BASEL III PILLAR 3

Market Discipline of The City Bank Ltd.

Disclosure on Risk Based Capital
Annual Disclosure for the year ended December 31, 2020

Basel III Pillar 3: Disclosures on Risk Based Capital

Introduction

Capital management is considered as an integral part of the risk management process of the bank as capital ensures cushion against any loss suffered by the bank and saves bank from running off. Banking Industry of Bangladesh entered into the Basel III from Basel II regime from 1 January 2015**.** Therefore, City Bank has applied the Basel III framework as part of its capital management strategy in line with the Revised Guidelines on Risk Based Capital Adequacy (RBCA) issued by Bangladesh Bank in December 2014. Similar to Basel II, Basel III accord is also made up of three pillars; namely:

- **Pillar-1** (Minimum Capital Requirement) covers the calculation of risk-weighted assets and minimum capital requirement for credit risk, market risk and operational risk
- **Pillar-2** (Supervisory Review Process) intends to ensure that the Banks have adequate capital to address all the risks in their business
- **Pillar-3** (Market Disclosure) speaks of ensuring market discipline by disclosing adequate information to the stakeholders

Market discipline (Pillar 3) comprises set of disclosures on the capital, risk assessment processes, capital adequacy and remuneration practices of the Bank. Improved transparency, underpinned by high quality and timely market disclosures, will enhance market discipline, efficiency and confidence. The key objective is, therefore, to provide a market driven incentive for a bank to conduct business in a safe and sound manner. This Market Discipline disclosure under Basel III is made following bank's disclosure policy, approved by the Board of Directors and 'Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for Banks in line with Basel III)' for banks issued by Bangladesh Bank in December 2014.

The report is prepared once a year, except in exceptional circumstances, according to Disclosure Policy of City Bank and Bangladesh Bank's guidelines. For the ease of stakeholders, Disclosures on Risk Based Capital is published in Annual Report of the Bank and is also made available at City Bank's web site (www. thecitybank.com)

Key Metrics (Solo Basis):

Capital to Risk Weighted Asset
15.53%
2019: 15.16%

Common Equity Tier 1 Capital ratio
9.88%
2019: 9.66%

Leverage Ratio
6.06%
2019: 5.48%

Total Eligible Capital
Tk 4,181.69 crore
2019: Tk 3,713.58 crore

Common Equity Tier 1Capital
Tk 2,661.66 crore
2019: Tk 2,366.43 crore

Additional Tier 1 Capital
Tk 240.00 crore
2019: Tk 00 crore

Tier 2 Capital
Tk 1,280.03 crore
2019: Tk 1,347.15 crore

Total Risk Weighted Asset
Tk 26,932.20crore
2019: Tk 24,492.47 crore

Credit Risk RWA
Tk 23,324.54 crore
2019: Tk 21,358.37 crore

Presentation of information

In this report, City Bank's information is presented on solo and consolidated basis. All amounts in the tables of this Pillar 3 disclosure are denominated in Bangladeshi Taka, unless stated otherwise. Certain figures in this document have been calculated using rounded figures.

Table 1: SCOPE OF APPLICATION

Qualitative Disclosures	
a) The name of the top corporate entity in the group to which this guidelines applies.	Name of the Bank is The City Bank Ltd. However, the bank does not belong to any group.
b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) That are fully consolidated; (b) That are given a deduction treatment; (c) That are neither consolidated nor deducted (e.g. where the investment is risk-weighted).	Presently City Bank does not have any Associates and/or Joint Venture, but has four subsidiaries. These are a. **City Brokerage Limited:** City Brokerage Limited ('the company') was incorporated in Bangladesh as a private limited company on 31 March 2010, vide registration no. C-83616/10 under the Companies Act 1994. The legal status of the Company has been converted into public limited company from private limited company in June 2012 in compliance with Bangladesh Securities and Exchange Commission Rules 2000. Previously the Bank launched its brokerage division on 4 August 2009 which was subsequently separated from the Bank on 15 November 2010. On 31 December 2020 the Bank held 99.9963% shares of the company. b. **City Bank Capital Resources Limited:** City Bank Capital Resources Limited (CBCRL) was incorporated in Bangladesh as a private limited company on 17 August 2009, vide registration no. C-79186/09 under the Companies Act, 1994. The registered office of CBCRL is at 90/1, City Center (13th Floor), Motijheel Commercial Area, Dhaka-1000. CBCRL delivers a whole range of investment banking services including merchant banking activities such as issue management, underwriting, portfolio management and corporate advisory. On 31 December 2020 the Bank held 99.9933% shares of CBCRL. **c. CBL Money Transfer SDN BHD:** CBL Money Transfer Sdn. Bhd. (CMTS) is a private limited company by shares incorporated under the laws of Malaysia and registered with the Companies Commission of Malaysia with Registration No. 769212M carrying on money services business under the Money Services Business Act 2011 under a Class B License No. 00127 from the Bank Negara Malaysia. CMTS is principally engaged as inbound and outbound remittance service provider. d. **City Hong Kong Limited:** City Hong Kong Limited ("the Company") is incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Units 904 & 906, 9th Floor, Austin Tower, Nos. 22-26 Austin Avenue, Tsimshatsui, Kowloon, Hong Kong. City Hong Kong Limited is a fully owned (100% shares) subsidiary of The City Bank Limited established at the end of 2019 to facilitate international trade business through advising letter of credits, handling documentary collections and bill financing (discounting) against letters of credit.

