



RASTRIYA BANIJYA BANK LTD.
SINGHADURBAR PLAZA, KATHMANDU, NEPAL

DISCLOSURE UNDER BASEL III CAPITAL ACCORD

FIRST QUARTER OF FY 2081-82 (2024-25) ENDING ON ASHWIN END, 2081

(AS PER CLAUSE 7.4 OF THE NEW CAPITAL ACCORD OF NEPAL RASTRA BANK)

1. CAPITAL ADEQUACY RATIO:

1.1. Capital Fund Ratio:

S.n.	Capital Adequacy Ratios	Ratio (%)
a	Common Equity Tier I (CET I) Capital Fund Ratio	10.51
b	Additional Tier I (AT I) Capital Fund Ratio	-
c	Total Core Capital Fund (Tier I) Ratio	10.51
d	Supplementary Capital Fund (Tier II) Ratio	2.06
Total Capital Fund to Total Risk Weighted Exposures		12.57

2. LEVERAGE RATIO

(Regulatory Requirement :> =4%)

Particulars	Amount NPR
Exposure Measure	523,303,587,687
1. On Balance Sheet Assets (Net of Specific Provision)	474,088,974,325
2. Repurchase Agreements and Securities Finance	-
3. Derivatives	-
4. Off Balance Sheet Exposure	49,214,613,362
Less: Regulatory Deductions from CET1 Capital (CAF 2.7 B.I.b)	1,278,683,839
Capital Measure	29,128,729,141
1. Common Equity Tier 1 Capital (After Regulatory Adjustment)	29,128,729,141
2. Additional Tier 1 Capital	-
Leverage Ratio in Percentage	5.58

3. COMPONENTS OF CAPITAL FUND:**3.1. Computation of Capital Fund as per prevailing format prescribed by Nepal Rastra Bank:****3.1.1. Core Capital (Tier 1) Fund and breakdown of its Components:**

S.n.	Common Equity Tier I (CET I) Capital Fund	Amount NPR	
		Ashwin 2081	Ashad 2081
a.	Paid up Equity Share Capital	15,637,377,055	15,637,377,055
b.	Equity Share Premium	-	-
c.	Proposed Bonus Equity Shares	-	-
d.	Statutory General Reserves	12,027,426,158	11,997,165,572
e.	Retained Earnings	224,664,116	582,196,268
f.	Un-audited current year cumulative profit/(loss)	-	-
g.	Capital Redemption Reserves	2,031,250,000	1,875,000,000
h.	Capital Adjustment Reserves	481,195,653	481,195,653
i.	Dividend Equalization Reserves	-	-
j.	Other free Reserves	5,500,000	5,500,000
k.	Less: Goodwill	-	-
l.	Less: Intangible Assets	27,169,177	31,922,309
m.	Less: Deferred Tax Assets	-	-
n.	Less: Fictitious Assets	-	-
o.	Less: Investment in equity of Licensed Financial Institutions	-	-
p.	Less: Investment in equity of institutions with Financial Interests	1,230,251,663	1,230,251,663
q.	Less: Investment in equity of institutions in excess of the limits	-	-
r.	Less: Investments arising out of Underwriting Commitments	-	-
s.	Less: Reciprocal crossholdings	-	-
t.	Less: Purchase of Land and Buildings in excess of limit and unutilized	21,263,000	21,263,000
u.	Less: Cash Flow Hedge	-	-
v.	Less: Defined Benefit Pension Assets	-	-
w.	Less: Unrecognized Defined Benefit Pension Liabilities	-	-
x.	Less: Other Deductions	-	-
	Adjustment under Pillar II		-
	Less: Shortfall in Provision (6.4a 1)	-	-
	Less: Loans and Facilities extended to Related Parties and Restricted Lending (6.4a 2)	-	-
Total Common Equity Tier I (CET I) Capital Fund		29,128,729,142	29,294,997,576

3.1.2. Additional Tier I Capital Fund and breakdown of its Components:

S.n.	Additional Tier I (AT) Capital Fund	Amount NPR	
		Ashwin 2081	Ashad 2081
a.	Perpetual Non-cumulative Preference Share Capital	-	-
b.	Perpetual Debt Instruments	-	-
c.	Stock Premium	-	-
Total Additional Tier I (AT I) Capital Fund		-	-

