Commercial Bank of Ceylon PLC

Bangladesh Operations

AAA
14 CONSECUTIVE YEARS

DISCLOSURES ON RISK BASED CAPITAL REQUIREMENT UNDER PILLAR III OF BASEL III

FOR THE YEAR ENDED DECEMBER 31, 2024

Best Corporate Bank Bangladesh 2024 | Most Sustainable Bank Bangladesh 2024 | Most Recommended Foreign Bank In Bangladesh 2024 | Most Innovative Foreign Banking Brand Bangladesh 2024 | Highest Credit Rating "AAA" for 14 Consecutive Years | Best International Trade Finance Bank of The Year-2024 | Best Foreign Bank Awards 2024 | Best Banking CEO of the year- 2024 | Best Working Place in Banking Sector 2024

COMMERCIAL BANK

Annexure A

Commercial Bank of Ceylon PLC - Bangladesh Operations
Disclosures on Risk based Capital Requirement under Pillar III of Basel III
For the year ended 31 December 2024

1 Disclosure Policy:

Commercial Bank of Ceylon PLC ("the Bank") is a publicly quoted company incorporated in Sri Lanka on 25 June 1969. It is a licensed commercial Bank operating under the provisions of Sri Lanka Banking Act No. 30 of 1988. The Commercial Bank of Ceylon PLC - Bangladesh Operations commenced its Banking operations in Bangladesh from 06 November 2003 by acquiring the operations of Credit Agricole Indosuez a French Bank with two branches and two booths. The principal office of the Bank in Bangladesh is situated at Dhaka having eleven branches currently in operations at Dilkusha, Dhanmondi, Uttara, Mirpur, Gulshan 1, Gulshan 2, Panthapath, Tejgaon of Dhaka and each at Narayanganj, Chattogram and Sylhet. The Bank also maintains two sub-branches at US Embassy, Bangladesh and CEPZ Chattogram, Bangladesh and six SME centres at Old Dhaka, Shantinagar, Progati Sharani of Dhaka, Tongi of Gazipur, Jubilee Road and CDA Avenue of Chattogram.

a. To comply with international best practices and make the Bank's capital more risk-absorbent;
b. To maintain minimum capital requirement by the Bank against credit, operational and market risk;
c. To maintain capital adequacy ratio as per Bangladesh Bank's time to time Requirements;
d. To adopt the credit rating agencies as external credit assessment institutions (ECAI);
e. To adopt standardised approach for both credit and market risk and basic indicator approach for operational risk;
f. To submit Capital Adequacy returns to Bangladesh Bank on a quarterly basis.

2 Scope of Applications:

Risk based capital adequacy framework applies to Commercial Bank of Ceylon PLC, Bangladesh Operations, on " Solo Basis" as the Bank has no subsidiaries or significant investments rather operating as a foreign Branch of Commercial Bank of Ceylon PLC incorporated in Sri Lanka.

3 Disclosures Framework:

Disclosures requirements as per Bangladesh Bank Basel III Guidelines are enumerated below:

3.1 Capital Structure

Qualitative Disclosure

The aim is for the capital structure to be as efficient as possible, both in terms of cost and in terms of compliance with the requirements of Bangladesh Bank. Bank's total capital as of 31 December 2024 was BDT 28,435.89 million out of which BDT 26,909.89 million was under Tier-I capital (out of that BDT 7,738.70 million was Deposit kept with Bangladesh Bank as per section 13 (3) of Banking Companies Act 1991 and remaining BDT 19,171.19 million was Retained Profit after regulatory deduction) and remaining BDT 1,526.00 million was under Tier-II capital (General Provision of BDT 1,526.00 million).

Quantitative Disclosure:

a) Amount of Tier I Capital	**Amounts in BDT**
i) Common equity Tier 1 (CET 1)	
Fully paid-up capital / capital deposited with Bangladesh Bank	7,738,700,000
Statutory Reserve	-
Actuarial gain/loss	-
Retained earnings	19,312,800,910
Non-repatriable interest-free fund	-
	27,051,500,910
Amount deducted from CET 1 Capital (Regulatory Adjustments)	
• Good will	-
• Shortfall	-
• Deferred tax assets	141,615,672
• Others	-
Total CET 1 Capital	**26,909,885,238**
ii) Additional Tier I capital	-
Total Tier I Capital (i+ii)	**26,909,885,238**
b) Total Tier II capital	**1,526,000,000**
Total eligible capital (a+b)	**28,435,885,238**

3.2 Capital Adequacy

Qualitative Disclosure of Capital Adequacy

Bank is maintaining adequate capital to cover all material risk and while doing so Bank has established an Internal Capital Adequacy Assessment Process (ICAAP) in-line with the regulatory guideline of Bangladesh Bank. The objective of the Bank's capital planning is to ensure that the Bank is adequately capitalized.

