MARKET DISCIPLINE
DISCLOSURES ON RISK BASED CAPITAL (BASEL-III)

1. SCOPE OF APPLICATION

Qualitative Disclosure	a)	The name of the top corporate entity in the group to which this guidelines applies	**National Bank Limited**
	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; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).	National Bank Limited has 7 (seven) subsidiaries (i) NBL Securities Ltd. (ii) NBL Capital & Equity Management Ltd (iii) NBL Money Transfer Pte. Ltd. Singapore (iv) NBL Money Transfer Sdn Bhd. Malaysia (v) NBL Money Transfer (Maldives) Private Ltd. (vi) NBL Money Transfer Payment Foundation S.A., Greece (vii) NBL Money Transfer INC., USA (Closed operation in 2022) **National Bank Limited:** NBL was incorporated in Bangladesh as a public limited company with limited liability as on 15 March 1983 under Companies Act 1913 (Companies Act 1994) to carry out banking business. It obtained license from Bangladesh Bank to Carry on banking business on 22 March 1983. The Bank has been engaged in banking activities through its two hundred twenty one (221) branches and 33 sub branches located all over the country. The Bank is listed with both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. **NBL Securities Limited:** NBL Securities Limited, a subsidiary company of National Bank Limited was incorporated as a public Limited Company with the Registrar of Joint Stock Companies and Firms in Dhaka, Bangladesh bearing Registration No-C-82154/10 Dated February 01, 2010 under the Companies Act, 1994. The main objectives of the company are to carry on the business as Stock Broker/ Stock Dealer of stock exchanges, depository participants of Central Depository Bangladesh Limited (CDBL), underwriter, placement agent and to carry on the business of broker, jobber or dealer in stocks, shares, securities, commodities, commercial papers, bonds, debentures, treasury bills and financial instruments. **NBL Capital & Equity Management Ltd.:** NBL Capital & Equity Management Ltd. is fully owned subsidiary company of National Bank Limited incorporated as a private limited company

			with the registrar of Joint Stock Companies, Dhaka, Bangladesh vide Certificate of incorporation No-C-82157/10 Dated February 01,2010 under the Companies Act,1994. The functions of Merchant Banker were separated from National Bank Limited by forming a subsidiary company namely NBL Capital & Equity Management Limited as per Bangladesh Bank's BRPD Circular no. 12 dated 14.10.2009. **NBL Money Transfer Pte. Ltd., Singapore:** The Company is incorporated as Private Limited Company and domiciled in the Republic of Singapore. The principal activity of the company is that of money remittance agency. **NBL Money Transfer Sdn Bhd. Malaysia:** The Company is a Private Limited Company, incorporated and domiciled in Malaysia. It is principally engaged in business of currency remittance services. **NBL Money Transfer (Maldives) Private Ltd.** The Company was incorporated under the Act No. 10/96 in the Republic of Maldives on 29 August 2011. The objective of the company is to operate money remittance and money exchange business. The company commenced its commercial operations on 23 December 2011. **NBL Money Transfer Payment Foundation S.A., Greece** The Company is a 100% owned subsidiary of NBL was established on 14 June 2012 for the purpose of inward remittance services. **NBL Money Transfer INC., USA** The company was incorporated on March 9, 2011 under the laws of the State of New York. On June 11, 2013 the company received license as an international money transmitter from the State of New York Department of Financial Services. The operation was closed in March 2022.
	c)	Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not applicable

Quantitative Disclosure	d)	The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group	Not applicable

2. CAPITAL STRUCTURE

Qualitative Disclosure	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 CET1, Additional Tier 1 or Tier 2.	As per Guidelines on Risk Based Capital Adequacy in line with Basel III Common Equity Tier – 1 (CET1) Capital of NBL consists of (i) Paid-up Capital (ii) Statutory Reserve (iii) General Reserve (iv) Retained Earnings and (v) Minority interest in Subsidiaries. NBL and its subsidiaries do not have Additional Tier 1 (AT1) Capital as they did not issue any instrument that meets the qualifying criteria for Additional Tier1 Capital. Tier - 2 Capital consists of (i) General Provision (ii) Subordinated Debt/instruments that meet the qualifying criteria for Tier 2 Capital

