

BASEL III PILLAR 3

Market Discipline of City Bank PLC.

Disclosure on Risk Based Capital
Annual Disclosure for the year ended December 31, 2025

Basel III Pillar 3: Disclosures on Risk Based Capital

Overview

Basel III Framework and Capital Adequacy

Regulatory Framework

Basel III guidelines, issued by the Basel Committee on Banking Supervision following the Lehman Brothers collapse, have been implemented by Bangladesh Bank, Bangladesh's central bank, to strengthen the capital base, risk management practices and overall resilience of banks. The framework prescribes minimum capital requirements, leverage ratio, liquidity standards and capital buffers to ensure that banks maintain adequate capital commensurate with their risk profile.

Capital Adequacy Assessment

City Bank complies with the regulatory capital requirements under Basel III as prescribed by Bangladesh Bank. The Bank maintains capital at a level that is adequate to absorb all material risks inherent in the business. The Bank has further established a structured Internal Capital Adequacy Assessment Process (ICAAP) to assess its overall capital adequacy in relation to its risk profile and to develop strategies for maintaining the required capital levels.

The ICAAP framework ensures that:

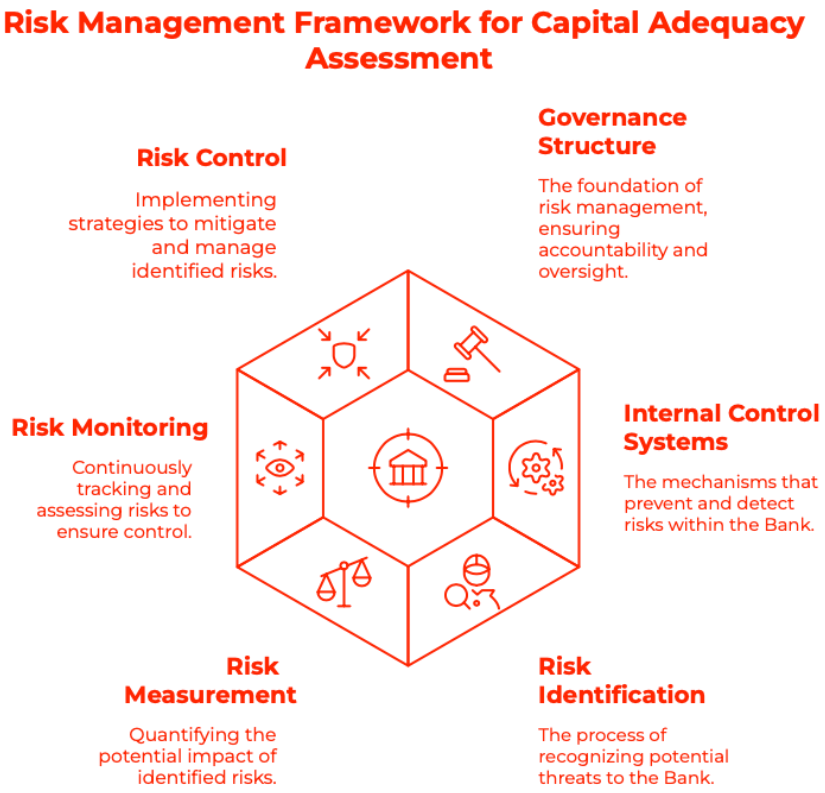
- Adequate capital is maintained against all material risks
- Capital planning is aligned with the Bank's business strategy and growth objectives
- Sufficient capital buffer is maintained over the regulatory minimum

Risk Management Framework

City Bank has in place a comprehensive risk management framework supported by sound governance structure and internal control systems. Risks are identified, measured, monitored and controlled through well-defined policies and procedures.

The following risks are considered material for the purpose of capital adequacy assessment under ICAAP:

- Credit risk (including residual risk)
- Market risk
- Operational risk
- Interest Rate Risk in the Banking Book (IRRBB)
- Liquidity risk
- Credit concentration risk
- Strategic risk
- Compliance risk



The above-mentioned risks are incorporated in the capital assessment process to ensure that adequate capital is maintained under both normal and stressed scenarios.

Stress-Testing

City Bank conducts stress-testing as part of its ICAAP to assess the impact of adverse, yet possible scenarios on its capital adequacy. Stress testing covers major risk categories such as credit risk, market risk, liquidity risk and interest rate risk. The impact on both on-balance sheet and off-balance sheet exposures is assessed under different stress scenarios.

Stress tests are conducted on a quarterly basis on a solo and consolidated basis. The scenarios are developed considering prevailing macroeconomic conditions, sectoral developments and potential adverse movements in key risk factors.

Results of the stress tests are reviewed by the Bank's Board of Directors and senior management for necessary guidance and decision-making. The outcomes are also used in capital planning and risk management processes.

Basel III – Key Features

Key components of Basel III framework implemented by the Bank include:

- Maintenance of minimum Capital to Risk-Weighted Assets Ratio (CRAR)
- Emphasis on Common Equity Tier 1 (CET1) capital
- Introduction of leverage ratio
- Maintenance of Capital Conservation Buffer (CCB)
- Implementation of Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)
- Capital position (standalone basis)

Capital Position (standalone basis):

City Bank maintains capital well above the minimum regulatory requirement prescribed by Bangladesh Bank.

- Capital to Risk-Weighted Assets Ratio (CRAR): 15.74% (2024: 15.97%)

- Common Equity Tier 1 (CET1) Ratio: 11.35% (2024: 10.73%)
- Leverage Ratio: 6.03% (2024: 5.81%)

Capital Structure:

- Total Eligible Capital: Tk 76,333 mn (2024: Tk 65,379 mn)
- CET1 Capital: Tk 55,035 mn (2024: Tk 43,899 mn)
- Additional Tier 1 Capital: Tk 4,000 mn (2024: Tk 4,000 mn)
- Tier 2 Capital: Tk 17,298 mn (2024: Tk 17,480 mn)

Risk-Weighted Assets (RWA):

- Total RWA: Tk 485,051 mn (2024: Tk 409,301 mn)
- Credit Risk RWA: Tk 371,146 mn (2024: Tk 325,949 mn)

Overall, City Bank continues to maintain a strong capital position, with its Capital to Risk-Weighted Assets Ratio (CRAR) remaining comfortably above the regulatory minimum despite a marginal decline during the year. The moderation in CRAR reflects the Bank's continued business expansion, particularly in its credit portfolio, which led to a corresponding increase in risk-weighted assets. This growth has been strategically aligned with the Bank's risk appetite and long-term objectives.

Importantly, the increase in Risk-Weighted Assets (RWA) has been supported by a concurrent strengthening of core capital, as evidenced by the improvement in Common Equity Tier 1 (CET1) capital. This indicates that while capital deployment has been actively utilised to support growth, the quality of the capital has also been reinforced.

The Bank's capital planning framework, supported by its Internal Capital Adequacy Assessment Process (ICAAP) and regular stress-testing, ensures that capital levels remain adequate to absorb potential losses under both normal and stressed conditions. The consistently high capital ratios, coupled with prudent risk management practices, position the Bank well to sustain growth, withstand adverse scenarios and meet evolving regulatory expectations.

Going forward, the Bank will continue to focus on optimising capital efficiency while maintaining adequate buffers, thereby ensuring resilience, stability and sustainable value creation for all stakeholders.

