

## DISCLOSURE UNDER NEW CAPITAL ADEQUACY FRAMEWORK

### 1. Capital structure and capital adequacy:

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

	<b>Details</b>	<b>Amount (NPR)</b>
1.	Paid up Equity Share Capital	1,651,650,000
2.	Statutory General Reserves	141,758,791
3.	Retained Earnings	4,432,573
4.	Unaudited Current Year Cumulative Profit	68,773,194
5.	Other Free Reserve -Deferred Tax Reserves	8,507,864
6.	Less: Investment in equity of institutions with financial interests	(70,000,000)
	<b>Total Core Capital</b>	<b>1,805,122,422</b>

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

	<b>Details</b>	<b>Amount (NPR)</b>
1.	General loan loss provision	90,325,326
2.	Exchange Equalization Reserve	3,403,149
3.	Investment Adjustment Reserve	1,776,760
	<b>Total Supplementary Capital</b>	<b>95,505,235</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 does not have any Subordinated Term Debts

- **Deductions from capital:**

- Investment in equity shares of subsidiary company NMB Capital Ltd amounting to NPR 70,000,000 is deducted from Capital.

- **Total qualifying capital:**

	<b>Details</b>	<b>Amount (NPR)</b>
1.	Core Capital (Tier 1)	1,805,122,422
2.	Supplementary Capital (Tier 2)	95,505,235
	<b>Total Supplementary Capital</b>	<b>1,900,627,657</b>

- **Capital Adequacy Ratio:**

	<b>Details</b>	<b>Percentage</b>
1.	Tier 1 Capital to Total Risk Weighted Exposure	15.79 %
2.	Tier 1 and Tier 2 Capital to Total Risk Weighted Exposure	16.63%

- 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	10,969,840,842
b.	Risk Weighted Exposure for Operational Risk	434,417,882
c.	Risk Weighted Exposure for Market Risk	27,248,164
	<b>Total Risk Weighted Exposures (a+b+c)</b>	<b>11,431,506,888</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	30,000,000
3.	Claims on Bank	259,397,718
4.	Claims on Domestic Corporate and Securities Firms	5,042,251,969
5.	Claims on Regulatory Retail Portfolio	436,281,016
6.	Claims secured by Residential Properties	334,350,239
7.	Claims secured by Commercial Real Estate	1,580,801,472
8.	Past Due Claims	120,362,490
9.	High Risk Claims	1,844,151,799
10.	Other Assets	853,548,757
11.	Off Balance sheet items	468,695,381
	<b>TOTAL</b>	<b>10,969,840,841</b>

- Total Risk Weighted Exposure calculation table:

S.N.	Particulars	Amount (NPR)
a.	Risk Weighted Exposure for Credit Risk	10,969,840,842
b.	Risk Weighted Exposure for Operational Risk	434,417,882
c.	Risk Weighted Exposure for Market Risk	27,248,164
1.	Total Risk Weighted Exposure	11,431,506,888
2.	Total Core Capital Fund (Tier 1)	1,805,122,422
3.	Total Capital Fund ( Tier 1 & Tier 2)	1,900,627,657
4.	Total Core Capital to Total Risk Weighted Exposures	15.79 %
5.	Total Capital to Total Risk Weighted Exposures	16.63%

### Amount of Non Performing Assets (NPAs)

Category	Gross	Provision	Net
Restructure/Reschedule Loan	12,525,514	8,687,947	3,837,567
Substandard	62,144,588	15,536,148	46,608,440
Doubtful	18,526,911	9,263,455	9,263,456
Loss	21,009,426	21,009,426	NIL
<b>Total</b>	<b>114,206,440</b>	<b>54,496,976</b>	<b>59,709,464</b>

### NPA Ratio

Gross NPA to Gross Advances 1.25 %

Net NPA to Net Advances 0.66 %

### Movement of Non Performing Assets

Particulars	Opening Balance	Closing Balance	Movement
Restructure/Reschedule Loan	13,326,537	12,525,514	(801,023)
Substandard	27,192,925	62,144,588	34,951,663
Doubtful	7,715,823	18,526,911	10,811,088
Loss	20,921,763	21,009,426	87,663
<b>Total Non Performing Loan</b>	<b>69,157,048</b>	<b>114,206,439</b>	<b>45,049,391</b>

### Write off of Loans & Interest Suspense: NIL

### Movement of Loan Loss Provision & Interest Suspense

	Category	Opening Balance	Closing Balance	Movement
1.	Pass	78,619,820	90,325,326	11,705,507
2.	Restructured	10,750,920	8,687,947	(2,062,973)
3.	Substandard	7,413,765	15,536,147	8,122,382
4.	Doubtful	5,314,032	9,263,456	3,949,424
5.	Loss	20,921,763	21,009,426	87,663
	<b>Total Loan Provision</b>	<b>123,020,300</b>	<b>144,822,302</b>	<b>21,802,003</b>

### Interest Suspense

As per NRB Directives, all interest accruals on loans and advances, irrespective of loan category, are transferred to interest suspense account until the interest accrued and due is realized in cash. Details of Interest Suspense Movement is as follow:

Particulars	Opening Balance	Closing Balance	Movement
Interest Suspense	30,646,919	26,564,331	(4,082,588)

### Details of Additional Loan Loss Provision

	Category	Current Period
1.	Pass	11,705,506
2.	Restructured	(634,120)
3.	Substandard	8,122,382
4.	Doubtful	3,949,424
5.	Loss	87,662
<b>Total Additional Loan Loss Provision</b>		<b>23,230,855</b>

### Segregation of Investment Portfolio

Particulars	Current Period
Held for Trading	39,800,000
Held for Maturity	2,452,004,143
Available for Sale	18,838,003
<b>Total Investment Portfolio</b>	<b>2,510,642,146</b>

### Eligible Credit Risk Mitigants (CRM) availed

As per the provisions of the New Capital Adequacy Framework – Basel II, the bank has claimed all the eligible credit risk mitigant of NPR 73,441,502 for Balance Sheet and Off Balance Sheet exposures and availed benefit thereof.