Bangladesh Development Bank Limited (BDBL)
Disclosures on Risk Based Capital (Basel II) Based on 31 December 2011

These disclosures have been made in accordance with the Bangladesh Bank BRPD Circular no. 35 of 29 December 2010 as to Guidelines on 'Risk Based Capital Adequacy for Banks' Revised Regulatory Framework in line with Basel II.

1. Capital Adequacy under Basel-II

To cope with the international best practices and to make the Bank's capital more risk sensitive as well as more shock resilient, 'Guidelines on Risk Based Capital Adequacy (RBCA) for Banks (Revised regulatory capital framework in line with Basel II)' have been introduced from January 01, 2009. Throughout the year 2009, Basel II reporting was parallel to Basel I which was the statutory requirement up-to that year. However, beginning year 2010, Basel II became mandatory. Bangladesh Bank further reviewed the RBCA Guidelines on several occasions prior to Basel II became fully in force. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital, and Disclosure requirements as stated in these guidelines have to be followed by all scheduled banks for the purpose of statutory compliance.

Above guidelines were issued by Bangladesh Bank (BB) under section 13 and section 45 of Bank Company Act, 1991 and also in accordance with "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" of June, 2006
(Popularly known as `Basel II Capital Adequacy Framework) released by Basel Committee on Banking Supervision (BCBS).

Basel II guidelines are structured on the following aspects:

a) Minimum capital requirements to be maintained by a Bank against credit, market, and operational risks.

b) Process for assessing the overall capital adequacy aligned with risk profile of a Bank as well as capital growth plan known as Supervisory Review Process (SRP)

c) Framework of public disclosure on the position of a Banks risk profiles, capital adequacy, and risk management system known as Market Disclosure.

2 Scope of application

Basel II guidelines apply to all scheduled banks on , "Solo" basis as well as on "Consolidated" basis where-

- Solo Basis refers to all position of the bank and its local and overseas branches/offices; and
- Consolidated Basis refers to all position of the bank (including its local and overseas branches/offices) and its subsidiary company(ies)

engaged in financial (excluding insurance) activities like merchant banks, brokerage firms, discount houses, etc (if any).

Bangladesh Development Bank Limited followed the scope narrated above. Bank has Tier 1 and Tier 2 capital structure at the moment.

3 Capital base

Regulatory capital has been categorized into three tiers: Tier 1, Tier 2, and Tier 3 respectively.

a) Tier 1 capital

Tier 1 capital called **'Core Capital'** comprises of highest quality of capital elements that consists of:

i) Paid up capital
ii) Non-repayable share premium account
iii) Statutory reserve
iv) General reserve
v) Retained earnings
vi) Minority interest in subsidiaries
vii) Non-cumulative irredeemable preference shares
viii) Dividend equalization account

BDBL's Core Capital comprises of the above elements except for " Non-repayable share premium account 'Minority interest in subsidiaries ***Non- cumulative irredeemable preference shares' and 'Dividend Equalization Account'.***

b) Tier 2 capital

Tier 2 capital called "Supplementary Capital" represents other elements which fall short of some of the characteristics of the core capital but contribute to the overall strength of a bank and consists of:

i) General provision
ii) Asset Revaluation reserves up to 50%
iii) Revaluation Reserve for Securities up to 50%
v) Revaluation reserve for equity instrument up to 10%
vi) All other preference shares
vii) Subordinated debt

Bank's Tier 2 capital comprises of General provision and Asset Revaluation reserves

c) Tier 3 capital

Tier 3 capital called "Additional Supplementary Capital" consists of short-term subordinated debt (original maturity less than or equal to five years but greater than or equal to two years) would be solely for the purpose of meeting a proportion of the capital requirements for market risk.

BDBL has no Tier 3 capital as mentioned earlier.

