DISCLOSURE UNDER CAPITAL ADEQUACY FRAMEWORK 2015 OF NRB
As on 31st Ashwin 2083 (17.10.2026)

1. CAPITAL STRUCTURE & CAPITAL ADEQUACY

Annexure-6

i. Core Capital (Tier I)

(Amount in Lacs)

	Particulars	Amount
A	Paid-up Equity Share Capital	113,351.24
B	Share Premium	-
C	Statutory General Reserve	49,515.54
D	Proposed Bonus Equity Shares	-
E	Retained Earning	12,491.84
F	Un-audited current year cumulative profit	5,079.90
G	Capital Adjustment Reserve	-
H	Debenture Redemption Reserve	18,800.08
I	Less: Intangible Assets	(515.53)
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)
	Total Core Capital (Tier I)	**196,834.19**

ii. Supplementary Capital (Tier II)

(Amount in Lacs)

	Particulars	Amount
A	Subordinate Term Debt	56,386.99
B	General Loan Loss Provision	23,880.48
C	Investment Adjustment Reserve	60.65
D	Exchange Equalization Reserve	741.16
E	Accued interest Receivable on pass loan/ interest capitalized reserve included in regulatory reserve	4,140.07
F	Regulatory reserve for non-banking assets recorded within the last 24 months	5,246.32
	Total Supplementary Capital (Tier II)	**90,455.67**

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.
3. 7% Nepal SBI Bank Ltd Debenture 2090 of Rs. 1,000 each (Unsecured) issued on 23.07.2025 and maturing on 23.07.2035 of Rs. 30,000.00 lacs.

-	Outstanding Amount	64,522.54
	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	18,800.08
-	Amount raised during the year	-
-	Amount released during the year due to maturity	-
-	Amount Eligible to be reckoned as Capital Fund	56,386.99

iv. Deduction From Capital

(Amount in Lacs)

Particulars	Amount
Intangible Assets	515.53
Investment in NSMBL	1,888.89
Total	**2,404.42**

v. TOTAL QUALIFYING CAPITAL

(Amount in Lacs)

Particulars	Amount
Total Core Capital (Tier I)	196,834.19
Total Supplementary Capital (Tier II)	90,455.67
Total Capital Fund (Tier I + Tier II)	**287,289.86**

vi. Capital Adequacy Ratio

Capital Adequacy Ratio (Percentage)	13.62%

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	1,910,438.41
B	Risk Weighted Exposure for Operational Risk	99,958.83
C	Risk Weighted Exposure for Market Risk	23,997.40
D	Add: 3% of the total RWE as per NRB Direction.	61,031.84
E	Add: 2% of the Gross Income as per NRB Direction	14,089.14
F	Add: Amount for shortfall in NLATD	-
	Total Risk Weighted Exposure (A+B+C+D+E+F)	**2,109,515.61**

ii. Risk Weighted Exposure under each 11 Categories of Credit Risk *(Amount in Lacs)*

S.No.	Categories	Amount
1	Claims on Government and Central Bank	-
2	Claims on Other Official Entities	-
3	Claims on Banks	82,465.67
4	Claims on Corporate and Securities Entities	927,223.08
5	Claims on Regulatory Retail Portfolio	231,952.15
6	Claims Secured by Residential Properties	22,162.61
7	Claims Secured by Commercial Real Estate	4,051.97
8	Past Due Claims	43,012.27
9	High Risk Claims	123,775.44
10	Other Assets	197,507.07
11	Off Balance Sheet Items	278,288.15
	Total	**1,910,438.41**

iii. Amount of Non Performing Assets (Gross and Net Amount) *(Amount in Lacs)*

	Particulars	Gross Amount	Provision	Net Amount
A	Restructured	-	-	-
B	Sub-standard	6,294.03	1,481.71	4,812.32
C	Doubtful	8,704.61	4,222.04	4,482.56
D	Loss	34,819.14	33,648.75	1,170.38
	Total	**49,817.77**	**39,352.50**	**10,465.27**

