate movements in an individual foreign currency.

#### (a) Views of Board of Directors (BOD) on trading/investment activities:

The BOD of the bank ensures that the bank has an adequate market risk management process that takes into account risk appetite, risk profile, market and macroeconomic conditions. The BOD also approves prudent policies and processes to identify, measure, evaluate, monitor, report market risks on a timely basis.

#### (b) Methods used to Measure Market risk:

There are several methods used to measure market risk, and the Bank uses those methods which are deemed fit for a particular scenario. For measuring interest risk from an earnings perspective, the Bank uses maturity gap analysis, Duration Gap analysis, and Sensitivity Analysis. The standardized (Rule-Based) method is used to calculate capital charges against market risks for the minimum capital requirement of the Bank under Basel-III. For each risk category, the minimum capital requirement is measured in terms of two separately calculated capital charges for 'specific risk' and 'general market risk'.

#### (c) Market Risk Management System:

The Asset Liability Management Policy of the Bank as approved by the Board ensures effective management of the Market Risk through a well-structured Treasury function which includes a Front Office, Mid Office and Back Office and an ALCO body. The Market Risk Management System aims to minimize the impact of losses on earnings due to market fluctuations.

The ALCO regularly monitors a number of ratios to manage the interest rate risk, with key ratios such as Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), Maximum Cumulative Outflow (MCO), Liquid asset to total assets, Volatile liability dependency ratio, Snap liquidity ratio and Short term borrowing to Liquid assets ratio. Additionally, the ALCO also regularly tracks the interest rate sensitive gap and duration gap of the total portfolio.



#### (d) Policies and Processes for mitigating market risk:

##### Asset Liability Management

Trust Bank PLC prioritizes robust management of balance sheet risks through comprehensive policies and procedures aligned with directives from its Board of Directors (BOD) and regulatory guidelines issued by Bangladesh Bank. These frameworks ensure risks are systematically controlled, with dedicated resources allocated for risk assessment and mitigation. Asset Liability Committee (ALCO) actively monitors liquidity risks and balance sheet dynamics to maintain financial stability.

##### Foreign Exchange (FX) Risk Management

Foreign exchange risk arises when financial transactions involve currencies differing from the institution's base currency, exposing earnings to potential losses from adverse exchange rate movements. Trust Bank manages this risk under a board-approved FX policy, which defines clear limits for market risk exposure across both on- and off-balance sheet instruments. This structured approach ensures proactive mitigation of currency volatility while aligning with regulatory standards and safeguarding profitability.

#### Quantitative Disclosures:

The Capital requirements for specified risk are as follows:

BDT in Million		
Market Risk	Solo	Consolidated
Interest Rate Related instruments	226.73	226.73
Equities	27.30	338.83
Foreign Exchange Position	130.34	130.34
Commodities	-	-
<b>Total</b>	<b>384.37</b>	<b>695.90</b>

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##### Operational Risk

#### Qualitative Disclosures:

Operational risk is the risk of losses caused by flawed or failed processes, policies, systems or events that disrupt business operations. Employee errors, criminal activity such as fraud and physical events are among the factors that can trigger operational risk

##### (a) Views of BOD on system to reduce Operational Risk:

The Board of the Directors of the Bank approved the policy for measuring and managing operational risks, in accordance with the relevant guidelines from Bangladesh Bank. The Audit Committee of the Board oversees the Internal Control and Compliance Division to safeguard



against operational risks. As part of ongoing monitoring, the management committee (MANCOM), the Executive Risk Management Committee (ERMC) and the Risk Management Division (RMD) regularly assess various aspects of operational risks and report their findings to the appropriate authorities. Additionally, the internal audit recommends the development of suitable policies, tools, and techniques to mitigate the bank's operational risks.

The Board is relentlessly promoting an organizational culture prioritizing effective risk management and adherence to sound operating controls. The Board has approved a structured operational risk management framework to ensure operational risk exposures are managed within acceptable tolerance limits using dynamic tools and techniques following international best practices.

