

## **Agrani Bank PLC.**

### Disclosure under Basel-III Qualitative and Quantitative Disclosures Under Pillar-III of Risk Based Capital Adequacy as of 31st December 2024

These disclosures have been made in accordance with the Guidelines on “**Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)**” issued by Bangladesh Bank vide BRPD Circular No-18 of 21 December 2014.

The purpose of Market discipline in the Revised Capital adequacy Framework is to complement the minimum capital requirements (MCR) under Pillar I and the supervisory review process under Pillar II and to establish more transparent and more disciplined information on the position of the bank regarding holding of assets, assets quality, risk management framework & Process, risk mitigation techniques relating to the risk exposures and capital adequacy management so that stakeholders can assess the compliance status of the bank in risk related issues.

#### **The major highlights of the regulations regarding measurement of Risk Weighted Assets and capital requirement:**

- a) To assess Minimum Capital Requirements to be maintained by a bank against credit, market and operational risks
- b) To maintain Capital to Risk Weighted Assets Ratio (CRAR) at a minimum of 10 percent
- c) To adopt the standardized approach for credit risk in relation to implementation of Basel-III
- d) To adopt Standardized (Rule Based) Approach for market risk
- e) To adopt Basic Indicator Approach for Operational risk
- f) To ensure public disclosures on the positions of a bank's risk profiles, capital adequacy and risk management system
- g) To submit the returns to Bangladesh bank on a regular basis

**Disclosure Framework:**

The following detailed qualitative and quantitative disclosures as on December 31, 2024 are furnished in line with Bangladesh Bank's Risk Based Capital Adequacy (RBCA) guidelines.

**Scope of application:****Qualitative Disclosures**

- a) The name of the top corporate entity in the group to which this guideline applies is Agrani Bank PLC.
- b) An outline of differences on the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group:
  - 1) That is fully consolidated.

Agrani Bank PLC.'s Minimum Capital Requirement (MCR) has been arrived at both on Solo& Consolidated Basis.

**Following are the 5 subsidiary companies of Agrani Bank PLC.****i) Agrani Equity & Investment Limited**

Agrani Bank PLC. is the parent company of Agrani Equity & Investment Ltd. which is established to perform merchant banking activities in Bangladesh.

Name: Agrani Equity & Investment Ltd.  
Date of incorporation: 16.03.2010  
Date of Commencement: 16.03.2010  
Authorized Capital: Tk. 500, 00, 00,000  
Paid up Capital: Tk. 500, 00, 00,000  
Ownership Interest in Capital: Tk. 500, 00, 00,000 (100%)

**ii) Agrani SME Financing Company Limited**

Agrani Bank PLC. is the parent company of Agrani SME Financing Company Limited which is established to perform retail banking activities in Bangladesh.

Name: Agrani SME Financing Company Limited  
Date of incorporation: 27.10.2010  
Date of Commencement: 27.10.2010  
Authorized Capital: Tk. 500, 00, 00,000  
Paid up Capital: Tk. 100, 00, 00,000  
Ownership Interest in Capital: Tk. 100, 00, 00,000 (100%)

**iii) Agrani Exchange House Private Limited, Singapore**

Agrani Bank PLC. is the parent company of Agrani Exchange House Private Limited, Singapore which is established to perform activities as remittance house.

Name: Agrani Exchange House Private Limited, Singapore  
Date of incorporation: 04.01.2002  
Date of Commencement: 08.02.2002  
Authorized Capital: SGD 10, 00,000  
Paid up Capital : SGD 10, 00,000  
Ownership Interest in Capital: SGD 10, 00,000 (100%)

**iv) Agrani Remittance House SDN, BHD, Malaysia**

Agrani Bank PLC. is the parent company of Agrani Remittance House SDN, BHD, Malaysia which is established to perform activities as remittance house.

Name: Agrani Remittance House SDN, BHD, Malaysia  
Date of incorporation: 18.08.2005  
Date of Commencement: 13.01.2006  
Authorized Capital: MYR 50, 00,000  
Paid up Capital: MYR 30, 00,000  
Ownership Interest in Capital: MYR 30, 00,000 (100%)

**v) Agrani Remittance House Canada, Inc.**

Agrani Bank PLC. is the parent company of Agrani Remittance House Canada, Inc. which is established to perform activities as remittance house.