Quantitative Disclosure	b)	**The amount of Regulatory capital with separate disclosure of:**	**Solo**	**Consolidated**
			Taka in Crore	
		Common Equity Tier 1 (CET1) Capital:		
		Fully paid up capital	3,219.74	3,219.74
		Non repayable share premium account	-	-
		Statutory reserve	1,722.81	1,722.81
		General reserve	-	3.71
		Retained earnings	(855.69)	(838.89)
		Minority interest in subsidiaries	-	0.02
		Dividend equalization account	-	-
		Additional Tier 1 (AT1) Capital	**-**	**-**
		Total Tier 1 Capital	**4,086.86**	**4,107.38**
		Tier 2 Capital	**660.59**	**660.59**
		Total Amount of Tier 1 and Tier 2 Capital	**4,747.45**	**4,767.97**
	c)	Regulatory Adjustments/ Deductions from Capital	460.05	466.05
	d)	**Total Eligible Capital**	**4,287.40**	**4,301.92**

3. Capital Adequacy

Qualitative Disclosure	a)	A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.	NBL has an exclusive body called Risk Management Division (RMD) for assessing overall risk profile and a strategy for maintaining adequate capital. Adequate capital means enough capital to compensate all the risks in the business, and to develop and practice better risk management techniques for monitoring and managing the risks. The Bank has adopted Standardized Approach (SA) for computation of capital charge for credit risk and market risk, Basic Indicator Approach (BIA) for operational risk. As per capital adequacy guideline, the bank is required to maintain Capital to Risk Weighted Assets Ratio (CRAR) of 12.50% including Capital Conservation Buffer of 2.50% with regards to credit risk, market risk and operational risk.

Quantitative Disclosure		**Particulars**	**Solo**	**Consolidated**
			Taka in Crore	
	b)	Risk Weighted Asset (RWA) for Credit Risk	46,044.11	45,860.94
	c)	Risk Weighted Asset (RWA) for Market Risk	1,405.16	1,597.97
	d)	Risk Weighted Asset (RWA) for Operational Risk	1,286.48	1,315.58
		Total Risk Weighted Assets (RWA)	**48,735.75**	**48,774.49**
		Total Regulatory Capital (Tier 1 & Tier 2)	**4,287.41**	**4,301.92**
	e)	Capital to Risk Weighted Assets Ratio (CRAR)	8.80%	8.82%
		Common Equity Tier 1(CET 1) Capital to RWA Ratio	7.44%	7.47%
		Tier 1 Capital to RWA Ratio	7.44%	7.47%
		Tier 2 Capital to RWA Ratio	1.36%	1.35%
		Minimum Capital Requirement (MCR)	4,873.58	4,877.45
	f)	Capital Conservation Buffer	0%	0%

I) As on December 31, 2022 provision required against classified loans and advances amounting BDT 6,218.53 crore against which Bank maintained an amount of BDT 1,435.43 crore. Bangladesh Bank vide letter no. DOS(CAMS)1157/41(Dividend)/2023-2136 dated April 26, 2023 allowed time to maintain the shortfall amount up to finalization of next audited financial statements. Mentioned that total provision shortfall (Classified & Unclassified) as on 31 December 2022 was Tk. 10,869.90 crore.

II) Bangladesh Bank vide letter no. DOS(CAMS)1157/01(II)-A/2023-44 dated January 03, 2023 granted exemption to deduct intangible assets from the capital of the bank. The intangible assets was created by transferring the loss amounting Tk. 2,346/- crore arising due to interest waiver. Bangladesh bank also allowed to adjust the same over the period of next eight (8) years equally.

