

NMB BANK LIMITED

INTERIM FINANCIAL STATEMENTS

As on
Ashwin End 2079 (October 17, 2022)
(Unaudited)



NMB BANK
एनएमबि बैंक
समृद्ध नेपालको लागि

A JOINT VENTURE WITH
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Bank of the Year, ASIA 2021
Bank of the Year, Nepal
2017, 2018, 2020 & 2021

NMB Bank Limited
Condensed Consolidated Statement of Financial Position
As on Quarter Ended Ashwin 31, 2079 (October 17, 2022)

NPR in Thousand

Particulars	Group		NMB	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Assets				
Cash and cash equivalent	12,041,179	13,328,689	11,328,582	12,787,637
Due from Nepal Rastra Bank	14,992,691	13,774,314	14,965,691	13,747,314
Placement with Bank and Financial Institutions	158,966	3,782,289	158,966	3,782,289
Derivative financial instruments	10,911,628	5,293,773	10,911,628	5,293,773
Other trading assets	4,800	25,229	4,800	-
Loan and advances to B/FIs	5,698,168	5,920,095	6,921,550	5,920,095
Loans and advances to customers	184,473,667	179,596,734	178,713,766	175,006,295
Investment securities	29,313,812	32,008,952	29,133,593	31,724,847
Current tax assets	-	-	-	-
Investment in subsidiaries	-	-	572,488	372,488
Investment in associates	-	-	-	-
Investment property	295,090	295,162	295,090	295,162
Property and equipment	1,838,913	1,816,284	1,772,094	1,764,130
Goodwill and Intangible assets	218,712	232,051	212,625	226,513
Deferred tax assets	379,955	347,279	369,362	338,965
Other assets	4,765,917	4,042,756	4,433,775	3,893,713
Total Assets	265,093,498	260,463,605	259,794,008	255,153,220
Liabilities				
Due to Bank and Financial Institutions	1,486,575	2,082,436	1,504,834	2,082,436
Due to Nepal Rastra Bank	9,512,204	8,996,367	9,512,204	8,996,367
Derivative financial instruments	10,842,142	5,351,098	10,842,142	5,351,098
Deposits from customers	182,190,322	186,501,126	180,696,263	184,817,106
Borrowing	17,845,043	14,745,016	16,015,550	12,997,400
Current Tax Liabilities	364,649	3,951	353,369	4,406
Provisions	34,654	1,600	-	-
Deferred tax liabilities	33,084	22,211	-	-
Other liabilities	5,718,204	6,467,665	4,984,907	5,766,286
Debt securities issued	8,041,262	8,127,854	8,041,262	8,127,854
Subordinated Liabilities	-	-	-	-
Total liabilities	236,068,139	232,299,323	231,950,532	228,142,953
Equity				
Share capital	18,366,706	18,366,706	18,366,706	18,366,706
Share premium	37,216	37,216	-	-
Retained earnings	3,075,058	2,635,020	2,587,720	2,177,440
Reserves	7,006,381	6,588,771	6,889,050	6,466,122
Total equity attributable to equity holders	28,485,361	27,627,714	27,843,476	27,010,268
Non-controlling interest	539,998	536,569	-	-
Total equity	29,025,359	28,164,283	27,843,476	27,010,268
Total liabilities and equity	265,093,498	260,463,605	259,794,008	255,153,220

NMB Bank Limited
Condensed Consolidated Statement of Profit or Loss
For the quarter ended Ashwin 31, 2079 (October 17, 2022)