	The financials are fully consolidated of all the subsidiaries, which have been prepared in accordance with IFRS 10 "Consolidated Financial Statements". Intercompany transaction and balances are eliminated; minority interest of Tk. 0.01 crore has been added in the Tier-1 capital.
c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not Applicable
Quantitative Disclosures	
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

Table 2: CAPITAL STRUCTURE

Qualitative Disclosures

Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1 or Tier 2.	Regulatory capital base is quite different from Accounting capital. As per Bangladesh Bank guidelines based on Basel III accord, regulatory capital is classified into two broad categories namely, Tier 1 Capital (going -concern capital) and Tier II Capital (gone-concern capital). Additionally, Tier 1 Capital is further divided into two categories, Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1). ▪ Common Equity Tier-1 (CET1) capital of City Bank consists of Fully Paid-up Capital, Statutory Reserves, Non-repayable Share Premium, General Reserve, Retained Earnings, Dividend Equalization Reserve and Minority Interest in its subsidiary (in case of consolidation) less Regulatory adjustments applicable on CET1. ▪ Additional Tier-1 (AT-1) capital of City Bank consists of Basel III compliant perpetual bond ▪ Tier-2 capital of City Bank consists of general provision and subordinated debt less Regulatory adjustment applicable on Tier-2 Capital.

Quantitative Disclosures

Eligible Regulatory Capital Base as on 31 December 2020 (Tk in crore):

Sl. No.	Particulars	Solo	Consolidated
(a)	**Common Equity Tier 1 Capital (CET- 1)**		
a.1	Fully Paid-up Capital	1,016.39	1,016.39
a.2	Statutory Reserve	865.95	865.95
a.3	Non-repayable Share Premium account	150.44	150.44
a.4	General Reserve	1.14	1.14
a.5	Retained Earnings	609.92	580.92
a.6	Minority Interest in Subsidiaries	0.00	0.01
a.7	Dividend Equalization Reserve	53.08	53.08
a.8	**Sub-total Common Equity Tier 1 Capital (CET- 1)**	**2,696.91**	**2,667.93**
(b)	**Deductions from CET-1**		
b.1	Book value of goodwill which are shown as assets	0.00	(3.60)
b.2	Deferred Tax Asset	(35.10)	(32.53)
b.3	100% of Excess investment in equity of other banks, FI and Ins Co.	(0.15)	(98.71)
(c)	**Total Common Equity Tier 1 Capital**	**2,661.66**	**2,533.08**
(d)	**Additional Tier 1 Capital**		
d.1	Perpetual Bond	240.00	240.00
(e)	**Total Tier 1 Capital**	**2,901.66**	**2,773.08**
(f)	**Tier 2 Capital**		
f.1	General Provisions (provisions for UC + SMA + OBS exposure)	636.18	636.18
f.2	Tier II Subordinated Bond	644.00	644.00
f.3	**Sub-Total of Tier 2 Capital**	**1,280.18**	**1,280.18**
(g)	**Deduction from Tier2 Capital**		
g.1	100% of Excess investment in equity of other banks, FI and Ins Co.	(0.15)	(124.34)
(h)	**Total Tier II Capital**	**1,280.03**	**1,155.84**
(i)	**Total Eligible Regulatory Capital**	**4,181.69**	**3,928.92**

Table 3: CAPITAL ADEQUACY

Qualitative Disclosures	
A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.	**Approaches followed by Bank for Capital Calculation:** Banking industry of Bangladesh made the transition to Basel III from Basel II since the beginning of 2015. In this regard, Bangladesh Bank, in line with the Basel Committee on Banking Supervision (BCBS) recommendations and international best practices, issued revised guideline on Risk Based Capital Adequacy based on Basel III with the purpose of fully implementing it by the end of 2019. Accordingly, City Bank applied the Basel III framework as part of its capital management strategy. City Bank is applying following approaches for its risk wise capital calculation. ▪ Credit Risk: Standardized Approach (SA) ▪ Market Risk: Standardized Approach (SA) ▪ Operational Risk: Basic Indicator Approach (BIA) **Risk Weighted Assets of the Bank:** As on 31 December 2020, Total Risk Weighted Asset (RWA) of the bank was Tk 26,932.20 crore on solo basis and Tk 27,513.82 crore on consolidated basis. Where Credit risk accounted for 86.60% (on solo basis) and 84.39% (on consolidated basis) of RWA, followed by Operational risk for 10.70% and 10.78% respectively and Market risk for 2.70% and 4.83% respectively. To improve the capital requirement under credit risk, City Bank continuously pursues for external credit rating of its client base. At the end of 2020, City Bank managed to cover around 86% of its total eligible loans under valid external credit rating. **Compliance with Regulatory Requirements:** As per Basel III guideline, Minimum Capital Requirement (MCR) for the banks in Bangladesh is currently 10% of its total RWA with the addition of Capital Conservation Buffer which is 2.5% of total RWA. City Bank is well ahead of this minimum target both on Solo basis and Consolidated basis as of December 2020. City Bank maintained ▪ Capital to Risk Weighted Asset Ratio (CRAR) is 15.53% on solo basis and 14.28% on consolidated basis ▪ Common Equity Tier 1 capital ratio is 9.88% on solo basis and 9.21% on consolidated basis. ▪ Tier 2 capital is 48.09% of CET 1 on Solo basis and 45.63% of CET 1 on consolidated basis against the maximum limit of 88.89%. ▪ Capital Conservation Buffer is 4.77% on solo basis and 4.08% on consolidated basis against required level 2.5% of RWA **Excess Capital to Support Current and Future Activities:** After maintaining total required capital (minimum capital requirement and capital conservation buffer), City Bank managed to maintain surplus capital of 3.03% on solo basis and 1.78% on Consolidated basis. The surplus capital maintained by City Bank will act as cushion to absorb the risk arises from the all material risks under Pillar II and to upkeep the future business growth of the bank. Furthermore, forward looking capital assessment based on the prospective business growth is also conducted to comprehend and to manage the future uncertainty.