Key Metrics (Solo Basis):

Capital-to-Risk Weighted Asset Ratio 15.74% 2024: 15.97%	**Common Equity Tier 1 Capital Ratio** 11.35% 2024: 10.73%	**Leverage Ratio** 6.03% 2024: 5.81%
Total Eligible Capital Tk 76,333 mn 2024: Tk 65,379 mn	**Common Equity Tier 1 Capital** Tk 55,035 mn 2024: Tk 43,899 mn	**Additional Tier 1 Capital** Tk 4,000.00 mn 2024: Tk 4,000.00 mn
Tier-2 Capital Tk 17,298 mn 2024: Tk 17,480 mn	**Total Risk Weighted Assets** Tk 485,051 mn 2024: Tk 409,301 mn	**Credit Risk RWA** Tk 371,146 mn 2024: Tk 325,949 mn

Presentation of information

In this report, City Bank's information is presented on both solo and consolidated basis. All amounts in the tables of this Pillar 3 disclosure are denominated in Bangladeshi Taka (BDT), unless stated otherwise. Certain figures in this document have been calculated using rounded-off figures.

Table 1: SCOPE OF APPLICATION

Qualitative disclosures	
a) The name of the top corporate entity in the group to which this guidelines applies.	The name of the bank is City Bank PLC. However, the bank does not belong to any group.
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 (a) That are fully consolidated; (b) That are given a deduction treatment; (c) That are neither consolidated nor deducted (e.g. where the investment is risk-weighted).	Presently, City Bank does not have any associates and/or joint venture/s, but has five subsidiaries: a. **City Brokerage Limited:** City Brokerage Limited was incorporated in Bangladesh as a private limited company on 31 March 2010 vide registration no. C-83616/10 under the Companies Act, 1994. The legal status of the Company has been converted into public limited company from private limited company in June 2012 in compliance with the Bangladesh Securities and Exchange Commission Rules 2000. Previously the Bank launched its brokerage division on 4 August 2009 which was subsequently separated from the Bank on 15 November 2010. On 31 December 2025, the Bank held 99.9982% shares of the company. **b. City Bank Capital Resources Limited:** City Bank Capital Resources Limited is a public company limited by shares. The Company was incorporated in Bangladesh on 17 August 2009 vide registration no. C-79186/09 under the Companies Act 1994. Subsequently the Company obtained Merchant Banking License (Registration Certificate No: MB-54/2010) from Bangladesh Securities & Exchange Commission on 06 December 2010. The registered office of the Company is situated at Shanta Western Tower, Level-14, Office Space-02 Bir Uttam Mir Shawkat Road, 186 Tejgaon I/A, Dhaka – 1208. CBCRL delivers a whole range of investment banking services including merchant banking activities such as issue management, underwriting, portfolio management and corporate advisory. On 31 December 2025, the Bank held 99.9980% shares of CBCRL. c. **CBL Money Transfer Sdn. Bhd.:** CBL Money Transfer Sdn. Bhd. (CBLMT) is engaged in money service business. It is a private company limited by shares incorporated under Malaysian regulations and registered with the Companies Commission of Malaysia, with Registration No. 769212-M, with the objective of providing money services under the Money Service Business Act, 2011 through a Class-B License Serial No. 00661, issued by Bank Negara, the central bank of Malaysia. On 4th April 2013, City Bank PLC entered into an agreement to purchase 75% ordinary shares of CBLMT, with an agreement to ultimately acquire 100% shareholding of the company. Hence, initially starting out as a subsidiary of City Bank on 10th September 2013; on 8th June 2016, City Bank PLC became the holder of 100% shares of CBLMT, thus making it a wholly-owned subsidiary. d. **City Hong Kong Limited:** City Hong Kong Limited is incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Units 904 & 906, 9th Floor, Austin Tower, Nos. 22-26 Austin Avenue, Tsimshatsui, Kowloon, Hong Kong. City Hong Kong Limited is a fully owned (100% shares) subsidiary of City Bank PLC established at the later half of 2019

	to facilitate international trade business through advising letter of credits, handling documentary collections and bill financing (discounting) against letters of credit. e. **City Credit Bureau PLC:** City Credit Bureau PLC was incorporated in Bangladesh as a public limited company on 13 November 2025 under the Companies Act, 1994, vide Registration No. C-206633/2025. The registered office of the Company is located at Shanta Western Tower, Level-14, Office Space-02, Bir Uttam Mir Shawkat Road, 186 Tejgaon Industrial Area, Dhaka-1208. The establishment of City Credit Bureau PLC represents a strategic initiative aligned with Bangladesh Bank's objective of introducing private credit bureaus in Bangladesh. The Company aims to reduce information asymmetry between borrowers and lenders, thereby strengthening credit assessment processes, mitigating default risks, and enhancing overall asset quality within the financial system. Through the use of digital credit scoring, alternative data sources, and advanced analytics, the Company is expected to support the growing demand for retail, SME, and digital lending, while also contributing to enhanced regulatory oversight. The Company is currently in its development phase. As per the Letter of Intent (LOI) issued by Bangladesh Bank, the Company is expected to commence operations in September 2026, subject to operational readiness and the receipt of a full license from Bangladesh Bank. As of 31 December 2025, City Bank PLC held 64.9999% of the issued share capital of the Company. All subsidiaries financial statements have been consolidated in accordance with IFRS 10 "Consolidated Financial Statements". Intercompany transactions and balances are eliminated; minority interest of Tk. 75 mn has been added in the Tier 1 capital.
c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not applicable.
Quantitative disclosures	
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.

Table 2: CAPITAL STRUCTURE

Qualitative disclosures	
Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1 or Tier 2.	The bank's regulatory capital is quite different from its accounting capital. As per Bangladesh Bank's guidelines based on Basel III accord, regulatory capital is classified into two broad categories, namely, Tier-1 Capital (going-concern capital) and Tier-II Capital (gone-concern capital). Additionally, Tier-1 Capital is further divided into two categories, Common Equity Tier-1 (CET-1) and Additional Tier-1 (AT-1). ▪ Common Equity Tier-1 (CET-1) capital of City Bank consists of paid-up capital, statutory reserves, non-repayable share premium, general reserve, retained earnings, dividend equalization reserve and minority interest in its subsidiary (in case of consolidation), less regulatory adjustments applicable on CET-1. ▪ Additional Tier-1 (AT-1) capital of City Bank consists of Basel III compliant perpetual bonds. ▪ Tier-2 capital of City Bank consists of general provisions and subordinated debt, less regulatory adjustment applicable on Tier-2 capital.

