

**DISCLOSURE UNDER NEW CAPITAL ADEQUACY FRAMEWORK
FOR THE QUARTER ENDED CHAITRA 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	176,799,565
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	1,913,148,793

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

	Details	Amount (NPR)
1.	General loan loss provision	114,123,307
2.	Exchange Equalization Reserve	3,403,149
3.	Investment Adjustment Reserve	1,776,760
	Total Supplementary Capital	119,303,216

- **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)	1,913,148,793
2.	Supplementary Capital (Tier 2)	119,303,216
	Total Supplementary Capital	2,032,452,009

- **Capital Adequacy Ratio:**

	Details	Percentage
1.	Tier 1 Capital to Total Risk Weighted Exposure	13.64 %
2.	Tier 1 and Tier 2 Capital to Total Risk Weighted Exposure	14.49%

- **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	13,289,181,528
b.	Risk Weighted Exposure for Operational Risk	434,417,882
c.	Risk Weighted Exposure for Market Risk	27,773,555
	Total Risk Weighted Exposures (a+b+c)	13,751,372,965
	Add : 2% of the the total RWE due to Supervisory add up	275,027,459
	Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	14,026,400,424

- **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	695,890,600
4.	Claims on Domestic Corporate and Securities Firms	7,431,582,985
5.	Claims on Regulatory Retail Portfolio	796,232,059
6.	Claims secured by Residential Properties	282,745,733
7.	Claims secured by Commercial Real Estate	1,097,132,990
8.	Past Due Claims	41,517,908
9.	High Risk Claims	1,819,638,870
10.	Other Assets	592,071,835
11.	Off Balance sheet items	502,368,548
	TOTAL	13,289,181,528

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

S.N.	Particulars	Amount (NPR)
a.	Risk Weighted Exposure for Credit Risk	13,289,181,528
b.	Risk Weighted Exposure for Operational Risk	434,417,882
c.	Risk Weighted Exposure for Market Risk	27,773,555
1.	Total Risk Weighted Exposure	13,751,372,965
	Add : 2% of the the total RWE due to Supervisory add up	275,027,459
	Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	14,026,400,424
2.	Total Core Capital Fund (Tier 1)	1,913,148,793
3.	Total Capital Fund (Tier 1 & Tier 2)	2,032,452,009
4.	Total Core Capital to Total Risk Weighted Exposures	13.64%
5.	Total Capital to Total Risk Weighted Exposures	14.49%

Amount of Non Performing Assets (NPAs)

Category	Gross	Provision	Net
Restructure/Reschedule Loan	7,377,368	5,130,267	2,247,101
Substandard	4,349,978	1,087,495	3,262,483
Doubtful	1,919,271	1,693,021	226,250
Loss	17,931,044	17,931,044	NIL
Total	31,577,661	25,841,827	5,735,834

NPA Ratio

Gross NPA to Gross Advances 0.28%

Net NPA to Net Advances 0.05%

Movement of Non Performing Assets

Particulars	Poush end 2067	Chaitra end 2067	Movement
Restructure/Reschedule Loan	9,230,003	7,377,368	(1,852,635)
Substandard	11,205,159	4,349,978	(6,855,181)
Doubtful	4,250,067	1,919,271	(2,330,796)
Loss	22,563,520	17,931,044	(4,632,476)
Total Non Performing Loan	47,248,749	31,577,661	(15,671,088)

Write off of Loans & Interest Suspense: NIL

Movement of Loan Loss Provision & Interest Suspense

	Category	Poush end 2067	Chaitra end 2067	Movement
1.	Pass	100,540,015	114,123,307	13,583,292
2.	Restructured	6,455,596	5,130,267	(1,325,329)
3.	Substandard	2,801,290	1,087,495	(1,713,795)
4.	Doubtful	4,002,471	1,693,021	(2,309,450)
5.	Loss	22,563,520	17,931,044	(4,632,476)
	Total Loan Provision	136,362,892	139,965,134	3,602,242

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	Poush end 2067	Chaitra end 2067	Movement
Interest Suspense	45,804,806	48,137,621	2,332,815

Details of Additional Loan Loss Provision

	Category	Current Period
1.	Pass	35,503,488
2.	Restructured	(4,191,800)
3.	Substandard	(6,326,270)
4.	Doubtful	(3,621,011)
5.	Loss	(2,990,719)
Total Additional Loan Loss Provision		18,373,688

Segregation of Investment Portfolio

Particulars	Current Period
Held for Trading	2,220,000
Held for Maturity	1,478,320,388
Available for Sale *	83,450,549
Total Investment Portfolio	1,563,990,937

*Available for Sale Category includes investment in subsidiary NMB Capital Ltd amounting to NPR 70 Million as per NRB Directives.

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 113,717,511 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