Quantitative Disclosures			
Capital Requirement under Credit, Market and Operational Risk (Tk in crore)			
Sl. No.	**Particulars**	**Solo**	**Consolidated**
1.0	**Capital requirements for Credit Risk:**	**2,332.45**	**2,322.00**
1.1	Portfolios subject to standardized approach-Funded	1,902.75	1,892.30
1.2	Portfolios subject to standardized approach-Non-Funded	429.70	429.70
2.0	**Capital requirements for Market Risk**	**72.64**	**132.85**
2.1	Interest rate risk (Standardized Approach)	13.41	13.41
2.2	Equity risk (Standardized Approach)	57.74	117.95
2.3	Foreign exchange risk (Standardized Approach)	1.49	1.49
3.0	**Capital requirements for Operational Risk (Basic Indicator Approach)**	**288.13**	**296.54**
4.0	**Total Capital Required**	**2,693.22**	**2,751.38**
5.0	**Capital Ratios**		
5.1	Total Capital Ratio	15.53%	14.28%
5.2	CET 1 Capital Ratio	9.88%	9.21%
5.3	Total Tier 1 Capital Ratio	10.77%	10.08%
5.4	Tier 2 Capital Ratio	4.75%	4.20%
6.0	**Capital Conservation Buffer (Minimum requirement is 2.5% of RWA)**	**4.77%**	**4.08%**
7.0	**Available Capital under Pillar II requirement**	**815.17**	**489.69**

Table 4: CREDIT RISK

<table>
<tr><th colspan="2">Qualitative Disclosures</th></tr>
<tr><td>The general qualitative disclosure requirement with respect to credit risk
▪ Definitions of past due and impaired (for accounting purposes)
▪ Description of approaches followed for specific and general allowances and statistical methods
▪ Discussion of the bank's credit risk management policy</td><td>Credit Risk:
Credit risk refers to the probability of loss due to a borrower's failure to make payments on any type of debt. For most banks, loans are the largest and most obvious source of credit risk. However, there are other sources of credit risk both on and off the balance sheet. Off-balance sheet items include letters of credit, non-funded loan commitments, and lines of credit etc. Credit risk management is the process of mitigating those losses by understanding the adequacy of both a bank's capital and loan loss reserves at any given time.

Credit Risk Management at City Bank:
Credit risk is managed through a framework which sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and approvers in the Risk function. All credit exposure limits are approved within a defined credit approval authority framework. Final authority for all activities related to credit risk lies with the Board of Directors. The Board however, delegates authority to the Managing Director and CEO and he further delegates his credit authority to respective credit risk officials.
Credit risk of Corporate, Commercial and SMEM business are being assessed by Credit Risk Management Division (CRMD), while SME-SB, Credit Card and Retail credit are assessed by Credit & Collection, Retail & Small Business Risk Division. After approval, Credit Administration Division (CAD) completes the required credit documentation and disburses the credit approved by Credit Risk Management Division (CRMD), while Asset Operation team of Credit & Collection, Retail & Small Business Risk Division completes the required credit documentation and disburses for the SME-SB and Retail Credit. Classified credits are handled by Special Asset Management Division (SAMD) where the same of Retail & Cards business are managed by Collection team of Credit & Collection Division. These both divisions are supported by Legal Division of the bank. Additionally, Internal Control and Compliance Division (ICCD) conducts on-site and off-site audit for all credits.

City Bank has a structured Credit Risk Management Policy known as Credit Policy Manual (CPM) approved by the Board of Directors, first in 2008 and which was last reviewed in 2020. The CPM defines organization structure, role and responsibilities and, the processes whereby the credit risks carried by the bank can be identified, quantified and managed within the framework that the bank considers consistent with its mandate and risk tolerance.

Bank also has a system of identifying and monitoring problem accounts at the early stages of their delinquency through auto generation of past- due report, so that timely corrective measures are initiated. Retail, Cards and SME-SB segment offer different customized products and are guided by separate Product Program Guidelines (PPGs) approved by the Board and/or management.

Loan Classification Criterion:
Loan products are broadly divided in to Continuous loan, Demand loan, Fixed term loan and Short term agricultural and Micro credit. City Bank is following the relevant Bangladesh Bank guidelines for classification of its loan products. Presently, there are 5 categories of classification on objective criterion, they are: Standard (STD), Special Mention Account (SMA), Sub-standard (SS), Doubtful (DF) and Bad-loss (BL).
Definition of past due/overdue:
i. 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</td></tr>
</table>

ii. 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
iii. In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue after six month of the expiry date;
iv. The Short-term Agricultural and Micro-Credit if not repaid within the fixed expiry date for repayment will be considered past due/overdue after six months of the expiry date.

A summary of some objective criteria for loan classification is stated below:

Type of Facility	**Overdue Period for Loans Classification**		
	Sub Standard	**Doubtful**	**Bad & Loss**
Continuous & Demand Loan (except CMSME)	3 months or more but less than 9 months	9 months or more but less than 12 months	12 months or more
Continuous & Demand Loan (BRPD circular no.16 under CMSME)	6 months or more but less than 18 months	18 months or more but less than 30 months	30 months or more
Fixed Term Loan(except CMSME)	3 months or more but less than 9 months	9 months or more but less than 12 months	12 months or more
Fixed Term Loan (BRPD circular no.16 under CMSME))	6 months or more but less than 18 months	18 months or more but less than 30 months	30 months or more
Short Term Agricultural & Micro Credit	12 months or more but less than 36 months	36 months or more but less than 60 months	60 months or more
Reschedule accounts	Reschedule accounts will be marked as per BRPD Circular No. 15, September 23, 2012		

As per BRPD circular no.17, dated 28 September 2020, Loans cannot be classified adversely up to December 31, 2020 than its status on January 01, 2020. However, improvement of classification status during this period can be reported.