Name: Agrani Remittance House Canada, Inc.  
Date of incorporation : 11.05.2012  
Date of Commencement: 26.05.2014  
Authorized Capital : CAD 100  
Paid up Capital : CAD 100  
Ownership Interest in Capital: CAD 100 (100% owned by Agrani Bank PLC.)

2) That is neither Solo nor deducted (e.g., where the investment is risk- weighted).

The accounts Of the Agrani Bank PLC.'s above mentioned subsidiary companies have been consolidated.

However, the investment in these subsidiaries has not been deducted from the capital of Agrani Bank PLC.

c) Any restrictions or other major impediments on transfer of funds or regulatory capital within the group.

Yes, there are.

d) **Quantitative Disclosures**

Since the Capital requirement of Agrani Bank PLC. has been arrived at both on Solo & Consolidated basis, capital requirement of subsidiaries have not been assessed.

## 2. Capital structure

**Qualitative Disclosures**

- a) The composition of regulatory capital is different from accounting capital in line with Basel regime. As per the RBCA Guidelines each bank has to maintain CRAR on Consolidated basis and solo basis as per instructions given by Bangladesh Bank from time to time. The minimum CRAR for the year ended December 31, 2024 was 10%. The regulatory capital under Basel-III is composed of (i) a. Common Equity Tier-1 Capital (CET-1), i(b). Additional T-1 (AT-1) Capital and (ii) Tier-2 capital. The capital structure of Agrani Bank PLC. consists of Common Equity Tier-1 (CET-1) and Tier-2 capital.

**Common Equity Tier- 1 Capital comprises of paid-up Capital, Statutory Reserve, General Reserve and Retained Earnings.**

**AGRANI BANK PLC. has no such capital under the criteria of Additional Tier-I capital.**

**Tier-2 Capital consists of General Provisions.**

## Quantitative Disclosures

	(Taka in crore)	
	Solo	Consolidated
Particulars		
(A)		
Paid up capital	2,072.29	2,072.29
Non-repayable share premium account	-	-
Statutory reserve	1,037.32	1,050.60
General reserve	54.86	61.63
Retained earnings	(1,145.72)	(1,101.35)
Minority interest in subsidiaries	-	-
Dividend equalization account	-	-
Others (Any item approved by BB)	-	-
<b>Sub-Total (Common Equity Tier-1 Capital)</b>	<b>2,018.75</b>	<b>2,083.17</b>
Deductions from Common Equity Tier-1 capital	1,121.01	1,121.01
<b>Total Common Equity Tier-I Capital (A)</b>	<b>897.74</b>	<b>962.16</b>
(B)		
Amount of Tier-2 Capital	854.20	854.20
Deductions from Tier-2 capital	-	-
<b>Total Tier-II Capital (B)</b>	<b>854.20</b>	<b>854.20</b>
<b>Total regulatory capital (A+B)</b>	<b>1,751.94</b>	<b>1,816.36</b>

**Note:** As per financial statements as of 2024 The amount of BDT 16,519.41 crore (including Other Assets) being the shortfall of provision has been allowed as deferral by Bangladesh Bank through the letter no-DOS(CAMS)1157/41(Dividend)/2025-3093; Dated 21-05-2025. The Bangladesh bank has allowed for non-deductions of Intangible Assets of BDT. 131.62 Crore from Tier-1 Capital; besides Bangladesh Bank allowed deduction of 55% of Deferred Tax Assets of BDT. 2038.20 Crore from Tier-1 Capital vide letter no-BRPD (BS) 661/14(B)P/2025-6550 Dated 27-05-2025.

## 3. Capital Adequacy

### Qualitative Disclosures

a) With regard to regulatory capital computation approaches (Minimum Capital Requirement) the bank is following the approach as prescribed by 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)

## Capital of the Bank

In parallel to business growth, the bank effectively manages its capital to meet regulatory requirement considering the risk profile. Below are few highlights:

- Currently Bangladesh bank prescribed Minimum Capital to Risk Weighted Assets Ratio (CRAR) is 10% whereas as on December, 2024 the CRAR of the Bank was 1.86 %.
- During the same period Minimum Capital Requirement (MCR) of the bank was BDT 9,444.02 Crore and Regulatory Capital was BDT 1,751.94 Crore.

