

Capital Adequacy Disclosures
As Per the Nepal Rastra Bank Capital Adequacy Framework 2015
Fourth Quarter-end of F.Y. 2023/24

Tier-1 Capital and Breakdown of Its Components

Particulars	Rs. In Million
1 Common Equity Tier 1 Capital	26,741.20
1.01 Paid-up Equity Share Capital	13,451.67
1.02 Proposed Bonus Shares	-
1.03 Equity Share Premium	-
1.04 Statutory General Reserves	9,788.04
1.05 Retained Earnings	2,662.63
1.06 Unaudited Current Year Cummulative Profit	
1.07 Debenture Redemption Reserve	2,000.00
1.08 Capital Adjustment Reserve	0.23
1.09 Less: Investment in Equity of Licensed Financial Institutions	(164.57)
1.1 Less: Investment in Equity of Institutions with Financial Interest	(82.37)
1.11 Less: Investment in equity of institutions in excess of limits	(867.40)
1.12 Less:Purchase of land & building in excess of limit and unutilized	(47.04)
2 Additional Tier 1 Capital	5,432.71
2.1 Irredeemable Non-Cumulative Preference Share Capital	5,432.71
Total	32,173.91

Tier-2 Capital and Breakdown of Its Components

Particulars	Rs. In Million
1 Subordinated Term Debt	1,000.00
2 General Loan Loss Provision	3,061.28
3 Investment Adjustment Reserve	29.96
4 Exchange Equalization Reserve	108.11
5 Other Reserves	328.62
Total	4,527.96

Total Qualifying Capital

Particulars	Rs. In Million
1 Core (Tier-1) Capital	32,173.91
1.1 Common Equity Tier-1 Capital	26,741.20
1.2 Additional Tier-1 Capital	5,432.71
2 Supplementary (Tier-2) Capital	4,527.96
Total Capital Fund (Tier 1 + Tier 2)	36,701.87

Risk Weighted Exposures

Particulars	Rs. In Million
1 Risk Weighted Exposure for Credit Risk	244,978.18
2 Risk Weighted Exposure for Operational Risk	13,161.15
3 Risk Weighted Exposure for Market Risk	119.92
Total	258,259.25

Risk Weighted Exposure under each of 11 Categories of Credit Risk

Particulars	Risk Weighted Exposure (Rs. In Million)
1 Claims on Government and Central Bank	-
2 Claims on Other Official Entities	-
3 Claims on Banks	121.38
4 Claims on Corporate and Securities Firms	-
5 Claims on Regulatory Retail Portfolio	124,702.90
6 Claims Secured by Residential Properties	9,068.60
7 Claims Secured by Commercial Real State	6,454.62
8 Past Due Claims	3,279.68
9 High Risk Claims	13,662.30
10 Other Assets	24,872.33
11 Off-balance Sheet Items	62,816.37
Total	244,978.18

Total Risk Weighted Exposure Calculation Table

Particulars	Rs. In Million
1 Total Risk Weighted Exposures (After Supervisory Adjustment)	273,143
1.1 Total Risk Weighted Exposures (Prior to Supervisory Adjustment)	258,259
1.2 SRP 6.4 a (5) ALM Policies and Practices are not satisfactory, add 1% of net interest income to RWE	-
1.3 SRP 6.4 a (7) Add RWE equivalent to reciprocal of capital charge of 4% of Gross Income	4,553
1.4 SRP 6.4 a (9) Overall Risk Management Policies and Procedures are not Satisfactory. Add 3% of RWE	10,330
2 Total Core (Tier 1) Capital	32,174
2.1 Common Equity Tier-1 Capital	26,741
2.2 Additional Tier-1 Capital	5,433
3 Total Supplementary (Tier-2) Capital	4,528
4 Total Capital Fund (Tier-1 + Tier-2)	36,702
5 Common Equity Tier-1 Capital to Total Risk Weighted Exposures	9.79%
6 Core Capital to Total Risk Weighted Exposures	11.78%
7 Total Capital Fund to Total Risk Weighted Exposures	13.44%
8 Leverage Ratio	6.88

Amount of Non-Performing Assets (NPA)

Categories	Gross NPA (Rs. In Million)	Provision (Rs. In Million)	Net NPA (Rs. In Million)
1 Reschedule/Restructured Loan	1,512	661	851
2 Substandard Loan	1,166	160	1,005
3 Doubtful Loan	851	226	626
4 Loss Loan	3,572	3,331	242
Total	7,102	4,378	2,724

NPA Ratio

Gross NPA to Gross Loan and Advance	3.44%
Net NPA to Net Loan and Advance	1.37%

Movement of Non-Performing Assets

Categories	This Quarter (Rs.in Million)	Previous Quarter (Rs.in Million)	Difference (Rs. in Million)
1 Reschedule/Restructured loan	1,512	1,891	(379)
2 Substandard loan	1,166	501	665
3 Doubtful loan	851	473	379
4 Loss loan	3,572	3,667	(95)
Total	7,102	6,531	570

Written-off Loan and Interest Suspense

Categories	Rs. In Million
1 Write-off Loan and Its Interest	2,091
2 Interest suspense	
Total	2,091

Movement in Loan Loss Provision and Interest Suspense

Categories	This Quarter (Rs.in Million)	Previous Quarter (Rs.in Million)	Difference (Rs. in Million)
1 Loan loss provision	8038	8,367	(329)
2 Interest suspense	1,691	2,203	(512)
Total	9,729	10,570	(841)

Segregation of Investment Portfolio

Categories	Amount in Million
1 Held-for-trading	1,216
2 Held-to-maturity	67,493
3 Available-for-sale	7,359
Total	76,069

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

Agricultural Development Bank Ltd. manages risk through an integrated Risk Management Framework (RMF) of the Bank . This RMF is built upon the principles of the Basel Committee on Banking Supervision and follows the directions of Risk Management Guideline issued by Nepal Rastra Bank. The bank follows the Internal Capital Adequacy Assessment Process (ICAAP) and has a framework "Internal Capital Adequacy Assessment Process (ICAAP)" for determining internal capital adequacy requirement in relation to risk profile of Bank. Internal Capital Adequacy Assessment Process (ICAAP) is conducted annually by independent Risk Management Department which is presented to Risk Management Committee and Board. With the approval of the Board, the ICAAP report on annual basis is submitted to Nepal Rastra Bank . The ICAAP report covers bank's attitude towards risk, business and risk strategy, risk appetite, risk assessment and aggregation, stress and scenario testing. The bank has assessed internal capital requirement for consecutive four fiscal year under different three assumed scenarios. The Capital adequacy requirement assessed under those scenario shows adequate level of capital. The assessment is reviewed and the internal capital requirements is calculated, in case,if any changes occur in risk profile.A CEO level "ICAAP Steering Committee" is in place for reviewing ICAAP document and implementation of its recommendations. The assessment is further analyzed in Board level Risk Management Committee (RMC) and forwarded to Board for oversight. The ICAAP Steering Committee also reviews the quarterly Capital Adequacy changes and profile of Bank.