Guidelines for Loan Loss Provisions:

Specific provisions for classified loans and general provisions for unclassified loans and advances and contingent assets are measured as per BB prescribed provisioning rates as mentioned below:

General provision :	**Rate**
Unclassified (STD &SMA) general loans and advances	1.00%
Unclassified (STD &SMA) small and medium enterprise	0.25%
Unclassified (STD &SMA) Loans to BHs/MBs/SDs against shares etc.	2.00%
Unclassified (STD &SMA) loans for housing finance and on loans for professionals	1.00%
Unclassified (STD &SMA) consumer financing other than housing finance and loans for professionals	2.00%
Unclassified (STD &SMA) Credit Card loans under Consumer Financing	2.00%
Unclassified Short term agricultural credit and micro credit	1.00%
Off balance sheet exposures	1.00%
Specific provision :	
Substandard loans and advances other than short term agricultural credit and micro credit	20.00%
Doubtful loans and advances other than short term agricultural credit and micro credit	50.00%
Bad & loss loans and advances	100.00%
Substandard & Doubtful short term agricultural credit and micro credit	5.00%
Substandard Cottage, Micro and Small credits under CMSME under BRPD circular no.16 date 21 july-2020	5.00%
Doubtful Cottage, Micro and Small credits under CMSME under BRPD circular no.16 date 21 july-2020	20.00%

Quantitative Disclosures	
Total gross credit risk exposures broken down by major types of credit exposure	

Type wise credit exposure	Amount in crore Tk.
Continuous loan	
Small & Medium Enterprise Financing (SMEF)	1,211.67
Consumer Finance	1,109.26
Loans to BHs/MBs/SDs against Shares -	58.74
Other than SMEF, CF, BHs/MBs/SDs	2,151.22
Demand loan	
Small & Medium Enterprise Financing (SMEF)	1,022.35
Consumer Finance	-
Loans to BHs/MBs/SDs against Shares	20.36
Other than SMEF, CF, BHs/MBs/SDs	8,859.47
Term loan	
Small & Medium Enterprise Financing (SMEF)	2,142.04
Consumer Finance (including staff, other than HF)	2,457.66
Housing Finance (HF)	872.10
Loans to Professionals to setup business (LP)	-
Loans to BHs/MBs/SDs against Shares	20.27
Other than SMEF, CF, BHs/MBs/SDs	6,448.97
Short term agri. credit and microcredit	
Short term agri. credit	79.98
Staff loan	366.06
Total Credit Exposure	**26,820.15**

Geographical distribution of exposures, broken down in significant areas by major types of credit exposure

Geographical exposure	Amount in crore Tk
Dhaka	21,981.30
Chattogram	3,052.19
Rajshahi	751.98
Khulna	486.91
Rangpur	296.25
Sylhet	128.54
Barishal	92.33
Mymensingh	30.65
Total Exposure	**26,820.15**

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

Industry wise distribution of exposure	Amount in crore Tk
Readymade garments industry	4,723.45
Consumer credit	4,047.19
Energy and power industry	3,250.02
Trade service	3,063.34
Other manufacturing industry	2,889.12
Textile & spinning mills	1,455.68
Real estate financing	1,260.64
Steel industry	1,178.37
Agri & micro-credit through NGO	1,133.10
Service industry	627.88
Others	611.20
Assembling industry	592.49
Pharmaceuticals industry	581.20
Edible oil and food processing	453.55
Construction	395.35
Transport, storage & communication	307.19
Ship breaking & building	131.74

	Chemical industry	72.05
	Hospitals	46.59
	Total Exposure	**26,820.15**

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

Residual contractual maturity wise exposure	Amount in crore Tk
Repayable on Demand	2,661.38
Not more than 3 months	5,617.30
Over 3 months but not more than 1 year	6,559.24
Over 1 year but not more than 5 years	8,785.43
Over 5 years	3,196.80
Total Exposure	**26,820.15**

By major industry or counterparty type:

- Amount of impaired loans and if available, past due loans
- Specific and general provisions; and
- Charges for specific allowances and charge-offs during the period

Counterparty wise distribution of impaired loans and past due loans	Amount in crore Tk	
	NPL	**SMA**
Small & Medium Enterprise Financing (SMEF)	671.07	45.40
Consumer Financing (Other than HF & LP)	106.86	10.04
Loans to BHs/MBs/SDs	-	-
Other than SMEF, CF, BHs/MBs/SDs	294.92	9.97
Housing Finance (HF)	9.60	-
Loans for Professionals to setup business (LP)	-	-
Short Term Agri. Credit	2.55	-
Microcredit	-	-
Staff Loan	-	-
Total Exposure	**1,085.01**	**65.41**

Particulars of specific and general provisions for entire loan portfolio and off-balance sheet exposures	Amount in crore Tk
Specific provision for loans and advances	393.31
General provision for loans and advances	515.95
General provision for off-balance sheet exposures	120.23

- Gross Non-Performing Assets
- Non-Performing Assets to Outstanding Loans & advances
- Movement of Non-Performing Assets (NPAs)
- Movement of Specific provisions for NPAs

Non-Performing Assets	Amount in crore Tk
Gross Non-Performing Assets (NPAs)	1,085.01
NPAs to outstanding loans and advances (%)	4.05%
Movement of NPAs (Gross)	
Opening balance	1,424.42
Additions	39.70
Less: Reductions (Cash Recovery, Rescheduling, W/O)	379.11
Closing balance	**1,085.01**
Movement of specific provisions for NPAs	
Opening balance	582.97
Less: Fully provided debts written off during year	148.99
Less: Fully waived during the year	0.66
Less: Transfer to general provision	4.99
Add: Specific provision made during the year	(48.56)
Add: Recoveries of amounts previously written off	13.54
Add: Provision made for Partially write off loans	0.00
Closing balance	**393.31**

Table 05: EQUITIES – DISCLOSURES FOR BANKING BOOK POSITIONS

Qualitative Disclosures

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; 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

Bank's investment in equity securities are broadly categorized into two categories:

- **Quoted Securities:** The instruments are quoted in active markets. These securities include Common shares, Mutual funds listed with Stock Exchanges. These instruments are categorized as trading book assets. Investment in trading book includes securities holding for capital gains, dividend income and securities holding for strategic reasons.
- **Unquoted Securities:** Unquoted Securities have no active market for price quotation. These instruments are categorized as banking book assets. Once unquoted securities get listed in secondary market, is reclassified as quoted and trading book assets.

As per Bangladesh Bank circular (ref: BRPD circular number -14 dated June 25, 2003), the quoted shares are valued as per market price in the stock exchange(s).
Quoted shares Under special fund are not revalued at market price according to DOS circular number- 1 dated 10 February 2020.

Equity securities holdings in the banking book or unquoted are recognized at cost price.

