



Report of the Asset Liability Committee (ALCO)

The Asset Liability Committee (ALCO) of the bank steers and oversees the balance sheet to ensure financial stability, optimum liquidity management, and effective risk oversight. Having chaired by the Managing Director, ALCO provides strategic direction for identification, measurement, monitoring, and control of both on and off-balance sheet risks. ALCO aligns its strategies, policies, and procedures with the Bank's overall business objectives, risk appetite,

and regulatory requirements. A central mandate of the Committee is to maintain adequate liquidity while optimizing the spread between interest income and interest expenses, thereby supporting sustainable profitability and long-term financial resilience. Through prudent balance sheet management and disciplined risk oversight, ALCO plays a vital role in reinforcing the Bank's financial strength and the trust placed in it by its stakeholders.

Composition of the committee

Managing Director serves as the chairman of ALCO while Head of Treasury, FIs & Offshore Banking works as the member secretary of ALCO.

Sl.	Designation	Position in ALCO
1	Managing Director	Chairman
2	Head of Treasury, FIs & Offshore Banking	Member Secretary
3	Head of Corporate Banking	Member
4	Head of Retail & SME Banking	Member
5	Chief Financial Officer	Member
6	Head of Risk Management Division	Member
7	Head of ALM	ALCO Coordinator

ALM (Asset-liability Management) Desk

The ALM desk is responsible for day-to-day management of liquidity and interest rate risks. It monitors and analyzes the Bank's balance sheet to ensure regulatory compliance, financial resilience, and optimal performance within approved risk parameters. The ALM Desk provides timely insights to senior management regarding market developments, liquidity conditions, and emerging risks. It also supports strategic decision making by closely monitoring maturity profiles and balance sheet trends.

Key responsibilities of the ALM Desk include:

- Overseeing money market activities and managing short-term liquidity
- Monitoring the maturity profiles of assets and liabilities
- Preparing ALCO packs and analytical reports
- Recording and circulating minutes of ALCO meetings
- Assessing balance sheet mismatches and liquidity gaps
- Forecasting cash flows and balance sheet positions
- Conducting interest rate and spread analyses
- Managing liquidity and market risks within approved limits
- Tracking developments in local and international financial markets
- Evaluating competitive positioning and identifying potential target markets

Meetings of the ALCO

ALCO meetings are held once a month but may be held anytime to address urgent market shifts or strategic priorities. Attended by the Chairman, Member Secretary, designated members, and invited participants as required, these meetings serve as a forum to evaluate liquidity, market trends, and risk exposures.

Meeting no	Meeting dates
Meeting number 1	19-Jan-2025
Meeting number 2	24-Feb-2025
Meeting number 3	16-Mar-2025
Meeting number 4	22-Apr-2025
Meeting number 5	19-May-2025
Meeting number 6	15-Jun-2025
Meeting number 7	03-Jul-2025
Meeting number 8	04-Aug-2025
Meeting number 9	03-Sep-2025
Meeting number 10	16-Oct-2025
Meeting number 11	23-Nov-2025
Meeting number 12	08-Dec-2025

Roles and responsibilities of ALCO

ALCO plays a crucial role in overseeing the bank's financial stability, ensuring compliance, and managing key risks. Its primary responsibilities include:

Major areas	Roles and responsibilities
ALCO management & reporting	<ul style="list-style-type: none"> Ensure proper documentation of ALCO meeting records and monitor the execution of actionable decisions. Oversee the implementation and execution of asset-liability management (ALM) strategies. Ensure compliance with regulatory guidelines and internal risk policies. Review and approve ALM reports, including liquidity position, interest rate risk, and balance sheet structure. Conduct regular ALCO meetings to analyze market trends, economic indicators, and their impact on the bank's financial position. Communicate ALM performance and risk exposures to senior management and the board of directors.
Balance sheet planning	<ul style="list-style-type: none"> Formulate and implement strategic balance sheet plans to maintain an optimal mix of assets and liabilities. Align balance sheet growth with profitability, liquidity, and capital adequacy objectives. Monitor and adjust the composition of loans, deposits, and investments to maintain financial stability. Plan for capital allocation and funding strategies to meet future business needs.
Core asset-liability management	<ul style="list-style-type: none"> Identify, measure, and manage mismatches in assets and liabilities to mitigate financial risks. Optimize funding sources and deployment to enhance profitability while minimizing risk. Maintain a diversified funding base to reduce reliance on volatile short-term funding. Ensure effective duration matching of assets and liabilities to mitigate interest rate risk.
Liquidity risk management	<p>Liquidity management strategy</p> <ul style="list-style-type: none"> Monitor and manage the bank's liquidity position to ensure adequate funding for operational and strategic needs. Establish liquidity contingency plans to address unexpected funding crises. Maintain liquidity buffers as per regulatory requirements <p>Liquidity management under stress situation</p> <ul style="list-style-type: none"> Complying pre-designed contingency funding plan. Review contingency funding plan on regular interval. Monitoring liquidity ratios and their skewedness towards contingency situation described in the contingency funding plan.
Interest rate risk management	<ul style="list-style-type: none"> Assess the impact of interest rate fluctuations on earnings and capital. Utilize gap analysis, duration analysis, and stress testing to measure interest rate risk exposure. Recommend strategies such as hedging, asset re-pricing, and duration adjustments to manage risk. Align the bank's interest rate risk policies with market trends and economic forecasts.
Fund transfer pricing	<ul style="list-style-type: none"> Develop and implement effective FTP frameworks to allocate costs and returns across business units. Ensure fair pricing of funds between asset-generating and liability-generating units. Review and adjust FTP rates periodically to reflect market conditions, risk factors, and regulatory expectations. Promote transparency in internal fund allocation to drive profitability and risk management.

Major areas focused by ALCO in 2025

- Enhancing revenue generation through strategic investments in government securities and other low-risk instruments.
- Strengthening asset quality through prudent management of Non-Performing Loans (NPLs) and targeted recovery initiatives.
- Expanding the Islamic Banking Window with tailored deposit and investment products to broaden market reach and diversify the funding base.
- Pursuing strategic investments in foreign currency assets to optimize returns and maintain a balanced currency position.

- Strengthening export-oriented business and the remittance portfolio to ensure sustainable foreign currency inflows and support foreign currency liquidity.
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	31 December 2025				1st Fortnight of Dec'25	2nd Fortnight of Dec'25
ALM Risk Ratios	74.65%	252.73%	113.11%	14.61%	14.72%	17.12%
	Advance to Deposit Ratio (ADR)	Liquidity Coverage Ratio (LCR)	Net Stable Funding Ratio (NSFR)	Maximum Cumulative Outflow (MCO)	Wholesale Borrowing Limit (WBL)	
BB Limit	≤87%	≥100%	>100%	≤16.00%	≤80%	

On behalf of ALCO

Sd/-

Ali Reza Iftekhhar

Managing Director

Chairman of the Asset Liability Committee