At the end of 31 December 2024 Bank maintained capital of BDT 28,435.89 million (Tier 1: going-concern capital of BDT 26,909.89 million plus Tier 2: gone-concern capital of BDT 1,526.00 million) against its total Risk Weighted Asset (RWA) of BDT 55,138.61 million which leads to a Capital to Risk-weighted Asset Ratio (CRAR) of 51.57%, where the minimum requirement is 10.00% of RWA (BRPD circular no. 18 dated 21 December 2014) or BDT 5,000 million (BRPD circular letter no. 20 dated 24 July 2023) whichever is higher. Tier-I capital was 48.80% of RWA against minimum requirement of 6% of RWA. As a result the Bank has a buffer Capital of BDT 22,922.02 million to maintain to mitigate the additional uncertain risks which are not covered under Pillar-II.

Quantitative Disclosure of Capital Adequacy

a) Amount of Regulatory Capital to meet unforeseen loss:		**Amounts in BDT**
Amount of Capital required to meet Credit Risk		3,775,003,069
Amount of Capital required to meet Market Risk		238,107,539
Amount of Capital required to meet Operational Risk		1,500,750,017
		5,513,860,625
b) Actual Capital Maintained:		
Total CET 1 Capital		26,909,885,238
Total Tier I Capital		26,909,885,238
Total Tier II Capital		1,526,000,000
Total capital		**28,435,885,238**
% of Capital to risk weighted assets (CRAR)		
	Required	**Maintained**
CET 1	4.50%	48.80%
Tier I	6.00%	48.80%
Tier II		2.77%
Total	**12.50%**	**51.57%**
c) Capital conservation buffer	2.50%	2.50%
d) Available capital under pillar 2 requirement		**22,922,024,613**

3.3 Credit Risk

Qualitative Disclosures:

General qualitative disclosure requirement with respect to credit risk includes the following:

Definition of past due and impaired

According to the Bangladesh Bank's guidelines on Risk Based Capital Adequacy (RBCA), dated December 2014, claims that are past due for 60 days or more are clubbed under this past due category. Apart from the Basel III requirement, for accounting purpose Bank is maintaining its past due loan in accordance with the BRPD Master circular no. 14 dated 23 September 2012 on "Loan Classification & Provisioning" and its related subsequent instructions.

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

Bank is following the general and specific provision requirement in line with the regulatory guideline of Bangladesh Bank.

Discussion of the Bank's credit risk management policy

Credit risk is one of the most significant risks in terms of sustainability, regulatory and capital management, which Bank is always exposed to. Generally loans are the largest and most obvious source of credit risk. There are other sources of credit risk both on and off the balance sheet of the Bank. Bank's objective is to develop a high quality and diversified credit portfolio comprised of corporate, SME, retail and cards in Bangladesh towards a better credit risk management.

Credit risk management of the Bank is translated through the policies and procedures covering the measurement and management of credit risk. Bank has its Credit Risk Management Policy (CRMP) approved by the Board of Directors. The CRMP defines organizational structure, role and responsibilities and the processes whereby the credit risk carried by the Bank can be identified, quantified and managed within the framework that the Bank considers consistent with its appetite and risk tolerance.

Bank has standard methods of analyzing various risk aspects involved in extending credit, considering risk areas such as business risk, financial risk, management risk, security risk, etc. besides continuously reviewing the exposures and concentrations of the customer, group, industry, geography and lending type. Outcome of these risk analyses are considered to assign an internal credit risk grading for each borrower.

