

NMB Bank Limited
Disclosure under Basel III
As at End of 1st 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	5,430,062,466
2	Share Premium	1,424,857,947
3	Proposed Bonus Equity Shares	-
4	Statutory General Reserves	784,610,485
5	Retained Earnings	1,474,165,195
6	Unaudited Current Year Cumulative Profit	353,684,962
7	Debenture Redemption Reserve and Deferred Tax Reserve	96,132,051
8	Less: Intangible Assets	(14,677,368)
9	Less: Deferred Tax Asset	(59,085,805)
10	Less: Investment in equity of institutions with financial interests	(110,000,000)
	Total Core Capital	9,379,749,932

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

	Details	Amount (NPR)
1	Subordinated Term Debt	400,000,000
2	General loan loss provision	706,927,455
3	Exchange Equalization Reserve	30,793,651
4	Investment Adjustment Reserve	16,486,266
5	Other Reserves	12,369,985
	Total Supplementary Capital	1,166,577,357

- **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 400 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 14,677,368 is deducted from Capital.
- Deferred Tax Assets amounting to NPR 59,085,805 is deducted from Capital.

• **Total qualifying capital:**

	Details	Amount (NPR)
1	Core Capital (Tier I)	9,379,749,932
2	Supplementary Capital (Tier II)	1,166,577,357
	Total Capital Fund (Tier I and Tier II)	10,546,327,289

• **Capital Adequacy Ratio:**

	Details	Percentage
1	Tier I Capital to Total Risk Weighted Exposure	12.52
2	Tier I and Tier II Capital to Total Risk Weighted Exposure	14.08

- **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 400 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	68,403,779,618
b.	Risk Weighted Exposure for Operational Risk	3,354,218,852
c.	Risk Weighted Exposure for Market Risk	1,158,519,958
	Total Risk Weighted Exposures (a+b+c)	72,916,518,428
	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.	1,458,330,369
	Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	74,893,385,558

• 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	1,931,751,774
4	Claims on Corporate and Securities Firms	36,328,254,290
5	Claims on Regulatory Retail Portfolio	4,339,306,348
6	Claims secured by Residential Properties	6,812,648,599
7	Claims secured by Commercial Real Estate	694,275,254
8	Past Due Claims	1,210,361,395
9	High Risk Claims	6,903,818,435
10	Other Assets	2,369,113,889
11	Off Balance sheet items	7,814,249,635
	TOTAL	68,403,779,618

• Total Risk Weighted Exposure calculation table:

S.N.	Particulars	Amount (NPR)
a.	Risk Weighted Exposure for Credit Risk	68,403,779,618
b.	Risk Weighted Exposure for Operational Risk	3,354,218,852
c.	Risk Weighted Exposure for Market Risk	1,158,519,958
1	Total Risk Weighted Exposure	72,916,518,428
	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.	1,458,330,369
	Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	74,893,385,558
2	Total Core Capital Fund (Tier 1)	9,379,749,932
3	Total Capital Fund (Tier 1 & Tier 2)	10,546,327,289
4	Total Core Capital to Total Risk Weighted Exposures	12.52
5	Total Capital to Total Risk Weighted Exposures	14.08

Amount of Non Performing Assets (NPAs)

	Category	Gross	Provision	Net
1	Restructure/Reschedule Loan	4,479,980	1,753,128	2,726,852
2	Substandard	311,644,099	77,911,025	233,733,074
3	Doubtful	183,630,165	91,815,082	91,815,082

4	Loss	554,605,156	554,605,156	-
Total		1,054,359,399	726,084,390	328,275,009

NPA Ratio

Gross NPA to Gross Advances	1.83%
Net NPA to Net Advances	0.59%

Movement of Non Performing Assets

	Particulars	Ashad End 2073	Ashwin End 2073	Movement
1	Restructure/Reschedule Loan	4,659,002	4,479,980	(179,023)
2	Substandard	204,029,271	311,644,099	107,614,828
3	Doubtful	202,232,436	183,630,165	(18,602,272)
4	Loss	573,245,402	554,605,156	(18,640,246)
Total Non Performing Loan		984,166,111	1,054,359,399	70,193,288

Write off of Loans:

Write off of Interest Suspense:

Movement of Loan Loss Provision & Interest Suspense

	Category	Ashad End 2073	Ashwin End 2073	Movement
1	Pass	522,854,312	549,707,848	26,853,536
2	Watch List	47,592,545.28	66,339,281	18,746,735
3	Restructured	1,828,626	1,753,128	(75,498)
4	Substandard	51,007,318	77,911,025	26,903,707
5	Doubtful	101,116,218	91,815,082	(9,301,136)
6	Loss	573,245,402	554,605,156	(18,640,246)
Total Loan Provision		1,297,644,421	1,342,131,519	44,487,098
Interest Suspense		229,370,146	219,418,903	(9,951,242)

Details of Additional Loan Loss Provision

	Category	Ashwin End 2073
1	Pass	96,811,818
2	Watch List	-
3	Restructured	-
4	Substandard	-
5	Doubtful	-
6	Loss	-
Total Additional Loan Provision		96,811,818

Segregation of Investment Portfolio

	Particulars	Current Period
1	Held for Trading	-
2	Held for Maturity	8,672,047,909
3	Available for Sale	398,682,624
Total Investment Portfolio		9,070,730,532

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 7,752,495,479 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