

Disclosures on Risk Based Capital (Basel III) for the year ended December 31, 2022

Pillar 1

- **Minimum Capital requirement** - Calculation of minimum capital requirement for credit, market and operational risk.

Pillar 2

- **Supervisory review process** - On and Off sight supervision by Central Bank to encourage banks to use better risk management techniques.

Pillar 3

- **Market discipline** - Bolster Market discipline through enhanced disclosure by banks to complement the requirements under pillar 1 and 2.

Pillar 3 Market Discipline

Disclosures on Risk Based Capital (Basel III) for the year ended December 31, 2022

In an effort to continue to strengthen the risk management frameworks and further enhance long-term stability within banking organizations, the Basel Committee for Banking Supervision (BCBS) introduced a set of regulatory guidelines known as Basel III. Basel III includes three pillars that address:

- Capital adequacy
- Supervisory review
- Market discipline; increased public disclosure requirements

In addition to the three pillars noted above, Basel III introduced leverage ratio, and liquidity standards namely liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) which have greater business implications for banks. Under market discipline, Basel III demands more disclosures than that of the previous.

These disclosures are purported to affirm the information on Minimum Capital Requirement (MCR) under Pillar 1 and Supervisory Review Process (SRP) under Pillar 2 and ensure transparency about the capital adequacy of the Bank, capital adequacy framework, risk assessment and mitigation methodologies, risk exposure in various spectrum so that the stakeholders of the industry can examine the risk related compliance of the Bank.

The Bank made the qualitative and quantitative disclosures in detail below in accordance with Pillar III Market Discipline as per Guidelines on Risk Based Capital Adequacy (RBCA) under Basel-III issued by Bangladesh Bank on December 21, 2014. The purpose of this report is to complement under Pillar 1 Minimum Capital Requirement (MCR) and Pillar 2 Supervisory Review Process (SRP) of Basel III.

The following components have been disclosed hereunder as per the requirement of RBCA guidelines under Basel-III issued by Bangladesh Bank:

- a) Scope of Application
- b) Capital Structure
- c) Capital Adequacy
- d) Investment Risk
- e) Equities: Disclosures for Banking Book Positions
- f) Interest Rate Risk in the Banking Book (IRRBB)
- g) Market Risk
- h) Operational Risk
- i) Leverage Ratio
- j) Liquidity Ratio
- k) Remuneration

These disclosures are intended for more transparent and more disciplined financial market where the participants can assess key information about the Bank's exposure in making economic decisions.

A. SCOPE OF APPLICATION

Qualitative Disclosure

a) The name of the top corporate entity to which this framework applies:

The Risk Based Capital Adequacy Framework applies to Modhumoti Bank Limited (MMBL) on 'solo' basis as there was no subsidiary as on the reporting date (December 31, 2022).

b) Consistency and Validation:

The quantitative disclosures are made on the basis of audited financial statements of the bank for the year ended December 31, 2022 prepared under the historical cost convention except investments and in accordance with the "First Schedule" (section 38) of the Bank Companies Act 1991, as amended by Bangladesh Bank (the Central Bank of Bangladesh) through BRPD Circular No. 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994 and other applicable laws and regulations. So, information presented in the 'Quantitative Disclosures' section can easily be verified and validated with corresponding information presented in the audited financial statements of the Bank for the year ended December 31, 2022. The report is prepared once a year and available on the website of the Bank (www.modhumotibankltd.com).

c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital to subsidiaries:

Not applicable for the Bank as there was no subsidiary of the Bank on the reporting date (December 31, 2022). However BRPD Circular No.01, dated, January 16, 2022 regarding 'Single Borrower Exposure Limit' is being applied by the Bank in determining maximum amount of finance.

Quantitative Disclosure

d) The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.

Not Applicable.

B. CAPITAL STRUCTURE

Qualitative Disclosures

a) The regulatory capital under Basel-III is comprised with i) Tier-1 (Going Concern Capital) and ii) Tier-2 (Gone Concern Capital).

Tier-1 Capital (Going Concern Capital) has two components of Tier 1 Capital which are Common Equity Tier 1 Capital and Additional Tier 1 Capital. It consists of highest quality capital items which are stable in nature and allows a bank to absorb losses on an ongoing basis.

Common Equity Tier 1 Capital includes paid-up capital, statutory reserve, general reserve and retained earnings etc. and

Additional Tier 1 Capital will include perpetual bond or non-cumulative preference shares etc.

Tier-2 Capital (Gone Concern Capital) lacks some of the characteristics of the going concern capital but also bears loss absorbing capacity to a certain extent. General provision on unclassified loans and advances, Subordinated debt/instruments issued by the Bank that meet the qualifying criteria for Tier 2 capital, Minority interest i.e. Tier-2 issued by consolidated subsidiaries to third parties.

Compliance Status of MMBL as per Conditions for Maintaining Regulatory Capital:

The Bank complied with all the requirement of regulatory capital as stipulated in the revised RBCA Guidelines by Bangladesh Bank as per following details:

Sln.	Limits (Minima and Maxima)	Status of Compliance	
		Complied (√)	Non-complied (√)
1	Common Equity Tier 1 of at least 4.5% of the total RWA	√	
2	Tier 1 capital will be at least 6.0% of the total RWA	√	
3	Minimum CRAR of 10% of the total RWA	√	
4	Additional Tier 1 capital can be admitted maximum up to 1.5% of the total RWA or 33.33% of CET1, whichever is higher	√	
5	Tier 2 capital can be admitted maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher	√	
6	Capital conservation buffer at 2.50% of total RWA	√	

Quantitative Disclosures

a) Regulatory capital of the Bank as of December 31, 2022

The amount of Regulatory Capital as of 31.12.2022 is noted below:

Amount in Million Tk.

