

**DISCLOSURE UNDER NEW CAPITAL ADEQUACY FRAMEWORK
FOR THE QUARTER ENDING ASHAD 2073**

1. Capital structure and capital adequacy:

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

	Details	Amount (NPR)
1	Paid up Equity Share Capital	4,486,924,066
2	Share Premium	10,150,347
3	Proposed Bonus Equity Shares	-
4	Statutory General Reserves	784,610,485
5	Retained Earnings	362,928,657
6	Unaudited Current Year Cumulative Profit	1,150,312,077
7	Debenture Redemption Reserve and Deferred Tax Reserve	96,132,051
8	Less: Deferred Tax Asset	(59,085,805)
9	Less: Investment in equity of institutions with financial interests	(110,000,000)
	Total Core Capital	6,721,971,877

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

	Details	Amount (NPR)
1	Subordinated Term Debt	400,000,000
2	General loan loss provision	686,931,906
3	Exchange Equalization Reserve	30,793,651
4	Investment Adjustment Reserve	16,486,266
5	Other Reserves	12,369,985
	Total Supplementary Capital	1,146,581,808

• **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)	6,721,971,877
2	Supplementary Capital (Tier II)	1,146,581,808
	Total Capital Fund (Tier I and Tier II)	7,868,553,685

• **Capital Adequacy Ratio:**

	Details	Percentage
1	Tier I Capital to Total Risk Weighted Exposure	9.47%
2	Tier I and Tier II Capital to Total Risk Weighted Exposure	11.08%

• **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	65,508,912,326
b.	Risk Weighted Exposure for Operational Risk	2,904,793,923
c.	Risk Weighted Exposure for Market Risk	737,316,408
	Total Risk Weighted Exposures (a+b+c)	69,151,022,657
	Add : 2% of the the total RWE due to Supervisory add up	1,383,020,453
	Add : RWE equivalent to reciprocal of capital charge of 2 % of gross income.	460,894,858
	Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	70,994,937,969

• 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	1,824,907,566
4	Claims on Corporate and Securities Firms	32,515,946,609
5	Claims on Regulatory Retail Portfolio	4,104,969,294
6	Claims secured by Residential Properties	6,696,319,450
7	Claims secured by Commercial Real Estate	2,482,472,103
8	Past Due Claims	1,143,533,945
9	High Risk Claims	6,558,062,670
10	Other Assets	2,041,888,427
11	Off Balance sheet items	8,140,812,262
	TOTAL	65,508,912,326

• Total Risk Weighted Exposure calculation table:

S.N.	Particulars	Amount (NPR)
a.	Risk Weighted Exposure for Credit Risk	65,508,912,326
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c.	Risk Weighted Exposure for Market Risk	737,316,408
1	Total Risk Weighted Exposure	69,151,022,657
	Add : 2% of the the total RWE due to Supervisory add up	1,383,020,453
	Add : RWE equivalent to reciprocal of capital charge of 2 % of gross income.	460,894,858
	Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	70,994,937,969
2	Total Core Capital Fund (Tier 1)	6,721,971,877
3	Total Capital Fund (Tier 1 & Tier 2)	7,868,553,685
4	Total Core Capital to Total Risk Weighted Exposures	9.47%
5	Total Capital to Total Risk Weighted Exposures	11.08%

Amount of Non Performing Assets (NPAs)

	Category	Gross	Provision	Net
1	Restructure/Reschedule Loan	4,659,002	1,828,626	2,830,376
2	Substandard	204,029,271	51,007,318	153,021,953
3	Doubtful	202,232,436	101,116,218	101,116,218
4	Loss	544,484,507	544,484,507	-
	Total	955,405,217	698,436,669	256,968,548

NPA Ratio

Gross NPA to Gross Advances	1.75%
Net NPA to Net Advances	0.48%

Movement of Non Performing Assets

	Particulars	Chaitra End 2072	Ashad End 2073	Movement
1	Restructure/Reschedule Loan	3,273,140	4,659,002	1,385,862
2	Substandard	479,515,284	204,029,271	(275,486,013)
3	Doubtful	196,789,866	202,232,436	5,442,571
4	Loss	163,755,994	544,484,507	380,728,513
	Total Non Performing Loan	843,334,284	955,405,217	112,070,932

Write off of Loans: NIL

Write off of Interest Suspense: NIL

Movement of Loan Loss Provision & Interest Suspense

	Category	Chaitra End 2072	Ashad End 2073	Movement
1	Pass	475,543,174	529,345,476	53,802,302
2	Watch List	47,355,666.99	23,359,128	(23,996,539)
3	Restructured	1,715,659	1,828,626	112,967
4	Substandard	119,878,821	51,007,318	(68,871,503)
5	Doubtful	98,394,933	101,116,218	2,721,285
6	Loss	163,755,994	544,484,507	380,728,513
	Total Loan Provision	906,644,248	1,251,141,273	344,497,025
	Interest Suspense	672,995,567	672,426,264	(569,303)

Details of Additional Loan Loss Provision

	Category	Ashad End 2073
1	Pass	140,382,237
2	Watch List	-
3	Restructured	-
4	Substandard	-
5	Doubtful	-
6	Loss	-
	Total Additional Loan Provision	140,382,237

Segregation of Investment Portfolio

	Particulars	Current Period
1	Held for Trading	200,000.00
2	Held for Maturity	8,243,148,270
3	Available for Sale	261,020,749
	Total Investment Portfolio	8,504,369,019

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 7,477,721,570 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