Quantitative disclosures

Eligible Regulatory Capital Base as on 31 December 2025 (BDT in Million):

Sl. No.	Particulars	Solo	Consolidated
(a)	**Common Equity Tier-1 Capital (CET- 1)**		
a.1	Paid-up Capital	15,212	15,212
a.2	Non-repayable share premium account	1,520	1,520
a.3	Statutory reserve	13,692	13,692
a.4	General Reserve	11	208
a.5	Retained Earnings	24,172	24,669
a.6	Dividend Equalisation reserve	531	531
a.7	Minority interest in subsidiaries	-	75
a.8	**Sub-total Common Equity Tier-1 Capital (CET- 1)**	**55,139**	**55,908**
(b)	**Deductions from CET-1**		
b.1	Deferred tax assets	0	0
b.2	Excess Investment in other banks, FI and Ins. Co.	0	794
b.3	Book value of goodwill which are shown as assets	0	52
b.4	Reciprocal crossholdings of capital	104	104
(c)	**Total Common Equity Tier-1 Capital (CET-1)**	**55,035**	**54,958**
(d)	**Additional Tier-1 Capital**		
d.1	Perpetual Bond	4,000	4,000
(e)	**Total Tier-1 Capital**	**59,035**	**58,958**
(f)	**Tier-2 Capital**		
f.1	Tier-II subordinated bond	5,600	5,600
f.2	General Provisions (provisions for UC + SMA + OBS exposure)	11,698	11,814
f.3	**Sub-Total of Tier-2 Capital**	**17,298**	**17,414**
(g)	**Deduction from Tier-2 Capital**		
g.1	Excess investment in equity of other banks, FI and Ins Co.	0	794
(h)	**Total Tier-II Capital**	**17,298**	**16,620**
(i)	**Total Eligible Regulatory Capital**	**76,333**	**75,578**

Table 3: CAPITAL ADEQUACY

Qualitative disclosures	
A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.	**Approaches followed by the bank for capital calculation:** The banking industry of Bangladesh made the transition to Basel III from Basel II since the beginning of 2015. In this regard, Bangladesh Bank, in line with the Basel Committee on Banking Supervision (BCBS) recommendations and international best practices, issued revised guidelines on Risk Based Capital Adequacy based on Basel III with the purpose of fully implementing it by the end of 2019. Accordingly, City Bank applied the Basel III framework as part of its capital management strategy. The bank applies the following approaches for its risk-wise capital calculation. ▪ Credit Risk: Standardised Approach (SA) ▪ Market Risk: Standardised Approach (SA) ▪ Operational Risk: Basic Indicator Approach (BIA) **Risk Weighted Assets of the bank:** As on 31 December 2025, Total Risk Weighted Asset (RWA) of the bank was Tk 485,051 mn on solo basis and Tk 487,241 mn on consolidated basis. While credit risk accounted for 77% (on solo basis) and 75% (on consolidated basis) of RWA, followed by operational risk for 13% on solo basis and 14% on consolidated basis, market risk comprised 10% and 11% on both solo and consolidated basis respectively. To improve the capital requirement under credit risk, City Bank continuously pursues external credit rating of its client base. At the end of 2025, City Bank managed to cover around BDT 309,473 mn or 93% of its total eligible loans under a valid external credit rating. **Compliance with regulatory requirements for Solo and Consolidated basis:** As per Basel III guideline, Minimum Capital Requirement (MCR) for banks in Bangladesh is currently 10.00% of its total RWA, with the addition of Capital Conservation Buffer, which is 2.50% of total RWA. City Bank is well ahead of this minimum target both on solo basis and consolidated basis, as of 31 December 2025. City Bank maintained: ▪ Capital to Risk Weighted Asset Ratio (CRAR) of 15.74% on solo basis and 15.51% on consolidated basis ▪ Common Equity Tier 1 capital ratio of 11.35% on solo basis and 11.28% on consolidated basis ▪ Capital Conservation Buffer of 5.74% on solo basis and 5.51% on consolidated basis, against required level of 2.5% of RWA **Excess capital to support current and future activities:** After maintaining the total required capital (minimum capital requirement and capital conservation buffer), City Bank was successful in maintaining surplus capital of 3.24% on solo basis and 3.01% on consolidated basis against its Risk Weighted Asset. The surplus capital maintained by City Bank will act as a cushion to absorb the risk arising from all material risks under Pillar II and to sustain future business growth. Furthermore, forward-looking capital assessment based on prospective business growth is also conducted to comprehend and to manage any future uncertainty.

Quantitative disclosures			
Capital Requirement under Credit, Market and Operational Risk (BDT in mn)			
Sl. No.	**Particulars**	**Solo**	**Consolidated**
1.0	**Capital requirements for credit risk**	**37,115**	**36,713**
1.1	Portfolios subject to standardised approach-funded	31,228	30,826
1.2	Portfolios subject to standardised approach-non-funded	5,886	5,886
2.0	**Capital requirements for market risk**	**4,899**	**5,376**
2.1	Interest rate risk (standardised approach)	3,344	3,356
2.2	Equity risk (standardised approach)	1,349	1,814
2.3	Foreign exchange risk (standardised approach)	206	206
3.0	**Capital requirements for operational risk (basic indicator approach)**	**6,491**	**6,635**
4.0	**Minimum Capital requirement**	**48,505**	**48,724**
5.0	**Capital ratios**		
5.1	Total capital ratio	15.74%	15.51%
5.2	CET-1 capital ratio	11.35%	11.28%
5.3	Total Tier-1 capital ratio	12.17%	12.10%
5.4	Tier-2 capital ratio	3.57%	3.41%
6.0	**Capital conservation buffer (minimum requirement is 2.5% of RWA)**	**5.74%**	**5.51%**
7.0	**Available capital under Pillar II requirement**	**3.24%**	**3.01%**

Table 4: CREDIT RISK

Qualitative disclosures	
The general qualitative disclosure requirement with respect to credit risk ▪ Discussion of the bank's credit risk management policy	**Credit Risk:** Credit Risk emanates from the uncertainty pertaining to borrowers/counterparties meeting or falling short of meeting financial obligation within the agreed timeline and framework. Being one of the most significant functions of the bank, the risk encompassing Credit is of immense importance affecting the profitability and capital of the bank. Credit Risk primarily arises from core banking related lending/investment portfolio (Loans, Advances, Trade Finances, etc.). It can also arise from off-balance sheet exposures like Documentary Credits (LCs), Bank Guarantees etc. The key objective of Credit Risk Management is to limit the loss (Financial, Reputational, Operational etc.) entailing these lending, financing, and payment activities of the bank by devising, implementing, and adhering to stringent policies, framework, processes, and monitoring & evaluation system. **Credit Risk Management Function:** City Bank's credit philosophy is set by the Board of Directors of the bank by outlining appropriate policies, plans, and procedures for Credit Risk Management. This includes defining overall risk appetite of the bank, expertise prerequisites of top management as well as senior level managers entrusted with the responsibility of managing risk, prudent exposure to capital management, credit quality and provision strategy, and management oversight/feedback approach/frequency. This is usually accomplished through the Credit Risk Management Policy (CRMP), an internal policy paper of the bank encompassing policies, rules, guidelines, and recommendations from all internal-external stakeholders and regulatory bodies in line with the bank's strategic objectives. Credit Risk Management Function of the bank is guided by CRMP illustrating approaches and methods for risk assessment, mitigation, approval, monitoring, and evaluation/feedback/corrective action plan. Credit Risk Assessment aims at evaluating relevant industry, business, and management risk as well as facility structuring, security/collateral, and reputational risk, etc. In addition to these, Credit Risk Assessment also deals with E & S Risk, Climate Risk etc. as a measure of safeguarding the lending/investment decision in the face of adverse E & S, Climate events/repercussions. The bank manages holistic credit risk of its portfolio (including E & S) applying a systematic approach through internal Web App/Tools/Digital Dashboards/Directories/Early Alert system etc. Credit Risk Management Function of the bank performs across all credit exposures/segments. While Credit Risk pertaining to Corporate and Medium Segment is managed primarily through CRMP, Retail Segments (Small Business, Consumer Finance, Cards, etc.) are guided through Board/Management approved PPGs-Product Program Guidelines. These Policies or PPGs are reviewed annually to ensure a robust Credit Risk Management Function is in action addressing dynamic business, macro-economic, political, and regulatory landscape. Credit Risk Management Division of the bank ensures implementation of CRMP as an independent unit with a well-defined framework and delegation/sub-delegation aided by prerequisite expertise to better evaluate and manage credit risk with a view to strengthening the bank's portfolio resilience. **Managing and Controlling Credit Risk:** City Bank initiates management and control of credit risk right from the get-go of a lending relationship and maintains the standard approach all along through proper KYC profiling, quantitative and qualitative evaluations, mitigations, collateralization etc. Through conducting comprehensive analysis of the borrower/s, sectors, industries, security & support, along with other relevant parameters, the bank ensures Credit Risk is being evaluated properly, and mitigating measures are being recommended aptly.

