RUPALI BANK PLC

Disclosures on Risk Based Capital under Basel III
For the Year Ended on December 31, 2024

The function of Market discipline in the Revised Capital adequacy Framework is to complement the minimum capital requirements and the supervisory review process (SRP). The primary aim of introducing market discipline in the revised framework is to establish more transparent and more disciplined financial market so that stakeholders can assess the position of the bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets. The reports are purported to affirm the information on Minimum Capital Requirement (MCR) under pillar-I and Supervisory Review Process (SRP) under pillar-II and ensure transparency about the capital adequacy framework, risk assessment and mitigation methodologies, risk exposure in various spectrum so that the stakeholders of the industry can examine the risk related compliance of the Bank. These disclosures are intended for market participants to assess key information about the Bank's exposure to various risks and to provide a consistent and understandable disclosure framework for easy comparison among banks operating in the market.

The principles of these disclosures are as follows:



The third pillar of the Basel-III highlights the role of market discipline in easing the existing pressure on traditional monitoring measures like capital requirement and government supervision. The qualitative and quantitative disclosures of the bank under Basel-III requirements based on the audited financial position as of 31 December 2024 are prepared as per the guidelines of Bangladesh Bank on "Risk Based Capital Adequacy for Banks" to establish more transparent and more disciplined financial market.

1. Scope of Application	
Qualitative Disclosures	
(a) The name of the top corporate entity in the group to which this guidelines applies	রূপালী ব্যাংক পিএলসি RUPALI BANK PLC উত্তম সেবার নিশ্চয়তা
(b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group i) that are fully consolidated; ii) that are given a deduction treatment. and iii) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).	**Rupali Bank PLC** is a state-owned commercial bank which was incorporated as a public limited company on December 14, 1986 under the Companies Act, 1913 and has taken over the business of Rupali Bank (emerged as a Nationalized Commercial Bank in 1972, pursuant to Bangladesh Bank Nationalization Order 1972 (P.O. No. 26 of 1972) as a going concern). Capital to Risk Weighted Assets Ratio (CRAR) report of Rupali Bank PLC. is submitted to Bangladesh Bank on 'Solo' & 'Consolidated' basis. Solo Basis refers to all position of the bank and Consolidated Basis refers to all position of the bank and its subsidiary companies.

Rupali Bank PLC. Management Division

	Subsidiaries: **1) Rupali Investment Limited (RIL)** a fully owned subsidiary company of Rupali Bank PLC which was incorporated as a public limited company on August 27, 2010 with the registrar of Joint Stock Companies & approved by Bangladesh Securities & Exchange Commission on August 09, 2011 to perform full-fledged merchant banking activities like portfolio management, underwriting, stock trading business etc. Investment in the subsidiary company RIL is risk weighted in the bank's exposures. **2) Rupali Bank Securities Ltd. (RBSL)** is also a subsidiary company of Rupali Bank PLC which was incorporated as a Public Limited Company on August 29, 2013 vide registrar of Joint Stock Companies and Firms, Dhaka certificate of incorporation No. C-110969/13 under Companies Act 1994. The main objective of the Company is to act as, and carry on the business of a stock broker & stock dealer and to engage in all types of stock broking business.
(c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not applicable
Quantitative Disclosures	
(d) The aggregate amount of surplus capital of insurance (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.	Not applicable