Provisions for shares are maintained for unrealized loss (gain net off) arising from diminution in value of investments. Provision for shares against unrealized loss (gain net off) has been made according to DOS circular number-04 dated 24 November 2011 and for mutual funds (closed-end) according to DOS circular letter no. 3 dated 12 March 2015 of Bangladesh Bank.

Quantitative Disclosures

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

Particulars (Tk in crore)	Solo Basis		Consolidated Basis	
	Cost Price	Market value	Cost Price	Market Value
Value of Quoted shares	113.38	272.28	517.27	770.72
Value of Unquoted shares	10.60		16.92	

- The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.
- Total unrealized gains (losses)
- Total latent revaluation gains (losses)
- Any amounts of the above included in Tier 2 capital.

Particulars (Tk in crore)	Solo Basis	Consolidated Basis
The cumulative realized gains (losses) arising from sales and liquidations in the reporting period	2.78	7.14
Total unrealized gains (losses)	150.07	247.53
Total latent revaluation gains (losses)	-	-
Any amounts of the above included in Tier-2 capital	-	-

- 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.

Risk Weighted Assets and Capital Charge for Unquoted shares (Tk in crore)	**Solo Basis**		**Consolidated Basis**	
	Balance Sheet Amount	**RWA**	**Balance Sheet Amount**	**RWA**
Unquoted shares	8.80	11.01	15.12	18.90
Unquoted shares (venture capital)	1.8	1.5	1.8	1.5
Total Unquoted Shares	10.60	12.51	16.92	20.40
Capital requirement @ 10% of RWA		**1.25**		**2.04**

Table 06: INTEREST RATE RISK IN BANKING BOOK (IRRBB)

Qualitative Disclosures	
The general qualitative disclosure requirement including the nature of Interest Rate Risk in Banking Book (IRRBB) and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.	**Interest Rate Risk:** Interest Rate Risk is the risk which affects the Bank's financial condition due to changes of market interest rates. Changes in interest rates affect both the current earnings (earnings perspective) and also the net worth of the Bank (economic value perspective). **Nature of Interest Rate Risk Management:** Bank assesses the interest rate risk both in earning and economic value perspective. **Earning Perspective:** The focus of this perspective is the impact of variation in interest rates on accrual or reported earnings, because reduced earnings can threaten the financial stability of a bank by undermining its capital adequacy and by reducing market confidence. **Economic Value Perspective:** This perspective reflects the sensitivity of the net worth of the bank to fluctuations in interest rates. **Key Assumptions for Interest Risk Measurement:** Interest Rate Risk Management Policy, Targets and Controls are comprehended in Asset Liability Management Policy of the Bank. Assumption for assets, liabilities, and instruments with predefined maturity is that, these are bucketed as per residual maturity or next repricing date. Assumption for non-maturity assets, liabilities, and instruments is that, they can be bucketed based on previously observed withdrawal and payment behavior patterns. Interest rate risk in banking book is measured through the following approaches: 1. **Interest Rate Sensitivity analysis (Gap Analysis):** Interest Rate Sensitivity (or Interest Rate Gap) Analysis is used to measure and manage interest rate risk exposure specifically, bank's re-pricing and maturity imbalances. This analysis is conducted on monthly basis. 2. **Duration Analysis on Economic Value of Equity:** A weighted maturity/re-pricing schedule is used to evaluate the effects of changing interest rates on bank's economic value by applying sensitivity weights to each time band. Such weights are based on estimates of the duration of the assets and liabilities that fall into each time band. The duration analysis is conducted on quarterly basis. **Stress Testing:** It is used for measuring the Interest rate risk on its Balance Sheet exposure for estimating the impact on the Capital to Risk Weighted Assets Ratio. Stress Testing is conducted on quarterly basis.

Quantitative Disclosures	
The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).	The plausible Interest rate risk in Banking book as of Dec 31, 2020 is calculated as below:

Interest Rate Sensitivity Analysis:

Interest rate change	1%	2%	3%
Change in Net Interest Income in short term bucket (Tk in crore)	(21.01)	(42.02)	(63.03)

Duration Gap Analysis:

Interest rate change	1%	2%	3%
Change in market value of equity (Tk in crore)	-285.45	-570.90	-856.36

Table 07: MARKET RISK – DISCLOSURES RELATING TO MARKET RISK IN TRADING BOOK	
Qualitative Disclosures	
a) Views of BOD on trading/investment activities	Market risk is the risk of potential losses in the on-balance sheet and off-balance sheet positions of a bank, steams from adverse movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices. Market risk exposure may be explicit in bank's trading book and banking book. The objective of the market risk management is to minimize the impact of losses on bank's earnings and shareholders' equity. The Board of Director establishes trading and investment objectives, limits, and other risk controls through different board approved policies, guidelines, and frameworks. The delegation chain for trading and investment activities initiates from the Board, which further establishes control limits, and responsibility centers for these activities. Furthermore, the Board regularly reviews trading and investment activities, and makes necessary advices and recommendations.
b) Market Risk Management system	Bank follows a market risk management process that allows risk-taking within well-defined limits in order to create and enhance shareholder value and to minimize risk. Regular market risk reports are presented to the Board's Risk Management, Assets & Liabilities Management Committee, Executive Risk Management Committee and Investment Committee. Board and Board's Risk Management Committee have the superior authority to set market risk management strategy. Board has delegated its technical functions to the Assets & Liabilities Management Committee, Executive Risk Management Committee and Investment Committee. To administer technical policies concerning financial models and risk management techniques and to implement bank's market risk management policies, procedures and systems, Asset Liability Management desk, Market Risk Management desk and Treasury Middle Office are functioning in tandem.
c) Policies and processes for mitigating market risk	Bank has Foreign Exchange Risk Management Policy, Asset Liability Management Policy and Investment Policy, duly approved by the Board of Directors. These policies work in conjunction with the Board approved Market and Liquidity Risk Management Framework, Risk Management Guidelines of CBL, and other internal risk management policies. These policies delineate the management process of Market Risk Factors. The Bank reviews these policies preferably on yearly basis for effective management of interest rate risk, liquidity risk and foreign exchange risk. Bank measures its market risk exposure using Value at Risk (VaR) Model which is a quantitative approach to measure potential loss for market risk. Stress Testing is used on asset and liability portfolios to assess sensitivity on bank's capital in different situations including stressed scenario. This test also evaluates resilience capacity of the bank.
d) Methods used to measure Market risk	Major methodologies employed to measure market risk are Interest Rate Sensitivity Gap Analysis, Duration Gap Analysis, FX VaR, and Equity VaR computations. Disciplined presentation and monitoring of these methods and control of loss from trading assets are ensured by putting in place Risk Appetite

