

# Capital Adequacy & Financial Resilience Policy

Basel III Compliance & Prudential Standards

**CONFIDENTIALITY NOTICE**

This document contains sensitive capital planning information and strategic financial data. Distribution is restricted to Board members, CFO, CRO, and authorized treasury personnel only.

## 1. Objective

To ensure GDB maintains adequate capital and liquidity buffers to absorb financial shocks, sustain growth, and comply with prudential requirements under Basel III and relevant national frameworks.

## 2. Core Principles

- **Stability First:** Maintain capital and liquidity buffers above minimum regulatory thresholds
- **Transparency:** All capital ratios and stress test results disclosed to regulators annually
- **Proportionality:** Framework scaled according to the bank's operational risk and market exposure
- **Foresight:** Anticipate capital needs in line with growth and global expansion

## 3. Capital Structure

Tier	Description	Instruments
Tier 1 (Core Capital)	Equity, retained earnings, disclosed reserves	Paid-up equity capital, retained profits
Tier 2 (Supplementary Capital)	Revaluation reserves, subordinated debt	Long-term subordinated loans, hybrid instruments
Total Capital Ratio (Target)	≥ 12.5% of Risk Weighted Assets (Basel III compliant)	

## 4. Capital Planning

- Annual Internal Capital Adequacy Assessment Process (ICAAP) prepared by the CFO and CRO
- Stress testing for adverse scenarios (credit shocks, liquidity freeze, FX volatility)
- Capital replenishment plan approved by the Board and reviewed by regulators annually
- Quarterly capital adequacy reporting to ALCO and Board Risk Committee

## 5. Dividend Policy

- Payout ratio capped at 15% of post-tax profits until full regulatory capital targets achieved
- Dividends subject to board and regulatory approval
- Priority given to capital retention during growth phase
- Dividend suspension automatic if Tier 1 ratio falls below 10%

### Breach Protocol

Any capital ratio falling below regulatory minimums must be reported to the Board immediately. Capital restoration plan required within 48 hours and submitted to regulators within 5 business days.