3.1.3. Supplementary (Tier 2) Capital and breakdown of its Components:

S.n.	Supplementary (Tier II) Capital Fund	Amount NPR	
		Ashwin 2081	Ashad 2081
a.	Cumulative and/or Redeemable Preference Shares	-	-
b.	Sub-ordinated Term Debt	1,500,000,000	1,500,000,000
c.	Hybrid Capital Instruments	-	-
d.	Stock Premium	-	-
e.	General Loan Loss Provision	3,134,252,811	3,192,356,085
f.	Exchange Equalization Reserve	123,333,441	122,475,132
g.	Investment Adjustment Reserve	25,791,200	25,791,200
h.	Accrued Interest Receivable on pass loan included in Regulatory Reserve	892,425,746	-
i.	Interest Capitalized Reserve included in Regulatory Reserve	-	-
j.	Other Reserves	45,111,656	45,111,656
Total Supplementary (Tier II) Capital Fund		5,752,009,830	4,885,734,071

3.1.4. Total Capital Fund:

S.n.	Capital Funds	Amount NPR
a.	Common Equity Tier I Capital Fund (CET I)	29,128,729,142
b.	Additional Tier I Capital Fund (AT I)	-
	Total Core Capital Fund (Tier I)	29,128,729,141
c.	Supplementary Capital Fund (Tier II)	5,720,914,852
Total Capital Fund (Tier I + Tier II)		34,849,643,993

3.1.5. Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, and amount raised during the year and amount eligible to be reckoned as capital funds:

The Bank has issued debenture worth Rs. 2.50 billion named “8.5% RBBL Debenture, 2083” with maturity of 6 years. The amount eligible to be reckoned as capital funds is Rs. 1.50 billion.

3.1.6. Deductions from Capital:

The bank has deducted the following items in the calculation of Tier 1 Capital Fund:

Particulars	Amount NPR
1. Intangible Assets (Net Value)	27,169,176.67
2. Purchase of Land and Building in Excess of Limit and unutilized	21,263,000.00
3. Investment in equity of institutions with Financial Interests	1,230,251,662.60
- RBB Merchant Banking Ltd	200,000,000.00
- Nepal Digital payment company	151,111,100.00
- National Life Insurance Co. Ltd.	115,584,729.97
- NECO Insurance Ltd.	215,888,082.79
- Nepal Stock Exchange	346,722,549.84
- Balaju Yentrasala Pvt Ltd	945,200.00
- RBB Securities Company Limited	200,000,000.00
Total deduction from Capital	1,278,683,839.27

3.2. Total qualifying capital fund: NPR. 34,849,643,993

4. Risk Weighted Exposures for Credit Risk, Operational Risk and Market Risk:

S.n.	Risk Weighted Exposures	Amount NPR	
		Ashwin 2081	Ashad 2081
a.	Credit Risk	250,740,224,852	255,388,486,821
b.	Operational Risk	16,376,711,816	15,443,798,903
c.	Market Risk	470,112,035	393,560,754
	Adjustment under Pillar II		
	Add: 4% of Gross total Income of Previous Financial Year for Inadequate Operational Risk Management Process (6.4a 7)	4,281,935,400	4,824,385,319
	Add: 2 % of the total Risk Weighted Exposures for unsatisfactory overall risk management policies and procedures (6.4a 9)	5,351,740,974	10,849,033,859
	Total Risk Weighted Exposures (After Banks adjustment of Pillar II)	277,220,725,077	286,899,265,656

5. Risk Weighted Exposures under each of 11 Categories of Credit Risk:

S.n.	Particulars	Amount NPR	
		Ashwin 2081	Ashad 2081
1	Claims on govt. and central bank	-	-
2	Claims on other official entities	13,258,000	13,258,000
3	Claims on banks	4,309,982,149	16,047,165,066
4	Claims on corporate and securities firm	81,148,120,964	83,021,976,099
5	Claims on regulatory retail portfolio	73,824,394,307	68,907,009,025
6	Claims secured by residential properties	13,595,211,653	13,686,660,216
7	Claims secured by commercial real state	19,053,516	19,113,223
8	Past due claims	10,035,323,339	7,619,799,060
9	High risk claims	15,588,237,643	16,844,025,599
10	Other assets	34,716,292,498	31,727,614,315
11	Off Balance sheet items	17,490,350,782	17,501,866,217
Total		250,740,224,852	255,388,486,821