iv. Non Performing Assets (NPA) Ratios

NPA Ratios	Percentage (%)
- Gross NPA to Gross Advances	3.19%
- Net NPA to Net Advances	0.70%

v. Movement of Non Performing Assets *(Amount in Lacs)*

S.No.	Particulars	Closing Balance (Ashwin End 2083)	Closing Balance (Ashadh End 2083)	Movement
	Non Performing Loan			
1	Restructured Loan	-	-	-
2	Sub-Standard	6,294.03	7,537.66	(1,243.63)
3	Doubtful	8,704.61	1,742.16	6,962.45
4	Loss	34,819.14	35,416.94	(597.80)

vi. Write Off Of Loans and Interest Suspense: *(Amount in Lacs)*

S.No.	Particulars	Amount
1	Loss on Booking of Non-Banking Assets (Principal and Interest)	-

vii. Movement Of Loan Loss Provison

Loan Loss Provision *(Amount in Lacs)*

S.No.	Particulars	Closing Balance (Ashwin End 2083)	Closing Balance (Ashadh End 2083)	Movement
1	Pass	17,188.15	17,132.84	55.31
2	Pass with 5% provision	-	-	-
3	Restructured (Pass with 5% Provision)	-	-	-
4	Watch List	10,438.78	11,191.91	(753.13)
5	Restructure	-	-	-
6	Sub-Standard	1,481.71	1,843.05	(361.33)
7	Doubtful	4,222.04	777.11	3,444.93
8	Loss	33,648.75	34,194.19	(545.44)
	Total Loan Loss Provision	**66,979.43**	**65,139.10**	**1,840.34**

viii. Movement of Interest Suspense *(Amount in Lacs)*

S.No.	Particulars	Closing Balance (Ashwin End 2083)	Closing Balance (Ashadh End 2083)	Movement
1	Interest Suspense/ Overdue (Including the interest overdue on deferred account as per NRB Directive)	30,981.70	28,515.56	2,466.14

ix. Details of Loan Loss Provision addition (Net Amount) *(Amount in Lacs)*

S.No.	Particulars	Ashwin End 2083
1	Pass	55.31
2	Pass with 5% provision	-
3	Restructured (Pass with 5% Provision)	-
4	Watch List	(753.13)
5	Restructure	-
6	Sub-Standard	(361.33)
7	Doubtful	3,444.93
8	Loss	(545.44)
	Total	**1,840.34**

