



# RASTRIYA BANIJYA BANK LTD.

SINGHADURBAR PLAZA, KATHMANDU, NEPAL

## DISCLOSURE UNDER BASEL III CAPITAL ACCORD

FOURTH QUARTER OF FY 2081-82 (2024-25) ENDING ON ASHAD END, 2082

(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	Ashad 2082	Chaitra 2081
a	Common Equity Tier I (CET I) Capital Fund Ratio	9.46	9.23
b	Additional Tier I (AT I) Capital Fund Ratio	-	-
c	<b>Total Core Capital Fund (Tier I) Ratio</b>	<b>9.46</b>	<b>9.23</b>
d	Supplementary Capital Fund (Tier II) Ratio	2.38	1.78
<b>Total Capital Fund to Total Risk Weighted Exposures</b>		<b>11.84</b>	<b>11.01</b>

### 2. LEVERAGE RATIO

(Regulatory Requirement  $\geq 4\%$ )

Particulars	Ashad 2082	Chaitra 2081
<b>Exposure Measure</b>	<b>612,791,562,556</b>	<b>556,964,406,053</b>
1. On Balance Sheet Assets (Net of Specific Provision)	560,250,863,218	507,160,220,984
2. Repurchase Agreements and Securities Finance	-	-
3. Derivatives	-	-
4. Off Balance Sheet Exposure	53,536,492,404	50,772,161,895
Less: Regulatory Deductions from CET1 Capital (CAF 2.7 B.I.b)	995,793,066	967,976,826
<b>Capital Measure</b>	<b>30,036,824,875</b>	<b>28,079,728,778</b>
1. Common Equity Tier 1 Capital ( After Regulatory Adjustment)	30,036,824,875	28,079,728,778
2. Additional Tier 1 Capital	-	-
<b>Leverage Ratio in Percentage</b>	<b>4.90</b>	<b>5.04</b>

**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	
		Ashad 2082	Chaitra 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	12,605,048,964	12,068,890,722
e.	Retained Earnings	303,496,269	(1,020,257,826)
f.	Un-audited current year cumulative profit/(loss)	-	-
g.	Capital Redemption Reserves	-	-
h.	Capital Adjustment Reserves	481,195,653	481,195,653
i.	Debenture Redemption Reserve	2,000,000,000	1,875,000,000
j.	Dividend Equalization Reserves	-	-
k.	Bargain Purchase Gain	-	-
l.	Other free Reserves	5,500,000	5,500,000
m.	Less: Goodwill	-	-
n.	Less: Intangible Assets	53,025,109	25,208,867
o.	Less: Fictitious Assets	-	-
p.	Less: Investment in equity of Licensed Financial Institutions	-	-
q.	Less: Investment in equity of institutions with Financial Interests	921,504,957	921,504,957
r.	Less: Investment in equity of institutions in excess of the limits	-	-
s.	Less: Investments arising out of Underwriting Commitments	-	-
t.	Less: Reciprocal crossholdings	-	-
u.	Less: Purchase of Land and Buildings in excess of limit and unutilized	21,263,000	21,263,000
v.	Less: Cash Flow Hedge	-	-
w.	Less: Defined Benefit Pension Assets	-	-
x.	Less: Unrecognized Defined Benefit Pension Liabilities	-	-
y.	Less: Negative Balances of reserve accounts	-	-
z.	Less: Other Deductions	-	-
	<b>Adjustment under Pillar II</b>		
	Less: Shortfall in Provision (6.4a 1)	-	-
	Less: Loans and Facilities extended to Related Parties and Restricted Lending (6.4a 2)	-	-
<b>Total Common Equity Tier I (CET I) Capital Fund</b>		<b>30,036,824,875</b>	<b>28,079,728,778</b>

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

S.n.	Additional Tier I (AT) Capital Fund	Amount NPR	
		Ashad 2082	Chaitra 2081
a.	Perpetual Non-cumulative Preference Share Capital	-	-
b.	Perpetual Debt Instruments	-	-
c.	Stock Premium	-	-
<b>Total Additional Tier I (AT I) Capital Fund</b>		<b>-</b>	<b>-</b>