Particulars of Regulatory Capital	Solo
Common Equity Tier-1 (Going Concern Capital)	8,456.38
Regulatory adjustment from Common Equity Tier-1 (Going Concern Capital)	26.34
Total Common Equity Tier-1 Capital	8,430.04
Additional Tier-1 Capital	-
Tier 1 Capital	8,430.04
Tier-2 Capital (Gone Concern Capital)	1,098.34
Total Regulatory Capital	9,528.38

C. CAPITAL ADEQUACY

Qualitative Disclosures

a) Approach to assess the adequacy of capital:

The bank follows the approaches below for calculating Minimum Capital Requirement (MCR) as per Pillar-I of Basel-III framework as per the guidelines of Bangladesh Bank:

- i) Standardized Approach for assessing and mitigating Credit Risk,
- ii) Standardized Rule Based Approach for quantifying Market Risk and
- iii) Basic Indicator Approach for Operational Risk.

MMBL has a process for assessing its overall capital adequacy in relation to the Bank's risk profile and a strategy for maintaining its capital levels. The process provides an assurance that the Bank has adequate capital to support all risks in its business. The Bank identifies, assesses and manages comprehensively all risks that it is exposed to through sound governance and control practices, robust risk management framework and an elaborate process for capital calculation and planning.

The Bank has a structured management framework in the Internal Capital Adequacy Assessment Process (ICAAP) for the identification and evaluation of the significance of all risks that the Bank faces, which may have an adverse material impact on its financial position. As per Basel III framework, the Bank faces the following material risks which are taken into consideration in assessing / planning capital:

Risks under Pillar 1 MCR		Risks under Pillar 2 SRP	
1	Credit Risk	1	Residual Risk
2	Market Risk	2	Concentration Risk
3	Operational Risk	3	Liquidity Risk
		4	Reputation Risk
		5	Strategic Risk
		6	Settlement Risk
		7	Evaluation of Core Risk Management
		8	Environmental & Climate Change Risk
		9	Other material risks

The surplus capital maintained by MMBL will act as buffer to absorb all material risks and to support the future activities. To ensure the adequacy of capital to support the future activities, the bank assesses capital requirements periodically considering future business growth. Risk Management Division under guidance of the SRP team/ERMC (Executive Risk Management Committee), is taking active measures to identify, quantify, manage and monitor all risks to which the Bank is exposed to.

Quantitative Disclosures:

Risk Weighted Asset (RWA) & Minimum Capital Requirement (MCR):

Amount in Million Tk.

Sln.	Particulars	Solo
1.	Risk Weighted Assets:	
	For Credit Risk:	51,697.91
	On-Balance Sheet	40,135.48
	Off-Balance Sheet	11,562.43
	For Market Risk	4,399.67
	For Operational Risk	3,211.91
	Total:	59,309.49
2.	Minimum Capital Requirement (10% of RWA):	
	For Credit Risk	5,169.79
	For Market Risk	439.97
	For Operational Risk	321.19
	Total:	5,930.95
	Minimum capital requirement (MCR) Tk.5,000.00 million or 10% of RWA whichever is higher	5,930.95

Total Capital, CET-1 Capital, Total Tier-1 Capital, Tier-2 Capital Ratio Available Capital under Pillar 2: Solo

Amount in Million Tk.

Sln.	Particulars	Solo
A.	Total Regulatory Capital: (a+b)	9,528.38
	a. Tier-1 (Going Concern Capital)	8,430.04
	i) Common Equity Tier-1 Capital (CET-1)	8,430.04
	ii) Additional Tier-1 Capital (AT-1)	-
	b. Tier-2 (Gone Concern Capital)	1,098.34
B	Minimum capital requirement (MCR- 10% of RWA)	5,930.95
C	MCR including buffer capital (10%+2.50%=12.50%)	7,413.69
D	Capital surplus (A-B)	3,597.43
E	Available Capital Under Pillar 2 Requirement (A-C)	2,114.69
F	Capital to Risk Weighted Assets Ratio (CRAR)	16.07%
	Common Equity Tier-1 to RWA ($\geq 4.50\%$)	14.21%
	Tier-1 Capital to RWA ($\geq 6.00\%$)	14.21%
	Tier-2 Capital to RWA ($\leq 4.00\%$ or 88.89% of CET1)	1.85%
	Capital Conservation Buffer (2.50% of RWA)	1,482.74
	Capital Conservation Buffer Maintained (%)	6.07%

D. CREDIT RISK

Qualitative Disclosures:

a) The general qualitative disclosure requirement with respect to credit risk:

Definition of Credit Risk:

Credit risk refers to the deterioration in the credit quality of the borrower or the counter-party adversely impacting the financial performance of the Bank. The losses incurred by the Bank in a credit transaction could be due to inability or willful default of the borrower in honoring the financial commitments to the Bank. The Bank is exposed to credit risk through its general lending and money market lending.

Credit risk management process at MMBL:

Bank's credit policy has been prepared in line with Bangladesh Bank guidelines illustrating the approval process and delegation of authority which require to be approved by the Board. The approval process segregates relationship management/marketing from the approval authority. The approval authorities are delegated to different levels of management and Board committees. Board of Directors of the bank has the highest level of authority to approve any credit proposal and sub delegate such authority to the management and Executive Committee. The business proposals are initiated from the Branches which have been processed by the Business Development & Marketing Division (BDMD) at Head Office level and finally BDMD under Corporate & Investment Banking Division placed the note to the Credit Risk Management Division (CRMD). Then placed the proposal in the meeting of Credit Evaluation Committee (CEC) of the Bank after performing due diligence issues as per Credit Policy of the Bank and other policies/guidance of Bangladesh Bank. Upon final nod from the CEC, the proposals are placed in the meeting of the EC/Board by CRMD and Managing Director & CEO for final approval. CRM sends sanction letter addressing the Branch and Cc to CAD upon receiving the final approval from the competent authority.

Credit Administration:

Credit Administration Division (CAD) ensures the documentation and the other regulatory issues before making disbursements so that the Bank can reduce the potential credit risk. Branches send their request to CAD for limit loading after the completion of necessary documentation vide LDCL (Loan documentation check list). Furthermore, the bank constantly monitors clients' repayment behaviors, fulfillment of conditions given before disbursement and compliance of covenants in post disbursement period.

