

**NMB Bank Limited**  
**Disclosure under Basel III**  
**As at End of 3<sup>rd</sup> 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	1,301,092,903
5	Retained Earnings	1,097,900,381
6	Unaudited Current Year Cumulative Profit	1,410,016,025
7	Debenture Redemption Reserve and Deferred Tax Reserve	259,696,449
8	Capital Adjustment Reserve	53,295,483
9	Less: Intangible Assets	(15,755,243)
10	Less: Deferred Tax Asset	(41,148,463)
11	Less: Investment in equity of institutions with financial interests	(210,000,000)
	<b>Total Core Capital</b>	<b>11,741,729,816</b>

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

	Details	Amount (NPR)
1	Subordinated Term Debt	200,000,000
2	General loan loss provision	802,210,291
3	Exchange Equalization Reserve	54,642,254
4	Investment Adjustment Reserve	16,205,056
5	Other Reserves	-
	<b>Total Supplementary Capital</b>	<b>1,073,057,602</b>

• **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 200 Million

• **Deductions from capital:**

- Investment in equity shares of subsidiary company NMB Capital Ltd amounting to NPR 200,000,000 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 15,755,243 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)	11,741,729,816
2	Supplementary Capital ( Tier II)	1,073,057,602
	<b>Total Capital Fund (Tier I and Tier II)</b>	<b>12,814,787,418</b>

• **Capital Adequacy Ratio:**

	Details	Percentage
1	Tier I Capital to Total Risk Weighted Exposure	11.84
2	Tier I and Tier II Capital to Total Risk Weighted Exposure	12.925

• **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 200 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	88,353,269,035
b.	Risk Weighted Exposure for Operational Risk	4,159,716,956
c.	Risk Weighted Exposure for Market Risk	1,835,446,273
	<b>Total Risk Weighted Exposures (a+b+c)</b>	<b>94,348,432,264</b>
	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	1,886,968,645
	Desired level of disclosure requirement has not been achieved. Add 2% of RWE	1,886,968,645
	<b>Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)</b>	<b>99,149,052,298</b>

### 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	1,490,513,791
4	Claims on Corporate and Securities Firms	53,151,160,263
5	Claims on Regulatory Retail Portfolio	5,161,420,016
6	Claims secured by Residential Properties	5,277,871,667
7	Claims secured by Commercial Real Estate	358,074,991
8	Past Due Claims	877,854,574
9	High Risk Claims	5,143,276,849
10	Other Assets	4,001,930,518
11	Off Balance sheet items	12,891,166,367
	<b>TOTAL</b>	<b>88,353,269,035</b>

### Total Risk Weighted Exposure calculation table:

S.N.	Particulars	Amount (NPR)
a.	Risk Weighted Exposure for Credit Risk	88,353,269,035
b.	Risk Weighted Exposure for Operational Risk	4,159,716,956
c.	Risk Weighted Exposure for Market Risk	1,835,446,273
1	<b>Total Risk Weighted Exposure</b>	<b>94,348,432,264</b>
	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	1,886,968,645
	Desired level of disclosure requirement has not been achieved. Add 2% of RWE	1,886,968,645
	<b>Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)</b>	<b>99,149,052,298</b>
2	Total Core Capital Fund (Tier 1)	11,741,729,816
3	Total Capital Fund ( Tier 1 & Tier 2)	12,814,787,418
4	Total Core Capital to Total Risk Weighted Exposures	11.84
5	Total Capital to Total Risk Weighted Exposures	12.925

### Amount of Non Performing Assets (NPAs)

	Category	Gross	Provision	Net
1	Restructure/Reschedule Loan	1,541,748	329,165	1,212,583
2	Substandard	284,008,592	71,002,148	213,006,444
3	Doubtful	248,529,430	124,264,715	124,264,715
4	Loss	280,714,245	280,714,245	-
	<b>Total</b>	<b>814,794,015</b>	<b>476,310,273</b>	<b>338,483,742</b>

### NPA Ratio

Gross NPA to Gross Advances	1.10%
Net NPA to Net Advances	0.47%

### Movement of Non Performing Assets

	Particulars	Poush End 2074	Chaitra End 2074	Movement
1	Restructure/Reschedule Loan	1,653,033	1,541,748	(111,285)
2	Substandard	207,206,176	284,008,592	76,802,416
3	Doubtful	270,750,391	248,529,430	(22,220,961)
4	Loss	374,186,771	280,714,245	(93,472,526)
	<b>Total Non Performing Loan</b>	<b>853,796,371</b>	<b>814,794,015</b>	<b>-39,002,356</b>

**Write off of Loans: NIL**

**Write off of Interest Suspense: NIL**

**Movement of Loan Loss Provision & Interest Suspense**

	Category	Poush End 2074	Chaitra End 2074	Movement
1	Pass	691,771,249	722,483,291	30,712,042
2	Watch List	45,010,599.40	47,530,067	2,519,468
3	Restructured	418,389	329,165	(89,225)
4	Substandard	51,801,544	71,002,148	19,200,604
5	Doubtful	135,375,196	124,264,715	(11,110,480)
6	Loss	374,186,771	280,714,245	(93,472,526)
	<b>Total Loan Provision</b>	<b>1,298,563,748</b>	<b>1,246,323,632</b>	<b>(52,240,117)</b>
	<b>Interest Suspense</b>	<b>228,291,724</b>	<b>204,834,728</b>	<b>(23,456,995)</b>

**Details of Additional Loan Loss Provision**

	Category	Chaitra End 2074
1	Pass	43,067,500
2	Watch List	314,585
3	Restructured	-
4	Substandard	-
5	Doubtful	-
6	Loss	-
	<b>Total Additional Loan Provision</b>	<b>43,382,085</b>

**Segregation of Investment Portfolio**

	Particulars	Current Period
1	Held for Trading	317,800,000.00
2	Held for Maturity	14,778,556,329
3	Available for Sale	603,106,000
	<b>Total Investment Portfolio</b>	<b>15,699,462,329</b>

**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 11,303,271,647 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