DISCLOSURE UNDER NEW CAPITAL ADEQUACY FRAMEWORK
FOR THE QUARTERED ENDED POUSH 2067

1. Capital structure and capital adequacy:

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

	Details	Amount (NPR)
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	120,107,683
5.	Other Free Reserve -Deferred Tax Reserves	8,507,864
6.	Less: Investment in equity of institutions with financial interests	(70,000,000)
	Total Core Capital	**1,856,456,911**

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

	Details	Amount (NPR)
1.	General loan loss provision	100,435,636
2.	Exchange Equalization Reserve	3,403,149
3.	Investment Adjustment Reserve	1,776,760
	Total Supplementary Capital	**105,615,545**

- **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:**

	Details	Amount (NPR)
1.	Core Capital (Tier 1)	1,856,456,911
2.	Supplementary Capital (Tier 2)	105,615,545
	Total Supplementary Capital	**1,962,072,456**

- **Capital Adequacy Ratio:**

	Details	Percentage
1.	Tier 1 Capital to Total Risk Weighted Exposure	15.40 %
2.	Tier 1 and Tier 2 Capital to Total Risk Weighted Exposure	16.28%

- **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	11,604,927,818
b.	Risk Weighted Exposure for Operational Risk	434,417,882
c.	Risk Weighted Exposure for Market Risk	15,734,363
	Total Risk Weighted Exposures (a+b+c)	**12,055,080,063**

- **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	424,539,321
4.	Claims on Domestic Corporate and Securities Firms	6,430,568,915
5.	Claims on Regulatory Retail Portfolio	655,854,720
6.	Claims secured by Residential Properties	247,822,162
7.	Claims secured by Commercial Real Estate	1,073,841,507
8.	Past Due Claims	17,138,808
9.	High Risk Claims	1,802,727,231
10.	Other Assets	411,135,771
11.	Off Balance sheet items	511,299,383
	TOTAL	**11,604,927,818**

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

S.N.	Particulars	Amount (NPR)
a.	Risk Weighted Exposure for Credit Risk	11,604,927,818
b.	Risk Weighted Exposure for Operational Risk	434,417,882
c.	Risk Weighted Exposure for Market Risk	15,734,363
1.	**Total Risk Weighted Exposure**	**12,055,080,063**
2.	Total Core Capital Fund (Tier 1)	1,856,456,911
3.	Total Capital Fund (Tier 1 & Tier 2)	1,962,072,457
4.	Total Core Capital to Total Risk Weighted Exposures	15.40 %
5.	Total Capital to Total Risk Weighted Exposures	16.28%

Amount of Non Performing Assets (NPAs)

Category	Gross	Provision	Net
Restructure/Reschedule Loan	9,230,003	6,455,596	2,774,407
Substandard	11,205,159	2,801,290	8,403,869
Doubtful	4,250,067	4,002,471	247,596
Loss	22,563,520	22,563,520	NIL
Total	**47,248,749**	**35,822,877**	**11,425,872**

NPA Ratio
Gross NPA to Gross Advances 0.47%
Net NPA to Net Advances 0.11%

Movement of Non Performing Assets

Particulars	Opening Balance	Closing Balance	Movement
Restructure/Reschedule Loan	12,525,514	9,230,003	(3,295,511)
Substandard	62,144,588	11,205,159	(50,939,429)
Doubtful	18,526,911	4,250,067	(14,276,844)
Loss	21,009,426	22,563,520	1,554,094
Total Non Performing Loan	**114,206,439**	**47,248,749**	**(66,957,690)**

Write off of Loans & Interest Suspense: NIL
Movement of Loan Loss Provision & Interest Suspense

	Category	Opening Balance	Closing Balance	Movement
1.	Pass	78,619,819	100,540,015	21,920,196
2.	Restructured	9,322,067	6,455,596	(2,866,471)
3.	Substandard	7,413,765	2,801,290	(4,612,475)
4.	Doubtful	5,314,032	4,002,471	(1,311,561)
5.	Loss	20,921,763	22,563,520	1,641,757
	Total Loan Provision	**121,591,446**	**136,362,892**	**14,771,446**

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	26,564,331	45,804,806	19,240,475

Details of Additional Loan Loss Provision

	Category	Current Period
1.	Pass	21,920,195
2.	Restructured	(2,866,471)
3.	Substandard	(4,612,475)
4.	Doubtful	(1,311,561)
5.	Loss	1,641,756
	Total Additional Loan Loss Provision	**14,771,444**

Segregation of Investment Portfolio

Particulars	Current Period
Held for Trading	1,000,000
Held for Maturity	1,562,295,597
Available for Sale	83,450,549
Total Investment Portfolio	**1,646,746,146**

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 mitigant of NPR 82,477,524 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