	Statement, Management Action Triggers (MAT) and Stop loss limit. Notional limit and Exposure limits are set for Trading portfolios and Foreign Exchange Open Position. Foreign exchange risk is computed on the sum of net short positions or net long positions, whichever is higher, of the foreign currency positions held by the Bank.
Quantitative Disclosures	
The capital requirements for: ▪ interest rate risk; ▪ equity position risk; ▪ foreign exchange risk; and ▪ Commodity risk.	As on 31 December 2020, Capital Allocation for Market Risk using Standardized Approach as below:

Solo Basis:

Capital Requirement for	Amount in crore Tk
Interest rate risk	13.41
Equity position risk	57.74
Foreign Exchange risk	1.49
Commodity risk	0.00
Total capital requirement	**72.64**

Consolidated Basis:

Capital Requirement for	Amount in crore Tk
Interest rate risk	13.41
Equity position risk	117.95
Foreign Exchange risk	1.49
Commodity risk	0.00
Total capital requirement	**132.84**

Table 08: OPERATIONAL RISK

Qualitative Disclosures	
a) Views of BOD on System to reduce Operational risk	Operational risk refers to the risk or possibility of loss resulting from inadequate or failed internal process, people and system or impact of external events. The definition includes legal risk but excludes strategic and reputational risk. The Board of Directors (BOD) is persistently promoting an organizational culture prioritizing effective risk management and adherence to sound operating controls. BOD has approved a structured operational Risk Management (ORM) who is working unswervingly to ensure operational risk exposures are managed within acceptable tolerance limits using dynamic tools and techniques following international best practices.
b) Performance gap of executive and staffs	City Bank demonstrates commitment to achieve team objectives and is dedicated to develop and make an individual confident enough to perform surpassing the limits. Employees' performance is assessed according to predefined performance objectives and Key Performance Indicators (KPI) which are shared at the beginning of the year. City Bank aims to create a workplace which rewards individuals for their efforts, promotes work-life balance, offers employees to grow by facilitating personal development through different types of learning intervention, during pandemic online training session was widely used. Furthermore, step by step meticulous and user-friendly manuals, policies and processes addressing clear responsibilities and accountabilities towards individual's job mitigate performance gaps and enable users to operate more efficiently with least chances of failure.
c) Potential external events	External events may derive systematic and unsystematic risk. City Bank remains vigilant about its role against every event irrespective of their frequency of occurrence. The Bank adopts different strategy to mitigate the negative effect of systematic risk within tolerable limit. It has developed different policies and processes to diversify unsystematic risk such as up-to-date contingency plans against pandemic situation for business continuity, train up and aware the employees about money laundering, cybercrime, emergency situation, fraud, forgery etc. which are contributing towards managing operational risk.
d) Policies and processes for mitigating operational risk	Operational risk is inherent in every business organization. Therefore, necessary policies and processes are developed by the bank such as • Operational Risk Management Framework • Revised Risk Management Guideline of CBL • Reviewed crucial policies and processes with cross functional teams • Initiated Risk Control Self-Assessment (RCSA) in major operational processes Moreover, key Operational Risk areas of the bank have been identified to manage risk impacts and exposure mitigation tactics. To capture these risks, Departmental Control Function Check List (DCFCL), Quarterly Operation Report(QOR), internal and external audit reports, risk report etc. are checked. City Bank has dedicated committees named Operational Risk Management Committee (ORMC) composed of risk champions from cross functional departments and Executive Risk Management Committee (ERMC) composed of members of senior management of various risk functions aimed to create common platform for critical analysis of risk aspects and implication of the outcome. Activities of ERMC are implemented through Enterprise Risk Management (ERM) and ORM team under independent Risk Management

	Division (RMD). RMD pinpoints, analyzes, and highlights different dimensions of operational risks and reports to the Management, Board, and stakeholders for necessary actions. Internal Control and Compliance Division (ICCD) assesses and monitors operational procedure of the bank by undertaking periodic and special audit to review the operation and compliance of statutory requirements. The reports are subsequently reviewed by the Audit Committee of the Board (ACB) who directly oversees the activities of ICCD to control operational risks. City Bank also has Fraud Risk Management (FRM) Division that comprises three distinct departments - Fraud Detection, Investigation & Vigilance, and Chargeback & Dispute Management. All of these departments are pledged to tighten the loose rivets that may exist within the operations of the bank.
e) Approach for calculating capital charge for operational risk	City Bank has adopted Basic Indicator Approach (BIA) to assess the capital charge for operational risk as of the reporting date. Accordingly, Bank's operational risk capital charge has been assessed at 15% of positive annual average gross income over the previous three years as defined by the guideline of Risk Based Capital Adequacy (RBCA).