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
1	410 Units of Unilever Nepal Limited of Rs.100 each fully paid	192.43	193.52	204.82	11.30	1.09	
2	14283 Units of Life Insurance Corporation(Nepal) Limited of Rs 100 each fully paid	115.07	114.30	114.96	0.67	(0.77)	
3	10000 Units of API Power Company Limited of Rs 100 each fully paid	34.22	34.22	34.50	0.28	-	
	Mutual Fund Investments:						
1	2,000,000 Units NMB 50 Mutual Fund- Mutual Fund of Rs. 10 each fully paid	200.00	203.60	193.60	(10.00)	(10.20)	
2	500,000 Units Nabil Balance Fund - Mutual Fund of Rs 10 each fully paid	50.00	49.50	45.50	(4.00)	(1.05)	
3	1,500,000 Units Siddhartha Investment Growth Scheme-2 - Mutual Fund of Rs 10 each fully paid	150.00	165.00	143.70	(21.30)	7.50	
4	500,000 Units Kumari Mutual Fund of Rs 10 each fully paid	50.00	50.80	47.50	(3.30)	1.05	
5	1,000,000 Units of NIBL Samriddhi Fund-II of Rs 10 each fully paid	100.00	91.00	88.50	(2.50)	2.70	
6	1,000,000 Units of NMB Sulav Investment Fund-II of Rs 10 each fully paid	100.00	102.30	101.90	(0.40)	(10.60)	
7	100,000 Units of NIBL Growth Fund of Rs 10 each fully paid	10.00	10.91	8.90	(2.01)	1.05	
8	1,000,000 Units of Prabhu Smart Fund of Rs 10 each fully paid	100.00	123.50	123.00	(0.50)	8.80	
9	100,000 Units of Citizen Super 30 Fund of Rs 10 each fully paid	10.00	10.20	9.23	(0.97)	0.12	
10	100,000 Units of Laxmi Value Fund II of Rs 10 each fully paid	10.00	9.77	9.23	(0.54)	(0.35)	
11	200,000 Units of Himalayan 80-20 of Rs 10 each fully paid	20.00	23.30	23.16	(0.14)	0.10	
12	500,000 Units of Kumari Sabal Yojana of Rs 10 each fully paid	50.00	50.15	45.55	(4.60)	0.15	
13	5,000,000 Units of Global IME Samunnat Yojana 2 of Rs 10 each fully paid	500.00	499.00	462.50	(36.50)	(1.00)	
14	500,000 Units of Citizens Santulit Yojana of Rs 10 each fully paid	50.00	45.10	45.00	(0.10)	(4.90)	
15	3,000,000 Units of Nepal Life Samriddhi Lagani Yojana of Rs 10 each fully paid	300.00	292.50	267.00	(25.50)	(7.50)	
16	1,000,000 Units of Sanima Equity Fund II of Rs 10 each fully paid	100.00	100.00	91.10	(8.90)	-	
17	1,000,000 Units of Siddharthe Equity Fund-II of Rs 10 each fully paid	100.00	100.00	92.50	(7.50)	-	
	Total Investment	**2,241.72**	**2,268.67**	**2,152.15**	**(116.52)**	**(13.81)**	**-**

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	-	-	-	-	-	
2	Nepal Government Other securities	288,751.16	-	-	-	-	
3	Foreign Bank Investment (Placement)	-	-	-	-	-	
4	SDF/ Deposit Collection into NRB	203,850.25	-	-	-	-	
5	Placement into local Banks	-	-	-	-	-	
	Total Investment	**492,601.41**	**-**	**-**	**-**	**-**	

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) Rs.	Previous Year Profit /Loss Rs.	Remarks
	Shares, Debentures and Bond of Domestic Entity						
	Listed**	296.61	1,516.26	1,516.26	-	-	
	Not Listed*	873.84	1,274.61	1,274.61	-	-	
	SWIFT***	60.65	68.51	66.10	(2.42)	-	
	Total Investment	**1,231.10**	**2,859.39**	**2,856.97**	**(2.42)**	**-**	

* 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/ 2082 has exempted maintenance of such reserve against such investments. However, fair value reserve has been maintained for the above mentioned investment under NFRS/NRB requirement