NPR in Thousand

Particulars	Group				NMB			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest income	6,549,455	6,549,455	4,135,640	4,135,640	6,330,547	6,330,547	3,929,062	3,929,062
Interest expense	4,373,563	4,373,563	2,569,813	2,569,813	4,276,267	4,276,267	2,507,006	2,507,006
Net interest income	2,175,892	2,175,892	1,565,827	1,565,827	2,054,280	2,054,280	1,422,055	1,422,055
Fees and Commission Income	593,576	593,576	644,762	644,762	532,858	532,858	580,373	580,373
Fees and commission expense	51,456	51,456	46,068	46,068	51,456	51,456	46,068	46,068
Net fee and commission income	542,120	542,120	598,694	598,694	481,402	481,402	534,305	534,305
Net interest, fee and commission income	2,718,012	2,718,012	2,164,521	2,164,521	2,535,683	2,535,683	1,956,361	1,956,361
Net trading income	65,667	65,667	96,836	96,836	65,667	65,667	96,836	96,836
Other operating income	110,914	110,914	234,668	234,668	107,066	107,066	232,638	232,638
Total operating income	2,894,594	2,894,594	2,496,024	2,496,024	2,708,416	2,708,416	2,285,835	2,285,835
Impairment charge/(reversal) for loans and other los	442,519	442,519	(180,780)	(180,780)	426,973	426,973	(190,918)	(190,918)
Net operating income	2,452,075	2,452,075	2,676,805	2,676,805	2,281,443	2,281,443	2,476,752	2,476,752
Operating expense								
Personnel expenses	752,631	752,631	796,653	796,653	668,831	668,831	726,936	726,936
Other operating expenses	284,469	284,469	247,480	247,480	244,922	244,922	218,308	218,308
Depreciation & Amortisation	78,740	78,740	63,977	63,977	75,754	75,754	61,440	61,440
Operating Profit	1,336,235	1,336,235	1,568,695	1,568,695	1,291,935	1,291,935	1,470,068	1,470,068
Non operating income	449	449	155	155	282	282	-	-
Non operating expense	-	-	-	-	-	-	-	-
Profit before income tax	1,336,684	1,336,684	1,568,850	1,568,850	1,292,217	1,292,217	1,470,068	1,470,068
Income tax expense								
Current Tax	399,362	399,362	455,265	455,265	388,083	388,083	425,630	425,630
Deferred Tax expense/(Income)	-	-	-	-	-	-	-	-
Profit for the period	937,322	937,322	1,113,585	1,113,585	904,134	904,134	1,044,437	1,044,437

NMB Bank Limited
Consolidated Statement of Other Comprehensive Income
For the quarter ended Ashwin 31, 2079 (October 17, 2022)

NPR in Thousand

Particulars	Group				NMB			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Profit for the period	937,322	937,322	1,113,585	1,113,585	904,134	904,134	1,044,437	1,044,437
Other comprehensive income								
a) Items that will not be reclassified to profit or loss								
- Gains/(losses) from investments in equity instruments measured at fair value	(108,922)	(108,922)	(12,950)	(12,950)	(101,324)	(101,324)	(5,503)	(5,503)
- Gains/(losses) on revaluation	-	-	-	-	-	-	-	-
- Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-
- Income tax relating to above items	32,677	32,677	3,885	3,885	30,397	30,397	1,651	1,651
Net other comprehensive income that will not be reclassified to profit or loss	(76,245)	(76,245)	(9,065)	(9,065)	(70,927)	(70,927)	(3,852)	(3,852)
b) Items that are or may be reclassified to profit or loss								
- Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-
- Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-
- Income tax relating to above items	-	-	-	-	-	-	-	-
Net other comprehensive income that are or may be reclassified to profit or loss	-	-	-	-	-	-	-	-
c) Share of other comprehensive income of associate accounted as per equited method								
-	-	-	-	-	-	-	-	-
Other comprehensive income for the period, net of income tax	(76,245)	(76,245)	(9,065)	(9,065)	(70,927)	(70,927)	(3,852)	(3,852)
Total comprehensive income for the period	861,076	861,076	1,104,520	1,104,520	833,208	833,208	1,040,585	1,040,585
Total comprehensive income attributable to:								
Equity holders of the Bank	857,647	857,647	1,082,446	1,082,446	833,208	833,208	1,040,585	1,040,585
Non-controlling interest	3,429	3,429	22,074	22,074	-	-	-	-
Total	861,076	861,076	1,104,520	1,104,520	833,208	833,208	1,040,585	1,040,585
Earnings per share								
Basic earnings per share		5.08		5.94		4.92		5.69
Annualized Basic earnings per share		20.34		23.77		19.69		22.75
Diluted earnings per share		20.34		23.77		19.69		22.75

NMB Bank Limited
Condensed Consolidated Statement of changes in equity
For the period (Shrawan 1, 2079 to Ashwin 31, 2079) ended Ashwin 31, 2079

