

**DISCLOSURE UNDER NEW CAPITAL ADEQUACY FRAMEWORK  
FOR THE QUARTER ENDING POUH 2072**

**1. Capital structure and capital adequacy:**

• **Tier 1 capital and a breakdown of its components:**

	Details	Amount (NPR)
1	Paid up Equity Share Capital	4,154,559,320
2	Share Premium	10,150,347
3	Proposed Bonus Equity Shares	332,432,986
4	Statutory General Reserves	784,610,485
5	Retained Earnings	354,238,689
6	Unaudited Current Year Cumulative Profit	421,210,851
7	Debenture Redemption Reserve	37,046,246
8	Less: Deferred Tax Reserve	(39,290,914)
9	Less: Investment in equity of institutions with financial interests	(110,000,000)
	<b>Total Core Capital</b>	<b>5,944,958,009</b>

• **Tier 2 capital and a breakdown of its components:**

	Details	Amount (NPR)
1	Subordinated Term Debt	400,000,000
2	General loan loss provision	672,568,541
3	Exchange Equalization Reserve	30,773,846
4	Investment Adjustment Reserve	16,067,719
5	Other Reserves	11,213,622
	<b>Total Supplementary Capital</b>	<b>1,130,623,727</b>

• **Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, and amount raised during the year and amount eligible to be reckoned as capital funds.**

The Bank issued "7% NMB Debenture 2077" on 6 Falgun 2071. The salient features of the Debenture are as follows:

- Outstanding Amount : NPR 500 Million
- Maturity : 5 Years 6 Months from the date of issuance
- Amount raised during the year : NPR 500 Million
- Amount eligible to be reckoned as Capital Funds : NPR 400 Million

• **Deductions from capital:**

- Investment in equity shares of subsidiary company NMB Capital Ltd amounting to NPR 100,000,000 is deducted from Capital.
- Investment in equity shares of CEDB Hydro Fund Ltd amounting to NPR 10,000,000 is deducted from Capital.

• **Total qualifying capital:**

	Details	Amount (NPR)
1	Core Capital (Tier I)	5,944,958,009
2	Supplementary Capital (Tier II)	1,130,623,727
	<b>Total Capital Fund (Tier I and Tier II)</b>	<b>7,075,581,736</b>

• **Capital Adequacy Ratio:**

	Details	Percentage
1	Tier I Capital to Total Risk Weighted Exposure	10.29%
2	Tier I and Tier II Capital to Total Risk Weighted Exposure	12.24%

• **Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments.**

• **Details of Subordinated Term Debt: Debenture**

- Face Value : Rs 1,000
- Maturity : 5 Years 6 Months from the date of issuance
- Interest Rate : 7% per annum.
- Interest Payment Frequency : Half yearly.

- Amount : NPR 500 Million
- Eligible Amount for Tier 2 Capital : NPR 400 Million
- Listed with Nepal Stock Exchange.

## 2. Risk exposures:

### • Risk weighted exposures for Credit Risk, Market Risk and Operational Risk:

S.N.	Risk Weighted Exposure	Amount (NPR)
a.	Risk Weighted Exposure for Credit Risk	52,376,612,297
b.	Risk Weighted Exposure for Operational Risk	2,904,793,923
c.	Risk Weighted Exposure for Market Risk	921,756,178
	<b>Total Risk Weighted Exposures (a+b+c)</b>	<b>56,203,162,399</b>
	Add : 2% of the the total RWE due to Supervisory add up	1,124,063,248
	Add : RWE equivalent to reciprocal of capital charge of 2 % of gross income.	460,894,858
	<b>Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)</b>	<b>57,788,120,505</b>

### • Risk Weighted Exposures under each of 11 categories of Credit Risk:

S.N.	Particulars	Amount (NPR)
1	Claims on government and Central Bank	NIL
2	Claims on other Official Entities	NIL
3	Claims on Banks	1,017,908,558
4	Claims on Corporate and Securities Firms	25,395,611,274
5	Claims on Regulatory Retail Portfolio	3,530,008,391
6	Claims secured by Residential Properties	6,075,241,177
7	Claims secured by Commercial Real Estate	2,314,892,024
8	Past Due Claims	366,289,907
9	High Risk Claims	6,091,777,783
10	Other Assets	1,817,206,507
11	Off Balance sheet items	5,767,676,675
	<b>TOTAL</b>	<b>52,376,612,297</b>

