

**DISCLOSURE UNDER CAPITAL ADEQUACY FRAMEWORK 2015 OF NRB**  
As on 31st Chaitra 2081 (13.04.2025)

**1. CAPITAL STRUCTURE & CAPITAL ADEQUACY** **Annexure-6**

**i. Core Capital (Tier I)** *(Amount in Lacs)*

	Particulars	Amount
A	Paid-up Equity Share Capital	108,991.58
B	Share Premium	-
C	Statutory General Reserve	41,804.95
D	Proposed Bonus Equity Shares	-
E	Retained Earning	5,766.78
F	Un-audited current year cumulative profit	10,010.21
G	Capital Adjustment Reserve	2,339.34
H	Debenture Redemption Reserve	10,169.44
I	Less: Intangible Assets	(116.46)
J	Less: Purchase of land & building in excess of limit and unutilized	-
K	Less: Investment in equity of institutions with financial interests	(1,888.89)
	<b>Total Core Capital (Tier I)</b>	<b>177,076.95</b>

**ii. Supplementary Capital (Tier II)** *(Amount in Lacs)*

	Particulars	Amount
A	Subordinate Term Debt	30,454.76
B	General Loan Loss Provision	21,194.37
C	Investment Adjustment Reserve	-
D	Exchange Equalization Reserve	542.08
E	Accued interest Receivable on pass loan/ interest capitalized reserve included in regulatory reserve	3,229.40
	<b>Total Supplementary Capital (Tier II)</b>	<b>55,420.62</b>

**iii. Information about Subordinate Term Debt** *(Amount in Lacs)*

1. 10% Nepal SBI Bank Ltd Debenture 2086 of Rs. 1,000 each (Unsecured) issued on 16.01.2020 and maturing on 15.01.2030 of Rs. 20,338.88 lacs.	
2. 9% Nepal SBI Bank Ltd Debenture 2089 of Rs. 1,000 each (Unsecured) issued on 27.08.2023 and maturing on 25.08.2033 of Rs. 14,183.66 lacs.	
- Outstanding Amount	34,522.54
Fixed Maturity Period of 10 Years	-
Interest Payment - Half Yearly	-
At the time of liquidation, right of claims will be only after depositors	-
Redeemable and Non-Convertible	-
- Outstanding Balance of Redemption Reserve	10,169.44
- Amount raised during the year	-
- Amount released during the year due to maturity	-
- Amount Eligible to be reckoned as Capital Fund	-

**iv. Deduction From Capital** *(Amount in Lacs)*

	Particulars	Amount
	Intangible Assets	116.46
	Investment in NSMBL	1,888.89
	<b>Total</b>	<b>2,005.35</b>

**v. TOTAL QUALIFYING CAPITAL** *(Amount in Lacs)*

	Particulars	Amount
	Total Core Capital (Tier I)	177,076.95
	Total Supplementary Capital (Tier II)	55,420.62
	<b>Total Capital Fund (Tier I + Tier II)</b>	<b>232,497.57</b>

**vi. Capital Adequacy Ratio**

Capital Adequacy Ratio (Percentage)	12.44%
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**vii. Summary of the bank's internal approach to assess the adequacy of capital to support current**

The Bank has Internal Capital Adequacy Assessment Process (ICAAP) Policy, which is revised every year to support current and future activities. The ICAAP review process is intended to ensure that we have adequate capital to support all the risks in business, to improve upon them over time and achieve better risk management techniques in monitoring and managing risks. ICAAP Committee meets at quarterly intervals to review the internal capital assessment commensurate with the risk profile and review the portfolios which require capital charge. ICAAP Committee also reviews strengthening of risk management, applying internal limits, strengthening the level of provisions and reserves, and improving internal controls.