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

*** Investment Adjustment Reserve has been created.

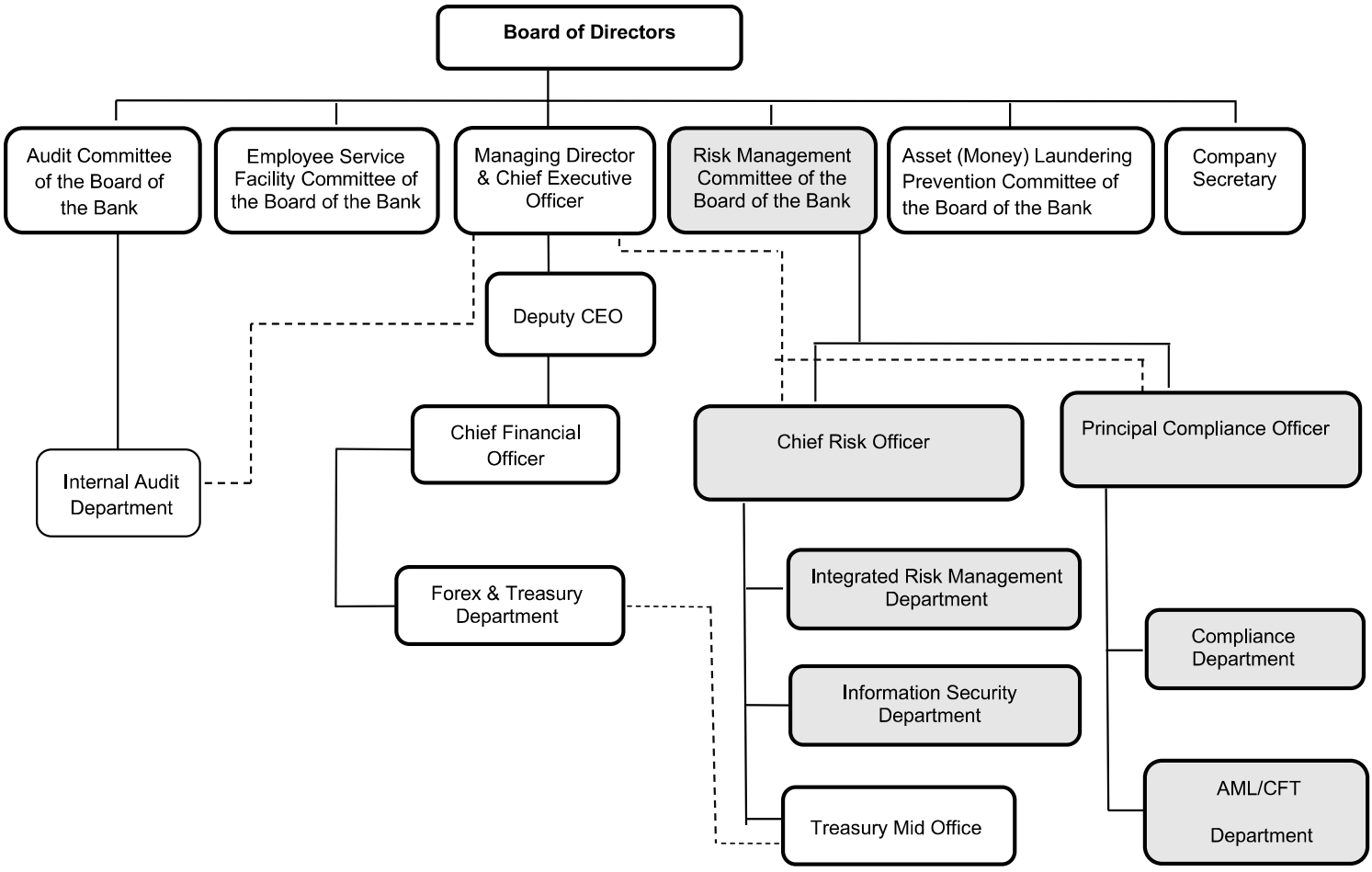
xi. Eligible CRM (Credit Risk Mitigants)

(Amount in Lacs)

S.N	Particulars	Eligible CRM
1	Deposits with Bank	34,930.32
2	Deposits with other banks/FI	-
3	Gold	-
4	Govt.& NRB Securities	-
5	G'tee of Govt. of Nepal	-
6	Sec/G'tee of other Sovereigns	-
7	G'tee of domestic banks	-
8	G'tee of MDBs	-
9	Sec/G'tee of Foreign Banks	85.54
	Total	**35,015.86**

3. Risk Management Framework of Nepal SBI Bank Ltd.

Nepal SBI Bank Ltd. has a dynamic risk management framework guided by the principles of Basel Committee on Banking Supervision (BCBS) as well as Risk Management Guidelines formulated by NRB. The Bank has adopted an integrated risk management approach and has an independent Risk Governance Structure for management of risk, which is as under:



I. Components of Risk Management Framework

The following components comprise the Bank's Risk Management Framework:

1. Active Board and Senior Management Oversight

Board level control is exercised on the management of risk across the Bank. There is a presence of clear, effective, and robust structure with well-defined transparent and consistent lines of responsibilities. Board level committees, like, Audit Committee, Risk Management Committee, Assets (Money) Laundering Prevention Committee, Employee Service Facility Committee as well as management level committees, like, Central Management Committee (CENMAC), Enterprise Risk Management Committee (ERMC), Operational Risk Management Committee (ORMC), Market Risk Management Committee (ORMC),

Credit Risk Management Committee (CRMC), Assets Liability Management Committee (ALCO) among others meet at regularly to review the risk profile of the Bank and take appropriate decisions.