Credit Monitoring:

The loan portfolio with classification status is reviewed periodically and brought to the notice of senior level management regarding down gradation, overdue, special mention account (SMA), classified and rescheduled portfolio along with early alert list for their information and guidance. The Branches are communicated through letters and circulars for implementation of efficient credit risk management in a proper manner including adherence to the Bank's and Bangladesh Bank's rules and regulations.

Past Due/Over Due:

A claim that has not been paid as of its due date is termed as past due claim. Payment may be for repayment/renewal/rescheduling or as an installment of a loan. Loans will be treated as past due and or overdue in the following cases:

- Any Continuous Loan if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date.
- Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date.
- 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 from the following day of the expiry date.

- 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.

For loan classification and maintenance of specific and general provision, Bank follows relevant circulars and advices of Bangladesh Bank from time to time. Provisions and interest suspense are separately shown under other liabilities as per first schedule of Bank Company Act 1991 (amendment up to 2018), instead of netting off with loans. The summary of some objective criteria for loan classification and provisioning requirement is as below:

Approaches followed for specific and general allowances:

Particulars	Short Term Agri Credit	Consumer Financing			SMEF	Loans to BHs/MBs/SDs	All other Credit
		Other than HF, LP	HF	LP			
UC	1.0%	5%	1%	2%	0.25%	2%	1%
SMA	1.0%	5%	1%	2%	0.25%	2%	1%
SS	5%	20%	20%	20%	20%	20%	20%
DF	5%	50%	50%	50%	50%	50%	50%
B/L	100%	100%	100%	100%	100%	100%	100%

NB: CF=CONSUMER FINANCING, HF=HOUSING FINANCE, LP=LOANS FOR PROFESSIONALS TO SET UP BUSINESS, UC=UNCLASSIFIED, SMA=SPECIAL MENTION ACCOUNT, SS=SUBSTANDARD, DF=DOUBTFUL, B/L=BAD/LOSS, BHs/MBs,/SDs= LOANS TO BROKERAGE HOUSES/MERCHANT BANKS/STOCK DEALERS.

Subjective/Qualitative Judgment for Loan Classification:

Considering the nature and performance of a loan, the bank can also classify a particular loan on the basis of subjective judgment taking into consideration the factors such as uncertainty or doubt of repayment, continuous loss of capital, adverse situation, decrease of value of securities, legal suit etc.

Condition for Qualitative Judgment:

Classification		Conditions to be fulfilled
Special Mention	i)	Assets must be classified no higher than Special Mention if any of the following deficiencies of bank management is present: <ul style="list-style-type: none"> the loan was not made in compliance with the bank's internal policies; failure to maintain adequate and enforceable documentation; and/or poor control over collateral.
	ii)	Assets must be classified no higher than Special Mention if any of the following deficiencies of the obligor is present: <ul style="list-style-type: none"> occasional overdrawn within the past year; below-average or declining profitability; barely acceptable liquidity; and Problems in strategic planning.
Sub-standard	i)	Assets must be classified no higher than Sub-standard if any of the following deficiencies of the obligor is present: <ul style="list-style-type: none"> recurrent overdrawn; low account turnover; competitive difficulties; location in a volatile industry with an acute drop in demand; very low profitability that is also declining; inadequate liquidity; cash flow less than repayment of principal and interest; weak management; doubts about integrity of management; conflict in corporate governance; unjustifiable lack of external audit; and pending litigation of a significant nature.

Classification		Conditions to be fulfilled
	ii)	Assets must be classified no higher than Sub-standard if the primary sources of repayment are insufficient to service the debt and the bank must look to secondary sources of repayment, including collateral.
	lii)	Assets must be classified no higher than Sub-standard if the banking organization has acquired the asset without the types of adequate documentation of the obligor's net worth, profitability, liquidity, and cash flow that are required in the banking organization's lending policy, or there are doubts about the validity of that documentation.
Doubtful	:	Assets must be classified no higher than Doubtful if any of the following deficiencies of the obligor is present: <ul style="list-style-type: none"> • permanent overdrawn; • location in an industry with poor aggregate earnings or loss of markets; • serious competitive problems; failure of key products; operational losses; • illiquidity, including the necessity to sell assets to meet operating expenses; • cash flow less than required interest payments; very poor management; • non-cooperative or hostile management; • serious doubts of the integrity of management; • doubts about true ownership; and • complete absence of faith in financial statements.
Bad/Loss	:	Assets must be classified no higher than Bad/Loss if any of the following deficiencies of the obligor is present: <ul style="list-style-type: none"> • the obligor seeks new loans to finance operational losses; • location in an industry that is disappearing; • location in the bottom quartile of its industry in terms of profitability; • technological obsolescence and very high losses; • asset sales at a loss to meet operational expenses; • cash flow less than production costs; • no repayment source except liquidation; • presence of money laundering, fraud, embezzlement, or other criminal activity; and • no further support by owners.

However, regardless of all rules and regulations the central bank can classify any loan on the basis of their subjective judgment as well as can instruct the bank to make additional provision on non-performing loans.

Quantitative Disclosures:

b) Total gross credit risk exposures broken down by major types of credit exposure:

Amount in Million Tk.

Sln.	Major types of loans	2022	2021
1	Cash credit and overdrafts	22,409.77	16,202.81
2	Loans (General)	25,145.51	17,976.21
3	House building loan	1,619.46	1,175.94
4	Loan against trust receipt	1,421.91	678.46
5	Bills purchased and discounted	2,638.79	2,401.70
6	Other Loans	2,614.37	3,402.84
	Total	55849.81	38,069.78

c) Geographical distribution of exposures:

Amount in Million Tk.

Particulars	Name of Division	2022	2021
Region Based	Dhaka	46,104.35	34,710.68
	Chittagong	5,254.04	4,519.41
	Rajshahi	894.18	524.89
	Sylhet	120.16	117.69
	Khulna	2,804.09	1,555.26
	Mymensingh	91.80	56.28
	Rangpur	541.49	327.59
	Barisal	39.69	26.15
	Total		55,849.81
Country Based	Domestic	55,849.81	41,837.96
	Overseas	-	-

d) Major industry-wise distribution of exposures:

Major industry wise credit exposure of the bank as of December 31, 2022 was as below, and the numbers remained within the appetite of the bank as approved by the Board of Directors:

Amount in Million Tk.