6. Credit Risk Exposure Calculation Table:

Particulars	2081 Ashwin end					
	Book Value	Specific Provision	Eligible CRM	Net Amount	Risk Weight	Risk Weighted Exposures
On Balance Sheet Transactions	(a)	(b)	(c)	(d)= (a) - (b) - (c)	(e)	(f) = (d)*(e)
Cash Balance	7,861,867,759	-	-	7,861,867,759	0%	-
Balance with Nepal Rastra Bank (NRB)	35,439,803,729	-	-	35,439,803,729	0%	-
Gold	-	-	-	-	0%	-
Investments in Nepalese Government Securities	84,458,438,872	-	-	84,458,438,872	0%	-
All Claims on Government of Nepal	1,082,924,554	-	-	1,082,924,554	0%	-
Investments in Nepal Rastra Bank Securities	-	-	-	-	0%	-
All Claims on Nepal Rastra Bank	42,006,904,110	-	-	42,006,904,110	0%	-
Claims on Foreign Government and Central Banks (ECA rating 0-1)	-	-	-	-	0%	-
Claims on Foreign Government and Central Banks (ECA rating 2)	-	-	-	-	20%	-
Claims on Foreign Government and Central Banks (ECA rating 3)	-	-	-	-	50%	-
Claims on Foreign Government and Central Banks (ECA rating 4 - 6)	-	-	-	-	100%	-
Claims on Foreign Government and Central Banks (ECA rating 7)	-	-	-	-	150%	-
Claims on BIS, IMF, ECB, EC and on Multilateral Development Banks (MDBs) recognized by framework	-	-	-	-	0%	-
Claims on other Multilateral development bank	-	-	-	-	100%	-
Claim on Domestic Public sector Entities	28,241,275	14,983,275	-	13,258,000	100%	13,258,000
Claims on Public Sector Entities (ECA rating 0-1)	-	-	-	-	20%	-
Claims on Public Sector Entities (ECA rating 2)	-	-	-	-	50%	-
Claims on Public Sector Entities (ECA rating 3-6)	-	-	-	-	100%	-
Claims on Public Sector Entities (ECA rating 7)	-	-	-	-	150%	-
Claims on Domestic Banks that meet Capital Adequacy Requirements	20,226,934,718	-	-	20,226,934,718	20%	4,045,386,944

Capital Adequacy Report as per NRB Directives

First Quarter of F/Y 2081-82(2024-25)

Claims on Domestic Banks that do not meet Capital Adequacy Requirements	-	-	-	-	100%	-
Claims on Foreign Banks (ECA rating 0-1)	1,322,976,028	-	-	1,322,976,028	20%	264,595,206
Claims on Foreign Banks (ECA rating 2)	-	-	-	-	50%	-
Claims on Foreign Banks (ECA rating 3- 6)	-	-	-	-	100%	-
Claims on Foreign Banks (ECA rating 7)	-	-	-	-	150%	-
Claims on Foreign Banks established in SAARC Region with buffer capital of 1% above their respective regulatory capital requirement	-	-	-	-	20%	-
Claims on Domestic Corporates (Credit rating score equivalent to AAA)	-	-	-	-	50%	-
Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)	-	-	-	-	70%	-
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)	-	-	-	-	80%	-
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)	-	-	-	-	100%	-
Claims on Domestic Corporates (Unrated)	81,148,120,964	-	-	81,148,120,964	100%	81,148,120,964
Claims on Foreign Corporates (ECA rating 0-1)	-	-	-	-	20%	-
Claims on Foreign Corporates (ECA rating 2)	-	-	-	-	50%	-
Claims on Foreign Corporates (ECA rating 3 -6)	-	-	-	-	100%	-
Claims on Foreign Corporates (ECA rating 7)	-	-	-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)	120,566,810,122	-	22,134,284,379	98,432,525,743	75%	73,824,394,307
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-
Claims Secured by Residential Properties	22,370,800,112	-	-	22,370,800,112	60%	13,422,480,067
Claims not fully Secured by Residential Properties	-	-	-	-	150%	-
Claims Secured by Residential Properties (Overdue)	384,026,361	211,294,774	-	172,731,587	100%	172,731,587
Claims Secured by Commercial Real Estate	19,053,516	-	-	19,053,516	100%	19,053,516
Past due Claim (Except for claims secured by Residential Properties)	14,044,997,305	7,022,218,677	332,563,069	6,690,215,559	150%	10,035,323,339
High Risk Claims	10,395,711,429	-	3,553,000	10,392,158,429	150%	15,588,237,643
Lending against shares (above Rs. 5 million)	3,603,603,713	-	-	3,603,603,713	125%	4,504,504,641
Lending against securities (bonds)	-	-	-	-	100%	-