Tools such as i-FAST (Integrated Financial Analysis & Scoring Tool), ESDD Assessment Tool, etc. aid in implementing the Credit Risk Management Framework/Techniques at a holistic level. In addition to the analytical tools and techniques, Credit Risk Management of the Bank is strengthened further through PIAD-Project Inspection & Assessment Department and Stock Inspection Unit, supporting units facilitating comprehensive review of technical and operational aspects of the borrowers aiding better-informed credit decisions. Another key element in the Credit Risk Management Function of the bank is CMU-Credit Monitoring Unit, entrusted with the responsibility to routinely monitor and escalate deteriorating credits/expired accounts etc. Lastly, as part of seeking supervisory oversight for credit risk related strategies, critical accounts, large loan/significant borrowers, Credit Risk Management Committee of the bank functions regularly in line with regulatory guidelines and bank's own requirement.

With respect to mitigating credit risks, bank looks for avenues to better securitize/collateralize the facilities through obtaining lien/mortgage of assets, guarantees, etc. In a bid to minimize aggregate credit exposures, the bank also sets control over its capital charge and risk-weighted assets through obtaining External Credit Rating.

To address the potential stress accounts/NPLs, the bank prefers moving in early with tools such as PD Monitoring Reports, Early Alert Reporting System, and DCMT (Deteriorating Credit Management Team) meetings. For non-performing credit exposures, the bank takes various measures such as transferring the relationship to Special Asset Management Division, negotiated recovery actions, and legal actions as per requirement and regulations.

- Definitions of past due and impaired (for accounting purposes)

Loan classification criterion:

Loan products are broadly divided into Continuous loan, Demand loan, Fixed term loan and Short term agricultural and Micro credit. City Bank is following the relevant Bangladesh Bank guidelines for classification of its loan products. Presently, there are 7 categories of classification on objective criterion, they are: Standard-0 (STD-0), Standard-1 (STD-1), Standard-2 (STD-2) Special Mention Account (SMA), Sub-standard (SS), Doubtful (DF) and Bad-loss (BL).

Definition of past due/overdue:

i. 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
ii. Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date
iii. In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry/due date, the amount of unpaid installment(s) will be treated as past due/overdue from the following day of the expiry/due date
iv. The Short-term Agricultural and Micro-Credit if not repaid within the fixed expiry date for repayment will be considered as past due/overdue from the following day of the expiry date

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

Type of facility	Overdue period for loan classification		
	Sub-standard	Doubtful	Bad & loss
Continuous & Demand Loan	3 months or more but less than 6 months	6 months or more but less than 12 months	12 months or more
Fixed Term Loan	3 months or more but less than 6 months	6 months or more but less than 12 months	12 months or more

Short Term Agricultural & Micro Credit	3 months or more but less than 6 months	6 months or more but less than 12 months	12 months or more
Rescheduled accounts	Rescheduled accounts will be marked as per BRPD Circular No.16 dated July 18, 2022 & BRPD Circular Letter No. 33 dated August 03, 2022		

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

Guidelines for loan loss provisions:

Specific provisions for classified loans and general provisions for unclassified loans and advances and contingent assets are measured as per Bangladesh Bank's prescribed provisioning rates, as mentioned below:

General provision:	**Rate**
Unclassified (STD) general loans and advances	1.00%
Unclassified (SMA) general loans and advances	5.00%
Unclassified (STD) general loans and advances against Short term Agri, as well as Cottage (C), Micro (M) and Small (S) enterprise credit under CMSME sector	0.50%
Unclassified (SMA) general loans and advances against Short term Agri, as well as Cottage (C), Micro (M) and Small (S) enterprise credit under CMSME sector	0.50%
Off balance sheet exposures	1.00%
Specific provision:	
Substandard loans and advances other than short term agricultural credit and micro-credit	20.00%
Doubtful loans and advances other than short term agricultural credit and micro-credit	50.00%
Bad & loss loans and advances	100.00%

Quantitative disclosures

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

Type wise credit exposure	**Amount in Mn BDT.**
Continuous & Demand loan	**245,159**
I) Agricultural Credit (Other than Short Term)	1,053
II) CMSME Financing	30,489
III) Consumer Financing (Other than Credit Card)	1
IV) Credit Card	17,713
V) Industrial Credit	174,088
VI) Service Sector Credit	8,566
VII) Trade & Commerce Sector Credit	4,884
VIII) Other Credit	8,366
Term loan	**249,754**
I) Agricultural Credit (Other than Short Term)	3,810
II) CMSME Financing	59,396
III) Consumer Financing (Other than Housing Finance)	54,684
IV) Housing Finance	20,217
V) Industrial Credit	79,599
VI) Service Sector Credit	14,678
VII) Trade & Commerce Sector Credit	4,227
VIII) Other Credit	13,145
Short Term Agri. Credit	6,773
Staff loan	4,515
Total Credit Exposure	**506,201**

Geographical distribution of exposures, broken down in significant areas

Geographical exposure	**Amount in mn BDT**
Dhaka	422,371
Chattogram	45,391
Khulna	13,159

by major types of credit exposure

Rajshahi	12,394
Rangpur	3,779
Sylhet	2,818
Mymensingh	2,083
Barishal	1,885
Outside Bangladesh	2,321
Total exposure	**506,201**

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

Sector-wise distribution of exposure	**Amount in mn BDT**
Industrial credit	253,686
CMSME financing	89,884
Consumer financing (Other than housing finance & credit card)	54,685
Service sector credit	23,243
Housing finance	20,217
Other credit	21,511
Credit card	17,713
Trade & commerce sector credit	9,111
Short term agri. credit	6,773
Agricultural credit (Other than short term)	4,863
Staff loan	4,515
Total Exposure	**506,201**

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

Residual contractual maturity-wise exposure	**Amount in mn BDT**
Repayable on demand	13,928
Not more than 3 months	135,553
More than 3 months but not more than 1 year	122,403
More than 1 year but not more than 5 years	165,028
More than 5 years	69,289
Total exposure	**506,201**

By major industry or counterparty type:

- Amount of impaired loans and if available, past due loans
- Specific and general provisions; and
- Charges for specific allowances and charge-offs during the period

Counterparty-wise distribution of impaired loans and past due loans	**Amount in mn BDT**	
	NPL	**SMA**
Agricultural Credit (Other than Short Term)	43	4
CMSME Financing	3,519	1,041
Consumer Financing (Other than HF)	1,558	1,169
Housing Finance	794	843
Industrial Credit	4,088	4,096
Service Sector Credit	1,450	324
Trade & Commerce Sector Credit	736	566
Other Credit	454	213
Staff loan	0	0
Total exposure	**12,669**	**8,256**