**2. RISK EXPOSURE**

**i. Risk Weighted Exposure for Credit Risk, Market Risk and Operational Risk** *(Amount in Lacs)*

	Particulars	Amount
A	Risk Weighted Exposure for Credit Risk	1,695,549.73
B	Risk Weighted Exposure for Operational Risk	91,468.32
C	Risk Weighted Exposure for Market Risk	15,998.59
D	Add: 2% of the total RWE as per NRB Direction.	54,090.50
E	Add: 2% of the Gross Income as per NRB Direction	12,249.06
F	Add: Amount for shortfall in NLATD	-
	<b>Total Risk Weighted Exposure (A+B+C+D+E+F)</b>	<b>1,869,356.20</b>

ii. Risk Weighted Exposure under each 11 Categories of Credit Risk <span>(Amount in Lacs)</span>		
S.No.	Categories	Amount
1	Claims on Government and Central Bank	-
2	Claims on Other Official Entities	-
3	Claims on Banks	55,782.57
4	Claims on Corporate and Securities Entities	887,538.53
5	Claims on Regulatory Retail Portfolio	194,563.01
6	Claims Secured by Residential Properties	14,272.73
7	Claims Secured by Commercial Real Estate	4,974.09
8	Past Due Claims	49,824.92
9	High Risk Claims	135,104.41
10	Other Assets	137,031.26
11	Off Balance Sheet Items	216,458.22
	<b>Total</b>	<b>1,695,549.73</b>

iii. Amount of Non Performing Assets (Gross and Net Amount) <span>(Amount in Lacs)</span>				
	Particulars	Gross Amount	Provision	Net Amount
A	Restructured	-	-	-
B	Sub-standard	19,183.13	4,692.98	14,490.16
C	Doubtful	22,443.03	10,972.65	11,470.38
D	Loss	16,042.31	15,255.05	787.26
	<b>Total</b>	<b>57,668.47</b>	<b>30,920.68</b>	<b>26,747.80</b>

iv. Non Performing Assets (NPA) Ratios	
NPA Ratios	Percentage (%)
- Gross NPA to Gross Advances	4.06%
- Net NPA to Net Advances	1.96%

v. Movement of Non Performing Assets <span>(Amount in Lacs)</span>				
S.No.	Particulars	Closing Balance (Chaitra End)	Closing Balance (Ashadh End 2081)	Movement
	<b>Non Performing Loan</b>			
1	Restructured Loan	-	1,230.55	(1,230.55)
2	Sub-Standard	19,183.13	2,551.98	16,631.16
3	Doubtful	22,443.03	1,483.55	20,959.49
4	Loss	16,042.31	20,841.32	(4,799.02)

vi. Write Off Of Loans and Interest Suspense: <span>(Amount in Lacs)</span>		
S.No.	Particulars	Principal Amount
1	Bad Loan	-

vii. Movement Of Loan Loss Provison <span>(Amount in Lacs)</span>				
Loan Loss Provision				
S.No.	Particulars	Closing Balance (Chaitra End)	Closing Balance (Ashadh End 2081)	Movement
1	Pass	12,141.63	12,981.18	(839.56)
2	Pass with 5% provision	-	-	-
3	Restructured (Pass with 5% Provision)	1,516.51	2,420.25	(903.73)
4	Watch List	8,114.35	8,166.31	(51.96)
5	Restructure	-	182.64	(182.64)
6	Sub-Standard	4,692.98	568.15	4,124.82
7	Doubtful	10,972.65	673.25	10,299.41
8	Loss	15,255.05	20,443.08	(5,188.03)
	<b>Total Loan Loss Provision</b>	<b>52,693.17</b>	<b>45,434.85</b>	<b>7,258.32</b>

viii. Movement of Interest Suspense <span>(Amount in Lacs)</span>				
S.No.	Particulars	Closing Balance (Chaitra End)	Closing Balance (Ashadh End 2081)	Movement
1	Interest Suspense/ Overdue (Including the interest overdue on deferred account as per NRB Directive)	21,074.59	16,198.84	4,875.75

ix. Details of Loan Loss Provision addition (Net Amount) <span>(Amount in Lacs)</span>		
S.No.	Particulars	Chaitra End 2081
1	Pass	(839.56)
2	Pass with 5% provision	-
3	Restructured (Pass with 5% Provision)	(903.73)
4	Watch List	(51.96)
5	Restructure	(182.64)
6	Sub-Standard	4,124.82
7	Doubtful	10,299.41
8	Loss	(5,188.03)
	<b>Total</b>	<b>7,258.32</b>

x. Segregation of the Bank's Investment portfolio  
Investments are segregated as per NRB Directive. Investments under various categories are as follows:

A. Investment Held for Trading

(Amount in Lacs)

S.No.	Particulars	Cost Price	Previous Market Price (A)	Current Market Price (B)	This Year Profit (Loss) (B-A) Rs.	Previous Year Profit (Loss) Rs.	Remarks
	<b>Mutual Fund Investments:</b>						
1	2,000,000 Units NMB 50 Mutual Fund- Mutual Fund of Rs. 10 each fully paid	200.00	200.80	208.40	7.60	(9.20)	
3	500,000 Units Nabil Balance Fund - Mutual Fund of Rs 10 each fully paid	50.00	45.00	49.00	4.00	1.00	
4	1,500,000 Units Siddhartha Investment Growth Scheme-2 - Mutual Fund of Rs 10 each fully paid	150.00	142.35	150.45	8.10	6.90	
5	500,000 Units Kumari Mutual Fund of Rs 10 each fully paid	50.00	48.30	46.60	(1.70)	(2.55)	
6	1,000,000 Units of NIBL Samriddhi Fund-II of Rs 10 each fully paid	100.00	82.50	82.30	(0.20)	(8.60)	
7	1,000,000 Units of NMB Sulav Investment Fund-II of Rs 10 each fully paid	100.00	100.60	101.90	1.30	0.70	
8	100,000 Units of NIBL Growth Fund of Rs 10 each fully paid	10.00	10.64	8.54	(2.10)	-	
9	1,000,000 Units of Prabhu Smart Fund of Rs 10 each fully paid	100.00	96.10	102.80	6.70	(2.90)	
10	100,000 Units of Citizen Investment Fund of Rs 10 each fully paid	10.00	10.00	9.05	(0.95)	-	
11	100,000 Units of Laxmi Value Fund II of Rs 10 each fully paid	10.00	9.24	9.33	0.09	(0.76)	
12	200,000 Units of Himalayan 80-20 of Rs 10 each fully paid	20.00	19.98	20.80	0.82	(0.02)	
13	500,000 Units of Kumari Sabal Yojana of Rs 10 each fully paid	50.00	50.00	45.00	(5.00)	-	
	<b>Total Investment</b>	<b>850.00</b>	<b>815.51</b>	<b>834.17</b>	<b>18.66</b>	<b>(15.43)</b>	<b>-</b>

B. Investment Held to Maturity

(Amount in Lacs)

S.No.	Particulars	Cost Price (a) Rs.	Impairment Till Date (b) Rs.	Impairment This Year (c) Rs.	This Year Profit /Loss (a-b-c) Rs.	Previous Year Profit /Loss Rs.	Remarks
1	Nepal Government Treasury Bills	9,654.92	-	-	-	-	
2	Nepal Government Other securities	29,625.12	-	-	-	-	
3	Foreign Bank Investment (Placement)	-	-	-	-	-	
4	Deposit Collection into NRB	3,456.75	-	-	-	-	
5	Placement into local Banks	-	-	-	-	-	
	<b>Total Investment</b>	<b>42,736.79</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

C. Investment Available for Sale

(Amount in Lacs)

S. No.	Particulars	Cost Price Rs.	Previous Market Price (a) Rs.	Current Market Price (b) Rs.	This Year Adjustment on Fair Value Reserve (b-a)	Previous Year Profit /Loss Rs.	Remarks
	Shares, Debentures and Bond of Domestic Entity						
	Listed**	296.61	1,349.96	1,349.96	-	-	
	Not Listed*	55.70	394.65	394.65	-	-	
	SWIFT	60.65	-	60.65	-	-	
	<b>Total Investment</b>	<b>412.96</b>	<b>1,744.61</b>	<b>1,805.26</b>	<b>-</b>	<b>-</b>	

\* No Investment Adjustment Reserve has been maintained for investment in Karja Suchana Kendra Ltd., Nepal Clearing House Ltd., and National Banking Institute as NRB Directive No 8/ 2081 has exempted maintenance of such reserve against such investments. However, fair value reserve has been maintained for the above mentioned investment under NFRS/NRB requirementt.