2. Capital Structure

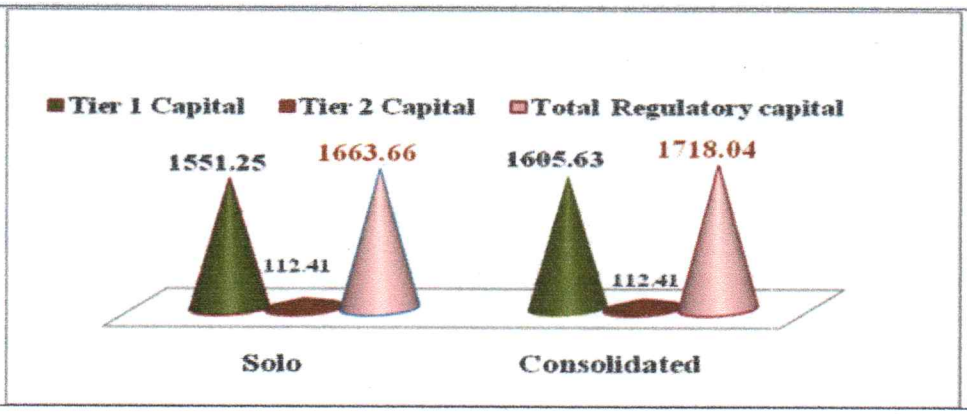
Qualitative Disclosures

(a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1 or Tier 2.	The Basel Committee raised the resilience of the banking sector by strengthening the regulatory capital framework, building on the three pillars of the Basel III framework. The reforms raised both the quality and quantity of the regulatory capital base and enhanced the risk coverage of the capital framework. The regulatory capital under Basel-III is composed of (I) Tier-1 (Going-concern Capital) and (II) Tier-2 (Gone-concern Capital). From regulatory capital perspective, **Going-concern capital** is the capital which can absorb losses without triggering bankruptcy of the Bank and **Gone-concern capital** is the capital which will absorb losses only in a situation of liquidation of the bank. Gone-concern capital represents other elements that fall short of some of the characteristics of core capital but contribute to the overall strength of the bank. **Tier-1 capital** consists of Common Equity Tier-1 (CET1) Capital and Additional Tier-1 Capital. CET1 capital of Rupali Bank PLC includes of paid-up capital, statutory reserve, general reserve, retained earnings and share money deposit. Rupali Bank PLC has no such capital under the criteria of Additional Tier-I capital. **Tier-2 capital** of Rupali Bank PLC consists of general provision (against unclassified loans, SMA and Off-Balance Sheet exposures), Non-Convertible Subordinated Bond. **Total Regulatory Capital =** (Common Equity Tier 1 Capital + Additional Tier 1 Capital + Tier 2 Capital)

Quantitative Disclosures

	Particulars	Solo	Consolidated
		Amount in BDT Crore	
(b) Amount of regulatory capital, with separate disclosure of:	Paid-up capital	487.93	487.93
	Statutory reserve	413.30	416.09
	General reserve	0.00	2.00
	Retained earnings	0.38	49.97
	Share money deposit	680.00	680.00
	Sub Total	**1581.61**	**1635.99**
(c) Regulatory Adjustments/ Deductions from capital	**Regulatory Adjustment**	**30.36**	**30.36**
	Common Equity Tier 1 capital	**1551.25**	**1605.63**
	Additional Tier 1 Capital	**0.00**	**0.00**
	Total Tier 1 Capital	**1551.25**	**1605.63**
	Tier 2 Capital	**112.41**	**112.41**
(d) Total Regulatory capital	**Total Regulatory capital**	**1663.66**	**1718.04**

Rupali Bank PLC Risk Management Division



*As per letter no..ডিওএস(সিএএমএস)১১৫৭/৪১(ডিভিডেন্ড)/২০২৫-৩১১৪, তারিখঃ ২২ মে, ২০২৫ Bangladesh Bank has given deferral advantage/regulatory forbearance to the Bank for the shortfall amounts of TK. 15,375.30 crore against the required provisions up to finalization of the financial statements for the year 2024."

*And according to Bangladesh Bank's letter no. বিআরপিডি(বিএস)৬৬১/১৪৮(পি)/২০২৫-৫৪০৯, তারিখ: ৩০ এপ্রিল, ২০২৫ in the capital calculation based on 31-12-2024, the status of Intangible Assets (Software) is exempted from full (100%) deduction and the status of Deferred Tax Assets (DTA) is given advice to calculate capital adequacy by deducting 55% from the CET-1 Capital.

3. Capital Adequacy

Qualitative Disclosures

(a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities	**i) Capital calculation approach:** With regard to regulatory capital computation approaches (Minimum Capital Requirement) the bank is following the prescribed approach of Bangladesh Bank. Below are risk wise capital computation approaches that the bank is currently applying: ▪ **Credit Risk** - Standardized Approach (SA) ▪ **Market Risk** - Standardized Approach (SA) ▪ **Operational Risk** – Basic Indicator Approach (BIA) The bank has maintained Capital to Risk Weighted Assets Ratio (CRAR) on the solo & consolidated at 2.95 percent & 3.03 percent against the minimum regulatory requirement of 10 percent. Tier-I capital to Risk Weighted Assets ratio for solo & consolidated are 2.75 percent & 2.83 percent against the minimum regulatory requirement of 6 percent. The bank's policy is to manage and maintain its future capital considering all material risks that are covered under pillar-2 of Basel III as well as the result of Stress Tests. The primary objective of the capital management is to optimize the balance between return and risk, while maintaining economic regulatory capital in accordance with risk appetite. ii) Rupali Bank PLC determines its risk weighted assets (RWA) by multiplying the exposure amount of assets with their respective risk weight given in Basel III guidelines by Bangladesh Bank. RWA for market & operational risks are calculated by multiplying the capital charge for these risks by the reciprocal of minimum Capital to Risk Weighted Assets Ratio (10%).

Rupali Bank PLC
Risk Management Division

Quantitative Disclosures

Particulars	Solo	Consolidated
	Amount in BDT Crore	
(b) Capital Requirement For Credit Risk	5248.33	5234.00
(c) Capital Requirement For Market Risk	128.13	173.16
(d) Capital Requirement For Operational Risk	258.16	262.27
(e) Capital ratio :		
Capital To Risk Weighted Assets Ratio (CRAR) %	**2.95%**	**3.03%**
CET-1 to RWA Ratio	2.75%	2.83%
Tier-1 capital to RWA ratio	2.75%	2.83%
Tier -2 capital to RWA Ratio	0.20%	0.20%
(f) Capital Conservation Buffer	-	-
(g) Available Capital under Pillar 2 Requirement	-	-

4. Credit Risk

Qualitative Disclosures

(a) (i) Definitions of past due and impaired (for accounting purpose)

Credit risk is the financial losses resulting from the failure by a client or counterparty to meet its contractual obligations to the Bank. Credit risk arises from the Bank's dealings with or lending to corporate, individuals, and other banks or financial institutions.