NPR in Thousand

Particulars	NMB Attributable to equity holders of the Bank										Non- controlling interest	Total equity
	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair value reserve	Revaluation Reserve	Retained earning	Other reserve	Total		
Balance at Shrawan 1, 2078	16,325,961	-	3,647,758	125,183	1,027,265	174,584	-	2,515,522	127,681	23,943,953	-	23,943,953
Profit for the year	-	-	-	-	-	-	-	3,430,400	-	3,430,400	-	3,430,400
Other comprehensive income	-	-	-	-	-	133,681	-	-	(30,839)	102,842	-	102,842
Total comprehensive income	-	-	-	-	-	133,681	-	3,430,400	(30,839)	3,533,242	-	3,533,242
Transfer to reserves	-	-	696,825	17,025	486,238	-	-	(1,330,369)	130,281	-	-	-
Transfer from reserves	-	-	-	-	-	(53,724)	-	53,724	(1,000)	(1,000)	-	(1,000)
Contribution from and distributions to owner									-	-		-
Share issued/Merger Transfer	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	2,040,745	-	-	-	-	-	-	-	(87,665)	1,953,081	-	1,953,081
Cash dividend paid	-	-	-	-	-	-	-	(1,953,081)	-	(1,953,081)	-	(1,953,081)
Goodwill Recognition	-	-	-	-	-	-	-	(538,757)	72,829	(465,928)	-	(465,928)
Total contributions by and distributions	2,040,745	-	-	-	-	-	-	(2,491,837)	(14,835)	(465,928)	-	(465,928)
Balance at Asar end 2079	18,366,706	-	4,344,583	142,208	1,513,503	254,541	-	2,177,440	211,287	27,010,268	-	27,010,268
Balance at Asar end 2079	18,366,706	-	4,344,583	142,208	1,513,503	254,541	-	2,177,440	211,287	27,010,268	-	27,010,268
Prior Period Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at Shrawan 1, 2079	18,366,706	-	4,344,583	142,208	1,513,503	254,541	-	2,177,440	211,287	27,010,268	-	27,010,268
Profit for the period	-	-	-	-	-	-	-	904,134	-	904,134	-	904,134
Other comprehensive income	-	-	-	-	-	(70,927)	-	-	-	(70,927)	-	(70,927)
Total comprehensive income	-	-	-	-	-	(70,927)	-	904,134	-	833,208	-	833,208
Transfer to Reserves	-	-	-	-	493,855	-	-	(493,855)	-	-	-	-
Transfer from Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Merger	-	-	-	-	-	-	-	-	-	-	-	-
Contribution from and distributions to owner												
Share issued to merged entity	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares capitalized	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	-	-	-	-	-	-	-	-	-	-	-	-
Balance at Ashwin end 2079	18,366,706	-	4,344,583	142,208	2,007,358	183,614	-	2,587,720	211,287	27,843,476	-	27,843,476

NMB Bank Limited
Condensed Consolidated Statement of changes in equity
For the period (Shrawan 1, 2079 to Ashwin 31, 2079) ended Ashwin 31, 2079