Capital Adequacy Report as per NRB Directives

First Quarter of F/Y 2081-82(2024-25)

Lending against shares (up to Rs. 5 million)	487,445,924	-	-	487,445,924	100%	487,445,924
Trust Receipt Loans for Trading Firms	823,654,514	-	-	823,654,514	120%	988,385,417
Real Estate loans for land acquisition and development (For institutions/projects registered/licensed and approved by Government of Nepal for land acquisition and development purposes)	-	-	-	-	100%	-
Personal Hire Purchase/Personal Auto Loans	2,561,946,122	-	-	2,561,946,122	100%	2,561,946,122
Investments in equity and other capital instruments of institutions listed in Stock Exchange	2,434,604,445	-	-	2,434,604,445	100%	2,434,604,445
Investments in equity and other capital instruments of institutions not listed in Stock Exchange	79,840,185	-	-	79,840,185	150%	119,760,277
Staff Loans secured by residential properties	7,604,985,187	-	-	7,604,985,187	50%	3,802,492,593
Interest Receivable/Claims on Government securities	1,206,441,910	-	-	1,206,441,910	0%	-
Cash in transit and Other cash items in the process of collection	104,239,793	2,363,192	-	101,876,602	20%	20,375,320
Other Assets (as per attachments)	46,826,819,731	27,030,041,973	-	19,796,777,758	100%	19,796,777,758
Total	507,091,192,377	34,280,901,891	22,470,400,448	450,339,890,038		233,249,874,070

Particulars	2081 Ashwin end					
	Book Value	Specific Provision	Eligible CRM	Net Amount	Risk Weight	Risk Weighted Exposures
Off Balance Sheet Transactions	(a)	(b)	(c)	(d)= (a)-(b)-(c)	(e)	(f) = (d)*(e)
Revocable Commitments	-	-	-	-	0%	-
Bills Under Collection	-	-	-	-	0%	-
Forward Exchange Contract Liabilities	-	-	-	-	10%	-
LC Commitments with Original Maturity Up to 6 months - Domestic counterparty	3,251,067,361	-	-	3,251,067,361	20%	650,213,472
-Foreign Counterparty (ECA 0-1)	-	-	-	-	20%	-
-Foreign Counterparty (ECA 2)	-	-	-	-	50%	-
-Foreign Counterparty (ECA 3 -6)	-	-	-	-	100%	-
-Foreign Counterparty (ECA 7)	-	-	-	-	150%	-

Capital Adequacy Report as per NRB Directives

First Quarter of F/Y 2081-82(2024-25)