As per guideline of Bangladesh Bank, All Loans and Advances are grouped into 4 (four) categories namely- Continuous Loan, Demand Loan, Fixed Term Loan and Short-Term Agricultural & Micro Credit for the purpose of classification. The bank follows Bangladesh Bank circulars and Guidelines related to classification and provisioning to define past due and impairment.

Rupali Bank PLC. follows Bangladesh Bank's BRPD Circular No.14 Dated 23 September 2012 and subsequent changes for classification of loans & advances.

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

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

Rupali Bank PLC. Risk Management Division

(a) (ii) Provisioning depending on the group:

Particulars		Short Term Agriculture & Micro Credit	Consumer Financing			CMS	ME	BHs/ MBs /SDs	All other Credit	Off-Balance Sheet
			Other than HF, LP	HF	LP					
UC	Standard	1%	2%	1%	2%	0.25%	0.25%	1%	1%	1%
	SMA	-	2%	1%	2%	0.25%	0.25%	1%	1%	-
Classified	SS	5%	20%	20%	20%	5%	20%	20%	20%	-
	DF	5%	50%	50%	50%	20%	50%	50%	50%	-
	BL	100%	100%	100%	100%	100%	100%	100%	100%	-

HF=Housing Finance, LP=Loans for professionals to setup business, CMS=Cottage, Micro &Small Credit under CMSME, ME= Medium Enterprise, BHs= Loans to Brokerage House, MBs= Loans to Merchant Bank, SDs = Loans to Stock Dealers.

(a) (iii) Discussion of the bank's credit risk management policy:

On the basis of Bangladesh Bank's credit risk management policies, a manual of Credit Risk Management (CRM) has been formulated and approved by Rupali Bank PLC.'s Board of Directors. The key principle of credit risk management is client due diligence, which is aligned with our country and industry portfolio strategies before sanction of any credit facility as per CRM policies which emphasizes on the size & type, purpose, structure (term, conditions, repayment schedule & interest rate) and securities of the loan proposed.

For actively aiming to prevent concentration (Single borrower/group borrower/ geographical/sectorial concentration) and long tail-risks (large unexpected losses; Rupali Bank PLC. follows different prudential guidelines of its own and Bangladesh Bank. In all market conditions, the bank's capital is effectively protected by ensuring a diversified and marketable credit portfolio.

Risk appetite for credit risk of Rupali Bank PLC is determined by its Board of Directors desiring optimum business mix, risk preferences, the acceptable trade-off between risk & reward etc. as per circular of Bangladesh Bank's Department of Off-site Supervision.

The assessment process is initiated at branch/credit division and placed before Management Credit Committee (MCC) or Board for approval. This process includes borrower analysis, industrial analysis, historical financial analysis, repayment sources analysis, mitigating factors etc. Credit risk grading system has been adopted by Rupali Bank PLC as per Bangladesh Bank's instruction that defines the risk profile of borrower's to ensure that account management, structure and pricing are commensurate with the risk involved.

Rupali Bank PLC is very much concerned in managing non-performing loan. Rupali Bank PLC follows Bangladesh Bank's BRPD Circular for classification of loans & advances and provisioning. Targets to recover classified loans & advances are determined for the branch, zonal Office and divisional office at the beginning of the year. Continuous contact with the borrowers, special meeting with the defaulter, formation of special task forces, announcement of special program are emphasized.

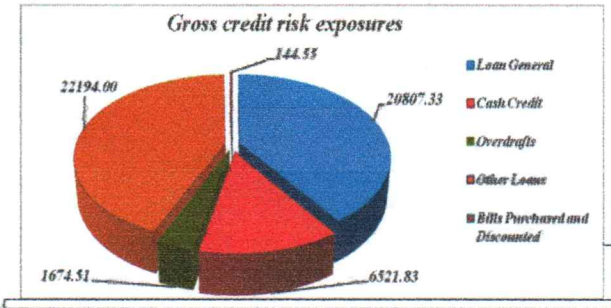
Amount in BDT Crore

Risk Weighted Assets (RWA) for Credit Risk	Solo	Consolidated
On-Balance Sheet	52072.72	51929.43
Off-Balance Sheet	410.60	410.60
Total Credit Risk	**52483.32**	**52340.03**