Group

Attributable to equity holders of the Group												
Particulars	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair value reserve	Revaluation Reserve	Retained earning	Other reserve	Total	Non-controlling interest	Total equity
Balance at Shrawan 1, 2078	16,325,961	37,216	3,692,361	125,183	1,045,484	188,525	-	2,867,937	156,840	24,439,507	466,606	24,906,113
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-
Balance at Shrawan 1, 2078	16,325,961	37,216	3,692,361	125,183	1,045,484	188,525	-	2,867,937	156,840	24,439,507	466,606	24,906,113
Profit for the year	-	-	-	-	-	-	-	3,607,843	-	3,607,843	70,209	3,678,052
Other comprehensive income	-	-	-	-	-	129,234	-	-	(31,037)	98,198	595	98,793
Total comprehensive income	-	-	-	-	-	129,234	-	3,607,843	(31,037)	3,706,041	70,804	3,776,845
Transfer to reserves	-	-	713,611	17,025	496,705	-	-	(1,346,456)	134,885	15,771	14,017	29,788
Transfer from reserves	-	-	-	-	-	(55,628)	-	53,724	(1,774)	(3,678)	(304.14)	(3,982)
Contribution from and distributions to owner	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Merger	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill Recognition	-	-	-	-	-	-	-	-	72,829	72,829	-	72,829
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	2,040,745	-	-	-	-	-	-	(2,006,156)	(87,665)	(53,076)	-	(53,076)
Cash dividend paid	-	-	-	-	-	-	-	(541,872)	(7,809)	(549,681)	(14,553)	(564,234)
Total contributions by and distributions	2,040,745	-	-	-	-	-	-	(2,548,028)	(22,645)	(529,928)	(14,553)	(544,481)
Balance at Asar end 2079	18,366,706	37,216	4,405,973	142,208	1,542,189	262,131	-	2,635,020	236,270	27,627,714	536,569	28,164,283
Balance at Asar end 2079	18,366,706	37,216	4,405,973	142,208	1,542,189	262,131	-	2,635,020	236,270	27,627,714	536,569	28,164,283
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at Shrawan 1, 2079	18,366,706	37,216	4,405,973	142,208	1,542,189	262,131	-	2,635,020	236,270	27,627,714	536,569	28,164,283
Profit for the period	-	-	-	-	-	-	-	933,893	-	933,893	3,429	937,322
Other comprehensive income	-	-	-	-	-	(76,245)	-	-	-	(76,245)	-	(76,245)
Total comprehensive income	-	-	-	-	-	(76,245)	-	933,893	-	857,647	3,429	861,076
Transfer to Reserves	-	-	-	-	493,855	-	-	(493,855)	-	-	-	-
Transfer from Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Merger	-	-	-	-	-	-	-	-	-	-	-	-
Contribution from and distributions to owner	-	-	-	-	-	-	-	-	-	-	-	-
Share issued to merged entity	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	-	-	-	-	-	-	-	-	-	-	-	-
Balance at Ashwin end 2079	18,366,706	37,216	4,405,973	142,208	2,036,044	185,886	-	3,075,058	236,270	28,485,361	539,998	29,025,359

NMB Bank Limited
Condensed Consolidated Statement of cash flows
For the period (Shrawan 1, 2079 to Ashwin 31, 2079) ended Ashwin 31, 2079