### Quantitative Disclosures

(Taka in crore)

	Solo	Consolidated
b) Capital requirement for Credit Risk	8,551.90	8,513.25
c) Capital requirement for Market Risk	291.77	360.70
d) Capital requirement for Operational Risk	600.35	614.33
e) CRAR (Capital to Risk Weighted Assets Ratio)	1.86%	1.91%
CET-1 Capital ratio	0.95%	1.01%
Tier-1 Capital ratio	0.95%	1.01%
Tier-2 Capital ratio	0.91%	0.90%
f) Capital Conservation Buffer	-	-
g) Available Capital under Pillar-2 requirement	-	-

## 4. Credit Risk

### Qualitative Disclosures

- a) Credit risk is the potential that a bank's borrower or counterparty fails to meet its obligations in accordance with the agreed terms. Bank is exposed to credit risk from its dealing with or lending to corporate, individuals, and other banks or financial institutions. As regards capital charge for Credit Risk, all assets in Banking Book have been risk-weighted strictly based on pre-specified weight as determined by Bangladesh Bank as per RBCA guidelines. However, the bank has conducted proper mapping with the grading of Bangladesh Bank for those exposures or claims graded by External Credit Assessment Institution (ECAI).

### **Definitions of past due and impaired credit**

To define past due and impairment through classification and provisioning, the bank follows Bangladesh Bank Circulars and Guidelines. Accordingly, any Continuous Loan if not repaid/ renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date. Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date. Whereas, in case of any installment (s) or part of installments (s) of a Fixed Term Loan is not repaid within the fixed expiry date, the number of unpaid installments (s) will be treated as past due/overdue after six months of the expiry date.

- Approaches followed for specific and general allowances and statistical methods.

The Bank has been following Standardized Approach for assessing the requirement of Capital charge against Credit Risk. The methodology used for this approach is to rate the exposures by the External credit Assessment Institution (ECAI).

- **Bank's credit risk management policy:**

The Bank has a well- structured delegation of credit approved authority for ensuring good governance and better control in credit approval system. Considering the key elements of credit risk, the bank has established Credit Risk Management framework in line with the Bank's Credit Risk Management (CRM) guideline. This framework defines CRM structure, role, responsibilities and the processes to identify, quantify, and manage risk under the given policy. The CRM guideline is reviewed from time to time to adopt new techniques, policies for measurement, management and mitigation of risks in line with the socioeconomic scenario of the country.

AGRANI BANK PLC.'s credit policy is based on the customers' need for their business, earning capacity of borrower, the repayment capability of the business, and the value of collateral. The Credit policy of the bank focuses on the economic goal of the country and policies adopted by the Government.

AGRANI BANK PLC. strictly adheres to the regulatory policies; rules etc. as regard to credit management and are in compliance with regulatory requirements as stipulated by Bangladesh Bank from time to time. The objective of credit risk management is to minimize the different dimension of risks associated with credit exposures and to maintain credit risk profile of the bank within a tolerable range.

## Quantitative Disclosures

- b) Total (gross) Credit Risk Exposure broken down by major types of credit exposure is appeared below:

	<b>(Figure in crore Taka)</b>	
	<b>Solo</b>	<b>Consolidated</b>
Funded	1,12,133.83	1,11,994.11
Non-Funded	6,457.01	6,457.01
<b>Total</b>	<b>1,18,590.84</b>	<b>1,18,451.12</b>

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

<b><u>Balance Sheet Exposures (Loans &amp; Advances)</u></b>			<b>(BDT in crore)</b>
<b>Region</b>	<b>Urban</b>	<b>Rural</b>	<b>Total</b>
Dhaka Region	50768.86	981.84	51750.70
Chattagram Region	2745.48	215.67	2961.15
Khulna Region	3842.42	2000.72	5843.14
Rajshahi Region	2749.53	1573.37	4322.89
Barishal Region	958.37	661.36	1619.73
Sylhet Region	967.43	427.90	1395.33
Rangpur Region	2178.00	1673.44	3851.45
Mymensingh Region	1824.79	2273.86	4098.65
Cumilla Region	995.38	814.02	1809.40
Faridpur Region	911.24	473.73	1384.97
<b>Total</b>	<b>67941.50</b>	<b>11095.91</b>	<b>79037.41</b>