Sln.	Major Industry Types	2022	2021
1	Agriculture, fishing, forestry and dairy firm	113.32	90.07
2	Industry (Other than working capital)	8,699.40	7,218.82
3	Working capital financing	11,641.54	9,410.26
4	Export credit	5,656.83	2,631.45
5	Import credit	2,405.23	2,278.21
6	Commercial credit	5,840.58	2,266.03
7	Constructions	13,702.58	8,186.84
8	Transport and Communication	229.59	613.41
9	Consumer Credit	753.02	773.94
10	Others	6,807.73	8,368.94
	Total	55,849.81	38,069.78

e) Residual contractual maturity breakdown of the whole portfolio:

Amount in Million Tk.

Particulars	2022	2021
On demand	6,348.68	4,623.07
Less than three months	11,971.87	9,517.79
More than three months but less than one year	15,913.37	10,866.12
More than one year but less than five years	8,769.49	10,333.02
More than five years	12,846.39	6,497.96
Total	55,849.81	41,837.96

f) Major industry type amount of impaired loans:

Amount in Million Tk.

Particulars	2022	2021
Agriculture	-	-
Industry	207.38	424.50
Constructions	47.59	14.70
Power, Gas, Water & Sanitary Services	-	281.74
Transport, Storage & Communication	-	-
Trade Services	462.24	257.90
Housing Services	8.29	4.90
Banking & Insurance	187.19	187.20
Professional & Misc. services	37.39	18.60
Total	950.08	1,189.54

g) Gross Non-Performing Assets (NPAs)

Amount in Million Tk.

Particulars	2022	2021
Gross Non-Performing Assets (NPAs)	950.08	1,189.54
Nonperforming assets to outstanding loans and advances	1.70%	2.84%
Movement of Non-Performing Assets (NPAs):		
Opening balance	1,189.54	463.84
Additions/ (Reductions)	(239.46)	725.64
Closing balance	950.08	1,189.54
Movement of specific provisions for NPAs:		
Opening balance	562.50	300.70
Provision made during the period	28.10	263.70
Write off	(24.84)	(1.90)
Write back of excess provisions	-	-
Closing balance	565.76	562.50

E. EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS
Qualitative Disclosures:

- a) Banking book positions consist of those assets which are bought for holding until they mature. The bank treats unquoted equities as banking book assets. Unquoted equities are not traded in the bourses or in the secondary market, they are shown in the balance sheet at cost price and no revaluation reserve is created against these equities.

Quantitative Disclosures:
b) Values of investments as disclosed in the Balance Sheet:

Amount in Million Tk.

Particulars	Amount (Solo)	
	Cost Price	Market Price
Unquoted Share	37.50	37.50
Quoted Share	55.21	48.62

For Banking Book Equity

Amount in Million Tk.

Sln.	Particulars	Amount (Solo)
c)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period	1.14
d)	Total unrealized gains (losses)	(6.56)
	Total latent revaluation gains (losses)	-
	Any amounts of the above included in Tier 2 capital	-

e) Capital Requirement

Amount in Million Tk.

Particulars	Amount (Solo)
Unquoted Share	4.69
Quoted Share	9.79

F. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)
Qualitative Disclosures:

Interest rate risk affects the bank's financial condition due to adverse movements in interest rates of interest sensitive assets and liabilities. Interest Rate Risk is managed through use of Gap analysis of rate sensitive assets and liabilities and monitored through prudential limits and stress testing. The IRRBB is monitored in movements/changes on a monthly basis and the impact on Net Interest Income Disclosures on Risk Based Capital Adequacy 2022

is assessed. Interest rate risk is the risk where changes in market interest rates might adversely affect a bank's financial condition.

Changes in interest rates affect both the current earnings (earnings perspective) as well as the net worth of the bank (economic value perspective). Re-pricing risk is often the most apparent source of interest rate risk for a bank and is often gauged by comparing the volume of a bank's assets that mature or re-price within a given time period with the volume of liabilities that do so. The short-term impact of changes in interest rates is on the bank's Net Interest Income (NII). In a longer term, changes in interest rates impact the cash flows on the assets, liabilities and off-balance sheet items, giving rise to a risk to the net worth of the bank arising out of all re-pricing mismatches and other interest rate sensitive position. The ALCO formulates the policy and strategy depending on the market conditions to maximize Net Interest Income.

Quantitative Disclosures:

Gap analysis: Duration Gap

The objective of the Duration GAP Analysis is to measure the level of the Bank's exposure to interest rate risk in terms of sensitivity of Market Value of its Equity (MVE) to interest rate movements. The duration gap tells how cash flows for assets and liabilities are matched. A positive duration gap is when the duration of assets exceeds the duration of liabilities (which means greater exposure to rising interest rates).

Amount in Million Tk.

Sl.No.	Particulars	2022	2021
1	Weighted average duration of assets (DA) in years	2.83	3.51
2	Weighted average duration of liabilities (DL) in years	0.58	0.77
3	Duration gap (DA-DL) in years	2.31	2.79

Change of market value of equity due to increase in interest rates as of December 31, 2022

Amount in Million Tk.

Particulars	1%	2%	3%
Fall in Market Value of Equity	(1,968.1)	(3,936.2)	(5,904.3)

Interest Rate Risk in the Banking Book under Simple Sensitivity Analysis:

The impact of 1% changes in interest rate sensitive assets and liabilities of the Bank as of December 31, 2022 under earnings perspective with Simple Sensitivity Analysis:

Amount in Million Tk.