There is a clear segregation of duties among the credit originators, risk function and approvers. All credit exposure limits are approved within a defined credit approval authority. Credit risk of Corporate, SME business is being assessed by Credit Risk Unit of IRMD. Credit Card and Retail Credit are assessed by the SMEF Unit of the Bank. Additionally, Internal Audit Department conducts on-site and off-site audit for all credits.

Quantitative Disclosure

Total exposures of credit risk

A) Broken down by major types of credit exposure	**Amounts in BDT**
a) Cash and cash equivalents	685,342,453
b) Claims on Bangladesh Government and Bangladesh	17,301,671,174
c) Claims on other sovereigns and Central Banks*	-
d) Claims on Bank for international settlements, International Monetary Fund and European Central Bank	-
e) Claims on Multilateral Development Banks (MDBs)	-
f) Claims on Public Sector Entities (other than Govt. of Bangladesh) in BGD	-
g) Claims on Banks & NBFIs:	-
Maturity Over 3 Months	612,845,603
Maturity less than 3 Months	5,397,343,504
h) Claims on Corporate	58,071,668,629
i) Claims under Credit Risk Mitigation	4,782,290,782
j) Claims categorized as retail portfolio and small & medium enterprise (excluding consumer finance)	4,443,521,989
k) Consumer finance	115,052,846
l) Claims fully secured by residential property	518,888,873
m) Claims fully secured by commercial real estate	-
n) Past due loans/NPL	431,707,565
o) Investments in premises, plant and equipment and all other fixed assets	610,490,951
p) Claims on Fixed Assets under Operating Lease	-
q) All Other Assets	
i) Claims on GoB and BB (Advance Income Tax)	9,310,563,288
ii) Staff loan/investments	179,995,690
iii) Other assets	326,986,101
r) Off-balance sheet items:	
Claims on Banks:	
Maturity Over 3 Months	111,787,184
Maturity less than 3 Months	158,817,327
Claims on corporate	8,274,875,265
Retail portfolio and small & medium enterprises	914,466,016
	112,248,315,240

B. Geographical Distribution of Exposure — **Amounts in BDT**

Category	**Dhaka**	**Chattagram**	**Sylhet**	**Total**
Balance Sheet Items				
Claims on sovereigns and central Banks	17,806,928,252	147,205,488	32,879,887	17,987,013,627
Claims on Banks and NBFIs	6,010,189,107	-	-	6,010,189,107
Claims on corporate	57,183,268,797	5,059,600,857	1,042,797,322	63,285,666,976
Claims on retail portfolio and consumer finance	5,047,144,364	23,037,910	7,281,434	5,077,463,708
Fixed assets	597,701,951	11,322,968	1,466,032	610,490,951
Staff loan	179,995,690	-	-	179,995,690
All other assets	2,072,718,476	7,564,046,233	784,680	9,637,549,389
Total on balance sheet items	**88,897,946,637**	**12,805,213,456**	**1,085,209,355**	**102,788,369,448**
Off Balance Sheet Items			-	-
Claims on Banks	270,604,511	-	-	270,604,511
Claims on corporate	6,609,795,208	1,665,080,057	-	8,274,875,265
Claims on retail portfolio and consumer finance	653,509,991	260,956,025	-	914,466,016
Total off balance sheet items	**7,533,909,710**	**1,926,036,082**	**-**	**9,459,945,792**
Total	**96,431,856,347**	**14,731,249,538**	**1,085,209,355**	**112,248,315,240**

C. Industry or Counterparty type distribution of exposures Amounts in BDT — Amounts in BDT

Category	Bank and NBFIs	Manufacturing industries	Retail & Consumer finance	Others	Total
Claims on sovereigns and central Banks	17,987,013,627	-	-	-	17,987,013,627
Claims on Banks and NBFIs	6,010,189,107	-	-	-	6,010,189,107
Claims on corporate	-	63,285,666,976	-	-	63,285,666,976
Claims on retail portfolio and consumer finance	-	-	5,077,463,708	-	5,077,463,708
Fixed assets	-	-	-	610,490,951	610,490,951
Staff loan	-	-	-	179,995,690	179,995,690
All other assets	-	-	-	9,637,549,389	9,637,549,389
Total on balance sheet items	**3,997,202,734**	**63,285,666,976**	**5,077,463,708**	**10,428,036,030**	**102,788,369,448**