4. CREDIT RISK

Qualitative Disclosure		**The General qualitative disclosure requirement with respect to credit risk, including:**	
	a)	i) Definition of past due and impaired (for accounting purpose)	A claim that has not been paid as of its due date is termed as past due claim. As per Bangladesh Bank circulars issued from time to time all the loans and advances are grouped into four categories for the purpose of classification, namely (i) Continuous Loan (ii) Demand Loan (iii) Fixed Term Loan and (iv) Short –Term Agriculture and Micro Credit . **Continuous & Demand Loans are classified as:** • **Sub – standard:** if it is past due /overdue for three (03) months or beyond but less than nine (09) months; • **Doubtful:** if it is past due /overdue for nine (09) months or beyond but less than twelve (12) months; • **Bad / Loss:** if it is past due /overdue for twelve (12) months or beyond. **Fixed Term Loans are classified as:** • **Sub – standard:** if it is past due /overdue for three (03) months or beyond but less than nine (09) months; • **Doubtful:** if it is past due /overdue for nine (09) months or beyond but less than twelve (12) months; • **Bad / Loss:** if it is past due /overdue for twelve (12) months or beyond. **Cottage, Micro and Small Credit under CMSME:** • **Sub – standard:** if it is past due /overdue for six (06) months or beyond but less than eighteen (18) months; • **Doubtful:** if it is past due /overdue for eighteen (18) months or beyond but less than thirty (30) months; • **Bad / Loss:** if it is past due /overdue for a period of thirty (30) months or beyond. **Short Term Agricultural and Micro Credit are classified as:** • **Sub – Standard:** if the irregular status continues after a period of twelve (12) months, the credits are classified as “Sub- Standard”; • **Doubtful:** if the irregular status continues after a period of thirty six (36) months, the credits are classified as “Doubtful”; • **Bad / Loss:** if the irregular status continues after a period of sixty (60) months, the credits are classified as “Bad/ Loss”.

<table>
<tr><td></td><td></td><td></td><td>A Continuous loan, Demand loan or Term loan which remained overdue for a period of two (02) months or more, is treated as "Special Mention Account (SMA)".</td></tr>
<tr><td></td><td></td><td>ii) Description of approaches followed for specific and general allowances and statistical methods;</td><td>The Bank is required to maintain the following general and specific provision in respect of classified and unclassified loans and advances/ investments on the basis of Bangladesh Bank guidelines issued from time to time:
<table>
<tr><th>Particulars</th><th>Rate</th></tr>
<tr><td>General provision on unclassified Small & Medium Enterprise (SME) financing</td><td>0.25%</td></tr>
<tr><td>General provision on unclassified loans & advances other than Consumer Financing, Loans to Brokerage House, Merchant Banks, Stock Dealers etc., SMA as well as SME financing.</td><td>1%</td></tr>
<tr><td>General provision on short-term Agricultural & Micro- credits.</td><td></td></tr>
<tr><td>General provision on housing finance, short term agricultural credit, micro credit and special general provision COVID-19</td><td>1%</td></tr>
<tr><td>General provision on off balance sheet exposure</td><td>1%</td></tr>
<tr><td>General provision on unclassified loans & advances for housing finance, credit card and loans for professionals.</td><td>1%</td></tr>
<tr><td>General provision on Loans & advances to Professionals, Brokerage House, Merchant Banks, Stock Dealers etc.</td><td>2%</td></tr>
<tr><td>General provision on unclassified amount for Consumer Financing.</td><td>2%</td></tr>
<tr><td>General provision on unclassified amount for consumer financing and Specific Provision on sub-standard & doubtful loans against short term Agri- credit.</td><td>5%</td></tr>
<tr><td>Specific provision on Sub-Standard loans & advances</td><td>20%</td></tr>
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Specific provision on Sub-Standard loans & advances for Cottage. Micro and Small credits under CMSME	5%
Specific provision on Doubtful loans & advances for Cottage. Micro and Small credits under CMSME	20%
Specific provision on Doubtful loans & advances	50%
Specific provision on Bad/ Loss loans & advances	100%

Quantitative Disclosure

b) **Total gross credit risk exposures, broken down by major types of credit exposure.**

Particulars	**Taka in Crore**
Secured Overdraft	817.11
Cash Credit	6,215.68
Overdraft	7,198.85
Loans (General)	22,221.05
House Building Loans	2,474.30
Lease Finance	10.27
Loans against Trust Receipts	823.16
Payment against Documents	95.28
Credit Card	118.67
Margin Loan	-
Other Loans and Advances	1,911.88
Bill Purchased & Discounted- Inland	219.62
Bill Purchased & Discounted- Foreign	400.70
Total	**42,506.55**

c) **Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.**

Particulars	**Taka in Crore**
Dhaka Division	32,038.69
Chittagong Division	7,299.34
Khulna Division	676.89
Sylhet Division	126.53
Rangpur Division	375.99
Barishal Division	243.98
Rajshahi Division	1,354.80
Mymensingh Division	390.33
Total	**42,506.55**

d) **Industry or counterparty type distribution of exposure broken down by major types of credit exposure.**

