



**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 30 ASHOJ 2081 (16 OCTOBER 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	9,075.47
4	Proposed Bonus Equity Shares	-
5	Statutory General Reserves	264,517.47
6	Retained Earnings	(233,958.33)
7	Un-audited current year cumulative profit/(loss)	-
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	75,555.48
21	Less: Other Deductions	-
<b>Total Core Capital</b>		<b>1,213,773.60</b>

**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	150,114.85
5	Exchange Equalization Reserve	14.42
6	Investment Adjustment Reserve	-
7	Accrued Interest Receivable on pass loan included in Regulatory Reserve	58,705.16
8	Asset Revaluation Reserve	-
9	Other Reserves	-
<b>Total Supplementary Capital</b>		<b>208,834.43</b>

### III. INFORMATION ABOUT SUBORDINATE TERM DEBT

The Bank does not have any subordinated Term Debt

### IV. DEDUCTION FROM CAPITAL

<b>NPR('000)</b>	
<b>Particulars</b>	<b>Amount</b>
Deferred Tax Assets	-
Purchase of land & building in excess of limit and unutilized	<b>75,555.48</b>

### V. TOTAL QUALIFYING CAPITAL

<b>NPR('000)</b>	
<b>Particulars</b>	<b>Amount</b>
Total Core Capital(Tier I)	1,213,773.60
Total Supplementary Capital(Tier II)	208,834.43
Total Capital Fund(Tier I + Tier II)	<b>1,422,608.03</b>

### VI. CAPITAL ADEQUACY RATIO

<b>Particulars</b>	<b>Percentage</b>
Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	9.72%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	11.40%

### 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 Ashoj end 2081 is 9.72% and the total capital ratio is 11.40%. 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

<b>NPR('000)</b>		
<b>S.N</b>	<b>Particulars</b>	<b>Amount</b>
a	Risk Weighted Exposure for Credit Risk	11,117,576.98
b	Risk Weighted Exposure for Operational Risk	891,536.40
c	Risk Weighted Exposure for Market Risk	74.80
<b>Total Risk Weighted Exposures (Before adjustments of Pillar II)</b>		<b>12,009,188.17</b>
<b>Adjustments under Pillar II</b>		
<b>SRP 6.4a (5)</b>	ALM policies & practices are not satisfactory, add 1% of net interest income to RWE	-

<b>SRP 6.4a (6)</b>	Add.....% of the total deposit due to insufficient Liquid Assets	-
<b>SRP 6.4a (7)</b>	Add RWE equivalent to reciprocal of capital charge of 2% of gross income	111,859.10
<b>SRP 6.4a (9)</b>	If overall risk management policies and procedures are not satisfactory, Add 3% of RWE	360,275.65
<b>SRP 6.4a (10)</b>	If desired level of disclosure requirement has not been achieved, Add.....% of RWE	-
<b>Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)</b>		<b>12,481,322.92</b>

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

<b>Particulars</b>	<b>NPR('000)</b> <b>Amount</b>
Claims on Government and Central Bank	-
Claims on other official entities	-
Claims on Banks	384,147.77
Claims on Corporate and Securities Entities	1,471,882.07
Claims on Regulatory Retail Portfolio	3,931,857.40
Claims secured by residential properties	994,639.29
Claims secured by Commercial real estate	70,444.77
Past due claims	1,428,674.16
High Risk claims	665,908.65
Other Assets	1,982,461.79
Off Balance Sheet Exposures	187,561.08
<b>TOTAL</b>	<b>11,117,576.98</b>

**iii. Total Risk Weighted Exposure Calculation Table:**

<b>A. Balance Sheet Exposures</b>	<b>Book Value</b>	<b>Specific Provision</b>	<b>Eligible CRM</b>	<b>Net Value</b>	<b>Risk Weight</b>	<b>Risk Weighted Exposures</b>
	<b>A</b>	<b>B</b>	<b>c</b>	<b>d=a-b-c</b>	<b>e</b>	<b>f=d*e</b>
Cash Balance	400,280.00			400,280.00	0%	-
Balance With Nepal Rastra Bank	1,116,940.50			1,116,940.50	0%	-
Gold	-			-	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
Investment in Nepalese Government Securities	1,083,143.02			1,083,143.02	0%	-
All Claims on Government of Nepal	-			-	0%	-
Investment in Nepal Rastra Bank securities	-			-	0%	-
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	1,920,738.83		-	1,920,738.83	20%	384,147.77

