

**DISCLOSURE UNDER NEW CAPITAL ADEQUACY FRAMEWORK
FOR THE QUARTER ENDING ASHWIN 2071**

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	414,919,095
5	Unaudited Current Year Cumulative Profit	142,793,338
6	Deferred Tax Reserve	25,355,930
7	Less: Investment in equity of institutions with financial interests	(100,000,000)
	Total Core Capital	2,761,729,637

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

	Details	Amount (NPR)
1	General loan loss provision	212,500,043
2	Exchange Equalization Reserve	14,805,868
3	Investment Adjustment Reserve	100,260,713
	Total Supplementary Capital	327,566,624

- **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)	2,761,729,637
2	Supplementary Capital (Tier II)	327,566,624
	Total Capital Fund (Tier I and Tier II)	3,089,296,261

• **Capital Adequacy Ratio:**

	Details	Percentage
1	Tier I Capital to Total Risk Weighted Exposure	9.75%
2	Tier I and Tier II Capital to Total Risk Weighted Exposure	10.91%

- **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	26,131,989,182
b.	Risk Weighted Exposure for Operational Risk	1,077,931,258
c.	Risk Weighted Exposure for Market Risk	373,833,358
	Total Risk Weighted Exposures (a+b+c)	27,583,753,798
	Add : 2% of the the total RWE due to Supervisory add up	551,675,076
	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)	28,321,499,078

- **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	1,106,746,089
4	Claims on Corporate and Securities Firms	16,355,133,620
5	Claims on Regulatory Retail Portfolio	672,749,521
6	Claims secured by Residential Properties	1,467,883,239
7	Claims secured by Commercial Real Estate	412,620,918
8	Past Due Claims	112,844,647
9	High Risk Claims	2,039,803,029
10	Other Assets	765,615,891
11	Off Balance sheet items	3,198,592,227
	TOTAL	26,131,989,182

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

S.N.	Particulars	Amount (NPR)
a.	Risk Weighted Exposure for Credit Risk	26,131,989,182
b.	Risk Weighted Exposure for Operational Risk	1,077,931,258
c.	Risk Weighted Exposure for Market Risk	373,833,358
1	Total Risk Weighted Exposure	27,583,753,798
	Add : 2% of the the total RWE due to Supervisory add up	551,675,076
	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)	28,321,499,078
2	Total Core Capital Fund (Tier 1)	2,761,729,637
3	Total Capital Fund (Tier 1 & Tier 2)	3,089,296,261
4	Total Core Capital to Total Risk Weighted Exposures	9.75%
5	Total Capital to Total Risk Weighted Exposures	10.91%

Amount of Non Performing Assets (NPAs)

	Category	Gross	Provision	Net
1	Restructure/Reschedule Loan	3,319,592	2,069,302	1,250,290
2	Substandard	13,002,478	3,250,619	9,751,858
3	Doubtful	5,286,567	2,643,284	2,643,284
4	Loss	93,013,848	93,013,848	-
	Total	114,622,485	100,977,053	13,645,432

NPA Ratio

Gross NPA to Gross Advances	0.53%
Net NPA to Net Advances	0.06%

Movement of Non Performing Assets

	Particulars	Chaitra End 2070	Ashad End 2071	Movement
1	Restructure/Reschedule Loan	2,063,790	3,319,592	1,255,802
2	Substandard	4,728,060	13,002,478	8,274,418
3	Doubtful	63,609,027	5,286,567	-58,322,460
4	Loss	193,418,740	93,013,848	(100,404,893)
	Total Non Performing Loan	263,819,617	114,622,485	-149,197,133

Write off of Loans: NIL

Write off of Interest Suspense: NIL

Movement of Loan Loss Provision & Interest Suspense

	Category	Ashad End 2071	Ashwin End 2071	Movement
1	Pass	209,373,540	215,862,282	6,488,742
2	Restructured	2,132,215	2,069,302	-62,913
3	Substandard	826,344	3,250,619	2,424,276

4	Doubtful	2,775,207	2,643,284	-131,923
5	Loss	101,183,472	93,013,848	(8,169,625)
	Total Loan Provision	316,290,778	316,839,335	548,557
	Interest Suspense	59,310,757	70,029,524	10,718,766

Segregation of Investment Portfolio

	Particulars	Current Period
1	Held for Trading	1,250,000
2	Held for Maturity	3,951,261,029
3	Available for Sale	109,565,400
	Total Investment Portfolio	4,062,076,428

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 3,978,396,921 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