Particulars	3 months	6 months	1 year	Above 1 year
Interest sensitive assets	2152.04	611.54	1223.09	2208.03
Interest sensitive liabilities	1684.98	365.41	730.82	2612.95
Net gap	467.06	246.13	492.27	(404.92)
Cumulative gap	467.06	713.19	1205.46	800.54
Interest rate changes	1%	1%	1%	1%
Yearly earnings impact	4.67	2.46	4.92	(4.05)
Accumulated earnings impact	4.67	7.13	12.05	8.00

G) MARKET RISK

Qualitative Disclosures:

a) View of the Board of Directors on trading/investment activities:

Market risk arises due to changes in the market variables such as interest rates, foreign currency exchange rates, equity prices and commodity prices. The financial instruments that are held with trading intent or to hedge against various risks, are purchased to make profit from spreads between the bids and ask price are subject to market risk. MMBL is exposed to market risk mostly stemming from Government Treasury Bills and Bonds, foreign currency etc.

Methods used to measure Market Risk:

There are several methods used to measure market risk and the bank uses those methods which deem fit for a particular scenario. For measuring interest risk from earnings perspective, the bank uses maturity gap analysis, duration gap analysis, sensitivity analysis and mark to market (MTM) method and for measuring foreign exchange risk, the bank uses VaR analysis.

We use standardized (Rule Based) method for Calculating capital charge against market risks for minimum capital requirement of the Bank under Basel-III.

Market Risk Management System:

The Bank has its own Market Risk Management System which includes Asset Liability Risk Management (ALM) and Foreign Exchange Risk Management under the core risk management guidelines.

Asset Liability Management (ALM): The ALM policy specifically deals with liquidity risk management and interest rate risk management framework.

Foreign Exchange Risk Management: Foreign exchange risk arises when the bank is involved in foreign currency transactions. These include foreign currency exchange, placement, investments, loans, borrowings and different contractual agreements. We use different hedging techniques to mitigate foreign exchange risks exposed to the bank.

Policies and processes for mitigating market risk:

- Risk Management and reporting is based on parameters such as Maturity Gap Analysis, Duration Gap Analysis, VaR etc, in line with the global best practices.
- Risk Profiles are analyzed and mitigating strategies are suggested by the Asset Liability Committee.
- Foreign Exchange Net Open Position (NOP) limits (Day limit / Overnight limit), deal-wise trigger limits, Stop-loss limit, Profit / Loss in respect of cross currency trading are properly monitored and exception reporting is regularly carried out.
- Holding equities is monitored regularly so that the investment remains within the limit as set by Bangladesh Bank.
- ALCO analyzes market and determines strategies to attain business goals.
- Reconciliation of foreign currency transactions.

Quantitative Disclosures:

b) The capital requirements:

Amount in Million Tk.

Particulars	2022	2021
Interest rate risk	361.60	602.44
Equity position risk	17.22	11.79
Foreign exchange risk	61.14	68.82
Total	439.96	683.05

H. OPERATIONAL RISK

Qualitative Disclosures:

a) View of the Board of Directors on system to reduce Operational Risk:

Operational risk is the risk which may arise directly or indirectly due to failure or breakdown of system, people and process. This definition includes legal risk, but excludes strategic and reputation risk. The bank manages this risk through a control based environment in which processes are documented, authorization is independent and transactions are reconciled and monitored.

All functions, whether business, control or logistics functions, must manage the operational risks that arise from their activities. Operational risks are pervasive, as a failure in one area may have a potential

impact on several other areas. The Bank has therefore established a cross-functional body to actively manage operational risk as part of its governance structure.

The foundation of the operational risk framework is that all functions have adequately defined their roles and responsibilities. The functions can then collectively ensure that there is adequate segregation of duties, complete coverage of risks and clear accountability. The practice is supported by a periodic process conducted by ICCD, and monitoring external operational risk events, which ensure that the bank stays in line with the international best practices.

Performance Gap of Executives and Staffs:

MMBL is an equal opportunity employer. It recognizes the importance of having the right people at right positions to achieve organizational goals. Our recruitment and selection is governed by the philosophy of fairness, transparency and diversity.

The bank believes that training and knowledge sharing is the best way to reduce knowledge gap. Therefore, it arranges trainings on a regular basis for its employees to develop their expertise. The bank offers competitive pay package to its employees based on performance and merit. It always tries to develop a culture where all employees can apply his/her talent and knowledge to work for the organization with high ethical standards in order to add more value to the company and for the economy.

- **Performance Management Program**

Modhumoti Bank has a comprehensive performance management program that evaluates employee's yearly performance against business targets at the year-end. This appraisal process also identifies the competency gap and training needs of employees. All employees (except employees under probation or training) of the Bank undergo annual performance appraisal process. The process ensures that clear feedback on improvement points (performance and professional capabilities) is provided to employees by their supervisors to promote employees' long-term career development and improved contribution to organizational performance. All regular employees undergo the annual performance and career development review.

- **Diversity in Workplace**

Modhumoti Bank believes that diverse, heterogeneous teams generate greater creativity, innovation and business development. An inclusive culture maintains and drives workforce diversity by fostering the exchange of ideas and collaboration among individuals and across groups. To speak simply, our constant success depends on maintaining a plurality of perspectives. Employees by age group and gender are noted below:

01.	Gender diversity among members of the Board of Directors	No. of male members-13	
		No. of female members-05	
02.	Gender diversity among permanent employees	i. Entry level	No. of male employees- 205
			No. of female employees-107
		ii. Mid-level	No. of male employees- 318
			No. of female employees- 07
		iii. Senior Management	No. of male employees- 08
			No. of female employees- 01
03	Gender breakdown by age group for permanent employees	i. < 30 years	No. of male employees- 87
			No. of female employees- 35
		ii. 30-50 years	No. of male employees- 426
			No. of female employees- 79
		iii. > 50 years	No. of male employees- 18
			No. of female employees- 1

Potential external events

- Russian invasion of Ukraine has already cast a dark shadow on global economy by threatening the global financial system to an unprecedented level.
- Global inflationary pressure will increase further due to big jump in oil and commodity prices as the war has also threatened to disrupt the global supply chain making the world trade costlier.
- Bangladesh is likely to face a series of troubles on both economic and geo-political fronts. Economic shock will be felt immediately whereas geo-political difficulty will be visible in the near future. Being globally exposed mostly through trade, the economic shock will be transmitted at a faster rate.
- Bangladesh is also experiencing volatile foreign currency market during the year in 2022 which may stretch to further in the year 2023.
- Bangladesh's export to Russia and its adjacent countries would hamper and at the same time the import prices of fertilizer's especially urea might increase due to the war.
- Again, imports of foods, raw materials and intermediate goods will be costly due to rise of prices in the global market coupled with increase in freight charges and insurance premiums. So, there will be an extra pressure on payments of imports leading to further depreciation of Bangladeshi taka against dollar.
- Import cost would be higher due to global inflation which creates pressure on dollar prices.
- Bank may face issue in managing affordable fund in mid/long run due to vulnerable market condition caused by slow growth, higher inflation.
- The sanctions against Russia will create extra pressure on the Banks of the country regarding due diligence of AMLCFT risk.

