

**DISCLOSURE UNDER NEW CAPITAL ADEQUACY FRAMEWORK
FOR THE QUARTER ENDING CHAITRA 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	4,154,559,320
2	Share Premium	10,150,347
3	Proposed Bonus Equity Shares	332,432,986
4	Statutory General Reserves	784,610,485
5	Retained Earnings	339,312,771
6	Unaudited Current Year Cumulative Profit	771,192,498
7	Debenture Redemption Reserve	37,046,246
8	Less: Deferred Tax Reserve	(39,290,914)
9	Less: Investment in equity of institutions with financial interests	(110,000,000)
	Total Core Capital	6,280,013,739

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

	Details	Amount (NPR)
1	Subordinated Term Debt	400,000,000
2	General loan loss provision	661,517,419
3	Exchange Equalization Reserve	30,773,846
4	Investment Adjustment Reserve	16,067,719
5	Other Reserves	11,213,622
	Total Supplementary Capital	1,119,572,605

- **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)	6,280,013,739
2	Supplementary Capital (Tier II)	1,119,572,605
	Total Capital Fund (Tier I and Tier II)	7,399,586,344

• **Capital Adequacy Ratio:**

	Details	Percentage
1	Tier I Capital to Total Risk Weighted Exposure	9.65%
2	Tier I and Tier II Capital to Total Risk Weighted Exposure	11.37%

- **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	59,235,157,362
b.	Risk Weighted Exposure for Operational Risk	2,904,793,923
c.	Risk Weighted Exposure for Market Risk	1,205,243,918
	Total Risk Weighted Exposures (a+b+c)	63,345,195,203
	Add : 2% of the the total RWE due to Supervisory add up	1,266,903,904
	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)	65,072,993,966

• 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	1,540,136,561
4	Claims on Corporate and Securities Firms	29,308,410,399
5	Claims on Regulatory Retail Portfolio	3,851,940,169
6	Claims secured by Residential Properties	6,397,343,306
7	Claims secured by Commercial Real Estate	2,452,144,545
8	Past Due Claims	1,246,211,711
9	High Risk Claims	6,398,015,524
10	Other Assets	1,879,841,603
11	Off Balance sheet items	6,161,113,544
	TOTAL	59,235,157,362

• Total Risk Weighted Exposure calculation table:

S.N.	Particulars	Amount (NPR)
a.	Risk Weighted Exposure for Credit Risk	59,235,157,362
b.	Risk Weighted Exposure for Operational Risk	2,904,793,923
c.	Risk Weighted Exposure for Market Risk	1,205,243,918
1	Total Risk Weighted Exposure	63,345,195,203
	Add : 2% of the the total RWE due to Supervisory add up	1,266,903,904
	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)	65,072,993,966
2	Total Core Capital Fund (Tier 1)	6,280,013,739
3	Total Capital Fund (Tier 1 & Tier 2)	7,399,586,344
4	Total Core Capital to Total Risk Weighted Exposures	9.65%
5	Total Capital to Total Risk Weighted Exposures	11.37%

Amount of Non Performing Assets (NPAs)

	Category	Gross	Provision	Net
1	Restructure/Reschedule Loan	3,273,140	1,715,659	1,557,482
2	Substandard	479,515,284	119,878,821	359,636,463
3	Doubtful	196,789,866	98,394,933	98,394,933
4	Loss	163,755,994	163,755,994	-
	Total	843,334,284	383,745,407	459,588,878

NPA Ratio

Gross NPA to Gross Advances	1.70%
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Net NPA to Net Advances	0.95%
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Movement of Non Performing Assets

	Particulars	Poush End 2072	Chaitra End 2072	Movement
1	Restructure/Reschedule Loan	3,536,344	3,273,140	(263,203)
2	Substandard	212,947,521	479,515,284	266,567,763
3	Doubtful	357,263,533	196,789,866	(160,473,667)
4	Loss	164,348,688	163,755,994	(592,693)
	Total Non Performing Loan	738,096,085	843,334,284	105,238,199

Write off of Loans: NIL

Write off of Interest Suspense: NIL

Movement of Loan Loss Provision & Interest Suspense

	Category	Poush End 2072	Chaitra End 2072	Movement
1	Pass	421,380,009	475,543,174	54,163,165
2	Watch List	23,840,523.92	47,355,667	23,515,143
3	Restructured	1,872,685	1,715,659	(157,026)
4	Substandard	53,236,880	119,878,821	66,641,941
5	Doubtful	178,631,766	98,394,933	(80,236,834)
6	Loss	164,348,688	163,755,994	(592,693)
	Total Loan Provision	843,310,552	906,644,248	63,333,696
	Interest Suspense	215,184,636	672,995,567	457,810,931

Details of Additional Loan Loss Provision

	Category	Chaitra End 2072
1	Pass	85,719,536
2	Watch List	56,407,422
3	Restructured	-
4	Substandard	188,512,243
5	Doubtful	58,864,908
6	Loss	-
	Total Additional Loan Provision	389,504,109

Segregation of Investment Portfolio

	Particulars	Current Period
1	Held for Trading	16,600,000.00
2	Held for Maturity	7,313,556,195
3	Available for Sale	287,722,948
	Total Investment Portfolio	7,617,879,143

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 5,635,389,697 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