## **Off-Balance sheet exposure**

<b><u>Region</u></b>	<b><u>(BDT in crore)</u></b>
Dhaka Region	28889.40
Chattagram Region	420.86
Khulna Region	365.19
Rajshahi Region	136.16
Barisal Region	13.48
Sylhet Region	158.31
Rangpur Region	84.33
Mymensingh Region	11.60
Comilla Region	34.12
Faridpur Region	13.52
<b>Total</b>	<b>30126.97</b>



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

(BDT in crore)

**Sector-wise Loans and Advances**

Agriculture and Fishery	2745.37
Jute & Jute Goods	1323.58
Transport Storage & Communication	566.23
Ship Breakings	85.02
Textile & Readymade Garments	13142.63
Food & Allied Industry	1401.43
Construction & Engineering	1768.53
Pharmaceuticals and Chemicals	1426.34
Leather Sector	618.56
Power Sector	700.18
Professional and Services	1406.16
Housing Service	3655.47
Wholesale/Retail Trading	13603.09
Personal (staff and other personal loan)	12553.81
Bank & Other Non-Financial Institution	1432.93
Electronics & Automobile	379.06
Cement & Ceramic	649.60
Others	21579.39
<b>Total</b>	<b>79037.41</b>

e) Residual Contractual maturity breakdown of the whole portfolio by major types of credit exposure.

(BDT in crore)

Repayable on Demand	4,024.57
Not more than 3 months	8,254.70
More than 3 months but not more than 1 year	24,256.90
More than 1 year but not more than 5 years	18,458.97
More than 5 years	24,042.27
<b>Total</b>	<b>79,037.41</b>

f) By major industry or counterparty type:

- Amount of impaired loans and if available, past due loans, provided separately: BDT. 27,477.23 crore
- Specific Provisions: BDT. 6,151.88 crore
- General provisions: BDT. 402.02 crore
- Charges for specific allowances and charge-offs during the period: Not Applicable

g) Gross Non-Performing Assets (NPAs): BDT. 33,629.11 Crore.

h) Non-Performing Assets (NPAs) to Outstanding Loans & advances: 0.43: 1.00

### **Movement of Non Performing Assets (NPAs):**

<b>Movement of classified loans and advances</b>	<b>(BDT in crore)</b>
Opening balance	21,476.50
Less: Cash Recovery	441.42
Less: Re-scheduling	1,262.02
Less: Written-off	22.67
Add: Newly classified during the year	12,251.82
<b>Total</b>	<b>32,002.21</b>

### **Movement of specific provisions for NPAs:**

<b>Provision for Classified Loans and Advances</b>	<b>(BDT In crore)</b>
Balance at the beginning of the year	4,840.47
Add: Recoveries of amount previously written off	42.71
Add: Specific provision for the year	1,275.09
Less: Recoveries and provisions no longer required	-
Less: Written off/waived	(6.40)
<b>Provision held at the end of the year</b>	<b>6,151.88</b>

## **5. Equities: Disclosures for Banking Book Positions**

### **Qualitative Disclosures**

a) The general qualitative disclosure requirement with respect to equity risk, including:

- AGRANI BANK PLC. has considerable investment in equity shares of various companies and mutual funds and has active participation in the secondary market. In the investment process AGRANI BANK PLC. strictly follows the internal policies and procedures put into place in this respect. AGRANI BANK PLC. also holds unquoted equities intent of which is not trading and the same are shown as banking book asset in the balance sheet. As these securities are not quoted or traded, they are shown in the balance sheet at cost price and no revaluation reserve has been created against these equities.
- The equity markets are traditionally volatile with a high risk, high returns profile. In an uncertain market place like the present, investors cannot afford to place all hope in only one product. Therefore, it is very important to protect the total investment value by means of diversification.
- Equity holdings under the banking book are recorded in the books of accounts at cost price.

