



एक्सेल डेभलपमेन्ट बैंक लि.

Excel Development Bank Ltd.

तपाईंको स्थानीय साझेदार (Your Local Partner)

नेपाल राष्ट्र बैंकबाट 'ख' वर्गको इजाजतपत्र प्राप्त संस्था (कोशी प्रदेश कार्यक्षेत्र भएको)



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**DISCLOSURES UNDER CAPITAL ADEQUACY FRAMEWORK 2007
(BASEL II)
AS ON 29 POUSH 2080 (14 JANUARY 2024)**

1. CAPITAL STRUCTURE AND CAPITAL ADEQUACY**I. TIER-1 CAPITAL AND BREAKDOWN OF ITS COMPONENTS:****NPR('000)**

S.N	Particulars	Amount
1	Paid up Equity Share Capital	1,249,694.47
2	Irredeemable Non-cumulative preference shares	-
3	Share Premium	9,545.61
4	Proposed Bonus Equity Shares	-
5	Statutory General Reserves	264,813.03
6	Retained Earnings	(12,058.09)
7	Un-audited current year cumulative profit/(loss)	(69,945.05)
8	Capital Redemption Reserve	-
9	Capital Adjustment Reserve	-
10	Dividend Equalization Reserves	-
11	Other Free Reserve	-
12	Less: Goodwill	-
13	Less: Deferred Tax Assets	-
14	Less: Fictitious Assets	-
15	Less: Investment in equity in licensed Financial Institutions	-
16	Less: Investment in equity of institutions with financial interests	-
17	Less: Investment in equity of institutions in excess of limits	-
18	Less: Investments arising out of underwriting commitments	-
19	Less: Reciprocal crossholdings	-
20	Less: Purchase of land & building in excess of limit and unutilized	151,237.92
21	Less: Other Deductions	-
Total Core Capital		1,290,812.04

II. TIER-2 CAPITAL AND A BREAKDOWN OF ITS COMPONENTS:**NPR('000)**

S.N	Particulars	Amount
1	Cumulative and/or Redeemable Preference Share	-
2	Subordinated Term Debt	-
3	Hybrid Capital Instruments	-
4	General loan loss provision	195,557.19
5	Exchange Equalization Reserve	13.87
6	Investment Adjustment Reserve	-
7	Asset Revaluation Reserve	-
8	Other Reserves	-
Total Supplementary Capital		195,571.06

III. INFORMATION ABOUT SUBORDINATE TERM DEBT

The Bank does not have any subordinated Term Debt

IV. DEDUCTION FROM CAPITAL

NPR('000)	
Particulars	Amount
Deferred Tax Assets	-
Purchase of land & building in excess of limit and unutilized	151,237.92

V. TOTAL QUALIFYING CAPITAL

NPR('000)	
Particulars	Amount
Total Core Capital(Tier I)	1,290,812.04
Total Supplementary Capital(Tier II)	195,571.06
Total Capital Fund(Tier I + Tier II)	1,486,383.10

VI. CAPITAL ADEQUACY RATIO

Particulars	Percentage
Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	10.46%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)	12.04%

VII. Summary of the bank's internal approach to assess the adequacy of capital to support current and future activities

The bank considers the capital adequacy requirement pursuant to the provision set by NRB. The Tier 1 capital ratio of the bank as at Poush end 2080 is 10.46% and the total capital ratio is 12.04%. The bank in its strategic planning cautiously considers the capital adequacy and manage capital adequacy required for the organization's growth.