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

S.n.	Supplementary (Tier II) Capital Fund	Amount NPR	
		Ashad 2082	Chaitra 2081
a.	Cumulative and/or Redeemable Preference Shares	-	-
b.	Sub-ordinated Term Debt	3,000,000,000	1,000,000,000
c.	Hybrid Capital Instruments	-	-
d.	Stock Premium	-	-
e.	General Loan Loss Provision	3,596,461,387	3,431,233,618
f.	Exchange Equalization Reserve	133,329,193	132,726,383
g.	Investment Adjustment Reserve	39,846,000	15,791,200
h.	Accrued Interest Receivable on pass loan included in Regulatory Reserve	379,436,779	432,032,112
i.	Interest Capitalized Reserve included in Regulatory Reserve	390,779,815	359,867,121
j.	Other Reserves	45,111,656	45,111,656
<b>Total Supplementary (Tier II) Capital Fund</b>		<b>7,584,964,830</b>	<b>5,416,762,089</b>

**3.1.4. Total Capital Fund:**

S.n.	Capital Funds	Ashad 2082	Chaitra 2081
a.	Common Equity Tier I Capital Fund (CET I)	30,036,824,875	28,079,728,778
b.	Additional Tier I Capital Fund (AT I)	-	-
	<b>Total Core Capital Fund (Tier I)</b>	<b>30,036,824,875</b>	<b>28,079,728,778</b>
c.	Supplementary Capital Fund (Tier II)	7,584,964,830	5,416,762,089
<b>Total Capital Fund (Tier I + Tier II)</b>		<b>37,621,789,705</b>	<b>33,496,490,867</b>

### 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. 1,000 million.

### 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)	53,025,109
2. Purchase of Land and Building in Excess of Limit and unutilized	21,263,000
3. Investment in equity of institutions with Financial Interests	921,504,957
- RBB Merchant Banking Ltd	200,000,000
- Nepal Digital payment company	151,111,100
- National Life Insurance Co. Ltd.	115,584,730
- NECO Insurance Ltd.	215,888,083
- Nepal Stock Exchange	37,975,845
- Balaju Yentrasala Pvt Ltd	945,200
- RBB Securities Company Limited	200,000,000
<b>Total deduction from Capital</b>	<b>995,793,066</b>

**3.2. Total qualifying capital fund: NPR. 33,496,490,867**

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

S.n.	Risk Weighted Exposures	Amount NPR	
		Chaitra 2081	Poush 2081
a.	Credit Risk	287,716,911,050	274,498,689,491
b.	Operational Risk	16,271,414,078	16,271,414,078
c.	Market Risk	346,269,081	608,591,137
	Adjustment under Pillar II		
	Add: 4% of Gross total Income of Previous Financial Year for Inadequate Operational Risk Management Process (6.4a 7)	4,197,712,551	4,197,712,551
	Add: 3 % of the total Risk Weighted Exposures for unsatisfactory overall risk management policies and procedures (6.4a 9)	9,130,037,826	8,741,360,841
<b>Total Risk Weighted Exposures (After Banks adjustment of Pillar II)</b>		<b>317,662,344,586</b>	<b>304,317,768,098</b>

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

S.n.	Particulars	Amount NPR	
		Chaitra 2081	Poush 2081
1	Claims on govt. and central bank	-	-
2	Claims on other official entities	534,905,640	804,120,038
3	Claims on banks	5,492,852,675	5,872,115,915
4	Claims on corporate and securities firm	99,920,869,338	96,570,026,083
5	Claims on regulatory retail portfolio	76,585,465,667	73,205,101,959
6	Claims secured by residential properties	18,222,485,787	17,133,626,662
7	Claims secured by commercial real state	4,352,249,277	4,263,003,278
8	Past due claims	4,177,434,797	6,294,590,210
9	High risk claims	15,188,183,392	13,157,964,175
10	Other assets	42,540,050,117	37,489,226,096
11	Off Balance sheet items	20,702,414,360	19,708,915,075
Total		287,716,911,050	274,498,689,491