Particulars	**Taka in Crore**
Agriculture	459.46
Term Loan to Small Cottage Industries	627.87
Term Loan to Large & Medium Industries	17,024.74
Working Capital to Industries	7,297.05
Export Credit	1,337.61
Trade Finance	7,954.64
Consumer Credit	273.87
Credit Card	118.67
Others	7,412.64
Total	**42,506.55**

	e)	Residual contractual maturity break down of the whole portfolio, broken down by major types of credit exposure.	
		Particulars	**Taka in Crore**
		Repayable on Demand	2,975.46
		Up to 1 month	3,400.52
		Over 1 month but not more than 3 months	4,250.66
		Over 3 month but not more than 1 year	6,375.98
		Over 1 year but not more than 5 years	10,626.64
		Over 5 years	14,877.29
		Total	**42,506.55**

	f)	By major industry or counterparty type:	
		a) Amount of impaired loans and if available, past due loans, provided separately	
		Particulars	**Taka in Crore**
		Sub – Standard	330.07
		Doubtful	1,125.28
		Bad / Loss	9,215.00
		Total	**10,670.35**
		ii) Specific and General Provisions	
		a) Specific Provision	
		Opening Balance	1,435.08
		Waiver during the year	-
		Release of Provision	0.35
		Adjustment/ Recovery in kinds on account of properties	-
		Transfer to/from general provision unclassified loan	-
		Transfer to /from general provision Off B/S	-
		Provision made during the year	-
		Closing Balance	**1,435.43**
		b) General Provision	
		Opening Balance	456.97
		Transfer from/to other provision	(117.84)
		Provision made during the year	-
		Closing Balance	**339.13**
		c) General Provision against Off B/S	
		Opening Balance	59.20
		Transfer from/ to specific provision	(11.67)
		Provision made during the year	-
		Closing Balance	**47.53**
		d) Special General Provision for Covid-19	
		Opening Balance	108.98
		Provision made during the year	-
		Closing Balance	**108.98**

		e) General Provision against good borrower	
		Opening Balance	1.27
		Provision made during the year	-
		Paid during the year	-
		Closing Balance	**1.27**

		iii) Charges for specific allowances and charge –offs during the period	
		Provision on classified loans and advances	1,435.43
		Provision on unclassified loans and advances	339.13
		Provision on Off Balance Sheet exposure	47.53
		Provision for Covid-19	108.98
		Provision for Good Borrower	1.27
		Provision for other assets	10.78
		Provision for diminution in value of investments	133.95

	g)	**Gross Non Performing Assets (NPAs)**	
		Non Performing Assets (NPAs) to Outstanding loans and advances	25.10%
		Movement of Non Performing Assets (NPAs)	
		Opening balance	9,261.71
		Additions	8,222.15
		Reductions	6,813.51
		Closing balance	**10,670.35**
		Movement of specific provisions for NPAs	
		Opening balance	1,435.08
		Provisions made during the period (including transfer)	0.35
		Recovery of Write off	0.00
		Release of provision	0.00
		Closing balance	**1,435.43**

5. Equities: Disclosures for Banking Book Positions

Qualitative Disclosure	a)	The general qualitative disclosure requirement with respect to equity risk, including:	
		i) Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons	Investment in equity securities are broadly categorized in to two parts: i) Quoted securities: Ordinary Shares, Mutual Fund that are traded in the secondary market (Trading Book Assets). ii) Unquoted securities: Preference Share and Subscription for Private Placement that are not traded in the secondary market (Banking Book Assets)

		Investment Class	Initial recognition	Measurement after initial recognition	Recording of changes
		Shares (Quoted)	Cost	Book value of overall portfolio	Loss (net of gain) to Profit & Loss account but no unrealized gain/ (loss) booking. Provision is being maintained for unrealized loss.
		Shares (Unquoted)	Cost	Book Value	Loss to Profit & Loss account but no unrealized gain (loss) booking.
		Mutual fund (Closed end)	Cost	Book Value	Loss (net) to Profit & Loss account but no unrealized gain / (loss) booking. Provision is being maintained for unrealized loss.