Category	Bank and NBFIs	Manufacturing industries	Retail & Consumer finance	Others	Total
Off-balance sheet items					
Claims on Banks	270,604,511	-	-	-	270,604,511
Claims on corporate	-	8,274,875,265	-	-	8,274,875,265
Claims on retail portfolio and consumer finance	-	-	914,466,016	-	914,466,016
Total off balance sheet items	**270,604,511**	**8,274,875,265**	**914,466,016**	**-**	**9,459,945,792**
Total	**4,267,807,245**	**71,560,542,241**	**5,991,929,724**	**10,428,036,030**	**112,248,315,240**

D. Residual Contractual Maturity — **Amounts in BDT**

Residual contractual maturity	Balance sheet items	Off-balance sheet items	Total
Up to 1 month maturity	18,108,344,963	1,242,057,442	19,350,402,405
1-3 months maturity	28,007,340,623	4,756,649,234	32,763,989,857
3-12 months maturity	39,666,523,439	3,015,951,035	42,682,474,474
1-5 years maturity	13,079,503,738	445,288,081	13,524,791,819
Above 5 years maturity	3,926,656,685	-	3,926,656,685
Total	**102,788,369,448**	**9,459,945,792**	**112,248,315,240**

E. Major Industry or Counterparty Type (past due)

i) Amount of impaired / classified loans by major industry/ sector type	**Amounts in BDT**
Major industry/sector	
Bank and NBFIs	-
Manufacturing industries	-
Retail and Consumer finance	17,910,414
Others	432,323,334
Total	**450,233,748**
ii) Specific and general provision	
General provision	
Loans and advances	1,140,500,000
Off-Balance sheet items	385,500,000
	1,526,000,000
Specific provision	**287,557,869**
iii) Charges for specific allowance and charges-offs during the year	
Specific provisions made during the period	12,431,453
Write-back of excess specific provisions	(45,054,962)
F) Gross non-performing assets (NPAs)	**450,233,748**
Total loans & advances	74,958,170,549
Non-performing loans and advances	**450,233,748**
Special mentioned account (SMA)	-
Sub-standard	41,859,216
Doubtful	17,524,516
Bad/ Loss	390,850,016
Non-Performing Assets (NPAs) to Outstanding Loans and advances	**0.60%**
G) Movement of Non-Performing Assets (NPAs)	
Opening balance	453,617,670
Add: Addition during the year	54,349,301
Less: Reduction during the year	(57,733,223)
Closing balance	**450,233,748**

H) Movement of specific provisions for NPAs

Opening balance	320,181,377
Add: Provisions made during the period	12,431,453
Add: Recovery of advance previously written-off	-
Less: Write-off	-
Less: Write-back of excess provisions	(45,054,962)
Closing balance	**287,557,869**

3.4 Equities: Disclosures for Banking Book Positions

Qualitative Disclosure

The Bank has no investments in quoted Shares. The Bank has only equity investments in Central Depository Bangladesh Limited (CDBL) shares as unquoted investment.

Quantitative Disclosures Details of Unquoted Investments

Banking Book Assets

Particulars	Number of shares	Face Value	Amounts in BDT Cost
CDBL Shares (Initial)	600,000	6,000,000	6,000,000
Bonus received for the year 2009	600,000	6,000,000	-
Purchased on October 14, 2010	341,666	3,416,660	3,416,660
Bonus declared for the year 2010	1,200,000	12,000,000	-
Bonus declared for the year 2011	685,417	6,854,170	-
Total of CDBL Shares	**3,427,083**	**34,270,830**	**9,416,660**

3.5 Interest rate risk in the Banking book (IRRBB)

Qualitative Disclosure

Interest rate risk refers to fluctuations in Bank's net interest income and the value of its assets and liabilities arising from internal and external factors.

Internal factors include the composition of the Bank's assets and liabilities, quality, maturity, interest rate and re-pricing period of deposits, borrowings, loans and investments.

External factors cover general economic conditions:

Interest rates volatility has impact on the Bank depending on balance sheet positioning. Interest rate risk in prevalent on both the assets as well as the liability sides of the Bank's balance sheet.

Assets - Liability Management Committee (ALCO) periodically monitors and controls the risks and returns, funding and deployment, setting Bank's lending and deposit rates, and directing the investment activities of the Bank. ALCO decides on the fixation of interest rates on both assets and liabilities after considering the macro or micro economic outlook - both global and domestic, as also the macro aspects like cost- benefit, financial inclusion and host of other factors.

