

**DISCLOSURE UNDER NEW CAPITAL ADEQUACY FRAMEWORK
FOR THE QUARTER ENDING ASHWIN 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 | 90,805,749 |
| 6 | Deferred Tax Reserve | 25,355,930 |
| 7 | Less: Investment in equity of institutions with financial interests | (100,000,000) |
| | Total Core Capital | 2,597,819,058 |

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

| | Details | Amount (NPR) |
|---|------------------------------------|--------------------|
| 1 | General loan loss provision | 162,166,099 |
| 2 | Exchange Equalization Reserve | 14,805,868 |
| 3 | Investment Adjustment Reserve | 2,260,713 |
| | Total Supplementary Capital | 179,232,680 |

- **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) | 2,597,819,058 |
| 2 | Supplementary Capital (Tier II) | 179,232,680 |
| | Total Capital Fund (Tier I and Tier II) | 2,777,051,738 |

• **Capital Adequacy Ratio:**

| | Details | Percentage |
|---|--|------------|
| 1 | Tier I Capital to Total Risk Weighted Exposure | 11.43% |
| 2 | Tier I and Tier II Capital to Total Risk Weighted Exposure | 12.22% |

- **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 | 20,868,038,005 |
| b. | Risk Weighted Exposure for Operational Risk | 1,077,931,258 |
| c. | Risk Weighted Exposure for Market Risk | 159,286,586 |
| | Total Risk Weighted Exposures (a+b+c) | 22,105,255,850 |
| | Add : 2% of the the total RWE due to Supervisory add up | 442,105,117 |
| | Add : RWE equivalent to reciprocal of capital charge of 2 % of gross income. | 186,070,204 |
| | Total Risk Weighted Exposures (After Bank's adjustments of Pillar II) | 22,733,431,171 |

- **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 | 949,596,848 |
| 4 | Claims on Corporate and Securities Firms | 11,877,089,695 |
| 5 | Claims on Regulatory Retail Portfolio | 595,050,873 |
| 6 | Claims secured by Residential Properties | 912,354,922 |
| 7 | Claims secured by Commercial Real Estate | 511,155,989 |
| 8 | Past Due Claims | 191,137,782 |
| 9 | High Risk Claims | 2,212,956,018 |
| 10 | Other Assets | 620,105,398 |
| 11 | Off Balance sheet items | 2,998,590,481 |
| | TOTAL | 20,868,038,005 |

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

| S.N. | Particulars | Amount (NPR) |
|------|--|-----------------------|
| a. | Risk Weighted Exposure for Credit Risk | 20,868,038,005 |
| b. | Risk Weighted Exposure for Operational Risk | 1,077,931,258 |
| c. | Risk Weighted Exposure for Market Risk | 159,286,586 |
| 1 | Total Risk Weighted Exposure | 22,105,255,850 |
| | Add : 2% of the the total RWE due to Supervisory add up | 442,105,117 |
| | Add : RWE equivalent to reciprocal of capital charge of 2 % of gross income. | 186,070,204 |
| | Total Risk Weighted Exposures (After Bank's adjustments of Pillar II) | 22,733,431,171 |
| 2 | Total Core Capital Fund (Tier 1) | 2,597,819,058 |
| 3 | Total Capital Fund (Tier 1 & Tier 2) | 2,777,051,738 |
| 4 | Total Core Capital to Total Risk Weighted Exposures | 11.43% |
| 5 | Total Capital to Total Risk Weighted Exposures | 12.22% |

Amount of Non Performing Assets (NPAs)

| | Category | Gross | Provision | Net |
|---|-----------------------------|--------------------|--------------------|-------------------|
| 1 | Restructure/Reschedule Loan | 2,142,442 | 444,722 | 1,697,720 |
| 2 | Substandard | 67,889,052 | 16,972,263 | 50,916,789 |
| 3 | Doubtful | 5,699,484 | 2,849,742 | 2,849,742 |
| 4 | Loss | 228,799,581 | 228,799,581 | - |
| | Total | 304,530,559 | 249,066,308 | 55,464,251 |

NPA Ratio

| | |
|-----------------------------|-------|
| Gross NPA to Gross Advances | 1.83% |
| Net NPA to Net Advances | 0.34% |

Movement of Non Performing Assets

| | Particulars | Ashad End 2070 | Ashwin End 2070 | Movement |
|---|----------------------------------|--------------------|--------------------|-----------------|
| 1 | Restructure/Reschedule Loan | 2,229,567 | 2,142,442 | -87,125 |
| 2 | Substandard | 67,048,005 | 67,889,052 | 841,047 |
| 3 | Doubtful | 16,002,858 | 5,699,484 | -10,303,374 |
| 4 | Loss | 219,784,533 | 228,799,581 | 9,015,048 |
| | Total Non Performing Loan | 305,064,964 | 304,530,559 | -534,405 |

Write off of Loans: NIL

Write off of Interest Suspense: NIL

Movement of Loan Loss Provision & Interest Suspense

| | Category | Ashad End 2070 | Ashwin End 2070 | Movement |
|---|--------------|----------------|-----------------|------------|
| 1 | Pass | 168,671,623 | 165,650,843 | -3,020,780 |
| 2 | Restructured | 463,584 | 444,722 | -18,862 |
| 3 | Substandard | 16,762,001 | 16,972,263 | 210,262 |
| 4 | Doubtful | 8,001,429 | 2,849,742 | -5,151,687 |

| | | | | |
|---|-----------------------------|--------------------|--------------------|-------------------|
| 5 | Loss | 219,784,533 | 228,799,581 | 9,015,048 |
| | Total Loan Provision | 413,683,171 | 414,717,151 | 1,033,980 |
| | Interest Suspense | 94,437,449 | 110,134,041 | 15,696,591 |

Segregation of Investment Portfolio

| | Particulars | Current Period |
|---|-----------------------------------|-----------------------|
| 1 | Held for Trading | 1,050,000 |
| 2 | Held for Maturity | 2,736,720,461 |
| 3 | Available for Sale | 15,405,832 |
| | Total Investment Portfolio | 2,753,176,293 |

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 1,159,673,242 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