Rupali Bank PLC. Risk Management Division

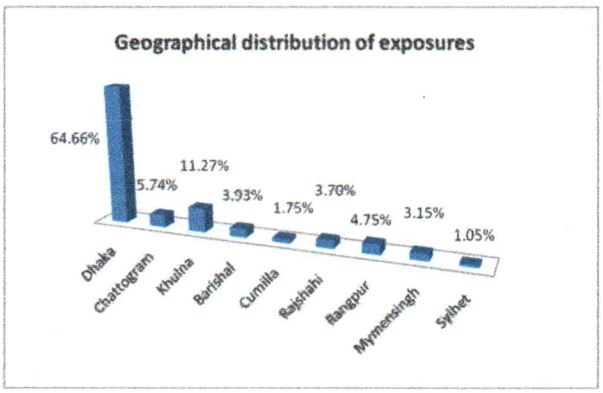
Quantitative Disclosures

(b) Gross credit risk exposures



	Amount in BDT Crore
Loan General	20807.33
Cash Credit	6521.83
Overdrafts	1674.51
Other Loans	22194.00
Bills Purchased and Discounted	144.55
Total =	**51342.22**

(c) Geographical distribution of exposures:



	Amount in BDT Crore
Dhaka	33197.80
Chattogram	2948.44
Khulna	5784.34
Barishal	2017.75
Cumilla	896.19
Rajshahi	1899.20
Rangpur	2440.05
Mymensingh	1617.23
Sylhet	541.22
Total	**51342.22**

(d) Industry or counterparty type distribution of exposures

Sector	Amount in BDT Crore
Agriculture	840.74
RMG	3909.82
Textile	8985.43
Food & allied Industries	1110.97
Pharmaceutical Industries	492.02
Chemical Fertilizer etc.	632.22
Cement & Ceramic Industry	597.49
Ship Building	28.97
Ship Breaking	411.68
Power, Gas	945.32
Other Manufacturing Industry	4085.17
Service	2233.37
Others	206.69
Trade & Commerce	13136.00
Construction	1602.81
Transport	140.79
Consumer finance	5764.07
Miscellaneous	6218.66
Total	**51342.22**

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

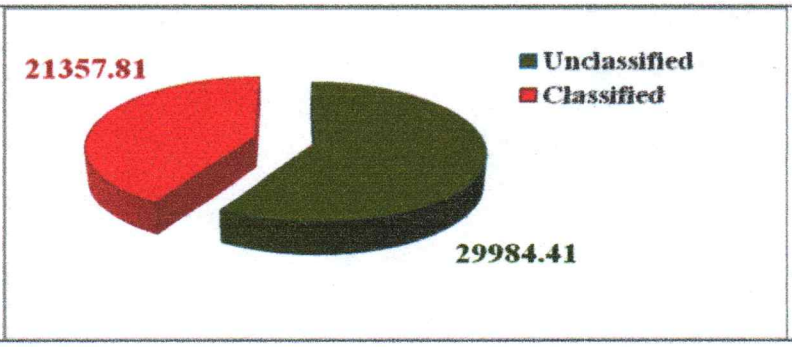
Particulars	Amount in BDT Crore
Repayable on Demand	4831.22
Not more than 3 months	8006.28
Over 3 months but not more than 1 year	14728.20
Over 1 year but not more than 5 years	11435.13
Over 5 years	12341.39
Total	**51342.22**

Rupali Bank PLC. Risk Management Division

(f) Major counterparty wise amount of impaired loans:				Amount in BDT Crore
	Government	**Unclassified:**		
		Standard	-	
		Special Mention Account(SMA)	-	
		Sub Total	-	
		Classified:		
		Sub-standard		
		Doubtful		
		Bad & Loss	36.60	
		Sub Total		**36.60**
	Other Public	**Unclassified:**		
		Standard	919.31	
		Special Mention Account(SMA)		
		Sub Total		**919.31**
		Classified:		
		Sub-standard		
		Doubtful		
		Bad & Loss	348.02	
		Sub Total		**348.02**
	Private	**Unclassified:**		
		Standard	28288.35	
		Special Mention Account(SMA)	776.75	
		Sub Total		**29065.10**
		Classified:		
		Sub-standard	1281.66	
		Doubtful	2023.61	
		Bad & Loss	17667.92	
		Sub Total		**20973.19**
	Grand Total			**51342.22**

Summary

Unclassified	**Amount in BDT Crore**	
Standard	29207.66	
SMA	776.75	
Sub Total		**29984.41**
Classified		
Sub-standard	1281.66	
Doubtful	2023.61	
Bad & Loss	18052.54	
Sub Total		**21357.81**
Grand Total		**51342.22**