2. RISK EXPOSURE

i. Risk Weighted Exposure for Credit Risk, Market Risk and Operational Risk

NPR('000)		
S.N	Particulars	Amount
a	Risk Weighted Exposure for Credit Risk	10,959,227.94
b	Risk Weighted Exposure for Operational Risk	892,588.26
c	Risk Weighted Exposure for Market Risk	134.77
Total Risk Weighted Exposures (Before adjustments of Pillar II)		11,851,950.97
Adjustments under Pillar II		
SRP 6.4a (5)	ALM policies & practices are not satisfactory, add 1% of net interest income to RWE	-
SRP 6.4a (6)	Add.....% of the total deposit due to insufficient Liquid Assets	-
SRP 6.4a (7)	Add RWE equivalent to reciprocal of capital charge of 2% of gross income	137,266.60

SRP 6.4a (9)	If overall risk management policies and procedures are not satisfactory, Add 3% of RWE	355,558.53
SRP 6.4a (10)	If desired level of disclosure requirement has not been achieved, Add.....% of RWE	-
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)		12,344,776.10

ii. Risk Weighted Exposure under each 11 Categories of Credit Risk

		NPR('000)
Particulars		Amount
Claims on Government and Central Bank		-
Claims on other official entities		-
Claims on Banks		403,723.93
Claims on Corporate and Securities Entities		2,305,452.29
Claims on Regulatory Retail Portfolio		3,120,334.79
Claims secured by residential properties		1,015,413.82
Claims secured by Commercial real estate		99,194.47
Past due claims		1,115,826.29
High Risk claims		843,742.24
Other Assets		1,900,607.51
Off Balance Sheet Exposures		154,932.30
TOTAL		10,959,227.94

iii. Total Risk Weighted Exposure Calculation Table:

A. Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
	A	B	c	d=a-b-c	e	f=d*e
Cash Balance	358,441.94			358,441.94	0%	-
Balance With Nepal Rastra Bank	156,588.45			156,588.45	0%	-
Gold	-			-	0%	-
Investment in Nepalese Government Securities	1,974,783.05			1,974,783.05	0%	-
All Claims on Government of Nepal	-			-	0%	-
Investment in Nepal Rastra Bank securities	-			-	0%	-

A. Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
	A	B	c	d=a-b-c	e	f=d*e
All claims on Nepal Rastra Bank	-			-	0%	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-			-	0%	-
Claims on Foreign Government and Central Bank (ECA -2)	-		-	-	20%	-
Claims on Foreign Government and Central Bank (ECA -3)	-		-	-	50%	-
Claims on Foreign Government and Central Bank (ECA-4-6)	-		-	-	100%	-
Claims on Foreign Government and Central Bank (ECA -7)	-		-	-	150%	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework	-			-	0%	-
Claims on Other Multilateral Development Banks	-		-	-	100%	-
Claims on Domestic Public Sector Entities	-		-	-	100%	-
Claims on Public Sector Entity (ECA 0-1)	-		-	-	20%	-
Claims on Public Sector Entity (ECA 2)	-		-	-	50%	-
Claims on Public Sector Entity (ECA 3-6)	-		-	-	100%	-
Claims on Public Sector Entity (ECA 7)	-		-	-	150%	-
Claims on domestic banks that meet capital adequacy requirements	2,018,619.65		-	2,018,619.65	20%	403,723.93
Claims on domestic banks that do not meet capital adequacy requirements	5.00	5.00	-	-	100%	-
Claims on foreign bank (ECA Rating 0-1)	-		-	-	20%	-
Claims on foreign bank (ECA Rating 2)	-		-	-	50%	-

A. Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
	A	B	c	d=a-b-c	e	f=d*e
Claims on foreign bank (ECA Rating 3-6)	-		-	-	100%	-
Claims on foreign bank (ECA Rating 7)	-		-	-	150%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-		-	-	20%	-
Claims on Domestic Corporates (Credit rating score equivalent to AAA)	-	-	-	-	80%	-
Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)	-	-	-	-	85%	-
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)	-	-	-	-	90%	-
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)	-	-	-	-	100%	-
Claims on Domestic Corporates (Unrated)	2,309,952.29		45,00.00	2,305,452.29	100%	2,305,452.29
Claims on Foreign Corporates (ECA 0-1)	-		-	-	20%	-
Claims on Foreign Corporates (ECA 2)	-		-	-	50%	-
Claims on Foreign Corporates (ECA 3-6)	-		-	-	100%	-
Claims on Foreign Corporates (ECA 7)	-		-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)	4,365,453.87		205,007.49	4,160,446.38	75%	3,120,334.79
Claims fulfilling all criterion of regularity retail except granularity	-		-	-	100%	-
Claims secured by residential properties	1,453,908.45		-	1,453,908.45	60%	872,345.07

A. Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
	A	B	c	d=a-b-c	e	f=d*e
Claims not fully secured by residential properties	-		-	-	150%	-
Claims secured by residential properties (Overdue)	206,316.09	63,247.34	-	143,068.75	100%	143,068.75
Claims secured by Commercial real estate	99,194.77		-	99,194.77	100%	99,194.77
Past due claims (except for claims secured by residential properties)	1,073,447.15	329,562.96	-	743,884.19	150%	1,115,826.29
High Risk claims	566,493.62		3,998.79	562,494.83	150%	843,742.24
Real Estate loans for land acquisition and development (Other than mentioned in Capital Adequacy framework 2007-point 3.3(j)(1)(j))	8,572.52			8,572.52	125%	10,715.65
Lending against Shares(above Rs.5 Million)	321,422.58			321,422.58	125%	401,778.23
Lending Against Securities (Bonds)	-		-	-	100%	-
Lending Against Shares (up to Rs.5 Million)	78,637.44		-	78,637.44	100%	78,637.44
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)	240,715.64		-	240,715.64	100%	240,715.64
Personal Hirepurchase/Personal Auto Loans (upto Rs. 2.5 Million)	46,753.38			46,753.38	100%	46,753.38

A. Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
	A	B	c	d=a-b-c	e	f=d*e
Personal Hirepurchase/Personal Auto Loans (above Rs. 2.5 Million)	27,268.06			27,268.06	125%	34,085.08
Investments in equity and other capital instruments of institutions listed in the stock exchange	199,210.40			199,210.40	100%	199,210.40
Investments in equity and other capital instruments of institutions not listed in the stock exchange	15,100		-	15,100	150%	22,650.00
Staff loan secured by residential property	129,659.03			129,659.03	50%	64,829.52
Interest Receivable/claim on government securities	26,873.88			26,873.88	0%	
Cash in transit and other cash items in the process of collection	-		-	-	20%	-
Other Assets	815,816.61	14,584.43	-	801,232.18	100%	801,232.18
TOTAL (A)	16,493,233.87	407,399.72	213,506.28	15,872,327.87		10,804,295.64

B. Off Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
Revocable Commitments				-	0%	-
Bills Under Collection				-	0%	-
Forward Exchange Contract Liabilities			-	-	10%	-
LC Commitments With Original Maturity Up to 6 months domestic counterparty			-	-	20%	-
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-

B. Off Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
Foreign counterparty (ECA Rating 2)			-	-	50%	-
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-
Foreign counterparty (ECA Rating 7)			-	-	150%	-
LC Commitments With Original Maturity Over 6 months domestic counterparty			-	-	50%	-
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-
Foreign counterparty (ECA Rating 2)			-	-	50%	-
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-
Foreign counterparty (ECA Rating 7)			-	-	150%	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	88,058.00		13,858.00	74,200.00	40%	29,680.00
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-
Foreign counterparty (ECA Rating 2)			-	-	50%	-
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-
Foreign counterparty (ECA Rating 7)			-	-	150%	-
Underwriting commitments			-	-	50%	-

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B. Off Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
SRP 6.4a(3) - Add 10% of the loans & facilities in excess of Single Obligor Limits to RWE						-
SRP 6.4a(4) - Add 1% of the contract (sale) value in case of the sale of credit with recourse to RWE						-
Total RWE for Credit Risk after Bank's adjustments under Pillar II	17,173,905.33	407,399.72	227,364.28	16,539,141.33		10,959,227.94

v. Amount of Non-Performing Assets (Gross and Net Amount)