## Quantitative Disclosures

b) Value of investments disclosed in the balance sheet, 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.

Provisions are kept against publicly quoted shares where the share price is materially different from fair value which is negative. However, no unrealized gain from publicly quoted share is accounted for. In case of publicly quoted shares only realized gain is accounted for.

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

Cumulative realized gain arising from sales of shares: N/A

d)

- Total unrealized gains/ (losses)

Unrealized gain/ (loss) against investment in quoted shares is Tk. (216.30) crore

- Total latent revaluation gains/ (losses): None
- Any amounts of the above included in Tier- 2 capital.

Not Applicable

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.

TK. 116.75 crore (Investment in unquoted share Tk. 934.03 crore  $\times$  1.25 Risk weight  $\times$  10% Capital requirement) has been assessed against unquoted equity holdings and shown in MCR.

## 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 loan pre-payments and behavior of non-maturity deposits, and frequency of IRRBB measurement.

Interest rate risk in the banking book arises from mismatches between the future yield of assets and their funding costs. Interest rate risk is the potential that the value of the on- balance sheet and the off-balance sheet positions of the bank would be negatively affected with the change in the interest rates. Changes in interest rates also affect the underlying value of the bank assets, liabilities and off-balance sheet instruments because the economic value of future cash flows changes when interest rates changes. Assets Liabilities committee (ALCO) monitors the interest rate movement on a regular basis.

The bank uses a simple Sensitivity Analysis as well as Duration Gap Analysis to determine its vulnerability against the adverse movement of market variables.

The Bank is on a continuous process of re -structuring in its assets and liabilities to make a balance between them and to bring the situation back in its favor for any change in interest rate.

### Quantitative Disclosures

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

The bank has been exercising 'Stress Testing' based on guidelines published by Bangladesh Bank to determine the following:

- 1) Impact on earnings and
- 2) Impact on Capital requirements.

Sl. No.	Particulars	Amount (Figure in crore Taka)		
01.	Total Risk Sensitive Assets	36,528.07		
02.	Risk Sensitive Liabilities	30,126.87		
03.	Weighted Average Duration of Assets (DA)	2.92		
04.	Weighted Average Duration of Liabilities (DL)	2.78		
05.	Duration Gap (DA-DL)	-0.32		
06.	Assumed change in Interest rate	1%	2%	3%
		Minor	Moderate	Major
Repricing Impact				
07.	Changes in value of bond portfolio (Under stress testing)	(693.92)	(1,387.84)	(2,081.76)
08.	Capital After shock	1,122.03	492.12	-137.79
09.	CRAR aftershock (%)	1.19%	.52%	-0.15%

## 7. Market Risk

### Qualitative Disclosures

#### d) Views of the Board of Directors (BOD) on trading/investment activities.

Market Risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in different market variables, namely

- i) Interest rate movements; ii) Currency -foreign exchange rate movements; iii) Equity-Stock price movements; iv) Commodity-Commodity price movements

The BOD of the Bank views the Market Risk as the risk to the bank's earnings and capital due to Changes in the market level of interest rates of securities, foreign exchange and equities as well as the volatilities of those changes. Market Risk Management provides a comprehensive and dynamic framework for measuring, monitoring and managing interest rate, foreign exchange as well as equity risk of a bank that needs to be closely integrated with the bank's business strategy.

### **Methods used to measure Market risk**

The Bank uses the standardized (Rule Based) approach to calculate market risk for trading book exposures

### **Market Risk Management system**

Decision taken in the monthly meeting of Risk Management and ALCOM is an important tool for managing market risk. ALCOM is in place in the bank to administer the system.

### **Policies and processes for mitigating market risk**

The only mitigation tool that the Bank uses is the "Marking to Market" for mitigating market risk. Besides, a set risk/loss tolerance level is in place to mitigate market risk.