**(b) Performance Gap of Executive and Staff:**

Trust Bank is an equal opportunity employer that values having the right individuals in the right roles to achieve its organizational goals. Our recruitment and selection process is built on the principles of fairness, transparency, and diversity. Evaluating what is working well and identifying areas for improvement is crucial to our performance management system. This process helps to clearly define employee expectations and the methods to achieve them.

Our learning and development strategy emphasizes ongoing professional growth, aiming to enhance individuals' skills by addressing weaknesses and enabling them to excel in their roles. We offer a variety of internal and external training programs, awareness initiatives, and regular communications from senior management to boost capabilities and reduce performance gaps, ultimately contributing to the bank's success.

Employee performance is evaluated based on performance objectives and key performance indicators (KPIs) established at the beginning of each year. Reward and recognition decisions are made according to how effectively employees meet these KPIs.

**(c) Potential external events:**

In the growing complexity of banking operations due to various macroeconomic trends and intense competition, it is unlikely that potential external risks can be entirely avoided. However, Trust Bank stays alert and minimizes the impact of such risks through effective risk management practices. The bank has implemented various policies and procedures to diversify risk, and it also provides training and awareness programs for employees on topics such as business continuity, information security, regulatory compliance, money laundering, cybercrime, vendor risks, emergency situations, fraud, and forgery. These efforts help in managing operational risks effectively.

**(d) Policies and processes for mitigating operational risk:**

Trust Bank PLC prioritizes the establishment of strong policies and procedures to effectively manage operational risks throughout its operations. The bank adopts a careful approach to continually assess potential vulnerabilities and proactively implements actions to minimize their effects. This involves comprehensive frameworks for identifying, evaluating, and managing risks, which are regularly updated to keep up with changing threats and regulatory standards. Moreover, the bank places a strong emphasis on cultivating a culture of risk awareness and accountability



among employees, supported by training programs and communication channels. By integrating advanced technology and internal controls, Trust Bank aims to strengthen its operational resilience and ensure consistent service to its customers. Through these strategies, the bank is committed to protecting its reputation, ensuring financial stability, and providing long-term value to stakeholders.

Internal Control & Compliance Department (ICCD) of the Bank conducts risk-based internal audits on the branches periodically. In 2024, IC&C Division conducted the following No. of audit:

No. of Comprehensive Audit at Branches	123 Branches
No. of Comprehensive Audit at Head Office	30 Divisions/Departments
No. of Spot audits	a) Nil Spot Audit b) 45 IT Audit c) Nil pay point audit
No. of Spot Inspection	25 Spot Inspection Report

**(e) Approach for Calculating Capital Charges for Operational Risk:**

Trust Bank has adopted Basic Indicator Approach (BIA) to assess the capital charge for operational risk as of the reporting date. Accordingly, bank's operational risk capital charge has been assessed at 15% of positive annual average gross income over the previous three years as defined by the guideline of Risk Based Capital Adequacy (RBCA).

The capital charge for operational risk is enumerated by applying the following formula:

$$K = [(GI\ 1 + GI\ 2 + GI\ 3) \alpha]/n$$

Where-

K = the capital charge under the Basic Indicator Approach

GI = only positive annual gross income over the previous three years (i.e., negative or zero gross income if any shall be excluded)

$\alpha$  = 15 percent

n = number of the previous three years for which gross income is positive.

**Quantitative Disclosures:**

**The capital charge for operational risk as of December 31, 2024:**

BDT in Million		
Particulars	Solo	Consolidated
Minimum Capital Requirement for Operational Risk	3,010.26	3,052.66



**Qualitative Disclosures:**

Liquidity risk is the risk to the bank's earnings and capital arising from its inability to timely meet obligations when they come due without incurring unacceptable losses. The risk arises from mismatch in the expected level of cash flows from maturing assets and liabilities.

Liquidity risk can be of two types:

- **Funding liquidity risk:** the risk that a firm will be unable to fulfill its current and future cash flow and collateral needs without affecting its daily operations or its financial condition
- **Market liquidity risk:** the risk that a firm cannot easily offset or sell a position without incurring a loss because of inadequate depth in the market.

