DISCLOSURE UNDER BASEL III as On 31.12.2016

Banks operating in Bangladesh are maintaining capital since 1996 on the basis of risk weighted assets in line with the Basel Committee on Banking Supervision (BCBS) capital framework published in 1988. Considering present complexity and diversity in the banking industry and to make the bank's capital requirement more risk sensitive, Bangladesh Bank, being the central bank of the country has decided to adopt the Risk Based Capital Adequacy for banks in line with capital adequacy framework devised by the BCBS popularly known as ' Basel II'. Bangladesh Bank prepared a guideline to be followed by all scheduled banks from January 2009.

Bangladesh Krishi Bank has already trained all the staff associated with Basel unit several times and also tried hard to cope up with the regulations of BASEL-III guideline from time to time, also places all requirements to Bangladesh Bank as & when required. With the above goal, under the process of Market discipline ,one of the pillars of BASEL II BKB has started to disclose it's BASEL report to Bangladesh Bank from January 2013.

The purpose of Market discipline in the Revised Capital adequacy Framework is to complement the minimum capital requirements and the supervisory review process. The aim of introducing Market discipline in the revised framework is to establish more transparent and more discipline financial market so that stakeholders can access 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.

According to Bangladesh Bank guideline on Risk Based Capital adequacy for banks, the disclosure on the websites should be made in a web page titled "Disclosure on Risk Based Capital (Basel-III)" and the link to the page should be prominently provided on the home page of the Bank's website. Each of these disclosure pertaining to a financial year should be available on the websites until disclosure of the 4th subsequent annual as on December 31 disclosure is made. And here BKB has arranged to disclose it' BASEL report on 31.12.2016 under BASEL III as per the requirement and indications of Bangladesh Bank.

This report has been articulated with the following areas:

a. Introduction and constituents of Capital,
b. Credit Risk,
c. Market Risk,
d. Operational Risk,
e. Supervisory Review Process,
f. Supervisory Review Evaluation Process,
g. Market Discipline,
h. Reporting Formats and
i. Annexure

We hope this disclosure will be able to make the regulatory requirements more appropriate and will also assist the banks to follow the instructions more efficiently for smooth implementation of the Basel-III framework in the banking sector of Bangladesh.

Disclosure framework

The general qualitative disclosure requirements

For each separate risk area (e.g. credit, market, operational, banking book, interest rate , equity) risk, bank must describe their risk management objectives and policies, including:

- Strategies and processes,
- The structure and organization of the relevant risk management function,
- The scope and nature of risk reporting and measurement systems,
- Policies for hedging and mitigating risk and strategies /processes for monitoring the continuing effectiveness of hedges/mitigates.

The following components set out in tabular form are the disclosure requirements:

a. Scope of application
b. Capital structure
c. Capital adequacy
d. Credit risk
e. Equities: disclosures for banking book positions
f. Interest rate risk in the banking book (IRRBB)
g. Market risk
h. Operational risk
i. Leverage Ratio
j. Liquidity Ratio
k. Remuneration.

Scope of application

Qualitative Disclosures	a	The name of the top corporate entity in the group to which this guideline applies Bangladesh Krishi Bank.
	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 that are fully consolidated. Bangladesh Krishi Bank's MCR has been arrived at on consolidation basis- 1. That are not given a deduction treatment, BKB has no subsidiary company. 2.That are neither solo nor deducted (e.g. where the investment is risk weighted)
	c	Any restrictions or other major impediments on transfer of fund or regulatory capital within the group. - Not Applicable.
Quantitative Disclosures	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.

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 Tier 1 or in Tier 2. Tier -1 Capital comprises of paid up Capital, Statutory Reserve, General Reserve and Retained Earnings. Tier-2 Capital consists of General Provision, Asset Revaluation Reserve, Revaluation Reserve for Securities and Revaluation Reserve for Equity Instrument and Balance of Exchange Equalization account.
Quantitative Disclosures	b	a. The amount of Tier-1 capital, with separate disclosure of : (amount figure in core Tk) Paid up capital --- 900.00 Re-Capitalization--- 250.00 Statutory reserve --- 23.23 General reserve --- 58.81 Retained earnings --- (7394.45) Minority interest in subsidiaries --------------------------------0.00 Other (if any item approved by BB) ------------------------ 0.00 b. The total amount of Tier -2 capital -------------------- 547.95 d. Deductions from Tier -1 capital ------------------------ 0.00 e. Deductions from Tier -2 capital ------------------------ 110.84 e. Total eligible capital ------------------------------------ (5725.30)