### **Quantitative Disclosures**

	<u><b>Solo</b></u>	<u><b>Consolidated</b></u>
(b) The capital requirements for	(Figure in Crore Taka)	
Interest rate risk	107.64	107.64
Equity risk	42.06	110.98
Foreign exchange risk	142.07	142.07
Commodity risk	-	-

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## **8. Operational risk**

### **Qualitative Disclosures**

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

The BOD of the bank views risk as Operational Risk those arises from inadequate or failed internal processes, people and systems, or from external causes, whether deliberate, accidental or natural-inherent in all of the Bank's activities. The policy for operational risks management includes internal control and compliance risk approved by the Board, taking into account relevant guidelines of Bangladesh Bank. The audit committee of the Board directly oversees the internal control and Compliance activities with the overall object of mitigating all operational risks.

**Performance gap of executives and staffs:**

Performance goals are most often attained by executives and staff with a few exceptions.

**Potential external events:**

No potential external event is expected to expose the Bank to significant operational risk.

**Policies and processes for mitigating operational risk:**

The AGRANI BANK PLC. manages this risk through a chain-based processes which are documented, authorized and independent. Transactions, events etc. that are being taken place at the operational level monitored and reported.

If deviations are found, corrective actions are taken to bring the deviation back into the track.

An MIS is in place and is used to identify record and assess any kind of operational risk and to generate appropriate regular management reporting.

Since inefficiency is one of the root causes of operational risk, the Bank trains its operational staff on regular basis to make them more effective and efficient for mitigating operational risks. Operational Risk Management Framework has been designed to provide a sound and well-controlled operational environment and thereby mitigate the degree of operational risk.

**Approach for calculating capital charge for operational risk:**

The Bank uses the Basic Indicator Approach to calculate the capital requirement of its operational risk.

**Quantitative Disclosures**

(b) Capital Requirements for operational risk:

(Figure in Crore Taka)

<b>Particulars</b>	<b><u>Solo</u></b>	<b><u>Consolidated</u></b>
Capital requirements	600.35	614.34

## 9. Liquidity Ratio

### Qualitative Disclosures

#### (a) Views of BOD to Reduce Liquidity Risk:

Liquidity risk can be defined as the probability of the bank to meet its financial obligations on account of maturity mismatch between assets and liabilities. The Board of Directors of Agrani Bank PLC. always strives to maintain adequate liquidity to ensure sufficient fund that is available for bank's day to day operations as well as investment of excess liquidity in prudent way to maximize profit and maintain regulatory requirements.

The Board of Directors of the bank set policy, different liquidity ratio limits and risk appetite for liquidity risk management. Moreover, in every BoD meeting, Treasury Division places the latest liquidity position of the bank before the board to analyze and take decision as per the liquidity requirements of the bank. Time to time the BoD also instruct the management to take effective measures to meet the liquidity risk.

#### (b) Methods Used to Measure Liquidity Risk:

The following tools are used to assess liquidity risks of Agrani Bank PLC.:

- Cash Reserve Ratio (CRR)
- Statutory Liquidity Requirement (SLR)
- Liquidity Coverage Ratio (LCR)
- Net Stable Funding Ratio (NSFR)
- Structural Liquidity Profile (SLP)
- Maximum Cumulative Outflow (MCO)

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

Agrani Bank PLC. has a dedicated committee to deal with Asset-Liability Management risk, called the Asset Liability Committee (ALCOM) comprising of the senior officials to take important decisions related to liquidity risk management of the bank. The ALCOM generally meets at least once in every month and reviews liquidity requirement, key liquidity ratios, the maturity of assets and liabilities, deposit and loan pricing strategy, transfer pricing, sensitivity of assets and liabilities, key management indicators and overview of the local and international market.

To ensure proper liquidity management the authority of the bank has set some limits and instruction as follows:

- LCR should be at 125% to 150%
- NSFR should be at 103% to 120%
- Maturity profile of assets and liabilities
- Wholesale Borrowing should be within Limit
- Commitment should be within Limit
- Preparing monthly projected cash flows
- Preparing monthly projected inflow and outflow of foreign currency

**(d) Policies and Processes for Mitigating Liquidity Risk:**

- Agrani Bank PLC. has a useful framework named the contingency funding plan for managing liquidity risk under unexpected or unusual situations which could lead to market disruption. Contingency funding plan helps to manage the routine and extraordinary fluctuations of liquidity of the bank efficiently.
- Structural Liquidity Profile (SLP) is another tool for mitigating liquidity risk which is prepared on monthly basis as per the guidelines of Bangladesh Bank.
- Maturity bucket of cash inflow and outflow with net deficit or surplus (GAP) is an effective tool to determine the cash position of the bank.
- Projected foreign currency inflow and outflow is useful tool for managing foreign currency liquidity risk of the bank.