**6. Credit Risk Exposure Calculation Table:**

Particulars	2082 Ashad 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	7,561,499,872	-	-	7,561,499,872	0%	-
Balance with Nepal Rastra Bank (NRB)	56,906,901,268	-	-	56,906,901,268	0%	-
Gold	48,699	-	-	48,699	0%	-
Investments in Nepalese Government Securities	91,165,266,047	-	-	91,165,266,047	0%	-
All Claims on Government of Nepal	745,381,339	-	-	745,381,339	0%	-
Investments in Nepal Rastra Bank Securities	-	-	-	-	0%	-
All Claims on Nepal Rastra Bank	50,038,756,164	-	-	50,038,756,164	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	549,888,915	14,983,275	-	534,905,640	100%	534,905,640
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%	-

*Capital Adequacy Report as per NRB Directives**Fourth Quarter of F/Y 2081/82(2024/25)*

Claims on Domestic Banks that meet Capital Adequacy Requirements	27,464,263,373	-	-	27,464,263,373	20%	5,492,852,675
Claims on Domestic Banks that do not meet Capital Adequacy Requirements	-	-	-	-	100%	-
Claims on Foreign Banks ( ECA rating 0-1 )	-	-	-	-	20%	-
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)	99,960,869,338	-	40,000,000	99,920,869,338	100%	99,920,869,338
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 )	130,599,833,491	-	28,485,879,268	102,113,954,222	75%	76,585,465,667
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-
Claims Secured by Residential Properties	30,122,111,165	-	-	30,122,111,165	60%	18,073,266,699
Claims not fully Secured by Residential Properties	-	-	-	-	150%	-
Claims Secured by Residential Properties ( Overdue)	338,131,288	188,912,200	-	149,219,088	100%	149,219,088
Claims Secured by Commercial Real Estate	4,352,249,277	-	-	4,352,249,277	100%	4,352,249,277
Past due Claim (Except for claims secured by Residential Properties)	10,762,741,047	7,868,762,350	109,022,166	2,784,956,531	150%	4,177,434,797

**Capital Adequacy Report as per NRB Directives**

**Fourth Quarter of F/Y 2081/82(2024/25)**

High Risk Claims	10,196,788,942	-	71,333,347	10,125,455,595	150%	15,188,183,392
Lending against securities (bonds)	-	-	-	-	100%	-
Lending against Shares	6,143,410,453	-	-	6,143,410,453	100%	6,143,410,453
Trust Receipt Loans for Trading Firms	1,065,818,299	-	-	1,065,818,299	120%	1,278,981,958
Real Estate loans for land acquisition and development (For institutions/projects registred/licensed and approved by Government of Nepal for land acquisition and development purposes)	-	-	-	-	100%	-
Personal Hire Purchase/Personal Auto Loans	4,560,949,915	-	-	4,560,949,915	100%	4,560,949,915
Investments in equity and other capital instruments of institutions <b>listed</b> in Stock Exchange	2,475,634,847	-	-	2,475,634,847	100%	2,475,634,847
Investments in equity and other capital instruments of institutions <b>not listed</b> in Stock Exchange	91,156,683	-	-	91,156,683	150%	136,735,025
Staff Loans secured by residential properties	6,330,186,997	-	-	6,330,186,997	50%	3,165,093,498
Interest Receivable/Claims on Government securities	1,107,906,280	-	-	1,107,906,280	0%	-
Cash in transit and Other cash items in the process of collection	13,225,514	2,363,192	-	10,862,323	20%	2,172,465
Other Assets (as per attachments)	51,813,383,076	27,036,311,120	-	24,777,071,955	100%	24,777,071,955
<b>Total</b>	<b>594,366,402,288</b>	<b>35,111,332,137</b>	<b>28,706,234,781</b>	<b>530,548,835,370</b>		<b>267,014,496,689</b>

Particulars	2082 Ashad end					
	Book Value	Specific Provision	Eligible CRM	Net Amount	Risk Weight	Risk Weighted Exposures
<b>Off Balance Sheet Transactions</b>	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)= (a)-(b)-(c)</b>	<b>(e)</b>	<b>(f) = (d)*(e)</b>
Revocable Commitments	-	-	-	-	0%	-
Bills Under Collection	-	-	-	-	0%	-
Forward Exchange Contract Liabilities	-	-	-	-	10%	-
LC Commitments with Original Maturity <b>Upto 6 months</b> - Domestic counterparty	1,279,519,471	-	761,832,071	517,687,400	20%	103,537,480