Capital Adequacy

Qualitative Disclosures	a	a. A summary discussion of the bank's approach for assessing the adequacy of its capital to support current and future activities. Since its inception in 2009 the bank has been following Standardized Approach, Standardized (Rule Based) Approach and Basic indicator Approach for calculating capital requirement against Credit Risk, Market Risk and Operational Risk respectively.
Quantitative Disclosures	b	b. Capital requirement for Credit Risk -------------- Tk 1321.73 core. c. Capital requirement for Market Risk ------------------- Tk.4.52 core. d. Capital requirement for Operational Risk ---------- Tk 31.81 core. e. Capital Adequacy Ratio--------------------------------- - 42.16% f.Tier-1 Capital to RWA----------------------------------- - 45.38%

Credit Risk

Credit risk is defined as the possibility of failure of counterparty to meet its obligation as per agreed terms. Banks are very much prone to credit risk due to its core activities i.e. lending to corporate, SME, individual. The main objects of credit risk management is to minimize the negative impact through adopting proper mitigates and also limiting credit risk exposure within acceptable limit.

Bangladesh krishi Bank follows Bangladesh Bank's BRPD circular no-14, Dated 10.09.2012 for classification of loans and advances.

Classification SL	Types of Loans	Classification Status	Period of Classification
a.	Continuous Loan –Cash credit (Hypo & Pledge)	SMA SS DF BL	2 Months 3 Months 6 Months 9 Months
b.	Demand Loan -LIM -FBP -IBP	SMA SS DF BL	2 Months 3 Months 6 Months 9 Months
c.	Fixed Term Loan which are repayable under a specific repayment schedule	SMA SS DF BL	2 Months 3 Months 6 Months 9 Months
d.	Fixed Term Loan which loan amount below 10 lac	SMA SS DF BL	2 Months 3 Months 6 Months 9 Months
e.	Short term Agriculture & Micro credit	SMA SS DF BL	---- 12 Months 36 Months 60 Months

Provisioning depending on the group

Particulars		Short Term Agriculture & Micro Credit	Consumer Financing			SME	All other Credit
			Other than HF, LP	HF	LP		
UC	Standard	2.5%	5%	2%	2%	0.25%	1%
	SMA	-	5%	2%	2%	0.25%	1%
Classified	SS	5%	20%	20%	20%	5%	20%
	DF	5%	50%	50%	50%	5%	50%
	BL	100%	100%	100%	100%	100%	100%

Qualitative Disclosures	a	The General qualitative disclosure requirements with respect to credit risk, including: -As regards capital charge for Credit Risk, all assets in Banking Book have been risk weighted strictly based on pre specified risk weight as determined by Bangladesh Bank as per RBCA guideline. However, the Bank has conducted proper mapping with the grading of Bangladesh for those exposures or claims graded by ECAI. • Definition of past due and impaired (for Accounting purposes) • Any claim or exposure that has been overdue for 90 days or more is called past and impaired loan in accordance with the definition given by Bangladesh Bank as per section 5(CC) of the Bank Companies Act.1991. • Description of 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 or by the ECAI (External Credit Assessment Institution) • Discussion of the Bank's credit risk management policy. -Based on CRMG guidelines published by Bangladesh Bank, an updated and well managed Credit Risk Management Policy has been incorporated in Bangladesh Krishi Bank which serves as a guide to effectively avert risks involved in lending of the bank. -The Credit Risk Grading (CRG) has been in place since its introduction in 2005 and it is being used for making proper lending decision and for administering the CRM process. -Bangladesh Krishi Bank’s credit policy is based on the customers' need on their business, security and earning capacity of recipient. The repayment ability of the business follows conservative approach in valuation of collateral. -The Credit policy of the bank is focused on the economic goal of the country and policies adopted by the Government. It strives towards the materialization of the Government policies leading overall economic development of the country. -The policy stresses the need to give special attention to problem loans and to initiate appropriate action for protecting the Banks interest on a timely basis. -Bangladesh Krishi Bank 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 tolerable range.

