



COMPREHENSIVE TRAINING ON BASEL III BASED CAPITAL ADEQUACY FRAMEWORK



BIS issued “**Basel III: A Global Regulatory Framework for more Resilient Banks and Banking System**” in 2010, in order to strengthen global capital and liquidity rules with the goal of promoting more resilient banks. The reform was a response to financial crisis 2008 and to improve the banking sectors ability to absorb the loss on a going concern basis.

Accordingly, NRB issued directives to Commercial Banks to maintain their capital adequacy ratio as per New Capital Adequacy Framework designed based on Basel III requirement.

After 5 years of successful implementation of Capital Adequacy Framework 2015, NRB requires National Level Development Banks to maintain their capital adequacy ratio based on new capital accord. Monetary Policy of fiscal year 2020/21 has announced the policy and NRB issued a circular to National Development Banks to implement New Capital Accord on parallel basis during the fiscal year. This program has been designed to impart knowledge on New Capital Adequacy Framework.

Program Details

Date: 26th November 2022

Time/Duration: 9.30am - 4.45pm/4 sessions (1 session=1.5hrs)

Level: Mid to Senior Level

Venue: NBI Hall, Naxal

Program Details

Program Takeaways

After attending the session, the participants will be able to:

- Understand fundamental reasons of banking crisis 2008 and necessity of pronouncement of Basel III
- Have in depth knowledge on elements of capital, their quality, consistency and target ratios under New Capital Adequacy Framework
- Imparted on Loss Absorbency characteristic of element of capital: Going concern Vs Gone concern
- Understand the component of regulatory adjustment and the necessity of the adjustment:
- Understand Reporting requirement under New Capital Adequacy
- Understand minimum capital ratios
- Understand buffer capital and macro prudential measure
- Understand requirement for non-risk based leverage ratio and liquidity coverage
- Understand objective of Buffer requirement, leverage ratio, LCR and NSFR

Target Audience

Bankers assigned with the responsibility of Basel II & III reporting to NRB, accounting and financial reporting, credit administration, bond/long term instruments issue requirement compliance, etc.

Program Delivery Method

Lecture, Discussion/interaction, case-studies.

Course Content

1. Capital Adequacy Framework based on Basel III: An Overview

- Quality, consistency and transparency of Capital
- Tightening of capital ratios
- Buffer Capital requirement and non-risk based leverage ratio
- Introduction of liquidity rules
- Capital Conservation and Countercyclical Buffer
- Liquidity requirement, leverage ratios and their objectives
- Summary of Capital Adequacy Framework Key Elements

Program Details

2. Regulatory Capital, Its Component and Loss Absorbency

- Elements of Regulatory Capital
- Quality, consistency and transparency of Capital
- Loss Absorbency characteristic of element of capital: Going concern Vs Gone concern
- Buffer Capital requirement and its objective

3. Leverage Ratio, Capital Conservation and Countercyclical Buffer

- Leverage Ratio Requirement and Objective of Its Introduction
- Capital Measure
- Exposure Measure
- Reporting requirement, transitional period and Migration to Pillar 1 Objective of Capital Conservation and Countercyclical Buffer
- Concept of Countercyclical and Pro-cyclical
- NRB Requirements on Conservation and Countercyclical Buffers
- Excessive Credit Growth and its Measurement

4. Practical Exercise

- Practical problem will be given to every participant and they shall solve the problem by themselves based on lectures delivered during theoretical session.
- The tutor shall solve the problem and every participant shall cross verify with their own answer sheet.
- Questions and Answers

Facilitator's Profile

Mr. Jagdish Kumar, a gold medalist Chartered Accountant qualified from The Institute of Chartered Accountants of Nepal in 2009, holds over 10 years of post qualification experience including the validation works of Basel II reporting to NRB as an internal auditor of Commercial Banks. Currently, he is working in Nepal Rastra Bank, and has played an instrumental role in drafting Capital Adequacy Framework 2015, based on Basel III. He was also involved as a key person for drafting regulations for implementation of NFRSs in BFIs. He has an excellent working level knowledge on Basel II and policy level knowledge of Base III, and has facilitated various sessions on Basel II, Basel III, Risk Management, RBIA, AML/CFT, IFRS, NRFS and Corporate Governance and other banking related topics. He was also the tutor of NFRSs for Chartered Accountancy students for 5 years.