

NMB Bank Limited
Disclosure under Basel III
As at End of 1st Quarter FY 2074/75

1. Capital structure and capital adequacy:

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

	Details	Amount (NPR)
1	Paid up Equity Share Capital	6,461,774,334
2	Share Premium	1,424,857,947
3	Proposed Bonus Equity Shares	-
4	Statutory General Reserves	1,301,093,000
5	Retained Earnings	1,097,900,376
6	Unaudited Current Year Cumulative Profit	451,352,933
7	Debenture Redemption Reserve and Deferred Tax Reserve	259,696,449
8	Capital Adjustment Reserve	53,295,483
9	Less: Intangible Assets	(13,813,808)
10	Less: Deferred Tax Asset	(41,148,463)
11	Less: Investment in equity of institutions with financial interests	(110,000,000)
	Total Core Capital	10,885,008,252

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

	Details	Amount (NPR)
1	Subordinated Term Debt	300,000,000
2	General loan loss provision	690,575,513
3	Exchange Equalization Reserve	54,642,254
4	Investment Adjustment Reserve	16,205,056
5	Other Reserves	
	Total Supplementary Capital	1,061,422,824

• **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 issued "7% NMB Debenture 2077" on 6 Falgun 2071. The salient features of the Debenture are as follows:

- Outstanding Amount : NPR 500 Million
- Maturity : 5 Years 6 Months from the date of issuance
- Amount raised during the year : NPR 500 Million
- Amount eligible to be reckoned as Capital Funds : NPR 300 Million

• **Deductions from capital:**

- Investment in equity shares of subsidiary company NMB Capital Ltd amounting to NPR 100,000,000 is deducted from Capital.
- Investment in equity shares of CEDB Hydro Fund Ltd amounting to NPR 10,000,000 is deducted from Capital.
- Intangible Assets amounting to NPR 13,813,808 is deducted from Capital.
- Deferred Tax Assets amounting to NPR 41,148,463 is deducted from Capital.

• **Total qualifying capital:**

	Details	Amount (NPR)
1	Core Capital (Tier I)	10,885,008,252
2	Supplementary Capital (Tier II)	1,061,422,824
	Total Capital Fund (Tier I and Tier II)	11,946,431,075

• **Capital Adequacy Ratio:**

	Details	Percentage
1	Tier I Capital to Total Risk Weighted Exposure	12.56
2	Tier I and Tier II Capital to Total Risk Weighted Exposure	13.8

• **Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments.**

• **Details of Subordinated Term Debt: Debenture**

- Face Value : Rs 1,000
- Maturity : 5 Years 6 Months from the date of issuance
- Interest Rate : 7% per annum.
- Interest Payment Frequency : Half yearly.
- Amount : NPR 500 Million
- Eligible Amount for Tier 2 Capital : NPR 300 Million
- Listed with Nepal Stock Exchange.

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	76,346,535,573
b.	Risk Weighted Exposure for Operational Risk	4,159,716,956
c.	Risk Weighted Exposure for Market Risk	1,826,440,488
	Total Risk Weighted Exposures (a+b+c)	82,332,693,017
	Add : RWE equivalent to reciprocal of capital charge of 3 % of gross income.	1,026,682,743
	Add : 2% of the the total RWE due to Supervisory add up	1,646,653,860
	Desired level of disclosure requirement has not been achieved. Add 2% of RWE	1,646,653,860
	Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	86,652,683,481

• **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	NIL
3	Claims on Banks	1,484,449,894
4	Claims on Corporate and Securities Firms	44,049,176,608
5	Claims on Regulatory Retail Portfolio	4,105,739,455
6	Claims secured by Residential Properties	6,697,334,015
7	Claims secured by Commercial Real Estate	317,344,880
8	Past Due Claims	956,128,377
9	High Risk Claims	5,831,703,456
10	Other Assets	2,696,311,197
11	Off Balance sheet items	10,208,347,689
	TOTAL	76,346,535,573

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

S.N.	Particulars	Amount (NPR)
a.	Risk Weighted Exposure for Credit Risk	76,346,535,573
b.	Risk Weighted Exposure for Operational Risk	4,159,716,956
c.	Risk Weighted Exposure for Market Risk	1,826,440,488
1	Total Risk Weighted Exposure	82,332,693,017
	Add : RWE equivalent to reciprocal of capital charge of 3 % of gross income.	1,026,682,743
	Add : 2% of the the total RWE due to Supervisory add up	1,646,653,860
	Desired level of disclosure requirement has not been achieved. Add 2% of RWE	1,646,653,860
	Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	86,652,683,481
2	Total Core Capital Fund (Tier 1)	10,885,008,252
3	Total Capital Fund (Tier 1 & Tier 2)	11,946,431,075
4	Total Core Capital to Total Risk Weighted Exposures	12.56
5	Total Capital to Total Risk Weighted Exposures	13.8

Amount of Non Performing Assets (NPAs)

	Category	Gross	Provision	Net
1	Restructure/Reschedule Loan	1,661,060	298,387	1,362,673
2	Substandard	367,327,447	91,831,862	275,495,585
3	Doubtful	315,092,594	157,546,297	157,546,297
4	Loss	391,113,543	391,113,543	0
	Total	1,075,194,644	640,790,088	434,404,555

NPA Ratio

Gross NPA to Gross Advances	1.67%
Net NPA to Net Advances	0.69%

Movement of Non Performing Assets

	Particulars	Ashad End 2074	Ashwin End 2074	Movement
1	Restructure/Reschedule Loan	1,685,378	1,661,060	(24,318)
2	Substandard	177,047,915	367,327,447	190,279,532
3	Doubtful	382,919,805	315,092,594	(67,827,211)
4	Loss	477,351,354	391,113,543	(86,237,812)
	Total Non Performing Loan	1,039,004,452	1,075,194,644	36,190,192

Write off of Loans: NIL

Write off of Interest Suspense: NIL

Movement of Loan Loss Provision & Interest Suspense

	Category	Ashad End 2074	Ashwin End 2074	Movement
1	Pass	607,703,122	616,255,880	8,552,758
2	Watch List	40,006,836.25	78,216,391	38,209,555
3	Restructured	301,427	298,387	(3,040)
4	Substandard	44,261,979	91,831,862	47,569,883
5	Doubtful	191,459,902	157,546,297	(33,913,605)
6	Loss	477,351,354	391,113,543	(86,237,812)
	Total Loan Provision	1,361,084,620	1,335,262,359	(25,822,261)
	Interest Suspense	223,365,265	287,374,555	64,009,290

Details of Additional Loan Loss Provision

	Category	Ashwin End 2074
1	Pass	54,180,500
2	Watch List	372,861
3	Restructured	-
4	Substandard	-
5	Doubtful	-
6	Loss	-
	Total Additional Loan Provision	54,553,360.99

Segregation of Investment Portfolio

	Particulars	Current Period
1	Held for Trading	298,470,000.00
2	Held for Maturity	10,567,553,455
3	Available for Sale	424,639,825
	Total Investment Portfolio	11,290,663,280

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 mitigants of NPR 11,674,910,087 for Balance

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