(NPR'000)

Particulars	Gross Amount	Provision	Net Amount
Substandard	56,406.79	13,746.24	(42,660.55)
Doubtful	155,843.33	76,836.02	(79,007.31)
Loss	302,994.74	302,228.04	(766.71)
Total	515,244.86	392,810.29	(122,434.57)

v. Non-Performing Assets (NPA) Ratios

Particulars	Percentage
Gross NPA to Gross Advances	4.70%
Net NPA to Net Advances	1.19%

vi. Movement of Non-Performing Assets

(NPR'000)

Particulars	Closing Balance (Ashoj 2080)	Closing Balance (Poush 2080)	Movement
Substandard	300,229.98	56,406.79	(243,823.19)
Doubtful	188,557	155,843.33	(32,713.67)
Loss	326,387.02	302,994.74	(23,392.28)
Total	815,174.00	515,244.86	(299,929.14)

vii. Write off loans and Interest Suspense

The bank has not written off any loans & advances during the second quarter of fiscal year 2080/81.

viii. Movement in Loan Loss Provision**(NPR'000)**

Particulars	Closing Balance (Asoj 2080)	Closing Balance (Poush 2080)	Movement
Pass	102,728.91	111,780.53	9,051.61
Watchlist	88,144.75	142,860.99	54,716.24
Substandard	74,298.50	13,746.24	(60,552.26)
Doubtful	93,461.44	76,836.02	(16,625.42)
Bad	325,906.75	302,228.04	(23,678.71)
Total	684,540.35	647,451.81	(37,088.54)

x. Movement in Interest Suspense**(NPR'000)**

Particulars	Closing Balance (Asoj 2080)	Closing Balance (Poush 2080)	Movement
Interest Suspense	298,134.15	311,933.86	13,799.71

x. Details of Additional Loan Loss Provision**(NPR'000)**

Particulars	Movement
Pass	-
Watch list	-
Substandard	-
Doubtful	-
Loss	-
Total	-

xi. Segregation of the Bank's Investment portfolio

Investments are segregated as under:

(NPR'000)

Particulars	Amount
Investment securities measured at amortized cost	1,835,709,574.67
Investment in equity measured at FVTOCI	503,620,578.52
Investment in unquoted associates	-
Other Trading Assets	-
Total	2,339,330,153.19

3. Risk Management Function

The bank has a risk management system to identify, assess, monitor the risk inherent in banking operation such as credit risk, market risk, liquidity risk, operation risk, capital adequacy and provide appropriate directions and guidelines to the management for mitigation of risk. A risk management system incorporating every area has been formed for effective risk management.

i. Credit Risk

The bank has Risk Management Policy, Credit policy Guidelines and standardized form for analyzing the risk and credit worthiness. The bank's Credit Risk Unit is structured for inspection and supervision of loan proposals before the loan approval. Furthermore, delegation of approving authority to various level and compliance of NRB directive is ensured. Risk Weighted Exposure for Credit Risk has been calculated as per NRB Capital Adequacy Framework.

ii. Operation Risk

The bank has formed various policies for mitigating the operation risk like Financial Administration bylaws, Employee Bylaws, Operation Manual, AML/CFT policy. Risk Weighted Exposure for Operation Risk has been calculated as per NRB Capital Adequacy Framework.

iii. Market Risk

Finance Department act proactively to cope up with the market risk. Risk Weighted Exposure for market risk has been calculated as per the NRB capital Adequacy Framework.

iv. Liquidity Risk

To mitigate the liquidity risk, the bank daily monitors the liquidity position. Similarly, periodic review of gap over the assets and liabilities is also performed.

v. Reputational Risk

The management team along with all staffs are responsible for protecting the bank's reputation and ensures bank does not take any activity that may cause material damage to reputation of the bank. Further, the bank also has appointed the information officer.