		Particulars	Solo		Consolidated	
Quantitative Disclosure			Taka in Crore			
			Cost Price	Market Price	Cost Price	Market Price
	b)	Value disclose 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	744.12	602.22	868.89	679.72
	c)	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.				
		i) Specific Risk	60.22		67.97	
		ii) General Market Risk	60.22		67.97	

6. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Qualitative Disclosure	a)	The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.	*Interest rate risk is the risk where changes in market rates might adversely affect a bank's financial condition. Changes in interest rates affect both the current earnings as well as the net worth of the bank. To evaluate the impact of the interest rate risk on the net interest margin, NBL monitors the size of the gap between rate sensitive assets and rate sensitive liabilities in terms of the remaining period to re-pricing.* *A maturity mismatch approach is used to measure Bank's exposure to interest rate risk.* *Interest Rate Risk in the Banking Book arises when there is a mismatch between the maturity profiles of Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL). Interest rate risk has short term impact on Bank's net interest income and long term impact on Bank's net worth since the economic value of Bank's assets, liabilities and off-balance sheet exposures is affected.*

(BDT in Crore)

			Particulars	1-30 days	Over 1 month to 3 months	Over 3 months to 1 year	Above 1 year
Quantitative Disclosure	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)	*Rate Sensitive Assets*	*9,430.72*	*805.87*	*13,853.74*	*25,157.86*
			Rate Sensitive Liabilities	*6,433.63*	*8,879.97*	*9,143.81*	*18,722.57*
			GAP	*2,997.09*	*(8,074.10)*	*4,709.93*	*6,435.29*
			Cumulative GAP	*1,897.92*	*(5,077.01)*	*(367.08)*	*6,068.21*
			Adjusted Interest Rate Changes (IRC) for 1% increase	*0.0833%*	*0.1667%*	*0.75%*	*1.00%*
			Quantity interest impact (Gap x IRC)	*2.50*	*(13.46)*	*35.32*	*64.35*
			Accumulative interest impact (GAP x CIRC)	*2.50*	*(10.96)*	*24.37*	*88.72*

7. MARKET RISK

Qualitative Disclosure	a)	i) Views of BOD on trading/ investment activities	Market risk may be defined as the possibility of losses of assets arising out from the volatility in the market variables i.e. rate of interest, prices of securities and foreign exchange rate.
		ii) Methods used to measure market risk	The Bank applies maturity method in measuring interest rate risk for securities in trading book. As per Bangladesh Bank suggestion the capital charge for market risk exposure is computed under standardized approach using the maturity method.
		iii) Market risk management system	Treasury Division manages the market risk and ALCO regularly monitors the activities of Treasury Division in managing such risk. The Bank has adopted the limit by central bank to monitor foreign exchange open positions. Foreign exchange risk is computed on the sum of net short positions or net long positions, whichever is higher of the foreign currency positions held by the Bank.
		iv) Policies and processes for mitigating market risk	The Bank has formed Asset Liability Management Committee (ALCO) who monitors the activities of Treasury Division to minimize the market risk. **i) Foreign Exchange risk** is the risk that Bank may suffer losses as a result of adverse exchange rate movement during a period. To evaluate the extent of foreign exchange risk, a liquidity Gap report is prepared for each currency. **ii) Equity risk** is defined as losses due to changes in market price of the equity held. To manage equity risk, the Investment Committee of the Bank ensures taking prudent investment decisions as per investment policy of the bank and capital market exposure limit set by Central Bank.

Quantitative Disclosure	b)	**The capital requirements for :**	**Solo**	**Consolidated**
			Taka in Crore	
		i) Interest rate risk	12.03	12.03
		ii) Equity risk	120.44	135.94
		iii) Foreign exchange risk	8.04	11.83
		iv) Commodity risk	-	-
		Total capital requirement	**140.51**	**159.80**

8. OPERATIONAL RISK

Qualitative Disclosure	a)	Views of BOD on system to reduce Operational Risk	Operational risk is the risk of losses arising from human error, inadequate or failure of internal process and technical system, fraud or any other adverse external event. The Bank seeks to minimize exposure to operational risks subject to cost benefit trade offs. The Bank captures some pre identified risk events associated with all functional departments of the bank through standard reporting format.
		Performance gap of executives and staff	NBL recognize the importance of having right person at right place to achieve the organizational goals. The performance management process aims to clarify what is expected from employees as well as how it is to be achieved. The Bank puts special focus on learning and continuous development of individual's skill level by removing the weakness to perform the assigned job efficiently. The Bank arranges wide range of internal & external training programs to enhance capabilities as well as minimize performance gap that will contribute more to the organization.
		Potential external events	There are certain risk factors which are external in nature and can affect the business of the Bank such as Macro – economic conditions, regulatory changes, change in demand, whereas few factors affect operations of the business directly or indirectly such as political instability,
		Policies and processes for mitigating operational risk	Operational risk is the risk of losses arising from human error, inadequate or failure of internal process and technical system, fraud or any other adverse external event. The Bank has adopted policies which deal with managing different operational risks. Risk Management Division (RMD) of the Bank is primarily responsible to drive and look after the overall risk management function including operational risk management. The Internal Control and Compliance Division of the Bank, the inspection teams of Bangladesh bank and External Auditors conduct inspection on different branches and divisions at Head Office of the Bank and submit reports presenting the findings of the inspections. Necessary control measures and corrective actions have been taken on the suggestions or observations made in these reports.