**Capital Adequacy Report as per NRB Directives**

**Fourth Quarter of F/Y 2081/82(2024/25)**

-Foreign Counterparty ( ECA 0-1 )	-	-	-	-	20%	-
-Foreign Counterparty ( ECA 2 )	-	-	-	-	50%	-
-Foreign Counterparty ( ECA 3 -6 )	-	-	-	-	100%	-
-Foreign Counterparty ( ECA 7 )	-	-	-	-	150%	-
LC Commitments with Original Maturity <b>Over 6 months</b> - Domestic counterparty	619,229,314	-	-	619,229,314	50%	309,614,657
-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	13,151,416,821	-	467,712,080	12,683,704,741	40%	5,073,481,897
-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	1,650,717,550	-	-	1,650,717,550	100%	1,650,717,550
Financial Guarantee	3,106,733,500	-	-	3,106,733,500	100%	3,106,733,500
Acceptances and Endorsements	-	-	-	-	100%	-
Unpaid Portion of Partly paid shares and securities	-	-	-	-	100%	-
Irrevocable Credit Commitments ( short term )	29,088,183,088	-	-	29,088,183,088	20%	5,817,636,618
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	4,640,692,661	-	-	4,640,692,661	100%	4,640,692,661
Unpaid Guarantee Claims	-	-	-	-	200%	-
<b>Total</b>	<b>53,536,492,404</b>	<b>-</b>	<b>1,229,544,151</b>	<b>52,306,948,253</b>		<b>20,702,414,361</b>

**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	3,165,443	395,680	2,769,762
Substandard loan	1,798,584,413	463,072,448	1,335,511,965
Doubtful Loan	2,948,052,604	1,466,684,632	1,481,367,971
Loss Loan	6,351,069,876	6,127,521,789	223,548,087
<b>Total</b>	<b>11,100,872,335</b>	<b>8,057,674,550</b>	<b>3,043,197,785</b>

**7.2 NPA Ratios:**

NPA Ratios	Ashad 2082	Chaitra 2081
Gross NPA to Gross Advances	3.59%	4.69%
Net NPA to Net Advances	1.03%	1.60%

**8. Movement of Loans and Advances:**

Classification of Loan		Ashad 2082	Chaitra 2081	Changes
		Gross	Gross	
<b>A</b>	<b>Pass Loan</b>	<b>297,802,641,068</b>	<b>283,135,390,769</b>	<b>14,667,250,299</b>
	Good loan	275,194,814,373	251,731,199,031	23,463,615,342
	Watch List	22,607,826,695	31,404,191,738	(8,796,365,043)
<b>B</b>	<b>NPA</b>	<b>11,100,872,335</b>	<b>13,945,169,178</b>	<b>(2,844,296,843)</b>
	Restructure/Reschedule Loan	3,165,443	383,009,233	(379,843,790)
	Substandard loan	1,798,584,413	2,958,039,123	(1,159,454,710)
	Doubtful Loan	2,948,052,604	3,546,881,866	(598,829,262)
	Loss Loan	6,351,069,876	7,057,238,956	(706,169,080)
<b>Total</b>		<b>308,903,513,404</b>	<b>297,080,559,947</b>	<b>11,822,953,457</b>

**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 13,802,384,671 and has increased by NPR 1,030,941,838 as compared to previous quarter. Similarly, interest suspense as on end of this quarter is NPR 2,494,423,132 and has increased by NPR 2,104,658,511 as compared to previous quarter.

Particulars	Ashad 2082	Chaitra 2081	Changes
Loan Loss Provision	12,242,092,099	13,802,384,671	(1,560,292,572)
Interest Suspense	8,651,176,361	8,668,128,907	(16,952,546)

### 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:

Particulars	Face Value	Remaining YTM	Eligible Tier II Capital	Capital Redemption Reserve
8.5% RBBL Debenture 2083 with 6 years tenure	2,500,000,000	2	500,000,000	2,000,000,000
7% RBBL Debenture 2088 with 7 years tenure	2,500,000,000	7	2,500,000,000	-
<b>Total</b>	<b>5,000,000,000</b>		<b>3,000,000,000</b>	<b>2,000,000,000</b>

### 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\*\*\***