

**NMB Bank Limited**  
**Disclosure under Basel III**  
**As at End of 3rd Quarter FY 2073/74**

**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	1,007,623,410
5	Retained Earnings	22,194,575
6	Unaudited Current Year Cumulative Profit	1,143,588,759
7	Debenture Redemption Reserve and Deferred Tax Reserve	193,115,969
8	Less: Intangible Assets	(15,010,383)
9	Less: Deferred Tax Asset	(65,318,853)
10	Less: Investment in equity of institutions with financial interests	(110,000,000)
	<b>Total Core Capital</b>	<b>10,062,825,758</b>

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

	Details	Amount (NPR)
1	Subordinated Term Debt	300,000,000
2	General loan loss provision	652,481,110
3	Exchange Equalization Reserve	41,211,115
4	Investment Adjustment Reserve	14,932,675
5	Other Reserves	53,295,483
	<b>Total Supplementary Capital</b>	<b>1,061,920,383</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 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 15,010,383 is deducted from Capital.
- Deferred Tax Assets amounting to NPR 65,318,853 is deducted from Capital.

• **Total qualifying capital:**

	Details	Amount (NPR)
1	Core Capital (Tier I)	10,062,825,758
2	Supplementary Capital (Tier II)	1,061,920,383
	<b>Total Capital Fund (Tier I and Tier II)</b>	<b>11,124,746,140</b>

• **Capital Adequacy Ratio:**

	Details	Percentage
1	Tier I Capital to Total Risk Weighted Exposure	12.33
2	Tier I and Tier II Capital to Total Risk Weighted Exposure	13.63

- **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	74,370,108,573
b.	Risk Weighted Exposure for Operational Risk	3,354,218,852
c.	Risk Weighted Exposure for Market Risk	1,798,035,078
	<b>Total Risk Weighted Exposures (a+b+c)</b>	<b>79,522,362,503</b>
	Add : 2% of the the total RWE due to Supervisory add up	518,536,762
	Add : RWE equivalent to reciprocal of capital charge of 2 % of gross income.	1,590,447,250
	<b>Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)</b>	<b>81,631,346,514</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	1,987,126,545
4	Claims on Corporate and Securities Firms	39,832,001,090
5	Claims on Regulatory Retail Portfolio	4,570,881,868
6	Claims secured by Residential Properties	6,895,106,962
7	Claims secured by Commercial Real Estate	725,846,535
8	Past Due Claims	868,336,193
9	High Risk Claims	6,386,775,270
10	Other Assets	2,390,551,963
11	Off Balance sheet items	10,713,482,147
	<b>TOTAL</b>	<b>74,370,108,573</b>

### • Total Risk Weighted Exposure calculation table:

S.N.	Particulars	Amount (NPR)
a.	Risk Weighted Exposure for Credit Risk	74,370,108,573
b.	Risk Weighted Exposure for Operational Risk	3,354,218,852
c.	Risk Weighted Exposure for Market Risk	1,798,035,078
1	<b>Total Risk Weighted Exposure</b>	<b>79,522,362,503</b>
	Add : 2% of the the total RWE due to Supervisory add up	518,536,762
	Add : RWE equivalent to reciprocal of capital charge of 2 % of gross income.	1,590,447,250
	<b>Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)</b>	<b>81,631,346,514</b>
2	Total Core Capital Fund (Tier 1)	10,062,825,758
3	Total Capital Fund ( Tier 1 & Tier 2)	11,124,746,140
4	Total Core Capital to Total Risk Weighted Exposures	12.33
5	Total Capital to Total Risk Weighted Exposures	13.63

### Amount of Non Performing Assets (NPAs)

S.N.	Category	Gross	Provision	Net
1	Restructure/Reschedule Loan	2,240,658	446,682	1,793,977
2	Substandard	255,759,204	63,939,801	191,819,403
3	Doubtful	302,173,651	151,086,825	151,086,825
4	Loss	488,162,397	488,162,397	-
	<b>Total</b>	<b>1,048,335,910</b>	<b>703,635,705</b>	<b>344,700,205</b>

### NPA Ratio

Gross NPA to Gross Advances	1.70%
Net NPA to Net Advances	0.57%

### Movement of Non Performing Assets

	Particulars	Poush End 2073	Chaitra End 2073	Movement
1	Restructure/Reschedule Loan	3,164,226	2,240,658	(923,568)
2	Substandard	386,755,821	255,759,204	(130,996,617)
3	Doubtful	221,278,817	302,173,651	80,894,834
4	Loss	528,587,107	488,162,397	(40,424,710)
	<b>Total Non Performing Loan</b>	<b>1,139,785,972</b>	<b>1,048,335,910</b>	<b>-91,450,062</b>

Write off of Loans: NIL

Write off of Interest Suspend: NIL

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

	Category	Poush End 2073	Chaitra End 2073	Movement
1	Pass	582,639,873	593,014,780	10,374,907
2	Watch List	50,012,863.96	62,693,903	12,681,039
3	Restructured	562,128	446,682	(115,446)
4	Substandard	96,688,955	63,939,801	(32,749,154)
5	Doubtful	110,639,409	151,086,825	40,447,417
6	Loss	528,587,107	488,162,397	(40,424,710)
	<b>Total Loan Provision</b>	<b>1,369,130,336</b>	<b>1,359,344,388</b>	<b>(9,785,947)</b>
	<b>Interest Suspense</b>	<b>211,829,387</b>	<b>240,193,580</b>	<b>28,364,192</b>

**Details of Additional Loan Loss Provision**

	Category	Chaitra End 2073
1	Pass	-
2	Watch List	2,149,835
3	Restructured	-
4	Substandard	-
5	Doubtful	-
6	Loss	-
	<b>Total Additional Loan Provision</b>	<b>2,149,835</b>

**Segregation of Investment Portfolio**

	Particulars	Current Period
1	Held for Trading	262,890,000.00
2	Held for Maturity	9,241,017,639
3	Available for Sale	396,484,225
	<b>Total Investment Portfolio</b>	<b>9,900,391,863</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 12,336,266,670 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