Particulars of specific and general provisions for entire loan portfolio and off-balance sheet exposures	**Amount in mn BDT**
Specific provision for loans and advances	4,386
General provision for loans and advances	10,046
General provision for off-balance sheet exposures	1,652

- Gross Non-Performing Assets

Non-performing assets	**Amount in mn BDT**
Gross non-performing assets (NPAs)	12,669

▪ Non-Performing Assets to Outstanding Loans & advances ▪ Movement of Non-Performing Assets (NPAs) ▪ Movement of Specific provisions for NPAs	

NPAs to outstanding loans and advances (%)	2.50%
Movement of NPAs (gross)	
Opening balance	16,569
Additions	43,450
Less: Reductions (cash recovery, rescheduling, W/O)	(47,350)
Closing balance	**12,669**
Movement of specific provisions for NPAs	
Provision held at the beginning of the year	7,246
Fully provided for loans and advances/investments written off during the year	(10,127)
Fully waived during the year	(19)
Recoveries of amounts previously written off	898
Specific provision made during the year	3,908
Transfer (to)/from general provision	2,479
Closing balance	**4,386**

Table 05: EQUITIES – DISCLOSURES FOR BANKING BOOK POSITIONS

Qualitative disclosures

The general qualitative disclosure requirement with respect to equity risk, including: ▪ Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and ▪ 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	Bank's investment in equity securities are broadly categorized into two categories: ▪ **Quoted Securities:** The instruments are quoted in active markets. These securities include Common shares, Mutual funds, Bonds, listed with Stock Exchanges. These instruments are categorized as trading book assets. Investment in trading book includes 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. As per Bangladesh Bank circular (ref: BRPD circular number -14 dated June 25, 2003 and DOS circular number-30 dated August 4,2022), the quoted shares are valued as per market price in the stock exchange(s). Quoted shares Under special fund are not revalued at market price according to DOS circular number- 1 dated 10 February 2020. Equity securities holdings in the banking book or unquoted are recognized at cost price. Provisions for shares are maintained for unrealised loss (gain net off) arising from diminution in value of investments. Provision for shares against unrealised loss (gain net off) has been made according to DOS circular number-04 dated 24 November 2011 and for mutual funds (closed-end) according to DOS circular letter no. 3 dated 12 March 2015 of Bangladesh Bank.

Quantitative disclosures

▪ 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

Particulars (BDT in mn)	Solo basis		Consolidated basis	
	Cost price	Market value	Cost price	Market value
Value of quoted securities	7,126	6,744	11,616	10,657

the share price is materially different from fair value.

Value of unquoted securities	158	158	722	722

- The cumulative realised gains (losses) arising from sales and liquidations in the reporting period.
- Total unrealised gains (losses)
- Total latent revaluation gains (losses)
- Any amounts of the above included in Tier 2 capital.

Particulars (BDT in mn)	Solo basis	Consolidated basis
The cumulative realised gains (losses) arising from sales and liquidations in the reporting period	(531)	(506)
Total unrealised gains (losses)	-	-
Total latent revaluation gains (losses)	-	-
Any amounts of the above included in Tier-2 capital	-	-

- 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.

Risk weighted assets and capital charge for equity investments (BDT in mn)	Solo basis		Consolidated basis	
	RWA	Capital Requirement	RWA	Capital Requirement
Quoted investments	13,489	1,349	18,136	1,814
Unquoted investments	194	19	899	90
Total	13,683	1,368	19,035	1,904

Table 06: INTEREST RATE RISK IN BANKING BOOK (IRRBB)

Qualitative disclosures

The general qualitative disclosure requirement including the nature of Interest Rate Risk in Banking Book (IRRBB) and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.

Interest Rate Risk:

Interest rate risk refers to the vulnerability of a bank's financial health to unfavorable shifts in interest rates. Fluctuations in interest rates alter the present value and timing of future cash flows, thereby impacting the value of the bank's assets, liabilities, and off-balance sheet items, ultimately affecting its Economic Value. These changes influence both the bank's current earnings (earnings perspective) and its net worth (economic value perspective).

Excessive Interest Rate Risk in the Banking Book (IRRBB) can pose a significant threat to the bank's current capital base and/or future earnings.

Sources of Interest Rate Risk in Banking Book (IRRBB)

Gap Risk or Maturity Mismatch Risk: This arises when the repricing schedules of assets, liabilities, and off-balance sheet items do not align. The severity of gap risk depends on whether changes in the term structure of interest rates occur uniformly across the yield curve (parallel risk) or vary by period (non-parallel risk).

Basis Risk: Basis risk occurs when two yield curves that typically move together diverge unexpectedly. This results from the imperfect

correlation in the adjustment of rates earned and paid on different instruments or products.

Option Risk: This stems from embedded options within the bank's assets, liabilities, and off-balance sheet instruments or products.

All three sub-types of IRRBB can alter the price, value, earnings, or costs of interest rate-sensitive assets, liabilities, and off-balance sheet exposures in a manner or timing that negatively impacts the bank's financial condition.

Nature of Interest Rate Risk Management:

The bank evaluates interest rate risk from both earnings and economic value perspectives.

Earning Perspective: Focuses on the effect of interest rate changes on the bank's earnings. Net interest income may fluctuate due to factors such as repricing, shifts in the yield curve, and embedded options in products.

Economic Value Perspective: Reflects the sensitivity of the bank's net worth to interest rate fluctuations. This perspective offers a broader view of the potential long-term impacts of interest rate changes on the bank's net worth.

Management Framework for Interest Rate Risk in Banking Book (IRRB):

City Bank has a Board-approved IRRBB Policy in place to manage this risk.

- The Board of Directors ensures that the bank identifies, measures, monitors, and controls IRRBB in line with approved strategies and policies.
- The Asset and Liability Management Committee (ALCO) is primarily responsible for developing IRRBB policies and practices, with close collaboration from the bank's risk management division.

IRRBB Measurement Process include steps like Categorization, Slotting of Cash Flows, Calculation of ΔEVE and ΔNII and Aggregation across six supervisory prescribed interest rate shock.

Interest Shock Scenarios:
The six scenarios used for measurement are:

1. Parallel shock up;
2. Parallel shock down;
3. Steepener shock (short rates down, long rates up);
4. Flattener shock (short rates up, long rates down);
5. Short rates shock up; and
6. Short rates shock down.

Behavioral and Model Assumptions for IRRBB:

- Expectations for the exercise of interest rate options (explicit and embedded) by the bank and its customers under specific shock and stress scenarios.

	• Treatment of balances and interest flows from non-maturity deposits (NMDs). • Treatment of own equity in economic value measures. • Implications of accounting practices for IRRBB.