Credit shock under Basel III (balance sheet exposure)

Amounts in BDT Crore

Magnitude of Shock	Minor	Moderate	Major
Weighted average yield on assets (%)	10.00	10.00	10.00
Total Assets	11,224.83	11,224.83	11,224.83
Total RWA before shock	5,513.86	5,513.86	5,513.86
Total increase in RWA after shock	96.50	192.90	289.40
Total increase Capital requirement after shock	9.65	19.29	28.94
Total RWA after shock	5,610.36	5,706.76	5,803.26
Eligible capital	2,843.59	2,843.59	2,843.59
Capital adequacy ratio after shock (%)	50.68	49.82	49.00
Capital adequacy ratio before shock (%)	51.47	51.47	51.47
Changes in CRAR (%)	(0.89)	(1.74)	(2.57)

Credit Shock under Basel III (Off Balance Sheet Exposure) Amounts in BDT Crore

Magnitude of Shock	Minor	Moderate	Major
Weighted Average yield on assets (%)	10.00	10.00	10.00
Total Assets	11,224.83	11,224.83	11,224.83
Total RWA before shock	5,513.86	5,513.86	5,513.86
Total increase in RWA after shock	11.80	23.50	35.20
Total increase in capital requirement after shock	1.18	2.35	3.52
Total RWA after shock	5,525.66	5,537.36	5,549.06
Eligible capital	2,843.59	2,843.59	2,843.59
Capital Adequacy Ratio after shock (%)	51.46	51.35	51.24
Capital Adequacy Ratio before shock (%)	51.47	51.47	51.47
Changes in CRAR (%)	(0.11)	(0.22)	(0.33)

Combined Shock Amounts in BDT Crore

Magnitude of Shock	Minor	Moderate	Major
Capital Adequacy Ratio before shock (%)	51.47	51.47	51.47
Decrease in the FSV of the collateral	-0.01	-0.03	-0.05
Increase in NPLs	-0.44	-1.84	-4.96
Negative shift in NPLs categories	-0.02	-0.26	-0.29
Interest rate	0.00	0.00	0.00
FEX: Currency appreciation	-0.07	-0.13	-0.20
Equity shock	0.00	0.00	-0.01
Total change	-0.54	-2.26	-5.51
CRAR after shock (%)	51.03	49.31	46.06

3.6 Market Risk

Qualitative Disclosure

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. Bank Management committee of Bangladesh Operations has given significant attention to market risk in trading book, to asses the potential impact on the Bank's business due to the unprecedented volatility in financial markets.

Methods used to measure market risk:

According to Bangladesh Bank guideline, Commercial Bank of Ceylon PLC, Bangladesh Operation is presently following the standardized approach for market risk under Basel III.

Market risk management system and policies and processes for mitigating market risk:

Bank has an independent market risk framework to assess, manage and control the risk management function, which is responsible for measuring market risk exposures in accordance with prescribed policies, and monitoring and reporting these exposures against the approved limits on a regular basis according to Bank's appetite for market risk.

Interest rate risk

Interest Rate Risk (IRR) is a major source of market risk and is unavoidable in any financial institution where the re-pricing of assets and liabilities are not identically matched. The ALCO of Bangladesh Operations manages the potential impact, which might be caused by the volatility of changes in the market interest rates and yield curves.

The securities (Treasury bills/bonds) acquired with the intention to trade by taking advantage of short-term price and interest rate movement is classified under the trading book. The marked to market (MTM) of securities in the trading book is done at market value as per the Bangladesh Bank guidelines.

Foreign exchange risk

All foreign exchange exposures and related risks are reviewed by the ALCO monthly, which provides additional guidance to treasury dealing room in managing the risks. This is to ensure that any adverse exchange rate movements on the results of the Bank due to un-hedged foreign exchange positions are restrained within acceptable parameters.

In addition to regular revaluation of spot position and forward positions, Value at Risk (VaR) is calculated/exercised for FX portfolio. VaR provides a single number to the management that reflects the maximum loss, which can occur within a confidence level over a certain period of time.

