Capital Funds

Capital Fund

Sum of Tier1 Capital (Core Capital) and Tier2 Capital (Supplementary capital) of a BFI as specified by NRB from time to time.

Tier1 Capital (Core Capital)

Comprised of Equity Capital and Disclosed Reserves. Tier1 Capital must be **fully paid up** and have a very **high degree of permanence**. Consists of Common Equity Tier1 **(CET1)** Capital and Additional Tier1 **(AT1)** Capital

Common Equity Tier1 **(CET1)** Capital

Highest quality component of Capital. Ensures that BFI remains solvent. Includes **Common Shares, Stock Surplus, Statutory General Reserve, Retained Earnings** etc.

Additional Tier1 **(AT1)** Capital

Which are classified as **liabilities** under accounting standards. Includes **Perpetual Non Cumulative Preference Share (PNCPS) and Perpetual Debt Instruments (PDI) and Stock surplus from issuance of PNCPS**

Tier2 (Supplementary) Capital

Includes reserves which have been passed through the P&L account. Consists of **General Loan Loss Provision, Hybrid Capital Instruments, Preference Share Capital Instruments with maturity > 5yrs, Stock surplus from issuance of such instruments, Exchange Equalization Reserves, Investment Adjustment Reserves etc.**

Minimum Capital Fund based on Risk-weighted Assets

	Core Capital	Capital Fund
Class A	**6%**	**8.5%**
Class B & C	**6%**	**10%**

Minimum Capital Fund based on Risk-weighted Assets (cont)

Class D	**4%**	**8%**

“[illegible]” [illegible] **CAF, 2015** [illegible] “[illegible]” [illegible] “[illegible]” [illegible] **CAF, 2007** [illegible]

Countercyclical Buffer Requirement

Credit to GDP Gap	**Buffer Reqt. in Terms of CET1**
Up to 5 points	0%
above 5 to 7.5 points	0.5%
above 7.5 to 10 points	1.0%
above 10 to 12.5 points	1.5%
above 12.5 to 15 points	2.0%
above 15 points	2.5%

NRB uses Credit to GDP ratio as guide for reference point for taking buffer decisions. Buffer requirement of 0.5% i.e. each increase in every 2.5 points in credit to GDP gap

Countercyclical Buffer [illegible]

Capital Fund Report Submission

[illegible]

[illegible]

[illegible] **(Pass)** : [illegible] % – [illegible], [illegible] %

. [illegible], . [illegible] . ([illegible] % [illegible])

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[redacted] (cont)

[redacted] (Watch-List) : [redacted] %

. [redacted] ,
. [redacted] ,
. [redacted] ,
. [redacted] ,
· Debt-equity Ratio [redacted] ([redacted])

[redacted] (Sub-standard) : [redacted] %

. [redacted]

[redacted] (Doubtful) : [redacted] %

. [redacted]

[redacted] (cont)

[redacted] (Loss) : [redacted] %

. [redacted]
· Credit Card [redacted]
. [redacted]
. [redacted]
. [redacted]

[redacted] (cont)

[redacted] - [redacted] /[redacted]

. [redacted] %
. [redacted] ,
[redacted] ,
[redacted] /[redacted] %
[redacted] - [redacted] /[redacted] -
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