Quantitative disclosures	
The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).	The plausible interest rate risk in the banking book as of December 31, 2025 is calculated as below: **Interest rate sensitivity analysis:**

Interest rate change	**1%**	**2%**	**3%**
Change in net interest income in short term bucket (BDT in mn)	(481)	(962)	(1,444)

Table 07: MARKET RISK – DISCLOSURES RELATING TO MARKET RISK IN TRADING BOOK

Qualitative disclosures	
a) Views of BOD on trading/investment activities	Market risk is the risk of potential losses in the on-balance sheet and off-balance sheet positions of a bank, stems from adverse movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices. Market risk exposure may be explicit in bank's trading book and banking book. The objective of market risk management is to minimize the impact of losses on bank's earnings and shareholders' equity. The Board of Director establishes trading and investment objectives, limits, and other risk controls through different board approved policies, guidelines, and frameworks. The delegation chain for trading and investment activities initiates from the Board, which further establishes control, limits, and responsibility centers for these activities. Furthermore, the Board regularly reviews trading and investment activities and makes necessary advice and recommendations.
b) Market risk management system	Bank follows a market risk management process that allows risk-taking within well-defined limits to create and enhance shareholder value and to minimize risk. Regular market risk reports are presented to the Board's Risk Management, Assets & Liabilities Management Committee, Executive Risk Management Committee and Investment Committee. Board and Board's Risk Management Committee have superior authority to set market risk management strategy. Board has delegated its technical functions to the Assets & Liabilities Management Committee, Executive Risk Management Committee and Investment Committee. To administer technical policies concerning financial models and risk management techniques and to implement bank's market risk management policies, procedures and systems, Asset Liability Management desk, Market Risk Management desk and Treasury Middle Office are functioning in tandem.

<table>
<tr><td>c) Policies and processes for mitigating market risk</td><td>Bank has Foreign Exchange Risk Management Policy, Asset Liability Management Policy and Investment Policy, duly approved by the Board of Directors. These policies work in conjunction with the Board approved Market and Liquidity Risk Management Framework, Risk Management Guidelines of CBL, and other internal risk management policies. These policies delineate the management process of Market Risk Factors. The Bank reviews these policies preferably on yearly basis for effective management of interest rate risk, liquidity risk and foreign exchange risk. Bank measures its market risk exposure using Value at Risk (VaR) Model which is a quantitative approach to measure potential loss for market risk. Stress Testing is used on asset and liability portfolios to assess sensitivity on bank's capital in different situations including stressed scenario. This test also evaluates resilience capacity of the bank.</td></tr>
<tr><td>d) Methods used to measure Market risk</td><td>Major methodologies employed to measure market risk are Interest Rate Sensitivity Gap Analysis, Duration Gap Analysis, FX VaR, and Equity VaR computations.

Disciplined presentation and monitoring of these methods and control of loss from trading assets are ensured by putting in place Risk Appetite Statement, Management Action Triggers (MAT) and Stop loss limit. Notional limit and Exposure limits are set for Trading portfolios and Foreign Exchange Open Position. Foreign exchange risk is computed on the sum of net short positions or net long positions, whichever is higher, of the foreign currency positions held by the Bank.</td></tr>
<tr><td colspan="2">Quantitative disclosures</td></tr>
<tr><td>The capital requirements for:
▪ interest rate risk;
▪ equity position risk;
▪ foreign exchange risk; and
▪ Commodity risk.</td><td>As on 31 December 2025, capital allocation for market risk using standardised approach is as below:

Solo basis:
<table>
<tr><th>Capital requirement for</th><th>Amount in BDT mn</th></tr>
<tr><td>Interest rate risk</td><td>3,344</td></tr>
<tr><td>Equity position risk</td><td>1,349</td></tr>
<tr><td>Foreign exchange risk</td><td>206</td></tr>
<tr><td>Commodity risk</td><td>0.00</td></tr>
<tr><td>Total capital requirement</td><td>4,899</td></tr>
</table>
Consolidated basis:
<table>
<tr><th>Capital requirement for</th><th>Amount in BDT mn</th></tr>
<tr><td>Interest rate risk</td><td>3,356</td></tr>
<tr><td>Equity position risk</td><td>1,814</td></tr>
<tr><td>Foreign exchange risk</td><td>206</td></tr>
<tr><td>Commodity risk</td><td>0.00</td></tr>
<tr><td>Total capital requirement</td><td>5,376</td></tr>
</table></td></tr>
</table>

Table 08: OPERATIONAL RISK

	Qualitative disclosures
a) Views of BOD on system to reduce Operational risk	The Board of Directors (BOD) remains committed to fostering a strong Operational Risk Management Framework that supports a sound and resilient risk culture. The existing framework continues to offer a structured and consistent approach for identifying, assessing, and mitigating operational risks across the Bank. The BOD maintains active oversight of its effective implementation to ensure continued alignment with regulatory requirements and evolving industry standards. The BOD also underscores the importance of continuous enhancement in risk mitigation strategies, with a focus on strengthening proactive risk identification and control mechanisms. It remains dedicated to promoting a culture of accountability and heightened risk awareness across all business functions.
b) Performance gap of executive and staffs	City Bank's Performance Management Process (PMP) has been revamped to include risk as a Key Performance Indicator (KPI) which has led to increased risk awareness across all levels of the organization. Employees are now more proactive in identifying, assessing and mitigating risks, fostering a stronger risk culture in day-to-day operations. This change has contributed to more informed decision-making and improved compliance to risk management standards. As risk awareness continues to grow, City Bank remains focused on reinforcing this risk culture through ongoing engagement and alignment of performance expectations with organizational risk objectives.
c) Potential external events	External events remain a significant factor in operational risk, with evolving cyber threats, digital frauds, political and regulatory shifts, and economic fluctuations posing ongoing challenges. City Bank recognizes that disruptions from geopolitical instability, technological advancements, and unprecedented crises can impact its operations and risk environment. To mitigate these risks, a proactive monitoring and preparedness measures are undertaken which results risk identification and mitigation through risk triggers surfacing beforehand. The Business Continuity Plan (BCP) undergoes regular reviews to ensure it remains effective against emerging threats. Recent review included a risk-based approach for all units of the Bank. Routine BCP drills reinforce operational readiness, while the IT governance team continuously enhances cybersecurity frameworks to safeguard critical systems and data.
d) Policies and processes for mitigating operational risk	City Bank continues to refine its policies and processes for mitigating operational risk by focusing on governance, monitoring, and compliance across all levels. Key initiatives include: • Regular Operational Risk Management Committee (ORMC) and Risk Champions' meetings to ensure continuous dialogue on risk mitigation and management. • 4 new comprehensive Risk & Control Self-Assessments (RCSA) on 4 divisions, namely Medium Business, Small Business, Treasury and Retail Assets have been completed this year to evaluate and address risks across business and operations lines. • The monitoring of Key Risk Indicators (KRIs) has been extended to 15 divisions in total to identify and respond to risks on a monthly basis. • Expanding the scope of Control Assurance processes to Digital Financial Services and Retail Banking, ensuring the implementation of current controls and compliance.

	• The Incident Management process and system has been holistically upgraded and automated to ensure quicker incident notification and response time, increase accountability and visibility across all levels of the organization. Operational risks identified are escalated to both the ORMC and Executive Risk Management Committee (ERMC), ensuring that senior management is involved in managing key risks. These committees oversee the implementation of operational risk management strategies, track significant exposures, and guide their resolution. The Internal Control & Compliance Division (ICCD) ensures robust monitoring through tools like Departmental Control Function Checklists (DCFCL), Quarterly Operation Reports (QOR), and internal audits. The Risk Management Division (RMD) plays a crucial role in setting Risk Management standards through implementation of Central Bank's Risk-based Supervision (RBS) ensuring monitoring and escalating key risks to senior management to align with the strategic risk priorities of the bank. Specialized teams such as the Fraud Risk Management and IT Governance teams continue to manage specific operational risks, while the ICCD Audit team, as the third line of defense, provides independent assurance continually on the effectiveness of internal controls and regulatory compliance.
e) Approach for calculating capital charge for operational risk	City Bank remains committed to ensuring strong capital reserves for operational risk, continuing the use of the Basic Indicator Approach (BIA) for calculating the capital charge. In line with the Risk-Based Capital Adequacy (RBCA) guidelines, the operational risk capital charge has been calculated at 15% of the positive annual average gross income over the last three years. This method ensures alignment with regulatory standards while effectively addressing operational risk exposure.