NPR in Thousand

Particulars	Group		NMB	
	Upto This Quarter	Corresponding Previous Year Upto This Quarter	Upto This Quarter	Corresponding Previous Year Upto This Quarter
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	5,832,769	3,653,145	5,131,580	3,462,781
Fees and other income received	649,427	585,851	533,035	521,208
Dividend received	-	-	-	-
Receipts from other operating activities	94,761	105,135	84,167	102,482
Interest paid	(4,503,416)	(2,438,644)	(4,275,128)	(2,362,548)
Commission and fees paid	(51,456)	(46,068)	(51,456)	(46,068)
Cash payment to employees	(586,095)	(778,008)	(429,682)	(732,990)
Other expense paid	(301,852)	(239,670)	(229,101)	(210,552)
Operating cash flows before changes in operating assets and liabilities	1,134,139	841,741	763,415	734,313
(Increase)/Decrease in operating assets				
Due from Nepal Rastra Bank	(1,218,377)	7,785,333	(1,218,377)	7,785,333
Placement with bank and financial institutions	2,378,989	1,648,585	2,378,989	1,648,585
Other trading assets	(4,800)	(5,600)	(4,800)	(5,600)
Loan and advances to bank and financial institutions	(979,958)	(666,382)	(979,958)	(666,382)
Loans and advances to customers	(3,069,875)	(14,694,343)	(3,156,630)	(14,324,449)
Other assets	(464,326)	(503,472)	72,307	(180,998)
Total	(3,358,347)	(6,435,878)	(2,908,469)	(5,743,511)
Increase/(Decrease) in operating liabilities				
Due to bank and financial institutions	(65,661)	153,778	(65,661)	153,778
Due to Nepal Rastra Bank	515,838	(1,302,244)	515,838	(1,302,244)
Deposit from customers	(3,993,041)	9,329,571	(4,132,785)	9,058,453
Borrowings	3,067,191	(1,982,847)	3,018,150	(2,097,050)
Other liabilities	(359,739)	(1,085,195)	(476,462)	(1,406,706)
Net cash flow from operating activities before tax paid	(835,412)	5,113,064	(1,140,919)	4,406,231
Income taxes paid	(85,000)	-	(25,000)	-
Net cash flow from operating activities	(3,144,620)	(481,073)	(3,310,973)	(602,967)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(1,612,985)	(3,875,597)	(1,607,985)	(3,859,981)
Receipts from sale of investment securities	3,196,547	2,272,956	3,196,547	2,272,956
Purchase of property and equipment	(76,850)	(70,664)	(71,126)	(69,130)
Receipt from the sale of property and equipment	4,352	142,876	4,352	142,876
Purchase of intangible assets	(61)	(19)	-	-
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	72	(66,594)	72	(66,594)
Receipt from the sale of investment properties	-	-	-	-
Investment in subsidiaries, associates & joint ventures	(200,000)	-	(200,000)	-
Interest received	444,243	220,749	444,243	220,749
Dividend received	69,397	141,109	69,397	141,109
Net cash used in investing activities	1,824,716	(1,235,184)	1,835,501	(1,218,016)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities	-	-	-	-
Repayment of debt securities	-	-	-	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	-	-	-
Dividends paid	-	-	-	-
Interest paid	-	-	-	-
Other receipt/payment	15,978	(49,800)	-	-
Net cash from financing activities	15,978	(49,800)	-	-
Net increase (decrease) in cash and cash equivalents	(1,303,927)	(1,766,057)	(1,475,472)	(1,820,982)
Cash and cash equivalents at the beginning of the year	13,328,689	14,442,664	12,787,637	13,887,371
Cash and cash equivalents acquired from the merger	-	-	-	-
Effect of exchange rate fluctuations on cash and cash equivalents held	16,417	24,209	16,417	24,209
Cash and cash equivalents at the end of the year	12,041,179	12,700,816	11,328,582	12,090,597

Ratios as per NRB Directives

Particulars	Group				NMB			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Capital fund to RWA		13.71%		14.54%		13.61%		14.48%
Non performing loan (NPL) to toal loan		2.02%		1.90%		1.90%		1.85%
Total loan loss provision to Total NPL (As per NRB Directives)		135.77%		139.02%		143.37%		142.24%
Cost of Funds (YTD)		8.07%		5.36%		8.02%		5.32%
CD Ratio - Average of the Month		86.94%		91.50%		86.94%		91.50%
CD Ratio - Last Day of the Quarter		87.95%		91.27%		87.95%		91.27%
Base Rate -Average for the quarter		10.15%		7.27%		10.15%		7.27%
Average Interest Spread (Calculated as per NRB Directives)- Last Month of Quarter		3.79%		3.02%		3.79%		3.02%
Additional Informations:								
Return on Equity (Annualized)		13.31%		17.50%		13.19%		17.08%
Return on Assets (Annualized)		1.42%		1.83%		1.40%		1.79%
PE Ratio (Annualized)		11.93		18.02		11.93		18.02
Net-Worth per share (NPR)		155.09		156.03		151.60		153.03
Assets per share (NPR)		1,440.40		1,471.60		1,414.48		1,442.16
Liquidity Ratio (NLA)		25.23%		22.16%		25.23%		22.16%

NMB BANK LIMITED

Notes to Interim Financial Statements

For the interim period ended 31 Ashwin, 2079

1. General Information

- 1.1 **Reporting Entity:** NMB Bank Limited (hereinafter referred to as “the Bank”) is a limited liability company domiciled in Nepal. The registered office of the Bank is G.P.O. Box 11543, Babar Mahal, Kathmandu, Nepal. The Bank has a primary listing in the Nepal Stock Exchange Limited, the only Stock Exchange in Nepal.

The Bank carries out commercial banking activities in Nepal licensed under the Bank and Financial Institutions Act, 2006 as Class “A” financial institution in May 2008 and has been operating in the Nepalese Financial market for over twenty six years.