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Risk Management Division

(g) Movement of NPAs & specific provisions for NPAs	Particulars	Amount in BDT crore
	Gross Non Performing Assets (NPAs)	**21357.81**
	Non Performing Assets (NPAs) to outstanding Loans & advance	**41.60%**
	Movement of NPAs (Gross)	
	Opening balance	**10043.77**
	Additions during the year	12586.77
	Reductions (Cash Recovery during the year)	(425.68)
	Reductions (Adjustment during the year)	(847.05)
	Closing balance	**21357.81**
	Movement of specific provisions for NPAs	
	Opening balance	**1305.63**
	Add: Made during the year	25.00
	Add: Transfer from Special Provision Bangladesh Sugar and food Industry	299.20
	Add: Transfer from Off Balance Sheet Items	70.04
	Closing Balance	**1699.87**

5. Equities: Disclosures for banking book positions

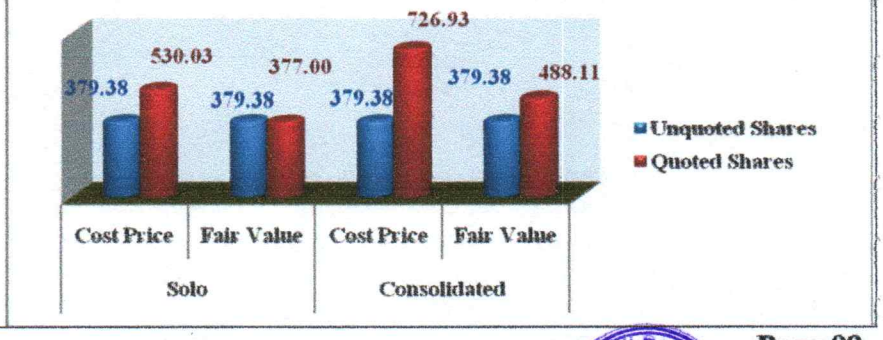
Qualitative Disclosures

a (i) Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons	Investment in equity securities are broadly categorized into two parts: **i. Quoted Securities** (Common or Preference Shares & Mutual Fund) that are traded in the secondary market (Trading Book Assets). **ii. Unquoted securities** include shares of Central Depository Bangladesh Limited (CDBL), investment in SWIFT and Market Stabilization Fund (MSF).
a (ii) Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.	The primary aim is to invest in these equity securities for the purpose of capital gain by selling them in future or held for dividend income. Dividends received from these equity securities are accounted for as and when received. Both Quoted and Un-Quoted equity securities are valued at cost and necessary provisions are maintained if the prices fall below the cost price.

Quantitative Disclosures

b) Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.

Particulars	Solo		Consolidated	
	Amount in BDT Crore			
	Cost Price	Fair Value	Cost Price	Fair Value
Unquoted Shares	379.38	379.38	379.38	379.38
Quoted Shares	530.03	377.00	726.93	488.11
Total=	**909.41**	**756.38**	**1106.31**	**867.49**



c) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.	Nill
d (i) Total unrealized gains/ (losses)	**(153.03)**
d (ii) Total latent revaluation gains (losses)	Nill
d (iii) Any amounts of the above included in Tier 2 capital	Nil
e) 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.	**Required Capital Charge on Equities**

Particulars	Solo	Consolidated
	Amount in BDT Crore	
Specific Risk	53.35	75.86
General Market Risk	53.35	75.86

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

Qualitative Disclosures

a) The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.	To manage this risk in the banking book, bank considers the impact of interest rate changes on both assets and liabilities, and its particular features including, among other things, terms and timing. Changes in interest rates affect both the current earnings (earning perspective) as well as the net worth of the bank (economic value perspective). Rupali Bank PLC periodically computes the interest rate risk on the banking book that arises due to re-pricing mismatches in interest rate sensitive assets and liabilities. For computation of the interest rate mismatches the guidelines of Bangladesh bank are followed. Details relating to re-pricing mismatches and the interest rate risk thereon are placed to the ALCO regularly. Following techniques for managing the IRRBB in Rupali Bank PLC. are applied: **Re-pricing Schedules:** It is the simplest techniques for measuring a bank's interest rate risk exposure and that is generating a maturity/re-pricing schedule that distributes interest-sensitive assets, liabilities, and OBS positions into a certain number of predefined time bands according to their maturity (if fixed-rate) or time remaining to their next re-pricing (if floating-rate). Those assets and liabilities lacking definitive re-pricing intervals (e.g. sight deposits or savings accounts) or actual maturities that could vary from contractual maturities are assigned to re-pricing time bands according to the judgment and past experience of the bank. **Gap Analysis:** It helps to assess the interest rate risk of current earnings. To evaluate earnings exposure, interest rate-sensitive liabilities in each time band are subtracted from the corresponding interest rate-sensitive assets to produce a re-pricing "gap" for that time band. This gap is then multiplied by an assumed change in interest rates to yield an approximation of the change in net interest income that would result from such an interest rate movement.

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	i. **Duration:** A maturity/re-pricing schedule is also used to evaluate the effects of changing interest rates on a bank's economic value by applying sensitivity weights to each time band. Typically, such weights are based on estimates of the duration of assets and liabilities that fall into each time band. ii. **Quarterly Stress Testing:** It is conducted on quarterly basis as per the directives of Bangladesh Bank to gain better insight into the vulnerable issue of IRRBB.