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 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%	-
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)	1,472,467.07	-	585	1,471,882.07	100%	1,471,882.07
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	20%	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	50%	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	100%	-

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 Corporates (ECA 7)	-		-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)	5,405,178.39		162,701.85	5,242,476.53	75%	3,931,857.40
Claims fulfilling all criterion of regularity retail except granularity	-		-	-	100%	-
Claims secured by residential properties	1,402,582.14		-	1,402,582.14	60%	841,549.28
Claims not fully secured by residential properties	-		-	-	150%	-
Claims secured by residential properties (Overdue)	227,068.33	73,978.32	-	153,090.01	100%	153,090.01
Claims secured by Commercial real estate	70,444.77		-	70,444.77	100%	70,444.77
Past due claims (except for claims secured by residential properties)	1,561,230.01	608,780.57	-	952,449.44	150%	1,428,674.16
High Risk claims	443,939.10		-	443,939.10	150%	665,908.65
Real Estate loans for land acquisition and development (Other than mentioned in Capital Adequacy framework 2007-point 3.3(j)(1)(j))	7,167.13			7,167.13	125%	8,958.92
Lending against Shares (above Rs.5 Million)	346,266.75			346,266.75	125%	432,833.44
Lending Against Securities (Bonds)	-		-	-	100%	-

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
Lending Against Shares (up to Rs.5 Million)	60,136.50		-	60,136.50	100%	60,136.50
Real Estate loans for land acquisition and development (For institutions/projects registered/licensed and approved by Government of Nepal for land acquisition and development purposes)	92,550.09		-	92,550.09	100%	92,550.09
Personal Hirepurchase/Personal Auto Loans	120,272.65			120,272.65	100%	120,272.65
Investments in equity and other capital instruments of institutions listed in the stock exchange	491,316.75			491,316.75	100%	491,316.75
Investments in equity and other capital instruments of institutions not listed in the stock exchange	15,100		-	15,100	150%	22,650
Staff loan secured by residential property	135,011.01			135,011.01	50%	67,505.50
Interest Receivable/claim on government securities	39,433.66			39,433.66	0%	
Cash in transit and other cash items in the process of collection	-		-	-	20%	-
Other Assets	826,047.23	139,809.29	-	686,237.94	100%	686,237.94
<b>TOTAL (A)</b>	<b>17,237,318.94</b>	<b>822,573.19</b>	<b>163,286.85</b>	<b>16,251,458.90</b>		<b>10,930,015.90</b>

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%	-



<b>B. Off Balance Sheet Exposures</b>	<b>Book Value</b>	<b>Specific Provision</b>	<b>Eligible CRM</b>	<b>Net Value</b>	<b>Risk Weight</b>	<b>Risk Weighted Exposures</b>
LC Commitments With Original Maturity Up to 6 months domestic counterparty	26,200		-	26,200	20%	5,240
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%	-
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	95,084.80		13,570.00	81,514.80	40%	32,605.92
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-
Foreign counterparty (ECA Rating 2)			-	-	50%	-

<b>B. Off Balance Sheet Exposures</b>	<b>Book Value</b>	<b>Specific Provision</b>	<b>Eligible CRM</b>	<b>Net Value</b>	<b>Risk Weight</b>	<b>Risk Weighted Exposures</b>
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-
Foreign counterparty (ECA Rating 7)			-	-	150%	-
Underwriting commitments			-	-	50%	-
Lending of Bank's Securities or Posting of Securities as collateral			-	-	100%	-
Repurchase Agreements, Assets sale with recourse			-	-	100%	-
Advance Payment Guarantee	-		-	-	100%	-
Financial Guarantee			-	-	100%	-
Acceptances and Endorsements			-	-	100%	-
Unpaid portion of Partly paid shares and Securities			-	-	100%	-
Irrevocable Credit commitments (short term)	748,575.79		-	748,575.79	20%	149,715.16
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			-		100%	
Unpaid Guarantee Claims			-	-	200%	-