4. Conditions for maintaining regulatory capital

The calculation of Tier 1 capital, Tier 2 capital, and Tier 3 capital is subject to the following conditions:

a) The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.

b) 50% of revaluation reserves for fixed assets and securities eligible for Tier 2 capital.

c) 10% of revaluation reserves for equity instruments eligible for Tier 2 capital.

d) Subordinated debt shall be limited to a maximum of 30% of the amount of Tier 1 capital.

e) Limitation of Tier 3: A minimum of about 28.5% of market risk needs to be supported by Tier 1 capital. Supporting of Market Risk from Tier 3 capital shall be limited up to maximum of 250% of a banks Tier 1 capital that is available after meeting credit risk capital requirement.

BDBL has complied with the conditions as embodied in this respect wherever applicable.

5. Eligible regulatory capital

In order to obtain the eligible regulatory capital for the purpose of calculating Capital Adequacy Ratio (CAR), banks are required to make following deductions from their Tier-1 capital:

a) Intangible asset e.g., book value of goodwill and value of any contingent assets, etc. which are shown as assets

b) Shortfall in provisions required against classified assets.

c) Shortfall in provisions required against investment in shares

d) Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities.

e) Reciprocal/crossholdings of banks capital/subordinated debt artificially intended to inflate the capital position of banks

f) Holding of equity shares in any form exceeding the approved limit under section 26(2) of Bank Company Act, 1991. The additional/unauthorized amount of holdings will be deducted at 50% from Tier 1 capital and 50% from Tier 2 capital.

g) Investments in subsidiaries which are not consolidated. The normal practice is to consolidate subsidiaries for the purpose of assessing the capital adequacy of banking groups. Where this is not done, deduction is essential to prevent the multiple uses of the same capital resources in different parts of the group. The deduction for such investments will be 50% from Tier 1 capital and 50% from Tier 2 capital. The assets representing the investments in subsidiary companies whose capital had been deducted from that of the parent would not be included in total assets for the purposes of computing the CAR

Eligible Tier 2 capital will be derived after deducting components (if any) qualified for deduction. Total eligible regulatory capital will be calculated by summing up the eligible Tier 1, Tier 2 and Tier 3 capital.

6. Calculation of Capital Adequacy Ratio

In order to calculate CAR, banks are required to calculate their Risk Weighted Assets (RWA) on the basis of credit, market, and operational risks. Total RWA will be determined by multiplying the amount of capital charge for market risk and operational risk by the reciprocal of the minimum CAR and adding the resulting figures to the sum of risk weighted assets for credit risk. The CAR is then calculated by taking eligible regulatory capital as numerator and total RWA as denominator.

Bank followed the given guidelines in proper terms.

7. Minimum capital requirements

a) No Scheduled Bank in Bangladesh shall commence and carry on its business unless it has the minimum required capital fixed by Bangladesh Bank from time to time as per section 13 of Bank Company Act, 1991.

b) Banks have to maintain minimum CAR on "Solo" basis as well as on „Consolidated" basis as per instruction(s) given by BB from time to time.

Bank has been able to maintain required CAR. Banks presents CAR is 28.90%, Tier I Capital ratio is 18.43% and Tier 2 Capital ratio is 10.47%.

c) Banks have to maintain at least 50% of required capital as Tier 1 capital

8 a) Credit Risk

Bank followed the suggested methodology, process as contained in the Guidelines.

Credit risk is the potential that a bank borrower or counterparty fails to meet its obligation in accordance with agreed term.

b) Methodology

Bangladesh Bank adopted Standardized Approach for calculating Risk Weighted Assets. The capital requirement for credit risk is based on the risk assessment made by external credit assessment institutions (ECAIs) recognized by BB for capital adequacy purposes. Banks are required to assign a risk weight to all their on-balance sheet and off-balance sheet exposures. Risk weights are based on external credit rating (solicited) which was mapped with the BB rating grade or a fixed weight that is specified by Bangladesh Bank.

9. a) Market Risk

Bank followed the suggested methodology, process as contained in the Guideline.