Quantitative Disclosures

Capital Requirement for Operational Risk for the year 2020:

Sl. No.	Particulars	Amount in crore Tk
01	Capital Charge for Operational Risk under MCR (Solo Basis)	288.12
02	Capital Charge for Operational Risk under MCR (Consolidated Basis)	296.54

Table 09: LIQUIDITY RATIO

Qualitative Disclosures		
a)	Views of BOD on System to reduce liquidity risk	Liquidity risk is the risk to the bank's earnings and capital arising from its inability to timely meet obligations when they come due without incurring unacceptable losses. Liquidity risk primarily arises due to the maturity mismatch associated with assets and liabilities of the bank. Therefore, The Board of Directors of the bank set policy, different liquidity ratio limits and risk appetite for liquidity risk management.
b)	Liquidity risk management system	The Board of Directors of the bank set policy, different liquidity ratio limits, and risk appetite for liquidity risk management. Asset and Liability Management Committee is responsible for both statutory and prudential liquidity management. Ongoing liquidity management is discussed as a regular agenda of ALCO meeting, which takes place on a monthly basis. At the ALCO meeting, bank's liquidity position, limit utilization, changes in exposure and liquidity policy compliance are presented to the committee. Asset Liability Management Desk closely monitors and controls liquidity requirements on a daily basis.
c)	Methods used to measure liquidity risk	Key liquidity metrics on both local currency and foreign currency balance sheets are monitored to evaluate the liquidity mismatches and prudential limits such as: ▪ Cash Reserve Ratio (CRR) ▪ Statutory Liquidity Requirement (SLR) ▪ Advance to Deposit Ratio (ADR) ▪ Structural Liquidity Profile (SLP) ▪ Maximum Cumulative Outflow (MCO) ▪ Liquidity Coverage Ratio (LCR) ▪ Net Stable Funding Ratio (NSFR) ▪ Liquid Asset to Total Deposit Ratio ▪ Liquid Asset to Short Term Liabilities ▪ Undrawn Commitment Limit ▪ Wholesale Borrowing
d)	Policies and process for mitigating liquidity risk	Liquidly Risk Management is guided by Asset Liability Management Policy of the bank. Liquidly risk management and Liquidity Contingency Plan are the two major aspects in the ALM policy. . The Liquidity Contingency Plan clearly defines the responsibilities of the Contingency Management Team and ensures the business continuity through close monitoring of the Bank's liquidity position against the pre-defined liquidity Management Action Triggers

Quantitative Disclosures		
Sl. No.	**Particulars**	**Solo**
01	Liquidity Coverage Ratio	173.50%
02	Net Stable Funding Ratio (NSFR)	104.60%
03	Stock of High Quality Liquid Assets (Tk in crore)	6,464.90
04	Total net cash outflows over the next 30 calendar days (Tk in crore)	3,726.24
05	Available amount of stable funding (Tk in crore)	27,001.19
06	Required amount of stable funding (Tk in crore)	25,813.38

Table 10: LEVERAGE RATIO

Qualitative Disclosures

a) Views of BOD on System to reduce excessive leverage	Basel III guidelines introduced a simple, transparent, non-risk based ratio known as leverage ratio in order to avoid building-up excessive on and off balance sheet leverage in the banking system. City Bank has embraced this ratio along with Basel III guideline as it acts as a credible supplementary measure to risk based capital requirement and assesses the ratio periodically in order to properly address the issue.
b) Policies and processes for maintaining excessive on and off-balance sheet leverage	Revised guideline of RBCA based on Basel III as provided by BRPD of Bangladesh Bank is followed by the bank while managing excessive on and off-balance sheet leverage of the bank, and the regulatory requirement has been addressed in the ALM Policy of the Bank. As per RBCA leverage ratio shall be Tier I Capital divided by Total Exposure after related deductions.
c) Approach for calculating exposure	City Bank follows the approach mentioned in the revised RBCA, for calculating exposure of the bank. The exposure measure for the leverage ratio generally follows the accounting measure of exposure. In order to measure the exposure consistently with financial accounts, the following are applied by the bank: a. On balance sheet, non-derivative exposures will be net of specific provisions and valuation adjustments. b. No Physical or financial collateral, guarantee or credit risk mitigation is considered. c. No Netting of loans and deposits is considered

Quantitative Disclosures

Sl. No.	Particulars	Solo	Consolidated
01	Leverage Ratio (%)	6.06%	5.74%
02	On balance sheet exposure (Tk in crore)	37,899.26	38,466.08
03	Off balance sheet exposure (Tk in crore)	9,978.00	9,978.00
04	Total exposure (Tk in crore)	47,842.01	48,309.23

Table 11: REMUNARATION

		Qualitative Disclosure
a)	Information relating to the bodies that oversee remuneration.	**Governing body of Remuneration Policy and Process:** City Bank has a board approved Compensation and Benefit Policy that outlines the rules relating to compensation structure and the benefit package of the organization and gives detailed procedures for exercising them in order to promote fair treatment and consistency within the Bank. The policy is approved by Board, while it is the Management that implements the same across the organization. However, operational aspects of the policy are being taken care by Human Resources (HR) Division of the bank. **External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process:** City Bank takes help of external consultant for certain areas during designing the remuneration under Compensation and Benefit Policy. Assignment of any consultancy services is carried out in line with Board approved Procurement Policy of City Bank, while each consultant is appointed by Management/Board, as appropriate. At City Bank we have practice to appoint following consultants, as and when required: ▪ Tax advisors on salary and benefits ▪ Actuary for valuation of gratuity ▪ Auditor for provident fund and gratuity ▪ Salary survey vendors ▪ Head hunters, etc. **Scope of the City Bank Remuneration Policy:** Policy applies to all the permanent employees of the bank. Additionally, separate Compensation and Benefit Package is usually approved for temporary and casual staff on case to case basis. Any other benefit is guided by the contract agreement with individual employees. **Material Risk Takers and Senior Management of City Bank:** At City Bank, Chief Executive Officer and other members of Management Committee (MANCOM) hold the prime authority to take key decisions and ultimate implementation. As such, CEO and MANCOM are considered as material risk takers. However, in course of implementation Division Heads also play a pivotal role in banking business. Composition of MANCOM as on 31 December 2020 is provided below: ▪ MD & CEO 01 ▪ AMD 01 ▪ DMD 04 ▪ SEVP 05 ▪ EVP 07 ▪ SVP 01
b)	Information relating to the design and structure of remuneration processes	**Objectives and key features of Remuneration Policy:** Compensation and Benefits policy of City Bank outlines the rules relating to compensation structure and the benefit package of the organization and gives detailed procedures for exercising them with the objective of promoting fair treatment and consistency across the Bank. Additionally, Compensation to be commensuration to individual’s performance, desired role in the organization, quality of past experience, quality of training received, technical competency. Key features of the policy besides the base salary are ▪ Provident Fund ▪ Gratuity Benefit ▪ Group Term Life Insurance