2. Policies and Procedures

The Bank has implemented policies/ procedures to ensure that risk management process and practices are effective at all levels and sound risk management process are executed to actively identify, measure, control, monitor, and report risk inherent in all products activities, process, systems, and exposure. Further, all material risk related policies are reviewed and approved by the Board of the Bank annually.

3. Risk Management Function

There are guidelines on key responsibilities of all functionaries as well as risk-reporting model and escalation matrix in the Bank. Risk Management Committee of the Board (RMCB) reports to the Board for deliberation on key risk areas at regular intervals.

4. Appropriate Management Information System

The Bank has effective management information system (MIS) that supports Board/ Senior Management to take timely decisions to address various risks vis-a-vis the risk appetite of the Bank.

5. Effective Internal Controls and Limits

Board approved risk limits/ trigger points are in place to monitor & ensure the risks are within the risk appetite of the Bank. Internal controls is embedded in the day-to-day business and are designed to ensure, to the extent possible, that the banking activities are efficient and effective, information is reliable, timely & complete and that the Bank is compliant with applicable laws and regulations.

6. Risk Appetite

Risk appetite of the Bank is set and approved by the Board and is overseen on an ongoing basis by the Board and Senior Management. Risk appetite limits and trigger points have been developed for various risk areas.

7. Risk Culture

The Bank has developed a risk culture through policies, communication and training to staff members to foster awareness, attitude and behavior towards risk management. Risk culture is based on a holistic view of risk by taking into account the risk appetite of the Bank.

II. Board Level Committees

As guided by NRB, the Bank's Board has constituted four Board-level committees for oversight in specific risk areas in order to effectively risks manage. Each committee has its own standard operating guideline, which defines objectives, responsibilities, and operating procedures of the committee. Brief description of the committees is given below:

1. **Risk Management Committee of the Board (RMCB)**

   The Committee oversees the Bank's risk governance framework by ensuring risks are identified, assessed and managed in alignment with the Bank's strategic goals and risk appetite. The Committee recommends necessary suggestions to the Board of the Bank for further deliberation and implementation.

2. **Audit Committee of the Board (ACB)**

   The Committee is responsible for ensuring integrity of financial statements, regulatory compliance, internal controls and oversight of internal/ external audits. Further, Audit Committee also functions as per the provisions of Sections 61 of BAFIA 2073 and Sections 165 of Company Act 2063.

3. **Assets (Money) laundering Prevention Committee of the Board (ALPC)**

   The Committee oversees the implementation of Assets (Money) Laundering Prevention Act, 2064, Assets (Money) Laundering Prevention Rules, 2073, Unified Directives No. 19 issued by NRB, recommendation issued by FATF and other legal and regulatory requirements related to prevention of AML/CFT.

4. **Employee Service Facility Committee of the Board (ESFC)**

   The Committee supports the Board in formulating policies, guidelines, and rules relating to human resource function. The Committee functions and discharges its duties and responsibilities in compliance with regulatory requirements.

III. Management of Material Risk faced by the Bank:

Credit Risk	**Identification:** Credit risk identification is a dynamic process initiating at the time of credit origination and throughout the credit monitoring and management. The Bank has set up a well-defined credit sanction criteria, process, and rating & appraisal format. The appraisal process involves an in-depth study of the Financial, Commercial, Technical and Managerial aspects of the Borrower and of the risk arising from the business or Industries to which the borrower belongs to.
	Assessment: Credit Risk assessment of all credit proposals are conducted before their sanction. All borrowers are assigned a rating derived according to various scoring/ risk rating models developed by the Bank.
	Measurement: The Bank's approach to credit risk measurement is based on the simplified standardized approach as guided by Nepal Rastra Bank.
	Internal Controls: The Bank has well defined internal control systems for credit risk management.
	Monitoring: The Bank has laid down policy/procedure for monitoring and supervision of loan assets. PQI model is in place to monitor the overall quality of loan portfolio of the Bank.