Market risk is defined as the risk or losses in on and off-balance sheet positions arising from movements in market prices. The market risk positions subject to this requirement are:

I. The risks pertaining to interest rate related instruments and equities in the trading book; and

II. Foreign exchange risk and commodity risk throughout the bank (both in the banking book and in the trading book)

b) Methodology

In Standardized Approach, the capital requirement for various market risks (interest rate risk, equity price risk, commodity price risk, and foreign exchange risk) is determined separately. The total capital requirement in respect of market risk is the sum of capital requirement calculated for each of these market risk sub-categories. The methodology to calculate capital requirement under Standardized Approach for each of these market risk categories is as follows:

a) Capital Charge for Interest Rate Risk = Capital Charge for Specific Market Risk + Capital Charge for General Market Risk.

b) Capital Charge for Equity Position Risk = Capital Charge for Specific Market Risk + Capital Charge for General Market Risk.

c) Capital Charge for Foreign Exchange Risk = Capital Charge for General Market Risk

10. a) Operational Risk

Bank followed the suggested methodology, process as contained in the Guideline.

Operational Risk is defined as the risk or losses resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputation risk, risk arising from staff inefficiency, risk arising from inadequacy in using ICT in full range.

b) Measurement Methodology

Banks operating in Bangladesh shall compute the capital requirements for operational risk under the Basic Indicator. Approach (BIA). Under BIA, the capital charge for operational risk is a fixed percentage, denoted by (alpha), of average positive annual gross income of the bank over the past three years. Figures for any year in which annual gross income is negative or zero, should be excluded from both the numerator and denominator when calculating the average.

11 Disclosure under Pillar III

Disclosures are given below as specified by RBCA Guideline, December 2010

A) Scope of Application

Qualitative Disclosure

(a)The name of the corporate entity to which this guidelines applies	BANGLADESH DEVELOPMENT BANK LIMITED
(b) A brief description of the entity	**Establishment:** Bangladesh Development Bank Limited (BDBL or the Bank) was incorporated under the Companies Act, 1994 on 16 November 2009 to acquire and take-over, as going concern, the undertakings and businesses of statutory bodies of Bangladesh Shilpa Bank (BSB) and Bangladesh Shilpa Rin Sangstha (BSRS) constituted respectively under the Bangladesh Shilpa Bank Order, 1972 (President Order No.129 of 1972) and Bangladesh Shilpa Rin Sangstha Order, 1972 (President Order No.128 of 1972) with all of their assets, benefits, rights, powers, authorities, privileges, liabilities, borrowings and obligations and to carry on with the same business. Two vendors agreement was executed between the Government of the peoples Republic of Bangladesh and Bangladesh Development Bank Limited on 31 December 2009 in this regard. The registered office of the Bank is located at 8 Rajuk Avenue, Motijheel, Dhaka-1000 **Principal activities:** Bangladesh Development Bank Limited extends financial assistance both in local and foreign currencies for setting up new industries and provides all kinds of commercial banking services to its customer through its branches in Bangladesh. The BDBL inherited membership of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited, acts as stock dealer and operate two brokerage houses. The BDBL is now managing a close-end Mutual Fund with paid up capital of Tk. 5.00 crore.
(c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital wihtin the group	Not Applicable
Quantitative Disclosure (d) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the names of such subsidiaries	Not Applicable

B) Capital Structure

Qualitative Disclosure

a) Summary information on the terms and conditions of the main features of all capital instruments, specially in the case of capital instruments eligible for inclusion in Tier 1 or Tier2	The terms and conditions of the main features of all capital instruments have been segregated in line with the eligibility criteria set forth vide BRPD Circular No. 35 dated 29 December 2010 and other relevant instructions given by Bangladesh Bank from time to time. The main features of the capital instruments are as follows: **Tier 1 capital instruments** **Paid-up share capital:** Issued, subscribed and fully paid up share capital of the Bank. It represents Paid up Capital, Right Shares as well as Bonus Shares issued from time to time. **Statutory Reserve:** As per Section 24(1) of the Bank Companies Act, 1991, an amount equivalent to 20% of the profit before taxes for each year of the Bank has been transferred to the Statutory Reserve Fund. ***Bank is complied in this respect.*** **General reserve:** Any reserve created through Profit and Loss Appropriation Account for fulfilling any purpose. ***Bank is complied in this respect.*** **Retained Earnings:** Amount of profit retained with the banking company after meeting up all expenses, provisions and appropriations. ***Bank is complied in this respect.*** **Tier 2 capital instruments** General provision maintained against unclassified loans and off-balance sheet exposures: As per BBdirective, amount of provision maintained against unclassified loans and off-balance sheet exposures as of the reporting date has been considered. **Asset revaluation reserve:** 50% of Assets Revaluation Reserve is considered as Tier 2 Capital. The revaluation reserve was formally conducted by the Professionally Qualified Chartered accountants firm and duly certified by the statutory auditor of the Bank.