**(a) Views of Board of Directors on system to reduce Liquidity Risk:**

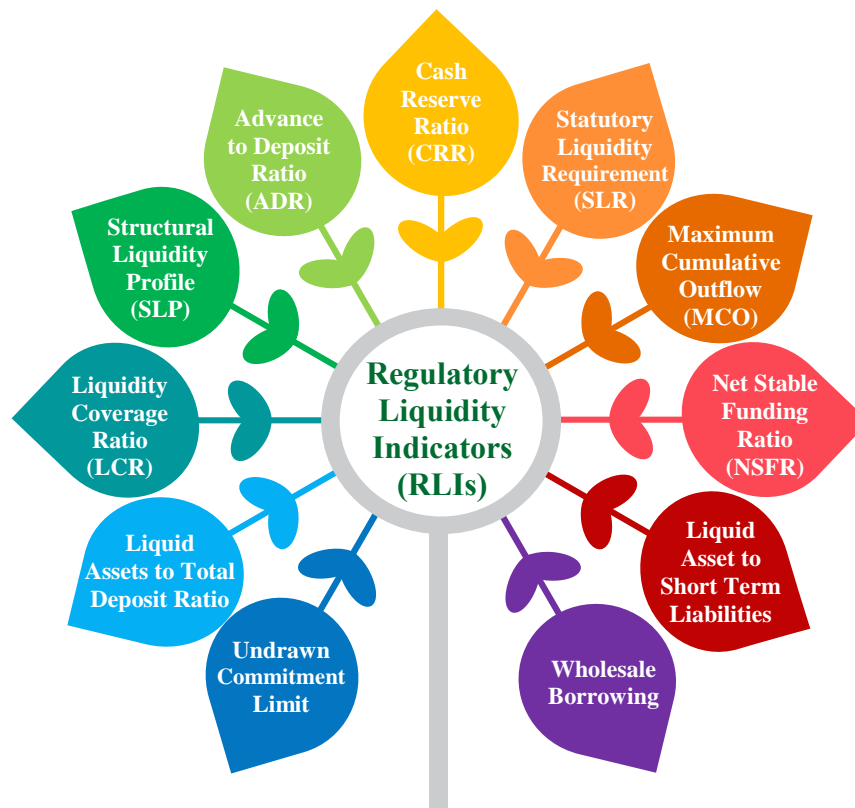
The depth and complexity of a bank's liquidity risk management system are influenced by the nature, scale, and intricacy of its operations. Implementing effective methods to measure, monitor, and control liquidity risk is vital for the bank's long-term stability. The Board of Directors of the Bank defines policies, sets liquidity ratio thresholds, and establishes the bank's risk tolerance for liquidity risk management. To ensure a robust liquidity risk management process, the Board assigns specific responsibilities related to the overall liquidity strategy to the related divisions. The Asset Liability Management Committee oversees both statutory and prudential liquidity management.

**(b) Methods used to measure Liquidity Risk:**

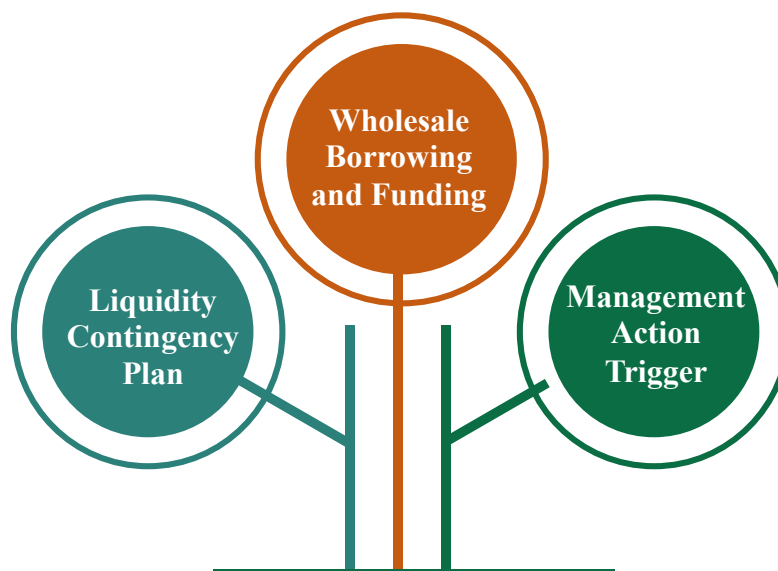
Trust Bank follows Bangladesh Bank's Risk Based Capital Adequacy guideline in line with Basel III for proper assessment and management of liquidity risk of the bank. In the perspective of Bangladesh, identifying and monitoring the driving factors of liquidity risk is viewed from the following aspects:



**i. Regulatory liquidity Indicators (RLIs):**



**ii. Bank's own liquidity monitoring tools**





**(c) Liquidity Risk Management System:**

Responsibility of managing liquidity lies with Asset Liability Committee (ALCO) of the bank which meets at least once in every month. Asset and Liability Management (ALM) desk closely monitors and controls liquidity requirements on a daily basis by proper coordination of funding activities. ALM activity including liquidity analysis & management is conducted through coordination between various ALCO support groups residing in the functional areas of balance sheet management, Treasury Front Office, Treasury Mid-Office, Treasury Back Office, Finance & Accounts etc.

**(d) Policies and processes for mitigating liquidity risk:**

Liquidity Risk Management is guided by Asset Liability Management Policy of the bank. Liquidity risk management and Liquidity Contingency Plan are the two major aspects in the ALM policy. The Liquidity Contingency Plan clearly defines the responsibilities of the Contingency Management Team and ensures the business continuity through close monitoring of the Bank's liquidity position against the pre-defined liquidity Management Action Triggers.

**Quantitative Disclosures:**

Liquidity Coverage Ratio and Net Stable Funding Ratio as on 31 December, 2024 are given below:

Particulars	BDT in million
Stock of High quality liquid assets	115,382.57
Total net cash outflows over the next 30 calendar days	68,638.67
<b>Liquidity Coverage Ratio (%)</b>	<b>168.10%</b>

Particulars	BDT in million
Available amount of stable funding	454,840.90
Required amount of stable funding	407,380.58
<b>Net Stable Funding Ratio (%)</b>	<b>111.65%</b>

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Leverage Ratio

**Qualitative Disclosures:****(a) Views of BOD on system to reduce excessive leverage:**

An underlying cause of the global financial crisis was the build-up of excessive on- and off-balance sheet leverage in the banking system. At the height of the crisis, financial markets forced the banking sector to reduce its leverage in a manner that amplified downward pressures on asset prices. This deleveraging process exacerbated the feedback loop between losses, falling bank capital and shrinking credit availability. To defuse the crisis, the Basel III framework introduced a non-risk-based capital measure, the leverage ratio, as an additional prudential tool to complement minimum capital adequacy requirements. Leverage ratio is the relative amount of Tier- 1 capital to total exposure of the Bank (not risk-weighted) which has been set at minimum 3.50%.



Under Basel III, a simple, transparent, non-risk based regulatory leverage ratio has been introduced to achieve the following objectives:

- Restrict the leverage in the banking sector, thus helping to mitigate the risk of the destabilizing deleveraging processes which can damage the financial system and the economy
- Reinforce the risk-based requirements with a simple, transparent, independent measure of risk

The Board's Risk Management Committee regularly reviews the leverage ratios and advises management to carefully monitor the ratio in addition to the Pillar-1 Minimum Capital Requirement.

