

**DISCLOSURE UNDER NEW CAPITAL ADEQUACY FRAMEWORK
FOR THE QUARTERED ENDED ASHAD 2068**

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	141,758,791
4.	Retained Earnings	4,432,573
5.	Unaudited Current Year Cumulative Profit	229,678,041
6.	Other Free Reserve -Deferred Tax Reserves	8,507,864
7.	Less: Investment in equity of institutions with financial interests	(70,000,000)
	Total Core Capital	2,324,455,184

Tier 2 capital and a breakdown of its components:

	Details	Amount (NPR)
1.	General loan loss provision	112,967,768
2.	Exchange Equalization Reserve	6,414,442
3.	Investment Adjustment Reserve	1,776,760
	Total Supplementary Capital	121,158,970

- **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)	2,324,455,184
2.	Supplementary Capital (Tier 2)	121,158,970
	Total Capital Fund	2,445,614,154

- **Capital Adequacy Ratio:**

	Details	Percentage
1.	Tier 1 Capital to Total Risk Weighted Exposure	16.92 %
2.	Tier 1 and Tier 2 Capital to Total Risk Weighted Exposure	17.80%

- 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	12,815,989,132
b.	Risk Weighted Exposure for Operational Risk	639,047,479
c.	Risk Weighted Exposure for Market Risk	13,736,051
	Total Risk Weighted Exposures (a+b+c)	13,468,772,662
	Add : 2% of the the total RWE due to Supervisory add up	269,375,453
	Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	13,738,148,115

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	559,954,427
4.	Claims on Domestic Corporate and Securities Firms	7,376,192,075
5.	Claims on Regulatory Retail Portfolio	829,401,230
6.	Claims secured by Residential Properties	287,245,769
7.	Claims secured by Commercial Real Estate	1,006,681,541
8.	Past Due Claims	17,486,396
9.	High Risk Claims	1,827,408,747
10.	Other Assets	372,825,265
11.	Off Balance sheet items	508,793,682
	TOTAL	12,815,989,132

Total Risk Weighted Exposure calculation table:

S.N.	Particulars	Amount (NPR)
a.	Risk Weighted Exposure for Credit Risk	12,815,989,132
b.	Risk Weighted Exposure for Operational Risk	639,047,479
c.	Risk Weighted Exposure for Market Risk	13,736,051
1.	Total Risk Weighted Exposure	13,468,772,662
	Add : 2% of the the total RWE due to Supervisory add up	269,375,453
	Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	13,738,148,115
2.	Total Core Capital Fund (Tier 1)	2,324,455,184
3.	Total Capital Fund (Tier 1 & Tier 2)	2,445,614,155
4.	Total Core Capital to Total Risk Weighted Exposures	16.92%
5.	Total Capital to Total Risk Weighted Exposures	17.80%

Amount of Non Performing Assets (NPAs)

Category	Gross	Provision	Net
Restructure/Reschedule Loan	5,725,639	4,923,801	801,838
Substandard	8,935,669	2,233,917	6,701,752
Doubtful	3,104,923	1,737,423	1,367,500
Loss	12,393,517	12,393,517	NIL
Total	30,159,748	21,288,658	8,871,090

NPA Ratio

Gross NPA to Gross Advances 0.27 %

Net NPA to Net Advances 0.08%

Movement of Non Performing Assets

Particulars	Chaitra End 2067	Ashad End 2068	Movement
Restructure/Reschedule Loan	7,377,368	5,725,639	(1,651,729)
Substandard	4,349,978	8,935,669	4,585,691
Doubtful	1,919,271	3,104,923	1,185,652
Loss	17,931,044	12,393,517	(5,537,527)
Total Non Performing Loan	31,577,661	30,159,748	(1,417,913)

Write off of Loans & Interest Suspense

S.N.	Name	Principal	Interest	Total
1.	Hire Purchase loan of Devraj Joshi	758,216	252,554	1,010,770
2.	Hire Purchase loan of Nirhari Pd Upadhya	931,710	444,249	1,375,959
3.	Hire Purchase loan of Saujanya Shahi	1,047,970	566,187	1,614,157
4.	Hire Purchase loan of Mamata Kumari Regmi	907,637	455,753	1,363,390
5.	Hire Purchase loan of Hasu Devi Singh	897,993	440,321	1,338,314
	TOTAL	4,543,526	2,159,064	6,702,590

Movement of Loan Loss Provision & Interest Suspense

	Category	Chaitra End 2067	Ashad End 2068	Movement
1.	Pass	114,123,307	113,129,322	(993,985)
2.	Restructured	5,130,267	4,923,801	(206,466)
3.	Substandard	1,087,495	2,233,917	1,146,422
4.	Doubtful	1,693,021	1,737,423	44,402
5.	Loss	17,931,044	12,393,517	(5,537,527)
	Total Loan Provision	139,965,134	134,417,981	(5,547,154)

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	Chaitra End 2067	Ashad End 2068	Movement
Interest Suspense	48,137,621	49,220,036	1,082,415

Details of Additional Loan Loss Provision

	Category	Current Period
1.	Pass	34,509,502
2.	Restructured	NIL
3.	Substandard	1,315,220
4.	Doubtful	1,367,500
5.	Loss	99,263
Total Additional Loan Loss Provision		37,291,485

Segregation of Investment Portfolio

Particulars	Current Period
Held for Trading	3,000,000
Held for Maturity	1,884,553,363
Available for Sale	83,450,549
Total Investment Portfolio	1,971,003,912

NOTE: Investment under held for trading category includes NSB Bonds held by the Bank, bought and sold daily as market maker of the same.

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 124,319,198 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