<table>
<tr><td>Quantitative Disclosures</td><td>b</td><td>Total gross credit risk exposures broken down by major types of credit exposure.
(amount figure in core Tk)
Funded---------- 17739.77
Non funded ---------- 533.91
Total ---------- 18273.68
Balance sheet Exposures-
1. Cash---------- 98.39
2. Claims on Bangladesh Govt. & BB---------- 1421.25
3. Claims on Banks and NBFIs---------- 699.73
4. Claims on Corporate---------- 666.72
5. Claims categorized as retail portfolio---------- 10524.75
6. Consumer Finance---------- 36.31
7. Claims fully secured by residential property---------- 498.25
8. Claims fully secured by commercial real estate---------- 219.68
9. SME---------- 611.99
10. Past due Claims---------- 4678.96
11. Capital Market exposure---------- 3.14
12. Un listed Security---------- 0.30
13. Investment in premises, Fixed assets, plant---------- 647.16
14. All other assets Claims on Bangladesh Govt. & BB----------1584.35
15. Staff loan & other investment---------- 1037.02
16. All other assets Cash item in process of collection---------- 439.03
17. All other assets---------- 44.03
Off Balance sheet Exposure
1. Claims on Bangladesh Govt. & BB---------- 20.00
2. Claims on public sector entities---------- 86.62
3. Claims on Corporate---------- 10.20</td></tr>
<tr><td></td><td>c</td><td>Geographical distribution of exposures, broken down in significant areas by major types of credit exposure
<u>Balance sheet exposures</u>
(amount figure in core Tk)
Dhaka Division---------- 6081.80
Mymensingh Division---------- 3046.46
Chittagong Division---------- 3612.73
Khulna Division---------- 2771.50
Barisal Division---------- 1741.58
Sylhet Division---------- 1019.61
Total---------- 18273.68</td></tr>
<tr><td></td><td>d</td><td>Industry type distribution of exposures, broken down by major types of credit exposure :
Industry wise distribution of loans and advances:
(amount figure in core Tk)
Agriculture Crop Loan ---------- 9526.41
Fishery Loan---------- 1082.38
Livestock Loan---------- 1028.68
Textile (Industry & Trade)---------- 368.90
Transport ---------- 23.50
SME---------- 611.99
RMG ---------- 296.10
Leather---------- 18.30
Consumer Credit---------- 36.31
Trade Financing---------- 2017.09
Others industries---------- 1356.15
Construction ,Health & Storage---------- 717.93
Others ---------- 1189.94
Total ---------- 18273.68</td></tr>
</table>

	e	Residual contractual maturity breakdown of the whole portfolio broken down by major types of credit exposure. **Funded Exposure.** (amount figure in core Tk) Repayable on Demand 386.14 Not more than 3 month 3310.33 More than 3 month but not more than 1 year 6062.86 More than 1 year but not more than 5 year 4161.55 More than 5 year 4352.80 Total --- 18273.68
	f	By major industry or counterparty type : • Amount of impaired loans and if available past due loans, provided separately-------------------- 4678.96 core • Specific provision -------------------------------------- 2263.87 core • General provisions-- 265.17 core • Changes for specific allowances and change Off during the period : Not Applicable
	g	Gross Nonperforming Assets (NPAs) -------- Tk 4678.96 core Nonperforming Assets (NPAs) to Outstanding loans & advances : 0.27:1.00 Movement of Non Performing Assets (NPAs) (amount figure in core Tk) Opening balance--------------------------- 4841.30 Additions------------------------------------ 655.40 Reductions--------------------------------- 817.74 Closing balance --------------------------- 4678.96 Movement of specific provisions for NPAs : (amount figure in core Tk) Opening balance-------------------------------- 2274.22 Provisions made during the period ---------- 265.17 Write off & Interest Remission-------------- 3.21 Write -back of excess provision ------------- 272.31 Closing balance--------------------------------- 2263.87

Equities: Disclosures for Banking Book positions

Qualitative Disclosures	a	The general qualitative disclosure requirement with respect to equity risk including: • Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons. -Basically, there is no differentiation for all equity holdings are held for expected capital gain. However, there are holdings which are kept for relationship and strategic reason apart from capital gains. • 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. -Equity holdings in the banking book are recorded in the books of accounts at cost price. In fact there is no valuation methodology used in the bank. Provisions are made against equity holdings when there takes place any decrease in the value of equity holdings.
Quantitative Disclosures	b	i. 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. ii. Capital requirements broken down by appropriate equity groupings, consistent with the banks methodology as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements. Investment in shares at cost price: a) Quoted shares--------3.14 core b) Un-quoted shares----0.30 core