Market risk on Trading Book **Amounts in BDT**

The capital requirements for:

A.	Interest Rate Risk	85,124,031
B.	Equity Position Risk	-
C.	Foreign Exchange Risk	152,983,507
D.	Commodity Risk	-
		238,107,538

3.7 Operational risk

Qualitative disclosure

Views of BOD on system to reduce operational risk

Operational risk is inherent to all products, activities, processes and systems and is generated in all business and support areas. For this reason, all employees are responsible for managing and controlling the operational risks generated in their area of action. In order to reduce and manage the operational risk of the Bank, Management Committee has implemented the Operational Risk Management framework approved by the BOD.

Performance gap of executives and staffs

Performance of employees is critically important to achieve organizational goals. Bank has put in place a well defined performance management process which aims to clarify what is expected from its different level of employees as well as how it is to be achieved. At the beginning of a year objectives is communicated to the employees who includes what are expected from him/her during the ensuing period through their direct reporting heads. A half yearly and yearly performance appraisal practices are in place to review achievements based on which rewards and recognition decisions are made.

Potential external events

By its nature, Operational Risk cannot be totally eliminated. Like other Banks, our Bank also operates its business with few external risk factors relating to the socio-economic condition, political atmosphere, regulatory policy changes, technological changes, natural disaster, external frauds etc. However, Bank has established methodology which defines the Bank’s approach in identifying, assessing, mitigating, monitoring and reporting such operational risks factors which may impact the achievement of the Bank’s business objectives.

Policies and processes for mitigating operational risk

Operational Risk Management in the Bank is governed by the well-defined Operational Risk Management Policy that is clearly communicated across the Bank. Bank adopts three lines of defense for management of operational risk, the first line of defense represented by various heads of the departments, different business unit/or support unit; second line of defense is represented by the Operational Risk Unit under IRMD to oversee the operational risk management, and the third line of defense represented by Inspection & Audit Division which is challenge function to the first two lines of defense.

Approach for calculating capital charge for operational risk

Presently Bank is following the Basic Indicator Approach (BIA) for calculating its operational risk capital charge and at 31 December 2024 Bank’s operational risk capital requirement was Tk. 150.08 crore which was adequately maintained.

Quantitative Disclosure **Amounts in BDT**

Capital requirements for operational risk is **1,500,750,017**

3.8 Liquidity ratio

Qualitative disclosure

Views of BOD on system to reduce liquidity risk

Banks in general are vulnerable to liquidity and solvency problems resulting from asset and liability mismatches. Therefore, the principle objective in liquidity risk management is to assess the need for funds to meet obligations and to ensure the availability of adequate funding to fulfil those needs at the appropriate time, both under normal and stressed conditions. In order to reduce and manage the liquidity risk of the Bank, MANCOM has implemented the liquidity risk management framework approved by the BOD.

Methods used to measure liquidity risk

Bank uses numerous methods to assess/measure its liquidity risk e.g. through gap analysis for maturity mismatch based on residual maturity in different time buckets as well as various liquidity ratios and management of the same is done within the prudential limits fixed thereon. Advance techniques such as stress testing, simulation, sensitivity analysis etc. are used on regular intervals to draw the contingency funding plan under different liquidity scenarios.

Liquidity risk management system

Bank continuously analyses and monitors its liquidity profile, maintains an adequate margin of safety in high quality liquid assets and access to diverse funding sources such as inter-Bank market, assets and investments available-for-sale and has contingency funding plan to meet liquidity requirements. Bank thereby ensures availability of adequate liquidity to fund its existing asset base and grow its business whilst maintaining sufficient liquidity buffers to operate smoothly under varying market conditions including any short-term, medium or long-term market disruptions.

Policies and processes for mitigating liquidity risk

Bank has put in place its Asset Liability Management Policy, Contingency Funding Plan duly approved by the board and ALCO is managing the liquidity risk of the Bank.

