

**DISCLOSURE UNDER NEW CAPITAL ADEQUACY FRAMEWORK  
FOR THE QUARTER ENDING ASHAD 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	2,400,000,000
2	Share Premium	10,077,915
3	Statutory General Reserves	350,567,956
4	Retained Earnings	984,535
5	Unaudited Current Year Cumulative Profit	503,803,594
6	Deferred Tax Reserve	28,266,846
7	Less: Investment in equity of institutions with financial interests	(100,000,000)
	<b>Total Core Capital</b>	<b>3,193,700,846</b>

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

	Details	Amount (NPR)
1	Subordinated Term Debt	500,000,000
2	General loan loss provision	286,425,711
3	Exchange Equalization Reserve	20,909,623
4	Investment Adjustment Reserve	2,143,366
	<b>Total Supplementary Capital</b>	<b>809,478,699</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 500 Million

• **Deductions from capital:**

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

• **Total qualifying capital:**

	Details	Amount (NPR)
1	Core Capital (Tier I)	3,193,700,846
2	Supplementary Capital (Tier II)	809,478,699
	<b>Total Capital Fund (Tier I and Tier II)</b>	<b>4,003,179,545</b>

• **Capital Adequacy Ratio:**

	Details	Percentage
1	Tier I Capital to Total Risk Weighted Exposure	8.93%
2	Tier I and Tier II Capital to Total Risk Weighted Exposure	11.20%

- **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 500 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	32,978,258,152
b.	Risk Weighted Exposure for Operational Risk	1,316,541,353
c.	Risk Weighted Exposure for Market Risk	543,283,103
	<b>Total Risk Weighted Exposures (a+b+c)</b>	<b>34,838,082,608</b>
	Add : 2% of the the total RWE due to Supervisory add up	696,761,652
	Add : RWE equivalent to reciprocal of capital charge of 2 % of gross income.	213,874,553
	<b>Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)</b>	<b>35,748,718,813</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	1,289,240,883
4	Claims on Corporate and Securities Firms	21,570,244,809
5	Claims on Regulatory Retail Portfolio	900,351,375
6	Claims secured by Residential Properties	1,867,553,187
7	Claims secured by Commercial Real Estate	255,786,107
8	Past Due Claims	51,758,733
9	High Risk Claims	2,206,291,825
10	Other Assets	778,935,534
11	Off Balance sheet items	4,058,095,700
	<b>TOTAL</b>	<b>32,978,258,152</b>

- Total Risk Weighted Exposure calculation table:

S.N.	Particulars	Amount (NPR)
a.	Risk Weighted Exposure for Credit Risk	32,978,258,152
b.	Risk Weighted Exposure for Operational Risk	1,316,541,353
c.	Risk Weighted Exposure for Market Risk	543,283,103
1	<b>Total Risk Weighted Exposure</b>	<b>34,838,082,608</b>
	Add : 2% of the the total RWE due to Supervisory add up	696,761,652
	Add : RWE equivalent to reciprocal of capital charge of 2 % of gross income.	213,874,553
	<b>Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)</b>	<b>35,748,718,813</b>
2	Total Core Capital Fund (Tier 1)	3,193,700,846
3	Total Capital Fund ( Tier 1 & Tier 2)	4,003,179,545
4	Total Core Capital to Total Risk Weighted Exposures	8.93%
5	Total Capital to Total Risk Weighted Exposures	11.20%

### Amount of Non Performing Assets (NPAs)

	Category	Gross	Provision	Net
1	Restructure/Reschedule Loan	2,868,457	1,855,209	1,013,248
2	Substandard	33,230,641	8,307,660	24,922,981
3	Doubtful	13,457,718	6,728,859	6,728,859
4	Loss	67,875,463	67,875,463	-
	<b>Total</b>	<b>117,432,279</b>	<b>84,767,191</b>	<b>32,665,088</b>

### NPA Ratio

Gross NPA to Gross Advances	0.42%
Net NPA to Net Advances	0.12%

### Movement of Non Performing Assets

	Particulars	Chaitra End 2071	Ashad End 2072	Movement
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1	Restructure/Reschedule Loan	3,015,554	2,868,457	(147,096)
2	Substandard	15,980,540	33,230,641	17,250,101
3	Doubtful	27,850,260	13,457,718	(14,392,542)
4	Loss	79,296,570	67,875,463	(11,421,108)
	<b>Total Non Performing Loan</b>	<b>126,142,925</b>	<b>117,432,279</b>	<b>-8,710,646</b>

**Write off of Loans: NIL**

**Write off of Interest Suspense: NIL**

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

	Category	Chaitra End 2071	Ashad End 2072	Movement
1	Pass	253,848,297	264,233,193	10,384,896
2	Watch List	23,918,731.10	22,390,619	(1,528,112)
3	Restructured	1,921,132	1,855,209	(65,923)
4	Substandard	3,995,135	8,307,660	4,312,525
5	Doubtful	13,925,130	6,728,859	(7,196,271)
6	Loss	79,296,570	67,875,463	(11,421,108)
	<b>Total Loan Provision</b>	<b>376,904,996</b>	<b>371,391,002</b>	<b>(5,513,994)</b>
	<b>Interest Suspense</b>	<b>55,902,833</b>	<b>78,688,523</b>	<b>22,785,690</b>

**Segregation of Investment Portfolio**

	Particulars	Current Period
1	Held for Trading	-
2	Held for Maturity	5,758,834,064
3	Available for Sale	225,043,220
	<b>Total Investment Portfolio</b>	<b>5,983,877,284</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 3,397,985,635 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