Policies and processes for mitigating operational risk:

The Operational Risk Management Function is responsible for monitoring, coordinating measures, reporting on operational risks and developing the framework models and methodologies as required. The Bank identifies and assesses the operational risk inherent in all its material products, activities, processes and systems. Furthermore the Bank ensures that before new products, activities, processes and systems are introduced or undertaken, the operational risk inherent in them is subject to adequate assessment procedures. The Bank mitigates operational risks by defining, documenting and updating the relevant business processes. Furthermore, the Bank mitigates operational risk by following strict rules for the assignment of duties and responsibilities among and within the functions and a system of internal control and supervision. The main principle for organizing work flows is to segregate the business-generating functions from the recording and monitoring functions. An important factor in operational risk mitigation is also the continuous development and upgrading of strategic information and communication systems.

The Bank has adopted policies which deal with managing different Operational Risks. Bank strongly follows KYC norms for its customer dealings and other banking operations. The Audit & Inspection Unit of Internal Control and Compliance Division of the Bank, the inspection teams of Bangladesh Bank and External Auditors conduct inspection of different branches and divisions at Head Office of the Bank and submit reports presenting the findings of the inspections. Necessary control measures and corrective actions have been taken on the suggestions or observations made in these reports.

Approach for calculating capital charge for operational risk:

The bank applies 'Basic Indicator Approach' of Basel II as prescribed by BB in revised RBCA Guidelines. Under this approach, banks have to calculate average annual gross income (GI) of last three years and multiply the result by 15% to determine required capital charge. Gross Income is the sum of 'Net Interest Income' and 'Net non-interest income' of a year or it is 'Total Operating Income' of the bank with some adjustments as followings:

- Be gross of any provision (e.g. for unpaid interest),
- Be gross of operating expenses, including fees paid to outsourcing service providers,
- Exclude realized profits/losses from sale of securities held to maturity in the banking book,
- Exclude extraordinary or irregular items,
- Exclude income derived from insurance and
- Include lost interest i.e. interest suspense on SMA and classified loans.

Quantitative Disclosures:

a) Capital requirement for operational risk

Amount in Million Tk.

Particulars	Solo	
	2022	2021
The capital requirements for operational risk	321.19	331.79

Calculation of Capital Charge for Operational Risk: Basic Indicator Approach

Amount in Million Tk.

Year	Gross Income (GI)	Average GI	15% of Average GI
2022	1,768.43	2,141.27	321.19
2021	2,080.44		
2020	2,574.95		
Total	6,635.81	2,211.94	321.19

I. LIQUIDITY RATIO

Qualitative Disclosures:

Views of BOD on system to reduce liquidity Risk:

Liquidity risk is the risk of probability to be unable to meet short term financial demands by the bank. This may occur due to the inability to convert a security or fixed asset to cash without a loss of capital and/or income in the process.

In the recent years, banks are facing a myriad of challenges; most of them triggered by new regulatory requirements. To maintain a profitable business, however, it is not enough for a bank to simply comply with new regulatory requirements: it must also optimize its business model within regulatory constraints. To do so, the bank has already been introduced regulatory ratios (as per Basel III), the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), top- down from the Board of Directors of the Bank.

In order to reduce the liquidity risk, the Board of Directors of the Bank has formed Asset Liability Committee (ALCO) and All Risk Committee at management level as per guidelines of Bangladesh Bank. ALCO regularly monitors the maintenance of the liquidity position of the Bank. The management decided to concentrate on retail or individual (small) deposits instead of large corporate deposits. The Bank also draws up contingency plans to deal with extraordinary conditions of Liquidity Risk after comprehensive scenario analysis.

Methods used to measure Liquidity risk:

Liquidity mismatch profile:

The primary tool of monitoring liquidity risk is the maturity mismatch analysis, which presents the profile of future expected cash flows under pre-defined scenarios. The bank conduct liquidity mismatch profiling on an ongoing basis which is ultimately monitored by Treasury, ALCO, Risk Management Division and Executive Risk Management Committee.

Stress testing:

The bank undertook stress testing and scenario analysis periodically to determine the stress situations on the liquidity of the Bank and ultimate impact of the liquidity risk on the fund management of the Bank.

Liquidity Coverage Ratio (LCR):

LCR aims to ensure the maintenance of an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for 30 calendar days. It measures the need for liquid assets in a stressed environment, in which deposits and other sources of funds (both unsecured and secured) run off, to various extents, and unused credit facilities are also drawn down in various magnitudes.

$$\text{LCR} = \frac{\text{Stock of high quality liquid assets}}{\text{Total net cash outflows over the next 30 days}} \geq 100$$

Stock of high quality liquid asset (SHQLA):

The following components are included in the computation of SHQLA -

1. Cash on hand (Lcy + Fcy)
2. Balance with BB (Lcy+ Fcy, excluding lien)
3. Un-encumbered approved securities (excluding lien)

Net Stable Funding Ratio (NSFR):

The NSFR aims to limit over-reliance on short-term wholesale funding during times of abundant market liquidity and encourage better assessment of liquidity risk across all on- and off-balance sheet items. The minimum acceptable value of this ratio is 100 percent, indicating that available stable funding (ASF) should be at least equal to required stable funding (RSF).

$$\text{NSFR} = \frac{\text{Available amount of stable funding (ASF)}}{\text{Required amount of stable funding (RSF)}} \geq 100$$

Liquidity risk management system:

Liquidity risk management is a key banking function and an integral part of the asset and liability management process. The fundamental role of banks is the maturity transformation of short-term deposits (liabilities) into long-term loans (assets) and this makes banks inherently vulnerable to liquidity risk. The transformation process creates asset and liability maturity mismatches on a bank's balance sheet that must be actively managed with available liquidity. This is the process known as liquidity risk management.