Quantitative Disclosure

	Amounts in BDT
Liquidity coverage ratio	430.84%
Net stable funding ratio	115.37%
Stock of high quality liquid assets	55,358,295,000
Total net cash outflows over the next 30 calendar days	12,848,921,874
Available amount of stable funding	112,201,404,000
Required amount of stable funding	97,249,827,000

3.9 Leverage ratio

Qualitative disclosure

Views of BOD on system to reduce excessive leverage

High leverage levels can lead to an excessive expansion of Bank asset size, which maximizes, in the short to medium term, Banks' return on equity. At the same time, leverage-fueled Bank capital structures increase Bankruptcy risk, since they are an important cause of Bank failures. Therefore, to reduce excessive leverage and to manage the overall asset-liability position, management has implemented BOD approved ALM framework within the Bank.

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

Bank has clearly laid down policy and procedure to manage its exposure level (both on and off-balance sheet) enumerated in its Asset Liability Management policy. Leverage parameter of the policy acts as a credible supplementary measure to the risk based capital requirement to control the leverage of the Bank. This reflects Bank's tier 1 capital over total exposure of the Bank. Reference level of leverage ratio is currently 3% (minimum).

Approach for calculating exposure

Leverage ratio of the Bank is calculated in line with the RBCA Guideline of BB. As at 31st December 2024 Bank's leverage ratio was 16.54% and it was calculated as follows:

	Measured used	Description
Numerator	Tier 1 Capital	Tier 1 capital constitutes the components specified in the RBCA Guideline, December 2014.
Denominator	Exposure	This is an approximation to the credit risk exposure used for regulatory capital purposes. It consists of the sum of the balance sheet assets as specified in the RBCA Guideline, December 2014.

Quantitative Disclosure	**Amounts in BDT**
Leverage ratio (%)	**16.54%**
On balance sheet exposure	153,413,376,750
Off balance sheet exposure	9,459,945,792
Total exposure	162,873,322,542
Less: Regulatory adjustments	141,615,672
Total exposure for the purpose of leverage ratio	162,731,706,870

3.10 Remuneration

Information relating to the bodies that oversee remuneration

The Bank is dedicated to uphold the principle of equality in offering our employees both career opportunities and competitive remuneration at an excellent working condition in compliance with relevant laws and rules of the country. Considering the gravity of importance, the Bank has a Human Resource Steering Committee reporting to the Management Committee, which oversee the remuneration related policies and practices under the direct supervision of Remuneration Committee at Head Office situated in Sri Lanka. These committees ensure the fairness, transparency, equality, compliance and adherence to governance frameworks in remuneration policies.

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

Human Resources Steering Committee is the main body responsible for overseeing the remuneration policies of the Bank. Its structure/composition and mandate are designed to ensure transparency, fairness and alignment with the Banks strategic goals and regulatory standard. Main body comprises with the following:

Chairperson : Chief Executive Officer
Members : Deputy Chief Executive Officer & Chief Operating Officer
: Deputy Chief Executive Officer & Head of Corporate Banking
: Deputy General Manager & Chief Financial Officer
Secretary : Head of Human Resources

They play an independent role to oversee the remuneration of CBC-Bd operations. However, if necessary, this committee makes recommendations to the Board of Director (Sri Lanka) of the Bank for kind review and final approval for any amendment on remuneration related policy. They also assist the Board of Directors to ensure that all employees are remunerated fairly and get performance based compensation.

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

In 2015 to study the market situation and compare the salaries up to a certain level of employees, the Bank had appointed Cerebrus Consultants Pt. Ltd., Mumbai, India. The Bangladesh Management of the Bank has commissioned this company.

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

The Bank does not discriminate employees and/or differentiate employee remunerations by gender, nationality, religion, race, caste etc. The Bank even does not differentiate the remuneration considering the business lines and/or considering the functions known as revenue generating activities or revenue-prone work force. Bank maintains the same Remuneration Package and apply Human Resource policies for all of its branches, departments and Units.

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

Employees considered as material risk takers and as senior managers are:

Material Risk Takers	Composition	Number of Employees
Senior Managers	Members of Management Committee (CEO, DCEO &COO, DCEO & Head of orporate Banking, CRISO, CFO, SAGM-HR, SAGM-PBK, AGM-CBK, AGM-ICC, AGM-Treasury Corporate Sales, AGM-Treasury-ALM)	11
Other material risk takers	Head of Branches and SME Centres	17
	Head of Units, Corporate Banking	7
	Head of Departments, Units	16
Total		**51**

Information relating to the design and structure of remuneration processes

Bank is committed to maintain an equitable and consistent reward structure to ensure that employees' contributions to the business are recognized in different ways. This helps us to attract and retain staff while encouraging their efforts towards the achievement of the Bank's strategic goals. In view of that Bank is maintaining a fair remuneration policy in line with the Industry/Market Standard. Bank believes that employee remuneration should not be inconsistent with the market and the employees should be provided with the other standard benefits and facilities that commensurate the best in the industry. Bank has been maintaining the Objectives based Performance Appraisal of the employees and provides the annual increment and incentive bonus on the basis of their performance and achievement of objectives.