Quantitative disclosures

Capital requirement for operational risk for the year 2025:

Sl. No.	Particulars	Amount in BDT mn
01	Capital charge for operational risk under MCR (solo basis)	6,491
02	Capital charge for operational risk under MCR (consolidated basis)	6,635

Table 09: LIQUIDITY RATIO

	Qualitative disclosures
a) Views of BOD on System to reduce liquidity risk	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. Liquidity risk primarily arises due to the maturity mismatch associated with assets and liabilities of the bank. Therefore, The Board of Directors of the bank set policy, different liquidity ratio limits and risk appetite for liquidity risk management.
b) Liquidity risk management system	The Board of Directors of the bank set policy, different liquidity ratio limits, and risk appetite for liquidity risk management. Asset and Liability Management Committee is responsible for both statutory and prudential liquidity management. Ongoing liquidity management is discussed as a regular agenda of ALCO meeting, which takes place on a monthly basis. At the ALCO meeting, bank's liquidity position, limit utilization, changes in exposure and liquidity policy compliance are presented to the committee. Asset Liability Management Desk closely monitors and controls liquidity requirements on a daily basis.
c) Methods used to measure liquidity risk	Key liquidity metrics on both local currency and foreign currency balance sheets are monitored to evaluate the liquidity mismatches and prudential limits such as: ▪ Cash Reserve Ratio (CRR) ▪ Statutory Liquidity Requirement (SLR) ▪ Advance to Deposit Ratio (ADR) and Investment to Deposit Ratio (IDR) ▪ Structural Liquidity Profile (SLP) ▪ Maximum Cumulative Outflow (MCO) ▪ Liquidity Coverage Ratio (LCR) ▪ Net Stable Funding Ratio (NSFR) ▪ Liquid Asset to Total Deposit Ratio ▪ Liquid Asset to Short Term Liabilities ▪ Commitment Limit ▪ Wholesale Borrowing Limit
d) Policies and process 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		
Sl. No.	**Particulars**	**Solo**
01	Liquidity Coverage Ratio	231.52%
02	Net Stable Funding Ratio (NSFR)	104.62%
03	Stock of High Quality Liquid Assets (BDT in mn)	250,064
04	Total net cash outflows over the next 30 calendar days (BDT in mn)	108,012
05	Available amount of stable funding (BDT in mn)	657,108
06	Required amount of stable funding (BDT in mn)	628,106

Table 10: LEVERAGE RATIO

Qualitative disclosures

a) Views of BOD on System to reduce excessive leverage	Basel III guidelines introduced a simple, transparent, non-risk based ratio known as leverage ratio in order to avoid building excessive on and off balance sheet leverage in the banking system. City Bank has embraced this ratio along with Basel III guideline as it acts as a credible supplementary measure to risk-based capital requirement and assesses the ratio periodically in order to properly address the issue.
b) Policies and processes for maintaining excessive on and off-balance sheet leverage	Revised guideline of RBCA based on Basel III as provided by BRPD of Bangladesh Bank is followed by the bank while managing excessive on- and off-balance sheet leverage of the bank, and the regulatory requirement has been addressed in the ALM Policy of the bank. As per RBCA, leverage ratio shall be Tier I capital divided by total exposure after related deductions.
c) Approach for calculating exposure	City Bank follows the approach mentioned in the revised 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: a. On balance sheet, non-derivative exposures will be net of specific provisions and valuation adjustments b. No physical or financial collateral, guarantee or credit risk mitigation is considered c. No netting off of loans and deposits is considered

Quantitative disclosures

Sl. No.	Particulars	Solo	Consolidated
01	Leverage ratio (%)	6.03%	6.00%
02	On-balance sheet exposure (in BDT mn)	838,955	842,849
03	Off-balance sheet exposure (in BDT mn)	140,554	140,554
04	Total deductions from On and Off- Balance sheet exposure/ Regulatory adjustments made to Tier 1 capital (in BDT mn)	104	950
05	Total exposure (in BDT mn)	979,406	982,454

Table 11: REMUNERATION

	Qualitative disclosure
a) Information relating to the bodies that oversee remuneration.	**Governing body of Remuneration Policy and Process:** City Bank PLC maintains a Board-approved Compensation and Benefit Policy that defines the framework for the Bank's compensation structure and employee benefits, ensuring transparency, consistency, and fairness across the organization. While the policy is approved by the Board of Directors, its implementation is overseen by Management, with the Human Resources Division managing the operational aspects. Employee compensation is determined based on skills, competencies, performance, and potential, following a merit-based approach and ensuring equal pay for comparable works without discrimination. The Bank also ensures fair access to benefits for all genders based on grades and periodically reviews benefit utilization and eligibility criteria to address any unintended disparities, in alignment with regulatory expectations and industry best practices. **External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process:** City Bank takes help of external consultant for certain areas during designing the remuneration under Compensation and Benefit Policy. Assignment of any consultancy services is carried out in line with Board approved Procurement Policy of City Bank, while each consultant is appointed by Management/Board, as appropriate. At City Bank we have practice to appoint following consultants, as and when required: ▪ Tax advisors on salary and benefits ▪ Actuary for valuation of gratuity ▪ Auditor for provident fund and gratuity fund ▪ Salary & Benefit survey **Scope of the City Bank Remuneration Policy:** Policy applies to all the permanent employees of the bank. Additionally, separate Compensation and Benefit Package is usually approved for temporary employees. Any other benefit is guided by the contract agreement with individual employees. **Material Risk Takers and Senior Management of City Bank:** At City Bank, Chief Executive Officer and other members of Management Committee (MANCOM) hold the prime authority to take key decisions and ultimate implementation. As such, CEO and MANCOM are considered as material risk takers. However, in course of implementation Division Heads also play a pivotal role in banking business. Composition of MANCOM as on 31 December 2025 is provided below: ▪ MD & CEO 01 ▪ AMD 03 ▪ DMD 09 ▪ SEVP 06 ▪ EVP 01 ▪ SVP 01
b) Information relating to the design and structure of remuneration processes	**Objectives and key features of Remuneration Policy:** The Compensation and Benefit Policy of City Bank PLC outlines the principles governing the Bank's compensation structure and employee benefit programs, along with the procedures for their effective implementation, with the objective of ensuring fairness, consistency, and equal treatment across the organization. Compensation is determined based on individual performance, role and responsibilities, quality of experience, training received, technical competency, and overall skills and potential. The Bank follows a merit-based approach and