Quantitative Disclosure **Amount in '000" Tk**

(b) The amount of Tier 1 Capital, with separate disclosure of: (as of 31.12.2011).	> Paid up Capital > Non- repayable share premium account > Statutory reserve > General reserve > Retained earnings > Minority Interest in Subsidiaries > Non- cumulative irredeemable preference shares	4000,000 - 1,218,000 1,310,000 40,500 - 6,568,500
(c) Tier 2 capital	> General Provision > Asset Revaluation Reserve	135,700 3,597,300 3,733,000
(d) Tier 2 capital	> Long Term Subordinated Debt	-
(e) Total amount of Tier II & Tier III Capital		3,733,000
(f) Other deduction from Capital		-
(g) Total eligible capital		**10,301,500**

C) 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	Capital Adequacy is the cushion required to be maintained for covering the Credit risk, Market risk and Operational risk so as to protect the depositors and general creditors interest against such losses. In line with BRPD Circular No. 35 dated 29 December, 2010, the Bank has adopted Standardized Approach for Credit Risk, Standardized (Rule Based) Approach for Market Risk and Basic Indicator Approach for Operational Risk for computing Capital Adequacy
Quantitative Disclosure	**Amount in '000" Tk**
(b) Capital requirement for Credit Risk:	2,320,210
(C) Capital requirement for Market Risk:	1,002,400
(d) Capital requirement for Operational Risk:	242,100
(e) Total Required Capital	**3,564,710**
(f) Total Risk Weighted Asset	**35,647,100**
(g) Capital Adequacy Ratio	28.90%
(h) Core Capital (Tier 1) to Risk Weighted Asset	18.43%
(i)) Supplementary Capital (Tier 2) to Risk Weighted Asset	10.47%

D) Credit Risk

Qualitative Disclosure

(a)The general qualitative disclosure requirement with respect to credit risk, including: * Definitions of past due and impaired (for accounting purposes)	Bank classifies loans and advances into performing and non-performing loans (NPL) in accordance with the Bangladesh Bank guidelines in this respect. An NPA (impaired0 is defined as a loan or an advance where interest and/ or installment of principal remain overdue for more than 90 days in respect of a Continuous credit, Demand loan or a Term Loan etc. Classified loan is categorized under following 03 (three) categories: >Substandard >Doubtful >Bad & Loss Any **continuous loan** will be classified as: > Sub-standard' if it is past due/over due for 6 months or beyond but less than 9 months. > "Doubtful' if it is past due/over due for 9 months or beyond but less than 12 months. > „Bad/Loss' if it is past due/over due for 12 months or beyond. Any **Demand Loan** will be classified as > Sub-standard' if it remains past due/overdue for 6 months or beyond but not over 9 months from the date of claim by the bank or from the date of creation of forced loan. > Doubtful' if it remains past due/overdue for 9 months or beyond but not over 12 months from the date of claim by the bank or from the date of creation of forced loan. > Bad/Loss' if it remains past due/overdue for 12 months or beyond from the date of claim by the bank or from the date of creation of forced loan In case of any installment(s) or part of installment(s) of a **Fixed Term Loan** is not repaid within the due date, the amount of unpaid installment(s) will be termed as `defaulted installment'. i. In case of Fixed Term Loans, which are repayable **within maximum five years** of time: > If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 6 (six) months, the entire loan will be classified as "Sub-standard". > If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 12 (twelve) months, the entire loan will be classified as "Doubtful". > If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 18 (eighteen) months, the entire loan will be classified as "Bad/Loss" ii. In case of Fixed Term Loans, which are repayable in **more than five years** of time: > If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 12 (twelve) months, the entire loan will be classified as "Sub-standard".