The ways in which current and future risks are taken into account in the remuneration processes

The overall compensation package and its structure have to be competitive, making it easier to attract, keep and reward the employees properly. While doing so Bank has considered the following key risks to implement remuneration measures:

i. Staff turnover rate
ii. Identifying the future leaders
iii. Market standard of salary and benefits
iv. Achievement of objectives leading the overall achievement of Bank's target
v. Succession plan

Keeping in mind the above risk aspects Bank used to identify the potential employees i.e. the future leaders and arranges necessary training for those employees both at home and abroad. In a few cases the Bank also looked at accelerated career advancement of the employees who are identified as potential employees and shown the capacity as future leaders. Outstanding employees used to get Incentive bonus and salary increment at the rate of the best in the scheme which all together have impact on the remuneration as a whole.

The ways in which Bank seeks to link performance during a performance measurement period

Annual budget of the Bank is the main growth factors for performance measurement such as Advance, Deposit and Profitability is being distributed among the top level business lines and individuals. On achievement of targets for these broad factors Bank achieves its growth in terms of revenue and size of balance sheet. Bank's overall success depends on the success of top level business lines and individuals. Following performance matrix is used to determine the level of Performance Rating of the individual:

O =	Outstanding	This person is an Outstanding Performer, is competent, committed, performance driven and is relatively better than a person rated "Excellent".
EX =	Excellent	This person is an Excellent Performer, regularly exceeds requirements in most significant aspects of the job and is relatively better than a person rated "Very Good"
VG =	Very Good	This person is rated as Very Good Performer, performs the job in a completely expectable manner and relatively better than a person rated "Good"
G =	Good	This person is rated as Good and relatively better than a person rated "Below Expectation
BE =	Below Expectations	This person is rated as Below Expectations and relatively better than a person rated "Marginal"
Mg =	Marginal	This person is rated as Marginal and displays Marginal Performance as against others.

The employee performance is being evaluated on the basis of achievement of objectives set upon discussion between the job holder and the Supervisor at the beginning of the year on agreed basis. On achievement of targets of top level business lines and individuals Bank achieves the budgeted profitability and announces the annual incentive bonus which is known as Annual Performance Bonus. Any individual having proven achievements of targets get recognition through the Performance Ratings done by the Supervisor in agreement with the job holder. The higher the ratings, the higher the Bonuses are paid and Increments are awarded. This process is being carried out each and every year while accomplishing the Annual Performance Appraisal.

Different forms of variable remuneration

Bank's overall remuneration can be bifurcated into two groups i.e. fixed remuneration and variable remuneration. Variable remuneration is comprised of the performance bonus and the rate of salary increment decided based on the performance rating of the previous year.

Quantitative Disclosure

Quantitative disclosures reflect remuneration payment for senior managers and material risk takers of the Bank during the financial year.

Number of meetings held by the main body overseeing remuneration during the financial year	3
Remuneration paid to the member of the main body overseeing remuneration during the financial year	Nil*

*We do not have any system of paying remuneration for attending meeting

Particulars	No. of employee	Amounts in BDT
Variable remuneration awarded	49	96,832,132
Guaranteed bonuses awarded	51	206,137,133
Sign-on awards	-	-
Severance payments	3.00	12,486,609.00

Particulars	BDT
Outstanding deferred remuneration: Cash Shares and share-linked instruments and Other forms	 - - -
Deferred remuneration paid out	-

Details of remuneration awards	Cash	Shares and share-linked instruments	Other forms
Fixed	206,137,133		-
Variable	96,832,132		-
Deferred and non-deferred	-		-

Employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration.

Particulars	BDT
Total amount of outstanding for deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments	-
Total amount of reductions during the financial year due to ex-post explicit adjustments	-