LC Commitments with Original Maturity Over 6 months- Domestic counterparty	211,067,978	-	839,603,839	-	50%	-
-Foreign Counterparty (ECA 0-1)	-	-	-	-	20%	-
-Foreign Counterparty (ECA 2)	-	-	-	-	50%	-
-Foreign Counterparty (ECA 3 -6)	-	-	-	-	100%	-
-Foreign Counterparty (ECA 7)	-	-	-	-	150%	-
Bid Bod, Performance Bond and Counter Guarantee- Domestic Counterparty	10,914,633,545	-	405,160,495	10,509,473,050	40%	4,203,789,220
-Foreign Counterparty (ECA 0-1)	-	-	-	-	20%	-
-Foreign Counterparty (ECA 2)	-	-	-	-	50%	-
-Foreign Counterparty (ECA 3 -6)	-	-	-	-	100%	-
-Foreign Counterparty (ECA 7)	-	-	-	-	150%	-
Underwriting Commitments	-	-	-	-	50%	-
Lending of Banks Securities or Posting of Securities as Collateral	-	-	-	-	100%	-
Repurchase agreements, assets sale with recourse	-	-	-	-	100%	-
Advance Payment Guarantee	867,112,574	-	-	867,112,574	100%	867,112,574
Financial Guarantee	2,328,632,074	-	-	2,328,632,074	100%	2,328,632,074
Acceptances and Endorsements	-	-	-	-	100%	-
Unpaid Portion of Partly paid shares and securities	-	-	-	-	100%	-
Irrevocable Credit Commitments (short term)	27,751,870,485	-	-	27,751,870,485	20%	5,550,374,097
Irrevocable Credit Commitments (long term)	-	-	-	-	50%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	20%	-
Other Contingent Liabilities	3,890,229,345	-	-	3,890,229,345	100%	3,890,229,345
Unpaid Guarantee Claims	-	-	-	-	200%	-
Total	49,214,613,362	-	1,244,764,334	48,598,384,889		17,490,350,782

7. Details of Non-Performing Assets (NPA):**7.1 Amount of NPA (both Gross and Net):**

Particulars	Gross Amount	Loss Provision	Net Amount
Restructured Loan	422,027,881	52,753,485	369,274,396
Substandard loan	3,174,465,702	786,327,270	2,388,138,431
Doubtful Loan	2,298,697,551	1,131,623,140	1,167,074,411
Loss Loan	5,467,074,507	5,262,809,556	204,264,951
Total	11,362,265,641	7,233,513,452	4,128,752,190

7.2 NPA Ratios:

NPA Ratios	Ratio (%)
Gross NPA to Gross Advances	4.23%
Net NPA to Net Advances	1.60%

8. Movement of Loans and Advances:

Classification of Loan		Ashwin 2081	Ashad 2080	Changes
		Gross	Gross	
A	Pass Loan	257,284,884,607	252,229,701,281	
	Good loan	233,744,245,350	236,343,577,366	(2,599,332,016)
	Watch List	23,540,639,257	15,886,123,915	7,654,515,342
B	NPA	11,362,265,641	9,564,242,099	
	Restructure/Reschedule Loan	422,027,881	422,027,881	-
	Substandard loan	3,174,465,702	2,034,807,166	1,139,658,536
	Doubtful Loan	2,298,697,551	2,073,653,385	225,044,166
	Loss Loan	5,467,074,507	5,033,753,667	433,320,840
	Total	268,647,150,249	261,793,943,380	6,853,206,869

9. Write off of Loans & Interest Suspense:

Bank has not written off any loan during this quarter.

10. Movements in Loan Loss Provisions and Interest Suspense:

Loan Loss Provision as on end of this quarter is NPR 11,057,559,455 and has increased by NPR 743,831,880 as compared to previous quarter. Similarly, interest suspense as on end of this quarter is NPR 8,169,266,188 and has increased by NPR 922,612,131 as compared to previous quarter.

Particulars	Ashwin 2081	Ashad 2081	Changes
Total Loan Loss provision	11,057,559,455	10,313,727,575	743,831,880
Interest Suspense	9,169,266,188	8,246,654,057	922,612,131

11. Segregation of investment portfolio into Held for trading, Held to maturity and Available for sale category:

All the investments are classified as held to maturity category except shares and debentures in Financial Institutions and organized bodies which are categorized as available for sale.

12. Summary of terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments:

The Bank has issued “8.5% RBBL Debenture 2083” with an issue size of NPR 2.50 billion on 25 Jestha 2078 maturing in 6 years.