		Approach for calculating capital charge for operational risk	The Bank has adopted "Basic Indicator Approach" for calculating capital charge for operational risk as per Bangladesh Bank Guidelines. Under this approach, banks have to calculate average annual gross income (GI) of last three years and multiply the result by 15% to determine required capital charge. Gross income is defined as "Net Interest Income" plus "Net Non Interest Income" of a year.

Quantitative Disclosure	b)	**Particulars**	**Solo**	**Consolidated**
			Taka in Crore	
		The Capital requirements for operational risk	128.65	131.56

9. Liquidity Ratio:

Qualitative Disclosure	a)	Views of BOD on system to reduce Liquidity Risk	Liquidity risk is considered as the core risk factor in banking operation. Our BOD has a conscious eye on the liquidity condition of the bank. To reduce liquidity risk BOD has specified the maximum level of some liquidity ratios as per Bangladesh Bank guideline such as Advance Deposit Ratio, Maximum cumulative Outflow (MCO), Liquidity Coverage Ratio (LCR) & Net Stable Funding Ratio (NSFR). To mitigate liquidity risk BOD has approved total commitment limit. BOD has also approved a Liquidity Contingency Plan (LCP) to meet the fund requirements in liquidity crisis situation. To monitor the liquidity risk & manage it properly, Treasury Division prepares a liquidity position sheet on daily basis for onward submission to the Honorable Chairman.
		Methods used to measure Liquidity risk	National Bank Ltd. measures liquidity risk by calculating some key ratios of liquidity measure. The ratios we use to measure liquidity risk are- Advance Deposit Ratio (ADR); Liquidity Coverage Ratio (LCR); Net Stable Funding Ratio (NSFR); Structural Liquidity Profile (SLP); Maximum Cumulative Outflow (MCO) & unused commitment.
		Liquidity Risk measurement system	National Bank Ltd. is addressing its liquidity risk mainly through ALCO meeting. Different aspects of both Micro & Macro environment, which is articulated in ALCO paper, regarding liquidity risk has analyzed in ALCO meeting. Based on the discussion & analysis, corrective decision & reactive measure has taken to manage liquidity risk. Additionally, bank has a BOD approved Contingency Management Team (CMT) headed by Honorable Managing Director. This team is responsible to assess the level of crisis & steps to be taken to overcome the crisis.

		Policies and processes for mitigating liquidity risk	To manage liquidity risk, we closely monitor the correlation between the growth of loan & advance with the growth of deposit. To mitigate liquidity risk, National Bank Ltd. firstly eyeing for deposit mobilization. Afterward, we consider our next options like- borrow from money market, Foreign Currency SWAP, sale of securities etc. We have a BOD approved Contingency Funding Plan (LFP) which addresses alternative funding if initial projections of funding sources and uses are incorrect or if a liquidity crisis arises. This contingency plan helps to ensure that the Bank can prudently and efficiently manage routine & extra ordinary fluctuations in liquidity.

Quantitative Disclosure	b)	Liquidity Coverage Ratio	88.61%
		Net Stable Funding Ratio (NSFR)	116.95%
		Stock of High Quality Liquid Assets	3,761.20
		Total net cash outflows over the next 30 calendar days	4,244.67
		Available amount of stable funding	37,232.45
		Required amount of stable funding	31,836.60

10. Leverage Ratio:

Qualitative Disclosure	a)	Views of BOD on system to reduce excessive leverage, Policies and processes for managing excessive on and off-balance sheet leverage	Leverage ratio is the ratio of tier 1 capital to total on and off-balance sheet exposures. 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. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The leverage ratio is intended to achieve the following objectives: i) Constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy; ii) Reinforce the risk based requirements with an easy to understand and a non risk based measure.
		Approach for calculating exposure	A minimum tier -1 leverage ratio of 3% has been prescribed by Bangladesh Bank to maintain by the Banks both at solo and consolidated level. NBL maintains leverage ratio quarterly basis