<table>
<tr>
<td>* Description of approaches followed for specific and general allowances and statistical methods</td>
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> If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within
18 (eighteen) months, the entire loan will be classified as "Doubtful".

> If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within
24 (twenty four) months, the entire loan will be classified as "Bad/Loss".

<table>
<tr><th rowspan="2">Types of loans</th><th colspan="5">Provision</th></tr>
<tr><th>UC</th><th>SMA</th><th>SS</th><th>DF</th><th>BL</th></tr>
<tr><td>House building and professional</td><td>2%</td><td>5%</td><td>20%</td><td>50%</td><td>100%</td></tr>
<tr><td>Other than Housing</td><td>5%</td><td>5%</td><td>20%</td><td>50%</td><td>100%</td></tr>
<tr><td>Provision for loan against shares</td><td>2%</td><td>5%</td><td>20%</td><td>50%</td><td>100%</td></tr>
<tr><td>Short term Agri. Credit and Credit and Micro Credit Micro Credit</td><td>5%</td><td>5%</td><td>5%</td><td>5%</td><td>100%</td></tr>
<tr><td>Small & Medium Enterprise</td><td>1%</td><td>5%</td><td>20%</td><td>50%</td><td>100%</td></tr>
<tr><td>Others</td><td>1%</td><td>5%</td><td>20%</td><td>50%</td><td>100%</td></tr>
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<tr>
<td>* Discussion of the Bank's credit risk management policy</td>
<td>Credit risk is the risk that the counterparty to a financial institution fails to meet its obligation and cause to incur a financial loss. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or activities in the same geographical region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Credit risk in the Bank's Portfolio is monitored, reviewed and analyzed by the Credit Risk Management Department (CRMD). CRMD determines the quality of the credit portfolio and assists in minimizing potential losses.</td>
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(B) Total gross credit risk exposures broken down by major types of credit exposure.		
	Cash Credit	671558
	Long Term Loan	7142884
	Over Draft	6,018
	Local Documentary Bill Purchase	67,543
	Bridge Loan	71,625
	Consumer Loan	137669
	Loan Under Investors Scheme	2424
	Staff Loan	1946354
		10046075

(C) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.	**Division wise Loans and Advances:**	
	Dhaka Division	8280507
	Khulna Division	242040
	Chittagong Division	417442
	Rajshahi Division	277031
	Barishal Division	280900
	Sylhet Division	48515
	Rangpur Division	499639
		10046075
(D) Sector wise Loans and Advances	**Industrial Sector**	723372
	Food & Allied Products	12793
	Jute & Allied Fibre Products	5700558
	Cotton, Wollen & Synthetic Textile	115887
	Paper, Paper Products & Printing	71635
	Tannery & its Products	26709
	Non-metallic mineral Products	-
	Basic Metal Products	123363
	Metal Products	48937
	Electrical Machinery & Goods	4342
	Machinery & Spare Parts	7161
	Transport	420040
	Chemicals & Pharmaceuticals	63888
	Petro- Chemicals	169020
	Service Industries	2558370
	Miscellaneous	
		10046075
(F) Classification Status of Loans and Advances	**Classification Status**	
	Standard	6424326
	Special Mentioned Accounts	514742
	Sub-Standard	599115
	Doubtful	6570
	Bad/Loss	2501322
		10046075
(G) Residual contractual maturity break down of the whole portfolio, broken down by major types of credit exposure.	Repayable – on demand	169732
	– upto 3 months	705647
	– over 3 months but below 1 year	1511987
	– over 1 year but below 5 years	2927013
	– over 5 years	4731696
		10046075