**Action Plan/ Mitigating Policy:**

**A. In case of Liquidity shortage:**

**(i) Short Term Plan:**

- Collecting short Term Deposit
- Borrowing short term fund from inter-bank market
- Avail fund from central bank against Repo (ALS) /Special Repo
- Impose embargo on credit growth
- Deposit withdrawal restriction without prior approval of management

**(ii) Mid Term Plan:**

- Introducing new attractive deposit products
- Re-fixing interest rate of deposits & advances as per liquidity requirements of the bank
- Avail alternative sources of fund
- Recovery from overdue, classified & written-off loan
- Emphasize on export business and inward remittance flow

**B. In case of Liquidity Surplus:**

**(i) Short Term Plan:**

- Increase investment in interbank market such as Call Money, Reverse Repo etc.
- Investment in Bangladesh Bank Reverse Repo
- Expand credit growth
- Purchase Govt. Securities
- Lending in short term placement to interbank money market



**(ii) Mid Term Plan:**

- Re-fixing interest rate of deposit & advance
- Use alternative investment
- Introducing new attractive advance and loan products
- Discourage high-cost deposit

**Quantitative Disclosures**

(Figure in Crore Taka)

<b>Particulars</b>	<b>December, 2024</b>
Liquidity Coverage Ratio	209.00%
Net Stable Funding Ratio	100.23%
Stock of High-quality liquid assets	29,968.35
Total net cash outflows over the next 30 calendar days	14,338.92
Available amount of Stable funding	97,765.90
Required amount of Stable funding	97,537.17

## 10. Leverage ratio

The leverage ratio is introduced into the Basel III framework to supplement risk-based capital requirements to avoid building-up excessive on- and off-balance sheet leverage in the banking system. The leverage ratio is calibrated to act as a credible supplementary measure to the risk-based capital requirements.

### Qualitative Disclosures

#### (a) Views of BOD on system to reduce excessive leverage

The Board of Directors of AGRANI BANK PLC. primarily views on the growth of on and off-balance sheet exposures commensurate with its expected capital growth so that the excessive leverage is reduced. Within the On -balance components, the Board emphasizes on the growth of the prime component i.e. the loans and advances and maintaining good asset quality so as to maximize therevenue as well as the capacity to generate capital internally (in the form of retained earnings) to trade-off the excessive leverage supposed to be caused by asset growth.

#### (b) 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 (revised regulatory capital framework for banks in line with Basel III). In addition, the bank prepares a yearly Risk Appetite statement highlighting key risk areas including growth of assets size (both on and Off-balance sheet exposures) of the bank with a desired internal appetite/tolerance limit. Bank also formulates Annual Budget Plan and Capital Growth Plan in line with capital base, growth prospects and performance trends for managing excessive on and off-balance sheet leverage.

#### (c) Approach for calculating exposure

Leverage ratio is calculated by dividing Tier 1 capital with Total exposure. The exposure measure for the leverage ratio will generally follow the accounting measure of exposure. In order to measure the exposure consistently with financial accounts, bank also makes the following adjustments:

- i. On balance sheet exposures are considered for calculation after netting of specific Provisions, intangible assets (Software) and Deferred Tax Assets (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

(Figure in Crore Taka)

Particulars	Solo	Consolidated
Leverage Ratio (in %)	0.70%	0.75%
Tier-1 Capital after all regulatory adjustments	897.74	962.16
On balance sheet exposure	1,21,954.15	1,22,362.70
Off balance sheet exposure	6,864.66	6,864.66
Total deductions from On and Off- Balance sheet exposures	1,121.01	1,121.01
Total exposure	1,27,697.80	1,28,106.35

## Remuneration

### (a) Qualitative Disclosures

- (i) Name, composition and mandate of the main body overseeing remuneration.

At the management level, primarily the HR Planning, Deployment and Operations Division oversee the "remuneration" in line with its HR management strategy/policy under direct supervision and guidance of Management Committee (MANCOM) of the Bank.