Quantitative Disclosures

(b) The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).

Particulars	Amount in BDT Crore		
Market Value of Assets	80499.19		
Market Value of Liabilities	79005.47		
Weighted Average of Duration of Assets (DA)	1.80		
Weighted Average of Duration of Liabilities (DL)	1.20		
Duration GAP	0.63		
Yield to Maturity (YTM-Assets)	11.62%		
Yield to maturity (YTM-Liabilities)	5.06%		
Magnitude of Interest Rate Change	**1%**	**2%**	**3%**
Change in market value of equity due to and increase in interest rate	-451.39	-902.79	-1354.19
Stress Testing	**Minor**	**Moderate**	**Major**
Regulatory Capital (after shock)	1212.26	760.87	309.47
RWA (after shock)	56188.20	56188.20	56188.20
CRAR (after shock)	2.16%	1.35%	0.55%

7. Market Risk

Qualitative Disclosures

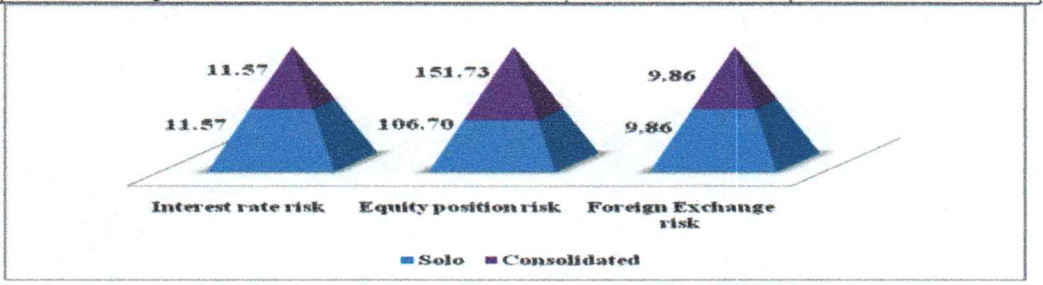
a (i) Views of BOD on trading/ investment activities	The Board of Directors approves all policies related to market risk, sets limits and reviews compliance on a regular basis. The objective is to obtain maximum returns (without taking undue risks) by reducing the negative effect of the risk.
a (ii) Methods used to measure Market risk	Standardized Approach (SA) is used for calculating capital charge against market risk (interest rate risk, equity position & foreign exchange risk) which is determined separately. The total capital requirement in respect of market risk is the sum of capital requirement measured in terms of two separately calculated capital charges for specific market risk and general market risk for each of these market risk sub-categories.
a (iii) Market Risk Management system	Rupali Bank PLC. makes investment decision based on historical data of market movements of all comparable financial instruments to avoid general market risk. For managing specific risk Rupali Bank PLC emphasizes on investment in Government treasury bonds and quality financial instruments, which are less volatile in nature. Treasury Front Office, Back Office & Mid Office have been established and functioning through an independent organizational chain in line with the manual.

Rupali Bank PLC Risk Management Division

a (iv) Policies and processes for mitigating market risk	There are approved limits for credit deposit ratio, liquid assets to total assets ratio, maturity mismatch, commitments for both on-balance sheet and off-balance sheet items, borrowing from money market and foreign exchange position. The limits are monitored and enforced regularly to protect against market risks. These limits are reviewed based on prevailing market and economic conditions to minimize risk caused by market fluctuation.

Quantitative Disclosures

The capital requirements for	Solo	Consolidated
	Amount in BDT Crore	
Interest rate risk	11.57	11.57
Equity position risk	106.70	151.73
Foreign Exchange risk	9.86	9.86
Commodity risk	*Nil*	*Nil*



8. Operational Risk

Qualitative Disclosures

• Views of BOD on system to reduce Operational Risk	Internal control & compliance (ICC) is the main tool in managing operational risk Management which through three units of ICC i.e. monitoring, compliance and Audit & Inspection; controls overall operation of the bank. Board audit committee directly oversees the functions of ICC to prevent operational risks.
• Performance gap of executives and staffs	Rupali Bank PLC has a Human Resource Policy with the formal rules and guidelines to recruit, train, assess and reward employees. This policy is applied consistently and fairly across the bank. Rupali Bank PLC ensures posting of right persons in the right places identifying ideal performers and rewarding them with desired promotion and posting. Extensive training programs are also taken for every level of employees ensuring to build professionals with a blend of technical, business and leadership skills.
• Potential external events	External events may affect business operations directly or indirectly. These external events may stem from the socio-economic and political environment within which the bank is operating. In order to minimize effects of unexpected external events Rupali Bank PLC aims at and relies on collecting and analyzing information on a continuous and timely manner.
• Policies and processes for mitigating operational risk	Rupali Bank PLC has formed SMT (Senior Management Team) to identify measure, monitor and control the risks through framing required policies and procedures. The policy of managing operational risk through Internal Control and Compliance is approved by the Board of Directors taking into account the relevant guidelines of Bangladesh Bank. DCFCL (departmental control function check list) and QOR (quarterly operation report) are applied for evaluation of the branches operational performance. Manuals related to Credit, Human Resources, Finance & Accounts,