	Reporting: Periodic progress reports with due respect to management of various risks are placed before the Board and Senior Management. The Bank has a well-defined Risk Monitoring and Risk Reporting Framework.
Operational Risk	**Identification:** The Bank has various internal policies/ procedures/ manuals in place to guide its business functions. Key Risk Indicators are in place for identification of operational risk. Operational Risk Management Committee (ORMC) have been formed at central level, province level as well as branch level for identification, assessments and mitigation of Operational Risk.
	Assessment: The risks and existing controls identified in the identification phase will be assessed in detail to determine the level of acceptability by measuring their frequency and impact.
	Measurement: Operational risk is measured by Basic Indicator Approach as guided by NRB.
	Internal Controls: The Bank has well defined internal control systems for operational risk management.
	Monitoring and Reporting: On an ongoing basis, Integrated Risk Management Department monitors the status of the identified KRIs and submits the report to the Operational Risk Management Committee (ORMC) on quarterly basis. However, KRIs observed in the Red Zone are immediately reported to the Coordinator of the ORMC. In addition, internal operational loss data including near miss events are systematically tracked, recorded and reported to ORMC on quarterly basis.
Market Risk	**Identification:** Market risk identification requires a thorough analysis of the Bank's activities, its business units, regulatory & market environment, historical scenarios, etc. Risks are identified at the market/ asset class level/ product level.
	Assessment: Market risk is assessed and monitored using the measures such as: Net Open Position, Gap Limits, Stop Loss calculation, Stress Testing, Approved Risk limits, etc. as per the internal policies and regulatory guidelines.
	Measurement: Measurement is based on the Net Open Position Approach as guided by NRB.
	Internal Controls: The Bank has well-defined internal control systems for market risk management.
	Monitoring and Reporting: Risk reporting covers all Regulatory & MIS reports. Risk reports are prepared at stipulated intervals and are put up to the top management. MRMC monitors the market risk of the Bank.
Liquidity Risk	**Identification:** Liquidity is a key consideration to assess the financial health of the Bank. Liquidity risk is identified by the gap analysis of assets and liabilities in different time buckets. Thorough analysis of the Bank's activities, regulatory and market environment, historical scenarios, etc. is done for identification of this risk.
	Assessment: Liabilities and assets growth, asset liability mismatch, liquidity scenario, SLR investment, CRR, CD (Credit to Deposit) ratio, CAR, retail assets share, interest rate movement, etc. assessed to minimize liquidity risk.
	Measurement: For liquidity management, the Bank follows a combination of the stock approach and the flow approach.

	Internal Controls: The Bank has well defined internal control systems for liquidity risk management.
	Monitoring and Reporting: Reports related to liquidity generated at stipulated intervals and put up to the Board/ top management. Monthly meeting of Asset Liability Management Committee (ALCO) monitors the Liquidity Risk of the Bank.
Compliance Risk	**Identification:** The Bank has a provision of compliance officer at corporate level as well as branch level to identify the breaches of compliance. Regular inspection by Internal Audit, Compliance Team and control functionaries also identify the compliance risk.
	Assessment: Compliance risk assessment is the identification of key business compliance requirements and determination of associated risks. The key steps for undertaking compliance risk assessment include: • Identifying regulations applicable to a business group/business unit and; • Providing periodic updates on new regulations, amendments, and changes in business requirements.
	Internal Controls: The Bank has well defined internal control systems for compliance risk management.
	Monitoring and Reporting: The compliance function identifies appropriate tools (such as MIS reports, trainings, questionnaires, Key Risk Indicators (KRIs), compliance and/ or internal audit testing), etc. to monitor the compliance risk, which would help in timely detection and manage of compliance risk.

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