The primary role of liquidity-risk management is to (1) prospectively assess the need for funds to meet obligations and (2) ensure the availability of cash or collateral to fulfill those needs duly by coordinating the various sources of funds available to the institution under normal and stressed conditions.

Policies and processes for mitigating liquidity risk:

The Bank has Treasury Policy, Contingency Funding Plan and Wholesale Borrowing and Funding Policy to combat liquidity risk of the Bank. The Board and the management implement the following processes in the bank for superior liquidity risk management:

- **Liquidity risk tolerance:** Bank set liquidity risk tolerance (Management Action Trigger) e.g. Maximum Cumulative Outflow (MCO) at 16%, AD Ratio at 80%, LCR at 105%, NSFR at 102% etc.;
- Maintaining adequate levels of liquidity considering the average daily withdrawal by the customers;
- Identification and measurement of contingent liquidity risks arising from unseen scenarios.
- **Contingency funding plan:** Contingency funding plans incorporate events that could rapidly affect the bank's liquidity arising from sudden inability to call back long-term loans and advances, or the loss of a large depositor or counterparties.
- Public disclosure in promoting market discipline under Pillar 3 of Basel III.

Quantitative Disclosures:

Amount in Million Tk.

Particulars	2022	2021
Liquidity Coverage Ratio (LCR)	193.4%	249.42%
Net Stable Funding Ratio (NSFR)	148.8%	103.83%
Stock of High quality liquid assets	25,893.09	28,543.85
Total net cash outflows over the next 30 calendar days	13,386.72	11,444.09
Available amount of stable funding	95,080.73	65,962.22
Required amount of stable funding	63,879.59	63,531.47

J. LEVERAGE RATIO

Qualitative Disclosures:

Views of BOD on system to reduce excessive leverage:

Excessive leverage by banks is widely believed to have contributed to the global financial crisis in 2008. To address this, the international community has proposed the adoption of a non-risk-based capital measure, the leverage ratio, as an additional prudential tool to complement minimum capital adequacy requirements. Accordingly, leverage ratio has been introduced under Basel III. Leverage ratio is the relative amount of T1 capital to total exposure of the Bank (not risk-weighted) which has been set at minimum 3%. Under Basel III, a simple, transparent, non-risk based regulatory leverage ratio has been introduced to achieve the following objectives:

- constrain leverage in the banking sector, thus helping to mitigate the risk of the destabilizing deleveraging processes which can damage the financial system and the economy
- introduce additional safeguards against model risk and measurement error by supplementing the risk-based measure with a simple, transparent, independent measure of risk

The Board Risk Management Committee regularly reviews the leverage ratios and advice the management to strictly monitor the ratio in addition to the Pillar 1 Minimum Capital Requirement.

Policies and processes for managing excessive on and off- balance sheet leverage:

The bank reviews its leverage position as per the Guidelines on Risk Based Capital Adequacy (revised regulatory capital framework for banks in line with Basel III). In addition, the bank has Risk Appetite as per Credit Risk Management Policy and Risk Appetite Framework of the Bank. The Bank also employ Annual Budget Plan and Capital Growth Plan for managing excessive on and off-balance sheet leverage.

Approach for calculating exposure:

The bank calculates the exposure under standardized approach as per the Guidelines on Risk Based Capital Adequacy (revised regulatory capital framework for banks in line with Basel III).

Quantitative Disclosures:

Amount in Million Tk.

Particulars	2022	2021
Leverage Ratio	7.89%	8.74%
On balance sheet exposure	90,059.12	78,994.45
Off balance sheet exposure	16,780.49	15,381.04
Total exposure	106,813.27	8,250.24

K. REMUNERATION

Qualitative Disclosures:

a) Information relating to the bodies that oversee remuneration

Name, composition and mandate of the main body overseeing remuneration:

The Board of Directors of the Bank oversee the remuneration of the employees and members of the Board of the Bank. The bank has no separate committee in the Board to look after the remuneration issues of the Bank. The Board set competitive salary and bonuses for the employees of the Bank. However, the Board allows the remuneration to its members as per the guidance of Bangladesh Bank.

The remuneration strategy is designed to reward competitively the achievement of long-term sustainable performance and attract and motivate the very best people who are committed to maintaining a long-term career with the bank and performing their role in the long-term interests of our shareholders.

To achieve this objective, the bank believes that effective governance of our remuneration practices is a key requirement. Governance of remuneration principles and oversight of its implementation by the Board ensures what we pay our people is aligned to our business strategy and performance is judged not only on what is achieved over the short and long term but also importantly on how it is achieved, as we believe the latter contributes to the long-term sustainability of the business.

External consultants for remuneration process:

There is no external consultant in the bank for setting remuneration for its employees of the Bank.

Scope of the bank's remuneration policy:

The Board formulate different policies e.g. HR Policy, Increment Policy, Promotion Policy, Provident Fund Policy and Gratuity Fund Policy which eventually supplement the remuneration of the employees. However, the HR Policy is yet to finalize.

The board periodically reviews the adequacy and effectiveness of the bank's remuneration policy and ensures that the policy meets the commercial requirement to remain competitive, is affordable, allows flexibility in response to prevailing circumstances and is consistent with effective risk management.

Types of employees considered as material risk takers and as senior managers:

There are 54 employees are considered as material risk takers which include the Managing Director & CEO, Chief Risk Officer, Chief Operating Officer, Chief Business Officer, Head of Treasury, Head of Corporate & Investment Banking Division and 48 branch managers.