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. Interest rate risk describes how the bank would be negatively affected with the change in the interest rates on its On- balance sheet and the Off- balance sheet exposures. The Bank uses a simple Sensitivity Analysis as well as Duration Gap Analysis to determine its vulnerability against the adverse moment of market variables. Bangladesh Krishi Bank discusses the interest rate issue in its ALCO/MCC meeting. In addition BKB assesses the interest rate risk using simple duration analysis as per the formula given by Bangladesh Bank in its guidelines on Stress Testing. For change in interest rates, currently, Bangladesh Krishi Bank has become risk sensible for its Assets comparable to its Liabilities. 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 favour for any change in interest rate.
Quantitative Disclosures	b	The increase (decline) in earning or economic value (or relevant measure used by management) for upward and downward rate shocks according to management method for measuring IRRBB. The bank has been using " Stress Testing" based on the guideline published by Bangladesh Bank to determine the following: -Impact on earning -Impact on Capital requirements

Market Risk

Market risk is the risk of losses in positions arising from movements in market prices.

There is no unique classification as each classification may refer to different aspects of market risk. Nevertheless, the most commonly used types of market risk are:

- *Equity risk*, the risk that stock or stock indices prices or their implied volatility will change.
- *Interest rate risk*, the risk that interest rates or their implied volatility will change.
- *Currency risk*, the risk that foreign exchange rates or their implied volatility will change.
- *Commodity risk*, the risk that commodity prices or their implied volatility will change.

<table>
<tr><td>Qualitative Disclosures.</td><td>a</td><td>Views of BOD on investment activities.

-The BOD of the Bank views the ' Market Risk' as the risk to the banks earnings and Capital due to change in the market level of interest rates of securities, foreign exchange and equities as well as the volatilities of those changes.

Methods used to measure Market Risk

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

Market Risk Management system

-ALCO is the key tool for managing market risk. An ALCO is in place in the bank to administer the system.

Policies and process for mitigating market risk

-There are approved limits for loan deposit rati, liquid assets to total assets ratio ,maturity mismatch, commitments for both on and off balance sheet items, borrowing from money market, foreign exchange position and refinance from Bangladesh Bank.

The limits are mentioned and enforced regularly to protect against market risk.

These limits are reviewed based on prevailing market and economic conditions to minimize risk due to market fluctuation.</td></tr>
<tr><td>Quantitative Disclosures</td><td>b</td><td>The capital requirements for

(amount figure in core Tk)

Interest rate risk Tk. 0.00

Equity position risk Tk 0.30

Foreign exchange risk Tk.4.22

Commodity risk - Tk 0.00</td></tr>
</table>

Operational Risk

Operational risk is the prospect of loss, resulting from inadequate or failed procedures, systems or policies, Employee errors, Systems failures, Fraud or other criminal activity.

Qualitative Disclosures	a	**i. Views of Board of Directors (BOD) on system to reduce Operational Risk** The policy for operational risks including internal control and compliance risk is approved by the Board in line with the relevant guidelines of Bangladesh Bank. Audit Committee of the Board directly oversees the activities of Internal Control and Compliance Division (IC&CD) to protect against all operational risks. **ii. Performance gap of executives and staffs** BKB has a policy to provide competitive package and best working environment to attract and retain the most talented people available in the industry. BKB's strong brand image plays an important role in employee motivation. As a result, there is no significant performance gap. **iii. Potential external events** BKB operates its business with few external risk factors relating to the socio-economic condition, political atmosphere, regulatory policy changes, natural disaster etc. based on the overall perspective of the country. **iv. Policies and processes for mitigating operational risk** The policy for operational risks including internal control and compliance risk is approved by the Board taking into account relevant guidelines of Bangladesh Bank. **v. Approach for calculating capital charge for operational risk** The Bank follows the Basic Indicator Approach (BIA) in terms of BRPD Circular No. 18 dated 21 December2014 [Guidelines on 'risk Based capital Adequacy for Banks' (revised regulatory capital framework in line with Basel III)]. The BIA stipulates the capital charge for operational risk is a fixed percentage, denoted by α(alpha) of average positive annual gross income of the Bank over the past three years. It also states that if the annual gross income for any year is negative or zero, that should be excluded from both the numerator and denominator when calculating the average gross income. The capital charge for operational risk is enumerated by applying the following formula: $K = [(GI\ 1 + GI2 + GI3)\ \alpha]/n$ Where: K = the capital charge under the Basic Indicator Approach GI = only positive annual gross income over the previous three years (i.e., negative or zero gross income if any shall be excluded) α= 15 percent n = number of the previous three years for which gross income is positive. Besides, Gross Income (GI) is calculated as "net Interest Income" plus "net non -Interest Income".
Quantitative Disclosures	b	The capital requirements for (amount figure in core Tk) Operational risk------------- Tk. 31.81