<b>B. Off Balance Sheet Exposures</b>	<b>Book Value</b>	<b>Specific Provision</b>	<b>Eligible CRM</b>	<b>Net Value</b>	<b>Risk Weight</b>	<b>Risk Weighted Exposures</b>
<b>TOTAL(B)</b>	<b>869,860.59</b>	<b>-</b>	<b>13,570.00</b>	<b>856,290.59</b>		<b>187,561.08</b>
<b>Total RWE for credit Risk Before Adjustment (A) + (B)</b>	<b>18,107,179.53</b>	<b>822,573.19</b>	<b>176,856.85</b>	<b>17,107,749.49</b>		<b>11,117,576.98</b>
<b><u>Adjustments under Pillar II</u></b>						
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						-
<b>Total RWE for Credit Risk after Bank's adjustments under Pillar II</b>	<b>18,107,179.53</b>	<b>822,573.19</b>	<b>176,856.85</b>	<b>17,107,749.49</b>		<b>11,117,576.98</b>

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

**(NPR'000)**

<b>Particulars</b>	<b>Gross Amount</b>	<b>Provision</b>	<b>Net Amount</b>
Substandard	686,240.65	171,274.67	514,965.99
Doubtful	312,026.30	155,006.39	157,019.90
Loss	358,589.84	356,477.84	2,112.00
<b>Total</b>	<b>1,356,856.789</b>	<b>682,758.90</b>	<b>674,097.90</b>

**v. Non-Performing Assets (NPA) Ratios**

<b>Particulars</b>	<b>Percentage</b>
Gross NPA to Gross Advances	11.73%
Net NPA to Net Advances	6.29%

**vi. Movement of Non-Performing Assets****(NPR'000)**

<b>Particulars</b>	<b>Closing Balance (Ashadh 2081)</b>	<b>Closing Balance (Ashoj 2081)</b>	<b>Movement</b>
Substandard	115,163.48	686,240.65	571,077.17
Doubtful	278,864.96	312,026.30	33,161.34
Loss	317,073.95	358,589.84	41,515.89
<b>Total</b>	<b>711,102.39</b>	<b>1,356,856.789</b>	<b>645,754.40</b>

**vii. Write off loans and Interest Suspense**

The bank has not written off any loans & advances during the first quarter of fiscal year 2081/82.

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

<b>Particulars</b>	<b>Closing Balance (Ashadh 2081)</b>	<b>Closing Balance (Ashoj 2081)</b>	<b>Movement</b>
Pass	126,119.00	98,323.52	-27,795.48
Watchlist	57,490.78	66,652.46	9,161.68
Substandard	28,727.43	171,274.67	142,547.24
Doubtful	138,252.41	155,006.39	16,753.98
Bad	315,559.98	35,6477.84	40,917.86
<b>Total</b>	<b>666,149.61</b>	<b>847,734.87</b>	<b>181,585.26</b>

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

<b>Particulars</b>	<b>Closing Balance (Ashadh 2081)</b>	<b>Closing Balance (Ashoj 2081)</b>	<b>Movement</b>
Interest Suspense	344,487.84	373,949.49	29,461.65

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

<b>Particulars</b>	<b>Movement</b>
Pass	-
Watch list	-
Substandard	-
Doubtful	-
Loss	-
<b>Total</b>	-

**xi. Segregation of the Bank's Investment portfolio**

Investments are segregated as under:

**(NPR'000)**

<b>Particulars</b>	<b>Amount</b>
Investment securities measured at amortized cost	1,083,143.02
Investment in equity measured at FVTOCI	665,761.38
Investment in unquoted associates	-
Other Trading Assets	-
<b>Total</b>	<b>1,748,904.40</b>

**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.