	Treasury, Audit and Inspection etc. have been prepared for continuous recognition and assessment of all material risk that could adversely affect the achievement of Rupali Bank PLC. goal. The audit & inspection division makes a year wise risk based audit plan to carry out comprehensive audits & inspections on the banking operations to ensure procedures are in place & complied with.
• Approach for calculating capital charge for operational risk	Rupali Bank PLC uses the basic indicator approach (BIA) to calculate its operational risk. Under BIA, the capital charge for operational risk is a fixed percentage denoted by α (alpha) of average positive annual gross income (GI) of the bank over the past three years. The capital charge may be expressed as follows: $K=[(GI1 + GI2 + GI3) \times \alpha] / n$ Where, K = Capital charge under the basic indicator approach GI= Only Positive annual gross income over the previous three years α = 15% N = Number of the previous three years of which gross income is positive

Quantitative Disclosures

• The capital requirements for operational risk	Solo	Consolidated
	Amount in BDT Crore	
	258.16	262.27

9. Liquidity Ratio

Qualitative Disclosures

• Views of BOD on system to reduce liquidity risk	**Liquidity risk** is a financial risk that for a certain period of time a given financial asset, security or commodity cannot be traded quickly enough in the market without impacting the market price. Rupali Bank PLC. is blessed with a prudent Board of Directors that has always been giving utmost importance to minimize the liquidity risk of the bank. The prime responsibility of the liquidity risk management of the bank rests with Treasury Division under the supervision of ALCO Committee, which maintains liquidity based on current liquidity position, anticipated future requirement, sources of fund, options for reducing funding needs, present and anticipated asset quality, present and future earning capacity, present and planned capital position, etc.
• Methods used to measure liquidity risk	To identify and monitor the driving factors of liquidity risk, it is viewed from the following aspects: ➢ Cash Reserve Ratio (CRR) ➢ Statutory Liquidity Ratio (SLR) ➢ Liquidity Coverage Ratio (LCR) ➢ Net Stable Funding Raito (NSFR) ➢ Structural Liquidity Profile (SLP) ➢ Advance Deposit Ratio (ADR) ➢ Medium Term Funding Ratio (MTFR) ➢ Maximum Cumulative Outflow (MCO) Rupali Bank PLC.'s own liquidity monitoring tools: ➢ Wholesale Borrowing and Funding Guidelines ➢ Liquidity Contingency Plan ➢ Management Action Trigger

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• Liquidity risk management system	According to liquidity contingency plan we have incorporated all the strategic decision to tackle any sort of liquidity crisis. The Asset Liability Committee (ALCO), which meets at least once in a month, is responsible for managing and controlling liquidity of the bank. Treasury front office closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities and they are primarily responsible for management of liquidity in the bank. A monthly projection of fund flows is reviewed in ALCO meeting regularly.
• Policies and processes for mitigating liquidity risk	Asset-Liability Committee (ALCO) is responsible for monitoring liquidity measures and limits in Rupali Bank PLC. Liquidity is maintained in excess of the maximum cumulative outflows calculated within these stress tests. Board Risk Management Committee set policies and process to mitigate all risks including liquidity risk. Regulatory standards for LCR and NSFR are '≥100%' and '>100%' respectively.

Quantitative Disclosures

Particulars	Amount in BDT Crore
Liquidity Coverage Ratio (LCR)	264.27%
Net Stable Funding Ratio (NSFR)	98.28%
Stock of High quality liquid assets	18755.31
Total net cash outflows over the next 30 calendar days	7097.08
Available amount of stable funding	68776.08
Required amount of stable funding	69982.35

10. Leverage Ratio

Qualitative Disclosures

• Views of BOD on system to reduce excessive leverage	In order to avoid building-up excessive on and off-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced by Bangladesh Bank. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. Banks are highly leveraged organizations which facilitate leverage for others. The responsibility of monitoring excessive leverage of the bank lies with the concerned divisions under the guidance of the Board of Directors of Rupali Bank PLC. Policies and processes for keeping the bank's leverage ratio up to the mark are reviewed by the Board of Directors on a regular basis.
• Policies and processes for managing excessive on and off balance sheet leverage	The bank reviews its leverage position as per the Guidelines on Risk Based Capital Adequacy (Basel III). To manage excessive leverage, the bank follows all regulatory requirements for capital, liquidity, commitment, Advance Deposit Ratio (ADR), Maximum Cumulative Outflow (MCO), large exposures which are eventually reinforcing different standards set by Bangladesh Bank. The aim is to ensure that the high leverage inherent in banking business models is carefully and prudently managed.
• Approach for calculating exposure	A minimum Tier 1 leverage ratio of 3.50% is being prescribed both at solo and consolidated level. Accordingly Rupali Bank PLC maintains leverage ratio on quarterly basis. Leverage Ratio = Tier 1 Capital (after related deductions)/Total Exposure (after related deductions)

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	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 is applied by the bank: i. On balance sheet, non-derivative exposures are net of specific provisions and valuation adjustments (e.g. surplus/ deficit on Available for sale (AFS)/ Held-for-trading (HFT) positions). ii. Physical or financial collateral, guarantee or credit risk mitigation purchased is not allowed to reduce on balance sheet exposure. iii. Netting of loans and deposits is not allowed.