	strictly upholds the principle of non-discrimination, ensuring that compensation decisions are free from bias relating to gender, race, ethnicity, disability, or any other personal attribute, while maintaining equal pay for comparable work. Key features of the policy besides the base salary are: ▪ Provident Fund ▪ Gratuity Benefit ▪ Group Term Life Insurance ▪ Covid19 Life Insurance ▪ Medical Benefits ▪ Critical Illness Benefits ▪ Bonuses ▪ Various Allowances ▪ Financial Assistance Schemes ▪ Advance Salary ▪ House Building Loan Facility ▪ House Building Loan insurance ▪ Car Loan Facility ▪ Bike Loan Facility For Drivers ▪ Provident Fund Loan Facility ▪ Advance Salary Loan **Review of Remuneration Policy:** As per the policy, compensation structure of the Bank will be reviewed as and when management deem appropriate to allow for adjustments in the cost of living and market forces pertaining to the Banking industry. The HR Division is responsible for initiating the review process and their recommendations are approved/disapproved or amended by the Governing Body. In the latest review, City Bank restructured salaries of all grades employees of the bank, introduced Critical Illness benefit, increased the benefits of Group Hospitalization Plan, House Building Loan and Car Loan. Besides, this year bank has also increased the gratuity benefits for the employees who have completed more than 15 years of service with City bank. **Independence of Risk & Compliance employees from businesses they oversee:** CRO supervises bank's overall risk management activities which is independent from business verticals and reports to Board's Risk Management Committee. On the other hand, all compliance professionals report to Head of Internal Control and Compliance Division (ICCD), who reports to Board's Audit Committee. Hence, their evaluation process is also independent of the Businesses they oversee.
c) Information relating to the design and structure of remuneration processes	**Key risks taken into account when implementing remuneration measures:** In the competitive financial sector like Bangladesh, 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. However, such revisions sometimes may lead to market distortion, excessive profit motive and disparity in work-life balance. Nevertheless, City Bank always strives to design the remuneration strategies so that the competitive staff members are rewarded compensation package they really deserve. On top of it, City Bank is committed to ensure maintaining internal equity and fair treatment in its compensation system across the organization. **Key measures used to take account of these risks:** To ensure a fair and competitive compensation structure, the Bank conducts periodic market surveys whenever deemed necessary. These assessments help

	align the compensation framework with industry standards, ensuring that employees are appropriately rewarded for their expertise, time, and overall professional commitment to the organization. **Ways in which these measures affect remuneration:** These measures ensure that the remuneration process of City Bank is ▪ Commensurate with an individual's performance, strategic importance of the role within the organization, quality and relevance of past experience, training received and demonstrated technical competencies. ▪ Fair and equal pay for comparable works ▪ In line with the market dynamics and practices **Changes in the nature and type of these measures over the past year:** In order to improve employee retention, the Bank revised the minimum salary threshold for employees in the grade of Senior Executive Officer (SEO) and below, effective from July 01, 2021. Based on salary positioning and individual performance, necessary adjustments were made to the compensation of employees within these grades. To remain compliant with the directives of Bangladesh Bank, City Bank implemented a minimum salary scale for entry-level positions effective from April 01, 2022. The Bank undertook a comprehensive salary restructuring exercise across all grades. As a result, salaries of employees were revised with effect from November 01, 2024.
d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration	**Overview of main performance metrics of City Bank:** At City Bank, we believe in a performance driven culture. As per our Performance Management Policy, all permanent employees need to go through annual performance evaluation process along with a mid-year review. These help our employees to keep their own performance objectives vis-à-vis achievements in line of sight and thus make necessary measures to ensure consistent performance. The bank has also established a robust coaching / counseling culture with standardised templates – CFG (Coaching, Feedback, Guidance) Form, counselling letters etc. We conduct our performance evaluation based on two main parameters: • Performance Objectives - focuses on core job and key purpose of any position and what value this position adds to the business, measured through a Balanced Scorecard having 05 Key Result Areas – business / financial, customer, risk, innovation and people. These helps to drive a holistic performance delivery by each employee. • Demonstration of Values - how the employee demonstrated organization's values while performing in the role. It contributes in cementing a culture of ethics and values necessary for financial institution. • The organization has created a formal body, 'KPI Driving Committee' to meticulously review all individual and divisional KPI / Objectives to ensure fairness and alignment with organizational broader goals. **Linkage between remuneration and performance:** The overall performance rating of any employee is based on the cumulative rating of aforementioned two parameters. In order to translate performance into remuneration, City Bank associates this overall performance rating of an employee with different features of remuneration policy such as yearly increment, performance bonus, etc. This performance rating is calculated based on a scale of six (06) ratings, combining achievements against both the performance objectives

	and the demonstration of values, to ensure fair and transparent evaluation of performance. The bank has created a cross functional body, 'PMP Moderation Committee' to minutely review all individual and divisional performance rating and promotion nominations to ensure fairness and alignment with organizational achievements. **Adjustment of remuneration in the event that performance metrics are weak:** City Bank believes that every individual can improve performance with proper nurturing by the organization coupled with own right mindset. When performance metrics need boosting for an employee, our structured performance improvement process helps that employee. During this process, we assist the employee in his / her journey towards performance improvement by making necessary development intervention e.g. coaching, counselling, mentoring, classroom training, or digital learning etc.
e) Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance	City Bank believes that the individual and team effort and performance should be regularly appreciated and recognized so as to keep our employees motivated to give in their best efforts. And more importantly by recognizing these performances, we reinforce, with our chosen means of recognition, the actions and behaviors we want City Bank employees to repeat most. City Bank relates yearly overall rating of individuals which is based on their performance with different features of remuneration policy such as yearly increment, bonuses etc. Additionally, two or more years of rating are also considered for promotion recommendation of individuals if suitable opening is available commensurate with individual skills and expertise.
f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms	City Bank recognizes the effort and performance of its employees based on its Compensation and Benefit policy which consists of base salary and different benefit packages mentioned earlier. However, City Bank occasionally practice commission-based remuneration process for temporary staff as per their Compensation and Benefit Package. There is also a Reward & Recognition (R&R) program that recognizes extraordinary contribution not only for business gain but also those that inspire and set high quality services, support or standard.

Quantitative Disclosure	
Number of meetings held by the main body overseeing remuneration during 2025 and remuneration paid to its member	NA*
Number of employees having received a variable remuneration award during 2025 Number and total amount of guaranteed bonuses awarded during 2025 Number and total amount of sign-on awards made during 2025 Number and total amount of severance payments made during 2025	NA** 2 Festival Bonus (757 Mn) NA***
Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. Total amount of deferred remuneration paid out in 2025	NA**
Breakdown of amount of remuneration awards for 2025 to show: ▪ Fixed and Variable ▪ Deferred and Non-deferred ▪ Different forms used (cash, shares and share linked instruments, other forms)	NA
Quantitative information about employees' exposure to implicit and explicit adjustments of deferred remuneration and retained remuneration: ▪ Total amount of outstanding 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 ▪ Total amount of reductions during the financial year due to ex post implicit adjustments.	NA

Note:

** In City Bank, no separate and exclusive meeting of the governing body takes place to oversee the remuneration. Rather, HR is assigned to initiate any proposal on remuneration as per the Compensation and Benefit Policy of the bank and upon consent of the management committee same is also placed to regular Board meeting for approval and further actions.*

***During 2025, Compensation and Benefit Policy of City Bank did not have provision of any kind of variable remuneration, deferred remuneration, severance payment or other forms of remuneration as mentioned above for its permanent staff. However, City Bank provides commission-based remuneration to its eligible employees, which doesn't fall under the scope of above mentioned policy.*

**** City Bank didn't have any sign on award for the year 2025. However, City Bank gave reward and recognition to 5,776 employees (amount of BDT 38 Mn) in the year 2025.*