### • Total Risk Weighted Exposure calculation table:

S.N.	Particulars	Amount (NPR)
a.	Risk Weighted Exposure for Credit Risk	52,376,612,297
b.	Risk Weighted Exposure for Operational Risk	2,904,793,923
c.	Risk Weighted Exposure for Market Risk	921,756,178
<b>1</b>	<b>Total Risk Weighted Exposure</b>	<b>56,203,162,399</b>
	Add : 2% of the the total RWE due to Supervisory add up	1,124,063,248
	Add : RWE equivalent to reciprocal of capital charge of 2 % of gross income.	460,894,858
	<b>Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)</b>	<b>57,788,120,505</b>
2	Total Core Capital Fund (Tier 1)	5,944,958,009
3	Total Capital Fund (Tier 1 & Tier 2)	7,075,581,736
4	Total Core Capital to Total Risk Weighted Exposures	10.29%
5	Total Capital to Total Risk Weighted Exposures	12.24%

### Amount of Non Performing Assets (NPAs)

	Category	Gross	Provision	Net
1	Restructure/Reschedule Loan	3,536,344	1,872,685	1,663,659
2	Substandard	212,947,521	53,236,880	159,710,641
3	Doubtful	357,263,533	178,631,766	178,631,766
4	Loss	164,348,688	164,348,688	-
	<b>Total</b>	<b>738,096,085</b>	<b>398,090,019</b>	<b>340,006,066</b>

### NPA Ratio

Gross NPA to Gross Advances	1.67%
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Net NPA to Net Advances	0.80%
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#### Movement of Non Performing Assets

	Particulars	Ashwin End 2072	Poush End 2072	Movement
1	Restructure/Reschedule Loan	2,798,540	3,536,344	737,803
2	Substandard	21,648,865	212,947,521	191,298,656
3	Doubtful	13,964,822	357,263,533	343,298,711
4	Loss	73,661,661	164,348,688	90,687,027
	<b>Total Non Performing Loan</b>	<b>117,432,279</b>	<b>738,096,085</b>	<b>626,022,196</b>

Write off of Loans: NIL

Write off of Interest Suspense: NIL

#### Movement of Loan Loss Provision & Interest Suspense

	Category	Ashwin End 2072	Poush End 2072	Movement
1	Pass	277,301,272	421,380,009	144,078,737
2	Watch List	3,574,324.88	23,840,524	20,266,199
3	Restructured	1,831,015	1,872,685	41,670
4	Substandard	5,412,216	53,236,880	47,824,664
5	Doubtful	6,982,411	178,631,766	171,649,355
6	Loss	73,661,661	164,348,688	90,687,027
	<b>Total Loan Provision</b>	<b>368,762,900</b>	<b>843,310,552</b>	<b>474,547,652</b>
	<b>Interest Suspense</b>	<b>104,204,283</b>	<b>215,184,636</b>	<b>110,980,353</b>

#### Details of Additional Loan Loss Provision

	Category	Poush End 2072
1	Pass	282,976,072
2	Watch List	114,862,444
3	Restructured	-
4	Substandard	15,592,247
5	Doubtful	46,792,864
6	Loss	-
	<b>Total Additional Loan Provision</b>	<b>460,223,628</b>

#### Segregation of Investment Portfolio

	Particulars	Current Period
1	Held for Trading	-
2	Held for Maturity	5,892,861,778
3	Available for Sale	338,808,299
	<b>Total Investment Portfolio</b>	<b>6,231,670,077</b>

#### Eligible Credit Risk Mitigants (CRM) availed

As per the provisions of the New Capital Adequacy Framework, the bank has claimed all the eligible credit risk mitigants of NPR 5,617,925,759 for Balance Sheet and Off Balance Sheet exposures and availed benefit thereof.

#### Summary of the Banks internal approach to assess the adequacy of its capital to support current & future activities:

- Regular monitoring by the Compliance Department
- Supervision by the Top level Management