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

Agrani Bank PLC. follows National Pay Scale/2015. No external advice has been sought for remuneration process.

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

The remuneration policy of Agrani Bank PLC. in Bangladesh follows National Pay Scale. Foreign subsidiaries and branches also follow National Pay Scale and the policy announced by the Ministry of Foreign Affairs of the Peoples Republic of Bangladesh.

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

All Branch Manager, Zonal Head, Circle Head and Senior Management at Head Office.

### (b) Qualitative Disclosures

- (i) An overview of the key features and objectives of remuneration policy.

Agrani Bank PLC. follows National Pay Scale/2015 declared by The Government of the Peoples Republic of Bangladesh

- (ii) 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.

The remuneration policy of Agrani Bank PLC. follows National Pay Scale/2015 from 1st July 2015. The Government of the Peoples Republic of Bangladesh declared National Pay Scale/15 on 15/12/2015 effect from 1st July, 2015 has also been taken as remuneration policy in Agrani Bank PLC.

(iii) A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.

Agrani Bank PLC. follows a uniform salary structure for all employee declared by The Government of the Peoples Republic of Bangladesh

**(c) Qualitative Disclosures**

(i) An overview of the key risks that the bank takes into account when implementing remuneration measures.

Agrani Bank PLC. follows a uniform salary structure for all employee declared by the Government of the Peoples Republic of Bangladesh

(ii) 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

(iii) A discussion of the ways in which these measures affect remuneration.

Not Applicable

(iv) 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) Qualitative Disclosures**

(i) An overview of main performance metrics for bank, top-level business lines and individuals.

Individual employee (Excluding Head Office) has been imposed a yearly target of Deposit Mobilization, Classified Loan recovery, Fees & commission earnings, increasing Foreign remittance etc. But the target achievement does not affect in the remuneration policy of Agrani Bank PLC..

(ii) A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.

Remuneration is not directly linked to individual performance as Agrani Bank PLC. follows National Pay Scale declared by The Government of the Peoples Republic of Bangladesh.

(iii) 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) Qualitative Disclosures**

(i) 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 remuneration framework of the national Pay scale describes short term and long-term benefits. Short term benefits include salary, festival bonus and incentive bonus as variable payments. Long term benefits include Gratuity, Provident Fund, Superannuation Fund and Leave encashment etc.

(ii) 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) Qualitative Disclosures**

An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms. 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.

Agrani Bank PLC. follows National Pay Scale/2015 declared by The Government of the Peoples Republic of Bangladesh.

**(g)** Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.

There were 17 (Seventeen) meetings of the Management Committee (MANCOM) held during the year 2024. All the members of MANCOM are from the core banking area/operation of the Bank. No additional remuneration was paid to the members of the Management Committee for attending the MANCOM meeting.

**(h) Qualitative disclosure**

**(i)** Number of employees having received a variable remuneration award during the financial year.

Agrani Bank PLC. follows Government remuneration Policy. No variable remuneration policy exists in Agrani Bank PLC.

**(ii)** Number and total amount of guaranteed bonuses awarded during the financial year.

Performance bonuses/Incentives given: 8868 (as on 31-12-2023), BDT 124.76 Crore  
Number of total guaranteed bonus (festival bonus): 03 (Three)  
Total amount of guaranteed bonus (festival bonus): BDT 71.12 Crore

**(iii)** Number and total amount of sign-on awards made during the financial year.

No sign-on award made during the financial year.

**(iv)** Number and total amount of severance payments made during the financial year. No severance payments made during the financial year.

**(i) Qualitative disclosure**

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.

Agrani Bank PLC. follows Government remuneration Policy. No deferred remuneration paid during the financial year.

## **(j) Qualitative disclosure**

Breakdown of amount of remuneration awards for the financial year to show:

Agrani Bank PLC. follows Government remuneration Policy. No remuneration awards paid during the financial year.

- Fixed and Variable.

Not Applicable

- Deferred and non-deferred.

Not Applicable

- Different forms used (cash, shares and share linked instruments, other forms).

Not Applicable

## **(k) Quantitative disclosures**

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:

Agrani Bank PLC. follows National Pay Scale/2015.

Not Applicable.

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