

**DISCLOSURE UNDER NEW CAPITAL ADEQUACY FRAMEWORK
FOR THE QUARTER ENDING ASHAD 2070**

1. Capital structure and capital adequacy:

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

	Details	Amount (NPR)
1	Paid up Equity Share Capital	2,000,000,000
2	Share Premium	10,077,915
3	Statutory General Reserves	268,583,359
4	Retained Earnings	302,996,105
5	Unaudited Current Year Cumulative Profit	-
6	Deferred Tax Reserve	25,355,930
7	Less: Investment in equity of institutions with financial interests	(100,000,000)
	Total Core Capital	2,507,013,309

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

	Details	Amount (NPR)
1	General loan loss provision	165,303,127
2	Exchange Equalization Reserve	14,805,868
3	Investment Adjustment Reserve	2,260,713
	Total Supplementary Capital	182,369,708

- 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 does not have any Subordinated Term Debts.

• **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)	2,507,013,309
2	Supplementary Capital (Tier II)	182,369,708
	Total Capital Fund (Tier I and Tier II)	2,689,383,017

• **Capital Adequacy Ratio:**

	Details	Percentage
1	Tier I Capital to Total Risk Weighted Exposure	11.82%
2	Tier I and Tier II Capital to Total Risk Weighted Exposure	12.68%

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

- Bank does not have any other capital instruments except fully paid up Equity Shares as qualifying capital.

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	19,592,413,643
b.	Risk Weighted Exposure for Operational Risk	840,781,032
c.	Risk Weighted Exposure for Market Risk	235,807,497
	Total Risk Weighted Exposures (a+b+c)	20,669,002,172
	Add : 2% of the the total RWE due to Supervisory add up	413,380,043
	Add : RWE equivalent to reciprocal of capital charge of 2 % of gross income.	126,671,784
	Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	21,209,053,999

- 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 Bank	463,521,284
4	Claims on Domestic Corporate and Securities Firms	12,193,003,872
5	Claims on Regulatory Retail Portfolio	601,940,847
6	Claims secured by Residential Properties	787,454,132
7	Claims secured by Commercial Real Estate	553,401,536
8	Past Due Claims	181,518,033
9	High Risk Claims	2,392,715,011
10	Other Assets	583,858,384
11	Off Balance sheet items	1,835,000,544
	TOTAL	19,592,413,643

• **Total Risk Weighted Exposure calculation table:**

S.N.	Particulars	Amount (NPR)
a.	Risk Weighted Exposure for Credit Risk	19,592,413,643
b.	Risk Weighted Exposure for Operational Risk	840,781,032
c.	Risk Weighted Exposure for Market Risk	235,807,497
1	Total Risk Weighted Exposure	20,669,002,172
	Add : 2% of the the total RWE due to Supervisory add up	413,380,043
	Add : RWE equivalent to reciprocal of capital charge of 2 % of gross income.	126,671,784
	Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	21,209,053,999
2	Total Core Capital Fund (Tier 1)	2,507,013,309
3	Total Capital Fund (Tier 1 & Tier 2)	2,689,383,017
4	Total Core Capital to Total Risk Weighted Exposures	11.82%
5	Total Capital to Total Risk Weighted Exposures	12.68%

Amount of Non Performing Assets (NPAs)

	Category	Gross	Provision	Net
1	Restructure/Reschedule Loan	2,229,567	463,584	1,765,983
2	Substandard	67,048,005	16,762,001	50,286,004
3	Doubtful	16,002,858	8,001,429	8,001,429
4	Loss	219,784,533	219,784,533	-
	Total	305,064,964	245,011,548	60,053,416

NPA Ratio

Gross NPA to Gross Advances	1.80%
Net NPA to Net Advances	0.36%

Movement of Non Performing Assets

	Particulars	Chaitra End 2069	Ashad End 2070	Movement
1	Restructure/Reschedule Loan	23,711,026	2,229,567	-21,481,459
2	Substandard	58,874,228	67,048,005	8,173,777
3	Doubtful	36,898,247	16,002,858	-20,895,389
4	Loss	182,574,584	219,784,533	37,209,949
	Total Non Performing Loan	302,058,085	305,064,964	3,006,878

Write off of Loans: 321,891.57

Write off of Interest Suspense: 49,017.32

Movement of Loan Loss Provision & Interest Suspense

	Category	Chaitra End 2069	Ashad End 2070	Movement
1	Pass	163,897,866	168,671,623	4,773,757
2	Restructured	3,156,077	463,584	-2,692,493
3	Substandard	14,718,557	16,762,001	2,043,444
4	Doubtful	25,699,123	8,001,429	-17,697,694

5	Loss	182,574,584	219,784,533	37,209,949
	Total Loan Provision	390,046,208	413,683,171	23,636,963
	Interest Suspense	97,227,243	94,437,449	(2,789,793)

Segregation of Investment Portfolio

	Particulars	Current Period
1	Held for Trading	1,050,000
2	Held for Maturity	1,540,333,261
3	Available for Sale	15,432,752
	Total Investment Portfolio	1,556,816,013

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 1,139,251,642 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