Apart from that EVP and above employees can be considered as senior managers who eventually perform management role in achieving the organization's goal. Accordingly, the bank has 9 senior managers working in different areas of the bank.

b) Information relating to the design and structure of remuneration processes

Overview of the key features and objectives of remuneration policy:

Key features of the remuneration policy and the structure of remuneration process of the Bank are noted below:

Fixed pay	:	The purpose of the fixed pay is to attract and retain employees by paying market competitive pay for the role, skills and experience required for the business. This includes salary, fixed pay allowance, cash in lieu of pension and other cash allowances in accordance with local market practices These payments are fixed and do not vary with performance.
Benefits	:	The bank provides benefits in accordance with the industry practice of the country. This includes but is not limited to the provision of provident fund, gratuity fund, medical allowances, transport loan and house building loan etc.
Annual incentive	:	The banks provide annual incentive based on the achievement of the business and profit target of the Bank. The bank provide performance based incentive to its employees. Bonus paid based on the last basic salary of the employee of the Bank. However, bonus for MD & CEO has maximum limit of Tk.10.00 lac pa as per guidelines of Bangladesh Bank.

Only cash, and cash equivalent remuneration shall be permitted – no equity or equity linked payments are permitted in the bank.

Objectives of remuneration policy:

The main objectives of the remuneration policy are to attract, retain and reward talented staff and management, by offering compensation that is competitive within the industry, motivates management to achieve the bank's business objectives and encourage high level of performance and aligns the interests of management with the interests of shareholders.

Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made:

The Bank has no remuneration committee comprising the members from the Board. However, the Board of Directors determine the policies relating to the remuneration for the employees and review time to time if necessary. The Board of Directors approved a performance bonus for the eligible employees of the Bank for the year 2022.

Whether risk and compliance employees are remunerated independently of the businesses they oversee:

The bank has no separate policy for remuneration of the risk and compliance employees of the Bank.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes

Overview of the key risks that the bank takes into account when implementing remuneration measures:

The bank's policy is to ensure that the level and composition of remuneration is appropriate and fair having regard to competitive forces and the interests of the bank, its shareholder's and that its relationship to performance is clear in present and future environment.

The bank considers the general inflation, pay structure of the banking industry and national pay-scale in determining the salary structure of the employees. If the pay structure cannot be competitive then

good employees may leave the organization i.e. employees turnover will increase which may negatively impact the business of the bank.

Overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure:

The management proposes competitive remuneration and other non-financial benefits like promotion, training etc. so that employees turnover ratio can be kept under tolerable limit. Sometimes few issues are difficult to measure relating to employees e.g. creativity, helpfulness to customers, commitment risk etc. In such cases, management applies qualitative judgment for determining the remuneration especially annual incentive or bonuses.

A discussion of the ways in which these measures affect remuneration:

Qualitative judgment may affect the remuneration as there is no direct way to determine the remuneration.

A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration:

No visible changes have been made in respect to the nature and type of the measures used regarding the key risks take into account when implementing remuneration.

d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration

An overview of main performance metrics for bank, top-level business lines and individuals:

Staff are subject to performance management reviews annually. Remuneration, including bonuses, are in alignment with the outcome of these reviews. The reviews are being done based on annual confidential report (ACR) and annual performance appraisal report (APR) including the business performance of the employees.

A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance:

Remuneration is based on bank-wide business performance including achievement of profit target, loans and advances target etc. These have impact on the number and amount of incentive bonuses for the respective year.

Remuneration increases will only take place if the bank's overall performance is positive, and the individual's performance is considered to be exceeding expectations.

A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak:

If the performance metrics of the Bank are found weak, then no increases in remuneration may take place despite personal achievements of employees. In such case, the management takes initiative to improve the performance metrics so that individual remuneration of the employees cannot be hampered for prolonged period.

e) Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance.

A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance:

The bank provides Provident Fund contribution and Gratuity Fund contribution for the employees as deferred payment. The bank does not provide any deferred variable remuneration.

A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements:

The bank has no claw back arrangements after providing deferred remuneration (PF, GF etc.). However, in case of special cases, the management may claw back the deferred remuneration vested to the employees.

f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms

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

The board may declare general annual incentive, if the bank achieves its business target. However, employees who exceeds expected performance can get variable remuneration. All remuneration are paid in cash only.

A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees, a description the factors that determine the mix and their relative importance:

The most common forms of variable pay are bonuses and incentives. The contractual employees will not be considered for variable remuneration.

Quantitative Disclosures:

g) Meetings of main body overseeing remuneration and remuneration paid to its member during 2022

Amount in Million Tk.

Particulars	Number	Remuneration
Number of meetings held of Board of Directors	8	0.95

h) Variable remuneration, bonuses and other payments during 2022

Amount in Million Tk.

Particulars	Number	Amount
Employees having received a variable remuneration award (Profit Bonuses)	1	22.29
Guaranteed bonuses awarded (Festival Bonuses)	3	50.21
Sign-on awards made	-	-
Severance payments made (PF, GF, Leave Encashment)	PF 51 GF 31	36.65

i) Deferred remuneration in 2022

Amount in Million Tk.

Particulars	Amount
Total amount of outstanding deferred remuneration (PF, GF etc.):	
Cash	414.30
Shares	
Share-linked instruments & others	
Total amount of deferred remuneration paid out in 2022	36.65

j) Breakdown of amount of remuneration

Amount in Million Tk.

Particulars	Amount
Breakdown of amount of remuneration:	
Fixed (Salary & allowances)	680.76
Variable (Incentive Bonuses)	22.29
Deferred (PF, GF)	36.65
Non-deferred	-
Different forms used	
Cash	739.70
Shares	-
Share-linked instruments & others	-

k) Quantitative information about employee's exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. clawbacks or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:

Amount in Million Tk

Particulars	Amount
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments	-
Total amount of reduction during 2022 due to ex post explicit adjustments	-
Total amount of reduction during 2022 due to ex post implicit adjustments	-