\*\* Listed share has been valued at market price of closing date.

### 3. RISK MANAGEMENT FUNCTION

#### i. Strategies and Policies

Credit risk process is a joint effort between its marketing and credit areas. Credit officers are engaged in analyzing inherent risks in the customer's business, ability to repay and structure a facility that simultaneously accommodates the financing needs, while assuring seniority, protection and control of the bank's assets and collateral.

#### ii. The Structure and Organization of the Relevant Risk Management Function

A comprehensive Risk Management System has been ensured to deal with various types of risks. The risk management function is overseen by the Board of Directors through the Risk Management Committee of the Board (RMCB) and Audit Committee of the Board (ACB). Besides, there are Credit Risk Management Committee (CRMC), Asset Liability Management Committee (ALCO), Market Risk Management Committee (MRMC) and Operational Risk Management Committee (ORMC) for formulating and reviewing the risk management policies and monitoring their implementation in the matters related to credit, market and operational risks. The progress of the action implementation is reviewed by the Bank's Board, including review of the decisions of the Central Management Committee. The Bank has already migrated to Basel-II norms and the Capital to Risk Weighted Assets Ratio (CRAR) is also being worked out as per the guidelines of Basel-II. The Bank also plans to go for Operational Risk Management Solution software in near future for assessing the Operational Risk on an ongoing basis. To control, obviate and mitigate the operational risk, the Bank has put in place comprehensive operational guidelines and has also issued various manuals, such as Cash Module Manual, IT manual, Finacle Job cards, TFCPC manual, Internet Banking guidelines, Mobile Banking operational guidelines, Credit assessment and process guidelines for the operating units.

The Risk structures are being revisited at frequent intervals and the requisite policies, systems are being introduced and kept updated. For both credit and market risks, stress testing is being done regularly. With all branches on Core Banking Solution (CBS), Credit Information and MIS works on a robust platform. The Bank has direct access to the CIB database which have been allocated to our operating units/offices, enabling them to generate Credit Information Report on borrowers / prospective borrowers from this database. A MIS website is maintained by your Bank to provide easy access to the central database, which is being extensively used by the operating units.

The Bank has Integrated Risk Management Department under the control of Chief Risk and Compliance Officer (CRCO) to strengthen the Risk Management structure, which includes assessing, identifying, monitoring and reducing pertinent business risk that could interface with the Bank's objectives and goal.

#### iii. The Scope and Nature of Risk Reporting and / or Measurement Systems

Risk reporting / measurement system is done through regular customer interactions, site inspections & annual reviews. These are continuous processes. Further, review of the bank's performance is conducted every quarter and findings are reported to the BOD.

#### iv. Policies for Hedging and / or the mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigates

Policies for mitigating risks & strategies are as outlined in the respective manuals and as discussed at various levels after customer interactions / visits, during annual reviews, quarterly reviews and at meetings at various levels.

#### v. Eligible CRM (Credit Risk Mitigants)

(Amount in Lacs)

Particulars	Eligible CRM
Deposits with Bank	28,579.51
Deposits with other banks/FI	-
Gold	-
Govt.& NRB Securities	-
G'tee of Govt. of Nepal	-
Sec/G'tee of other Sovereigns	-
G'tee of domestic banks	-
G'tee of MDBs	-
Sec/G'tee of Foreign Banks	62.24
<b>Total</b>	<b>28,641.75</b>