Liquidity Ratio

Liquidity risk is the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit) or when a bank is unable to fulfill its commitments in time when payment falls due. In line with the provisions of liquidity risk management under Basel III, Bangladesh Bank on the basis of the relevant guideline of Bank for International Settlements (BIS) has identified the (i) Liquidity Coverage Ratio (LCR); (ii) Net Stable Funding Ratio (NSFR); and (iii) Leverage under the purview of `Liquidity' ratio vide BRPD Circular No. 18 dated 21 December 2014 and DOS Circular No. 1 dated 1 January 2015.

<table>
<tr>
<td rowspan="1">Qualitative Disclosures.</td>
<td>a</td>
<td>Views of BOD on system to reduce liquidity Risk.
- The Board of Directors reviews the liquidity risk of the Bank on half yearly rest while reviewing the half yearly Financial Statements, quarterly Stress Testing Report etc. Besides, Managing Director also reviews the liquidity position while reviewing the daily fund position.BKB has adopted the Basel III framework on liquidity standards as prescribed by Bangladesh Bank (BB) and has put in place requisite systems and processes to enable periodical computation and reporting of the Liquidity Coverage Ratio (LCR) & Net Stable Funding Ratio (NSFR). The Treasury Department computes the LCR & NSFR and reports LCR & NSFR to the Asset Liability Management Committee (ALCO) every month for reviewing where ALCO is chaired by the Managing Director as well as to the Risk Management Committee (Management Level). The Risk Management Committee of the board sits quarterly to discuss the overall risk scenario of the bank.

Methods used to measure liquidity Risk.
The following methods are used to measure Liquidity risk;
- Liquidity Coverage Ratio (LCR);
- Net Stable Funding Ratio (NSFR);
- Cash Reserve Ratio (CRR);
- Statutory Liquidity Ratio (SLR);
- Medium Term Funding Ratio (MTFR);
- Maximum Cumulative Outflow (MCO);
- Loan Deposit Ratio(LDR)

Liquidity Risk Management system
- The Central Accounts-1deptt of the Bank manages liquidity risk with oversight from Assets-Liability Management Committee (ALCO) comprising senior executives of the Bank. ALCO meets once in a month to review strategies on Asset Liability Management. The Factors related with Liquidity Risk Management system are given below:
1. ADR maximum up to 85%
2. MTF at 30% to 45%
3.Wholesale Borrowing up to maximum Taka 1000.00 core
4. MCO should not exceed 20%
5. Prior intimation for withdrawal of deposit
6. Maturity profile of term deposit and advance
7. Preparing projected cash flow</td>
</tr>
</table>

		Policies and process for mitigating liquidity risk - The Liquidity risk management of the Bank is undertaken by the Asset Liability Management group in the Treasury in accordance with the Board approved policies and ALCO approved funding plans. - Treasury Department and ALM desk under regular supervision of top management reviews the overall liquidity position of BKB and takes appropriate strategy; process in line with the industry position for managing liquidity risk of the Bank.
Quantitative Disclosures	b	Liquidity Coverage Ratio------------- 77.84% Net Stable Funding Ratio(NSFR)-- 77.27% Stock of High quality liquid assets— 2162.67 core Total net cash outflows over the next 30 calendar days— 25.0045 core Available amount of Stable funding ---- 1323.97 core Required amount of Stable funding ---- 1713.00 core

Leverage Ratio

The leverage ratio was 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, a simple, transparent, non-risk based leverage ratio has been introduced by Bangladesh Bank.