<table>
<tr><td rowspan="8">Quantitative Disclosure</td><td rowspan="8">b)</td><td rowspan="2">Sl.</td><td rowspan="2">Particulars</td><td>Solo</td><td>Consolidated</td></tr>
<tr><td colspan="2">Taka in Crore</td></tr>
<tr><td>A</td><td>Tier-1 Capital</td><td>3,626.82</td><td>3,641.33</td></tr>
<tr><td>B</td><td>On- Balance Sheet Exposure</td><td>50,709.20</td><td>50,772.09</td></tr>
<tr><td>C</td><td>Off- Balance Sheet Exposure</td><td>2,656.60</td><td>2,656.60</td></tr>
<tr><td>D</td><td>Total deduction from On and Off Balance Sheet Exposure</td><td>460.05</td><td>466.05</td></tr>
<tr><td>E</td><td>Total Exposure (B+C-D)</td><td>52,905.76</td><td>52,962.64</td></tr>
<tr><td>F</td><td>Leverage Ratio (A/E)*100</td><td>6.85%</td><td>6.87%</td></tr>
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11. Remuneration:

Qualitative Disclosure	a)	Information relating to the bodies that oversee remuneration	The Human Resources Division of the Bank oversees the remuneration in line with its HR policy under direct guidance of the Board of Directors of the Bank. A committee comprising of few members of Senior Management led by the Managing Director & CEO is responsible for formulating remuneration policy. The Head of Human Resources Division acts as the Member Secretary of the committee. The remuneration committee is the main body for overseeing the Bank's remuneration. The committee reviews the position of remuneration and recommend to the Board of Directors for approval considering the present cost of living, rate of inflation and existing remuneration of peer banks. The Bank does not have any external consultant in preparing and implementing the remuneration policy. The Bank follows a non discriminatory policy in respect of remuneration and benefits for Head quarter and regions. However, a foreign posting allowance in remuneration is in practice for employees who are posted outside Bangladesh.
	b)	Information relating to the design and structure of remuneration processes	The objective of the remuneration policy is to attract and retain productive employees who can contribute substantially to the overall growth of the Bank. The remuneration policy is carefully designed and regularly updated to provide adequate incentives so that the employees are fully committed to do their best to achieve the operational goals of the Bank. The committee reviewed the Bank's remuneration policy in the year 2022.The

			Board approved upward revision of salary structure of the employees of the Bank as an incentive for posting better result. Changes were also made in annual increment structure in pay scales, certain allowances etc. to bring about more uniformity in the remuneration package. The risk and compliance related employees are carrying out the activities independently in line with delegation of powers and job descriptions approved by appropriate authorities.
	c)	Description of the ways in which current and future risks are taken into account in the remuneration processes:	When implementing remuneration measures, the Bank considers business risk, financial and liquidity risk, compliance and reputation risk for each official. Various types of measures are taken into account in determining these risks. The measures focus on the organizational goals set for operational areas. Asset quality (NPL ratio), cost-income ratio, net profit growth etc. are used for measuring the risks. The performance of each employee is evaluated for a particular period especially annually against performance indicators set and agreed with the officials at the beginning of the year.
	d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	The Bank has set certain Key Performance Indicators (KPI), based on the job order of individual official and operational area. Decision about promotion, granting of annual increment and incentive bonus are linked to the performance of the employees against set key performance indicators.
	e)	Description of the ways in which the bank seek to adjust remuneration to take account of longer –term performance	The Bank does not seek to adjust remuneration to take account of longer –term performance
	f)	Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms:	The Bank pays variable remuneration such as, hardship allowance for Card Division and charge allowance for Divisional Head and Head of Branches. Those allowances are paid taking into account the special and technical nature of the job they perform.

Quantitative Disclosure	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. Number and total amount of guaranteed bonuses awarded during the financial year. Number and total amount of sign –on awards made during the financial year. Number and total amount of severance payments made during the financial year.	Not Applicable 02 (two) Basic Pay as festival bonus amounting to Tk. 32.34 cr. Not Applicable Not Applicable
	i)	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 the financial year.	Not Applicable 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)	Not Applicable
	k)	Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration: 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.	Not Applicable Not Applicable Not Applicable Not Applicable