(H) Probition Against Loans & Advances	**Provision for Un-Classified Loan** Provision held at the beginning of the year Fully provided debts written off (-) Recoveries of amount Previously Written off (+) Specific provision for the year (+) Provision Transfer to other Assets Excess provision transferred to provision for CI Loan (-) Specific Provision For Special Mentioned	 290329 - - 888 (21614) (142372)
	Provision held at the end of the year	**127231**
	Provision for Classified Loan Provision held at the beginning of the year Fully provided debts written off (-) Recoveries of amount Previously Written off (+) Specific provision for the year (+) Recoveries & provision no longer required (-) Excess provision transferred to provision from	 1395742 (4030) 107027 - - 142372
	Provision held at the end of the year	**1641112**

E) Equities: Disclosures for Banking Book Positions

Qualitative Disclosure

(a) The general qualitative disclosure requirement with respect to the equity risk, including :	
• Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and • Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.	Investment in equity is mainly for investment and strategic purpose. Quoted shares are valued at cost. Necessary provision is maintained if market price falls below the cost price. Unquoted shares are valued at cost.
(b) Value disclosed in the balance sheet of investment, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where share price is materially different from fair value.	Not Applicable
(C) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.	153024
(d) * Total unrealized gains (losses) * Total latent revaluation gains (losses) * Any amounts of the above included in Tier 2 capital	 17535586 Nil Nil
(e) Capital requirements broken down by appropriate equity grouping, 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.	Nil

F) Market Risk
Qualitative Disclosure

(a) Views of BOD on trading/ investment activities	The Board approves all policies related to market risk, sets limits and reviews compliance on a regular basis. The objective is to provide cost effective funding last year to finance asset growth and trade related transaction.
(b) Methods used to measure Market risk	Standardized approach has been used to measure the market risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk sub-categories. For each risk category minimum capital requirement is measured in terms of two separately calculated capital charges for 'specific risk' and 'general market risk'.
(c) Market risk Management system	The Central Accounts Department manage market risk covering liquidity, interest rate and foreign exchange risks with oversight from Asset-Liability Management Committee(ALCO) comprising senior executives of the Bank. ALCO is chaired by the Managing Director. ALCO meeting at least once in a month
(d) Policies and process for mitigating market risk	There are approved policy for Market risk related instruments both on-balance sheet and off-balance sheet items. The investments are monitored and enforced on a regular basis to protect against market risks. Prevailing market condition, exchange rate, forex position and transactions are reviewed time to time to mitigate market risks.

Qualitative Disclosure

(b) The capital requirements for:	-
Interest rate risk	880400
Equity position risk	5500
Foreign exchange risk	-
Commodity risk	
	885900

H) Operational Risk
Qualitative Disclosure

(a) > Views of BOD on system to reduce Operational Risk	The policy for operational risks including internal control & compliance risk is approved by the board taking into account relevant guidelines of Bangladesh bank. Audit committee of the Board oversees the activities of Internal Control & Compliance Division (ICCD) to protect against all operational risk.
>Performance gap of executives and staffs	BDBL has a policy to provide equal opportunity and best working environment to the employees. BDBL's strong image plays an important role in employee motivation. As a result, there is no significant performance gap.
>Potential external events	No potential external events is expected to expose the Bank to significant operational risk.
>Policies and processes for mitigating operational risk	The policy for operational risks including internal control & compliance risk is approved by the Board taking into account relevant guidelines of Bangladesh bank. Policy guidelines on Internal Audit system is in operation. Branches are

	audited regularly by Internal Control & Compliance Division (ICCD). It is the policy of the bank to put all the branches of the bank under any form of audit at least once in a year. ICCD directly report to Audit Committee of the Board. Bank's Anti- Money laundering activities are headed by CAMELCO and their activities are devoted to protect against all money laundering and terrorist finance related activities. Apart from that, there is adequate chesk & balance at every stage of operation, authorities are properly segregated and there is at least dual control on every transaction to protect against operational risk.
> Approach for calculating capital charge for operational risk	Basic Indicator Approach was used for calculating capital charge for operational risk as of the reporting date.

Quantitative disclosure

b) The capital requirements for Operational Risk	243000