	▪ Bonuses ▪ Medical Benefits ▪ Various Allowances ▪ Financial Assistance Schemes ▪ Advance Salary etc. ▪ House building loan facility ▪ House Building loan insurance ▪ Car loan facility ▪ Provident Fund loan facility **Review of Remuneration Policy:** As per the policy, compensation structure of the Bank will be reviewed as and when management deem appropriate to allow for adjustments in the Cost of Living and market forces pertaining to the Banking industry. The HR Division is responsible for initiating the review process and their recommendations are approved/ disapproved or amended by the Governing Body. In the latest review, City Bank incorporated House Building Loan Insurance, and upgraded as well as enhanced the scope of Group Hospitalization Plan, Car Purchase Plan. **Independence of Risk & Compliance employees from businesses they oversee:** CRO supervises bank's overall risk management activities which is independent from business verticals and reports to Board's Risk Management Committee. On the other hand, all compliance professionals report to Head of Internal Control and Compliance Division (ICCD), who reports to Board's Audit Committee. Hence, their evaluation process is also independent of the Businesses they oversee.
c) Information relating to the design and structure of remuneration processes	**Key risks taken into account when implementing remuneration measures:** In the competitive financial sector like Bangladesh, remuneration system is basically driven by market dynamics. Due to huge competition in a crowded market with substantial number of participants, restructuring of compensation package is more frequent than other industries. However, such revisions sometimes may lead to market distortion, excessive profit motive and disparity in work-life balance. Nevertheless, City Bank always strives to design the remuneration strategies so that the competitive staff members are rewarded compensation package they really deserve. On top of it, City Bank is committed to ensure maintaining internal equity and fair treatment in its compensation system across the organization. **Key measures used to take account of these risks:** To make the compensation package judicious, market survey is conducted as and when felt required so that the package logically compensates employee for their expertise, time, mental and social engagement with the organization. **Ways in which these measures affect remuneration:** These measures ensure that the remuneration process of City Bank is ▪ Commensuration to individual's performance, desired role in the organization, quality of past experience, quality of training received, technical competency. ▪ Fair and Equal for different position of the bank ▪ In line with the market dynamics and practices **Changes in the nature and type of these measures over the past year:** To cope up with the impact of covid-19, Bank decided to cut salary by 10% for employees whose gross salary is above 40,000 per month.

d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration	**Overview of main performance metrics of City Bank:** At City Bank, we believe in a performance based management culture. We believe that all employees working with us must be evaluated in a fair and transparent manner and the Performance Management Policy of City Bank ensures that. As per policy, performance evaluation is done for all permanent employees once every year. Additionally, to make the process more structured and to provide a direction to the employee on his/her performance, a midyear review is also performed. These evaluation are done based on two main parameters ▪ Performance objectives of the employee ▪ Behavioral indicators of the Values of City Bank **Linkage between remuneration and performance:** The overall rating of an individual will be based on the cumulative rating of above mentioned two parameters. In order to translate performance into remuneration, City Bank associates this overall rating of an individuals with different features of remuneration policy such as yearly increment, bonuses etc. In City Bank's case, Club 1 is the highest rating whilst Club 5 is the lowest. **Adjustment of remuneration in the event that performance metrics are weak:** The Performance Management Policy of City Bank is dynamic in nature that considers overall performance scenario of the bank while ensuring fair and transparent evaluation of individuals.
e)	Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance	City Bank believes that the individual and team effort and performance should be regularly appreciated and recognized so as to keep our employees motivated to give in their best efforts. And more importantly by recognizing these performances, we reinforce, with our chosen means of recognition, the actions and behaviors we want City Bank employees to repeat most. City Bank relates yearly overall rating of individuals which is based on their performance with different features of remuneration policy such as yearly increment, bonuses etc. Additionally, two or more years of rating are also considered for promotion recommendation of individuals if suitable opening is available commensurate with individual skills and expertise.
f)	Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms	City Bank recognizes the effort and performance of its employees based on its Compensation and Benefit policy which consist of base salary and different benefit packages mentioned earlier. However, City Bank occasionally practice commission based remuneration process for temporary staffs as per their Compensation and Benefit Package. There is also a Reward & Recognition (R&R) program that recognizes extraordinary contribution not only for business gain but also those that inspire and set high quality services, support or standard.

Quantitative Disclosure	
Number of meetings held by the main body overseeing remuneration during 2020 and remuneration paid to its member	NA*
Number of employees having received a variable remuneration award during 2020 Number and total amount of guaranteed bonuses awarded during 2020 Number and total amount of sign-on awards made during 2020 Number and total amount of severance payments made during 2020	NA** 2 Festival Bonus (36.95 crore) 492 employees and 0.78 crore
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 2020.	NA**
Breakdown of amount of remuneration awards for 2020 to show: ▪ Fixed and Variable ▪ Deferred and Non-deferred ▪ Different forms used (cash, shares and share linked instruments, other forms)	NA
Quantitative information about employees' exposure to implicit and explicit adjustments of deferred remuneration and retained remuneration: ▪ Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments ▪ Total amount of reductions during the financial year due to ex post explicit adjustments ▪ Total amount of reductions during the financial year due to ex post implicit adjustments.	NA

Note:
** In City Bank, no separate and exclusive meeting of the governing body takes place to oversee the remuneration. Rather, HR is assigned to initiate any proposal on remuneration as per the Compensation and Benefit Policy of the bank and upon consent of the management committee same is also placed to regular Board meeting for approval and further actions.*
*** During 2020, Compensation and Benefit Policy of City Bank did not have provision of any kind of variable remuneration, deferred remuneration, severance payment or other forms of remuneration as mentioned above for its permanent staff. However, City Bank provides commission based remuneration to its temporary and casual staffs which doesn't fall under the scope of above mentioned policy.*