The leverage ratio is intended to achieve the following objectives:

a. Constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy; and

b. reinforce the risk based requirements with an easy to understand and a non-risk based measure.

Qualitative Disclosures	a	**Views of BOD on system to reduce excessive leverage** In line with the BASEL III guidelines, BKB Board of Directors emphasis to improve Leverage Ratio by enhancing Tier 1 capital. Leverage ratio is calculated dividing the Tier 1 Capital by the total Exposure. Tier 1 Capital is calculated as per BASEL III guidelines. In the case of exposure measure, BKB includes both on balance sheet exposure and off balance sheet exposure. **Policies and process for managing excessive on and off balance sheet leverage-** Leverage ratio is calculated dividing the Tier 1 Capital by the total Exposure. Tier 1 Capital is calculated as per BASEL III guidelines. In the case of exposure measure, BKB includes both on balance sheet exposure and off balance sheet exposure **Approach for calculating exposure** - Leverage ratio is calculated dividing the Tier 1 Capital by the total Exposure. The exposure measure for the leverage ratio will generally follow the accounting measure of exposure. In order to exposure consistently with financial accounts, the following will be applied by the bank.

		i. On balance sheet, non derivative exposures will be net of specific provision and valuation adjustments. 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 deposit is not allowed. Leverage ratio of Bank has been worked out under the Basic Indicator Approach of RBCA guidelines in Solo-Basis.
Quantitative Disclosures	b	Leverage Ratio------------------- (-) 29.19 % On balance sheet exposure------- 20994.42 core Off balance sheet exposure------- 116.82 core Total exposure----------------- 21111.24 core

Remuneration

Qualitative Disclosures	a	**Information relating to the bodies that oversee remuneration and mandate of the Management** -Bangladesh Krishi Bank, one of the state owned specialized banks operating in Bangladesh, has been playing vital role in overall agricultural financing. Being a state owned bank, the remuneration system of Bangladesh Krishi Bank is governed under National Pay Scale declared by Bangladesh Government. There is a fixation cell in the bank which works out the pay fixation as per the national pay scale in force. The remuneration process for the employees was conducted under the National Pay Scale 2015.
	b	**A description of the types of employees considered as material risk takes and as senior managers including the numbers of employees in each groups** - Usually the branch managers, regional head, divisional head and senior management of the head office are considered as the material risk takers.
	c	**Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy** -The overall design and structure of the remuneration system of Bangladesh Krishi Bank is as per the national pay scale approved by the Government of the People's Republic of Bangladesh. ii) The process is reviewed only when a new national pay scale gets in force. Bangladesh Krishi Bank adopted a new pay scale which was declared by the government of People's Republic of Bangladesh on 15 December 2015 and became effective from 1 July 2015.

	d e f	**Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.** - **N/A** **A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting** - The Bank has various schemes in regards to deferred and vested variable remuneration which are as under: a. Death cum Survival Superannuation Fund provides superannuation and other benefits to the employees of the Bank on their death, disability, retirement/or being incapacitated at any time or for any other cause that may be deemed fit as per Govt. rule. b. Staff House Building Loan: Permanent employee any rank after completion of 5 (five) years of service, can avail of a House Building Loan at Bank Rate as per policy and approval from the appropriate Authority **Description of the different forms of variable remuneration (i.e. cash, shares, and share -linked instruments and other forms) that the bank utilizes and the rationale for using these different forms** **-** There is no variable and deferral remuneration existing in the remuneration system. It does not include any reward for longer term performance. Salary and all types of benefits provided by the bank are only in the form of cash.
Quantitative Disclosures	a b c d e f	**Number of employees having received a variable remuneration award during the financial year** -Total 9241 number of employees got variable remunerations during the year 2016. **Number and total amount of guaranteed bonuses awarded during financial year.** -2 (Two) number of guaranteed bonus (Festival Bonus) and 01 Ex-gracias were awarded during the year and the amount of bonus was Tk. 61.49 crore **Total amount of outstanding deferred remuneration, split into cash, share and share-linked instruments and other forms.** - N/A **Total Amount of deferred remuneration paid out in the financial year.** -N/A **Breakdown of amount of remuneration awards for the financial year (2015-2016) to show:** Fixed and variable Fixed remuneration is Tk. 459.24 core and variable remuneration is Tk. 109.70 core. **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:** **-N/A**