13. Internal Capital Adequacy Assessment Process (ICAAP) Policy:

Bank has formulated ICAAP Policy, 2015 in compliance to Nepal Rastra Bank’s Internal Capital Adequacy Assessment Process (ICAAP) Guidelines 2012 (updated 2013), in order to provide a framework for ensuring setting up of systematic Internal Capital Adequacy Assessment Process of the Bank. The Bank firmly believes that capital of the bank is a cushion that protects the depositors and other stakeholders in case of any adverse eventuality. The capital of the bank should be linked to the level of risk of loss that the bank faces. Thus, capital buffers should be placed for all the material risks rather than mere Credit, Market and Operational risk as specified by the Pillar -1 of the Capital Adequacy Framework under the Basel III norms. RBBL hopes that the “ICAAP Policy 2015” will lay a foundation stone in measurement and monitoring of Economic Capital of

the bank. Besides, the bank is committed to ensure that sufficient capital is always maintained to cover up for the risk of losses arising from all the material risks.

Major areas of coverage of ICAAP Policy of the Bank are Board and Senior Management Oversight, Sound Capital Assessment, Comprehensive assessment of risks, Stress Testing, Monitoring and Reporting and Internal Control and Review.

14. Risk Management System:

The Bank is fully owned by the Government of Nepal. The Capitalization Plan of the bank has been successfully implemented increasing its capital base. The Board of Directors and the Management of the Bank are responsible for implementing and strengthening Risk Management Systems.

Credit Risk Management System:

- Risk Management Committee, Central Credit Committee chaired by CEO, DGM level Credit Committee, Credit Committee at Department level, Regional Office Credit Committee, Branch Office Credit Committee and Credit Chief are responsible at different level to identify and implement tools to mitigate credit risk.

- Credit is approved, disbursed, monitored and reviewed following credit approval, disbursement, monitoring and review procedures described in the "Credit Manual 2060"(as amended 2014) and internal circular issued by the management from time to time.
- Risk Management Committee and Loan Recovery and Debt Restructuring Committee are responsible to identify large and problematic loans and to recovery write off of such loan.
- Credit concentration is monitored periodically and the bank bears a highly diverse credit portfolio with large number of borrowers.
- The responsibility for review of investment on half yearly basis has been vested to Internal Audit Department by the Treasury and Investment Manual of the Bank. The investment review report is submitted to Nepal Rastra Bank and Treasury Department by the Internal Audit Department on half yearly basis.

Market Risk Management Systems:

The Bank uses the liquidity table and gap analysis for management of market risk. The Bank has its own Investment and Treasury Operations Manual as a guiding document for the management of market risk. Assets and Liabilities Committee (ALCO) has been established to review the interest rate exposures at periodic intervals and suggest corrective measures to the management. The ALCO also reviews liquidity risk on monthly basis.

Operational Risk Management System:

Different aspects of operational risks are addressed by in various policies, manuals, circulars and instructions of the Bank. The following policies, procedures and guidelines are implemented by the Bank, which contains relative controls to address different aspects of risks associated with the operations:

- Functional Organizational Structure
- Branch Operation Manual 2064 (as updated 2077)
- Investment and Treasury Operations Manual, 2014
- Credit Manual 2077
- Collateral Security Valuation Directives 2064
- Accounting Manual 2061
- Financial Administration By-Rules 2068
- RBBL Loan Write Off Bylaws 2075
- Budget Manual 2060
- Audit Manual 2060
- Agricultural Loan Policy and Manual 2069
- Loan Recovery Directives 2071
- Employee Service Byrule 2070
- Departmental Operating Instructions and manual for various departments
- Information and Communication Technology (ICT) Policy and Guidelines-2021
- ICAAP Policy, 2015
- Risk Management Policy Guideline 2016

Branch Operation Department

This department is responsible to oversee the overall functioning of the bank branches. A separate Legal Department headed by a legal office, as also by professional lawyers on retainer basis whose services are available on call and as and when required is in place to minimize the legal risk.

Internal Control Systems

The effectiveness of the internal control system of the bank is reviewed regularly by the Board, its Committees, Management Committee, and Internal Audit Department. In conformity with the NRB directives, the bank has constituted a three member- Audit Committee consisting of two Non-Executive Directors. The committee reviews periodic reports and investigation reports submitted by the Internal Audit Department and Regional Audit Units and give suggestions /directions to the management as required. The Internal Audit Department monitors compliance with policies and standards and the effectiveness of internal control system throughout the organization.

***** THE END*****