**(b) Policies and processes for managing excessive on and off-balance sheet leverage:**

TBL follows the approach mentioned in the Revised guideline of RBCA for calculating exposure of the bank. The exposure measure for the leverage ratio generally follows the accounting measure of exposure. In order to measure the exposure consistently with financial accounts, the following are applied by the bank:

- On balance sheet exposures will be net of specific provisions
- Off-balance-sheet exposures weighted by the conversion factors of the standardized approach to credit risk

**(c) Approach for calculating exposure:**

The bank calculates the exposure under standardized approach as per Basel III guidelines. The capital measure for the leverage ratio is based on Tier 1 capital with relevant deductions of items, which do not contribute to leverage. The exposure measures for the leverage ratio will generally follow the accounting measure of exposure. In order to measure the exposure consistently with financial accounts, the following are applied by the bank:

- On balance sheet, non-derivative exposures will be net of specific provisions & valuation adjustments (e.g. surplus/deficit on HFT positions)
- Items deducted from Tier 1 capital also applies here (e.g. DTA)
- Physical or financial collateral, guarantee or credit risk mitigation purchased is not allowed to reduce on-balance sheet exposure
- Netting of loans & deposits is not allowed
- OBS items are converted into credit exposure equivalents through credit conversion factors (CCFs). Depending on the risk category of the exposure a CCF of 20%, 50% or 100% is applied.

**Quantitative Disclosures:**

BDT in Million		
Particulars	Solo	Consolidated
Tier-1 Capital	28,820.41	28,849.52
On balance sheet exposure	542,850.29	546,831.00
Off-balance sheet exposure	86,349.81	86,349.81
Regulatory Adjustments	157.43	425.77
Total exposure	629,042.68	632,755.05
Leverage Ratio (Required)	Minimum 3.50%	Minimum 3.50%
Leverage Ratio (Maintained)	4.58%	4.56%



## Qualitative Disclosures

***(a) Information relating to the bodies that oversee remuneration***

Remuneration Committee provides assistance to the Board of Directors to approve the policies regarding remuneration. The Committee consists of the following members as on Dec 31, 2024:

- Mr. Ahsan Zaman Chowdhury, MD & CEO
- Mr. Md. Mahbubur Rahman, SEVP & Head of Operation Division
- Brig Gen Munshi Mizanur Rahman, SEVP & Head of HRD
- Mr. Md. Mahfuzur Rahman, SAVP & CFO
- Mr. Mohammad Shahadat Hossain, AVP, MD & CEO, TBIL

The committee is responsible for:

- Any change in remuneration policy and structure by outlining the detailed procedure for exercising them
- Offering competitive remuneration packages for employees in each job grade commensurate with their job responsibilities
- Providing basis on which performance based remuneration will be provided to the employee

The Bank has no permanent external consultant for managing remuneration, but expert opinion may be sought by the Management, in case to case basis, regarding taxation, legal and other issues.

The Bank has no foreign subsidiaries; rather it has branches in different regions of the country. The remuneration policy follows same rule and does not change due to the employees working in different regions of the country.

Including MD & CEO the Bank has thirty Seven (37) “Senior managers (SVP & above)”, at the end of the reporting period.

***(b) Information relating to the design and structure of remuneration process***

The objective of the Bank’s remuneration policy is-

- To ensure fair reward management system for the employees in line with the Bank’s core values and strategic business goals
- To provide a competitive pay package compared to the best practices in the industry
- To ensure effective governance of compensation