Quantitative Disclosures

Particulars	Solo	Consolidated
	Amount in BDT Crore	
Leverage Ratio	**1.87%**	**1.93%**
a) On balance sheet exposure	78960.18	79091.95
b) Off balance sheet exposure	4098.96	4098.96
c) Total Deduction From On and Off-Balance Sheet Exposure	30.36	30.36
Total exposure { (a + b) – c }	**83028.78**	**83160.55**

11. Remuneration

The disclosure requirement on remuneration allows market participants to assess the quality of the bank's compensation practices and the incentives towards risk taking the supports. The overall objective of the Bank's remuneration policy is to establish a framework for attracting, retaining and motivating employees and creating incentives for delivering long-term performance within established risk limits. Performance is judged on both the achievement and values of the bank.

Qualitative Disclosure

Sl no.		
	Name, composition and mandate of the main body overseeing remuneration.	The human resource division of the bank oversees the remuneration in line with its human resource policy under direct guidance of Board of Directors of the bank.
	External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.	The bank does not have any external consultant in preparing and implementation of remuneration process.
	A description of the scope of the bank's remuneration policy (eg by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.	Rupali Bank PLC. follows National Pay Scale. The bank follows a non-discriminatory policy in respect of remuneration and benefits for head quarter and regions. Rupali Bank PLC. has no foreign subsidiaries and branches.
a.	A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.	Types of employees considered as material risk takers:

Employees	No.
Managing Director	01
Deputy Managing Director	03
General Manager	18
CFO	00
Divisional & Local Office Head (GM)	10
Divisional Head of Head Office	40
Zonal Managers	36
Branch Managers	585*
Sub-Branch Managers	34
***Excluding Local Office**	

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b.	An overview of the key features and objectives of remuneration policy.	There is no separate remuneration structure in Rupali Bank PLC follows the national pay scale introduced by The Government of The Peoples' Republic of Bangladesh.
	Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that was made.	Rupali Bank PLC followed National Pay Scale-2009 from 1st July 2009 to 30 June 2015. The Government of the Peoples Republic of Bangladesh introduced national pay scale-2015. The same has been approved in 987th board meeting held on December 27, 2015 and confirmed in 988th board meeting held on December 30, 2015. A circular has been issued on January 7, 2015 July 01, 2015 on December 15, 2015 effective from 1st July, 2015 in this regard.
	A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.	Rupali Bank PLC follows National Pay Scale.
c.	An overview of the key risks that the bank takes into account when implementing remuneration measures.	Rupali Bank PLC follows National Pay Scale.
	An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed).	Not applicable.
	A discussion of the ways in which these measures affect remuneration.	Not applicable.
	A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.	Not applicable.
d.	An overview of main performance metrics for bank, top-level business lines and individuals.	Not applicable.
	A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.	Not applicable.
	A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.	Not applicable.
e.	A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.	The pay scale describes short time and long term benefits. Short time benefits include salary, festival bonus and incentive bonus. Long term benefits include gratuity and pension, provident fund and leave encashment.

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	A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements.	Not applicable.
f.	An overview of the forms of variable remuneration offered (ie cash, shares and share-linked instruments and other forms.	Not applicable.
	A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description the factors that determine the mix and their relative importance.	Not applicable.

Quantitative Disclosures

g.	Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	Not applicable
h.	Number of employees having received a variable remuneration award during the financial year.	Not applicable.
	Number and total amount of guaranteed bonuses awarded during the financial year.	Not applicable.
	Number and total amount of sign-on awards made during the financial year.	Not applicable.
	Number and total amount of severance payments made during the financial year.	Not applicable.
i.	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Not applicable.
	Total amount of deferred remuneration paid out in the financial year	Not applicable.
j.	Breakdown of amount of remuneration awards for the financial year to show: - Fixed and variable. - Deferred and non-deferred. - Different forms used (cash, shares and share linked instruments, other forms).	Particulars / Amount in BDT Crore Fixed: 666.28 Variable: 118.55
k.	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	Not applicable.
	Total amount of reductions during the financial year due to ex post explicit adjustments.	Not applicable.
	Total amount of reductions during the financial year due to ex post implicit adjustments.	Not applicable.

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