	<p>The structure of remuneration packages for employees of the Bank consists of following components:</p> <ul style="list-style-type: none"> <li>• Fixed Remuneration;</li> <li>• Variable Pay &amp;</li> <li>• Employee Benefits</li> </ul> <p>The fixed remuneration is made up of base remuneration including salary and other fixed allowances paid in cash. Fixed remuneration differs from grade to grade and generally changes with promotion/demotion to the higher/lower grades and increment. Variable pay consists of incentive bonuses paid on the basis of the individual performance subject to annual profit of the Bank. Therefore, individual performance is measured and reviewed against set goals, which include financial and non-financial metrics.</p> <p>Gratuity Fund, Provident Fund and Superannuation Funds are maintained by the Bank for employees as a future/long term benefit. Such remunerations differ based on the grade, basic pay and length of service of an employee. In addition, TBL has Employees' Hospitalization Benefit Scheme to cover employees' hospitalization expenses.</p> <p>Moreover, the employees having job responsibilities involving risk factors are allowed risk allowances as prescribed in the policy. In addition, employees with supervisory responsibilities are also provided additional benefits besides their regular pay.</p>
<p><b><i>(c) Description of the ways in which current and future risks are taken into account in the remuneration process</i></b></p>	<p>Banking sector of Bangladesh being very competitive, remuneration system is basically driven by market dynamics. Due to huge competition in a crowded market with substantial number of participants, restructuring of compensation package is more frequent than other industries. Trust Bank always strives to ensure internal equity and fair treatment in its remuneration system to be competitive in such industry. It takes into account the following key risks when managing and determining remuneration processes:</p> <ul style="list-style-type: none"> <li>• Financial Risks</li> <li>• Compliance Risks</li> </ul> <p>To make the compensation package fair, market survey is conducted from time to time when felt required so that</p> <ul style="list-style-type: none"> <li>• The package logically compensates employees for their expertise, time, mental and social engagement with the organization.</li> <li>• The package ensures internal &amp; external equity</li> </ul>



	Moreover, the bank manages key risks through its strategic and business unit plans, risk management framework, policies and procedures.
<i>(d)Description of the ways in which the bank seeks to link performance</i>	Employees' performance is appraised annually in line with the achieved objectives, which have a positive and direct impact in their pay package. Incentive Bonus is directly linked with the employees' individual rating during their performance evaluation process. These ratings are also key parameters for employees to be considered for promotion.
<i>(e)Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance</i>	The Bank's remuneration system is designed to reward long-term as well as short-term performance, encourage retention and recognize special performance in the organization. The Bank provides remuneration considering the long-term performance of the employees (i.e. provident fund, gratuity, superannuation etc.). In case of following situation remuneration can be adjusted before vesting: <ul style="list-style-type: none"> <li>• Disciplinary action (at the discretion of management)</li> <li>• Resignation of the employee prior to the payment date.</li> </ul>
<i>(f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using those different forms</i>	The main forms of such variable remuneration includes: <ul style="list-style-type: none"> <li>• Monthly Cash benefits (Manager's Charge Allowance, Cash Handling Allowance, Key Holding Allowance etc.)</li> <li>• Incentive plan for the employees to be paid annually (Incentive Bonus)</li> </ul> <p>The form of variable remuneration depends on the job level of individual, risk involved, the time horizon for review of quality of the assignments performed.</p>
<b>Quantitative Disclosures</b>	
<i>(g)Number of Meeting held by the Remuneration Committee during the financial year and remuneration paid to its member</i>	The committee held no meetings during the financial year. No fees are paid to remuneration committee member or for attending such meeting.
<i>(h)Number of employees having received a variable remuneration award during the financial year</i>	<b>Incentive Bonuses:</b> 37 Senior Managers
<i>Number and total amount of guaranteed bonuses awarded during the financial year</i>	<b>Festival bonuses:</b> On an average 39 nos. of employees received 3 number of festival bonuses amounted BDT 16.00 million
<i>Number and total amount of sign-on award made during the financial year</i>	Nil



<i>Number and total amount of severance payments made during the financial year</i>	Nil
<i>(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-lined instruments and other forms. Total amount of deferred remuneration paid out in the financial year</i>	<p>Nil</p> <p>Nil</p>
<i>(j) Breakdown of amount of remuneration awards for the financial year to show</i>	<p><b>Fixed Remuneration:</b> BDT 168.50 million</p> <p><b>Variable Remuneration:</b> BDT 0.50 million</p> <p><b>Incentive Bonus:</b> BDT 15.80 million</p> <p>All Non-deferred and cash-based.</p>
<i>(k) Quantitative Information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. drawbacks or similar reversals or downward revaluation of awards) of deferred remuneration and retained remuneration</i>	<p>Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments:</p> <p><b>Nil</b></p> <p>Total amount of reductions during the financial year due to ex post explicit adjustments:</p> <p><b>Nil</b></p> <p>Total amount of reduction during the financial year due to ex post implicit adjustments:</p> <p><b>Nil</b></p>