1.2 Subsidiary:

- a. NMB Capital Ltd. (NMBCL) is a 100% subsidiary company of the Bank and was incorporated on September 17, 2010 as a public limited company as per the Companies Act 2063. It is into Merchant and investment banking licensed by Securities Board of Nepal under the Securities Businessperson (Merchant Banker) Regulations, 2008.
- b. NMB Laghubitta Bittiya Sanstha Ltd. (NMBMF) is incorporated as a public limited company under Companies Act, 2063 and licensed by Nepal Rastra Bank as “D” Class financial institution having Nation Wide working area to operate its microfinance program under Bank and Financial Institution Act 2006. As at the interim period ended date, the bank holds 51% controlling interest in the NMBMF.
- c. NMB Securities Limited is a 100% subsidiary company of the bank and was incorporated on 21 June 2021 and is yet to start the brokerage business.

The interim period of all of the subsidiaries is same as that of the Bank.

- 1.3 “Group” represents The Bank and the subsidiaries.

2. Basis of preparation

The Interim Financial Statements have been prepared in accordance with the Nepal Accounting Standard (NAS)-34 “Interim Financial Reporting” published by

the Nepal Accounting Standards Board (NASB) and pronounced by The Institute of Chartered Accountants of Nepal (ICAN). The disclosures made in the condensed consolidated interim financial information have been limited based on the format prescribed by Nepal Rastra Bank and should be read in conjunction with the Bank's last annual financial statements as at and for the year ended 31 Asar 2079. They do not include all of the information required for a complete set of Nepal Financial Reporting Standards ("NFRS") financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank's financial position and performance since the last annual financial statements. The financial statements have been prepared in accordance with the historical cost convention with some exceptions described in the relevant sections.

The interim cash flow statement has been prepared using the direct method whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and loan losses. The cash flow is classified by operating, investing and financing activities.

The Condensed Consolidated Interim Financial Statements comprise of:

- Condensed Consolidated Statement of Financial Position,
- Condensed Consolidated Statement of Profit or Loss,
- Condensed Consolidated Statement of Other Comprehensive Income,
- Condensed Consolidated Statement of Changes in Equity,
- Condensed Consolidated Statement of Cash Flows and
- Notes to Interim Financial Statements
- Ratios as per NRB Directive

3. Statement of Compliance with NFRS

The Financial Statements of the Group which comprises components mentioned above have been prepared in accordance with Nepal Accounting Standards comprising of Nepal Financial Reporting Standards and Nepal Accounting Standards (hereafter referred as NFRS), laid down by the Institute of Chartered Accountants of Nepal and in compliance with the requirements of the Companies Act, 2063 and generally Accepted Accounting Principles and directives of Nepal Rastra Bank.

4. Basis of Consolidation

In preparing the Consolidated Interim Financial Statement, the financial statements of the Bank and the Subsidiary are combined line by line by adding together Assets, Liabilities, Equity, Income and Expenses. The consolidated financial statements have been prepared in accordance with Nepal Financial Reporting Standards 10 "Consolidated Financial Statements".

Para 8 of NFRS 10 outlines three conditions to be fulfilled in order to establish control:

- (a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect the amount of the investor's returns

Non-Controlling Interest (NCI) refers to ownership of a company, which does not give the shareholder the control of the company.

5. Materiality and Aggregation

In compliance with Nepal Accounting Standard - NAS 01 (Presentation of Financial Statements), each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately unless they are immaterial. Financial Assets and Financial Liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by an Accounting Standard.

6. Business Combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group as per NFRS 3. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. The Bank had combined the business as per Merger and Acquisition Bylaws 2073 issued by central bank during the previous years. However, after the issuance of the Explanatory Note Accounting for Business Combination dated 2079.04.15, the Carve out no. 3 and 4 on NFRS 3: Business Combination issued by ICAN on 2077.07.25 stands withdrawn and accordingly, the goodwill has been recognized as per the said guidelines in FY 2021/22.

7. Foreign Exchange Transactions

Assets and liabilities denominated in foreign currencies as on the balance sheet date have been converted into local currency at mid-point exchange rates published by Nepal Rastra Bank after adjustment for effective trading rate.

Net difference arising from the conversion of foreign currency assets and liabilities is accounted for as revaluation gain/loss under Other Operating Income.

Income realised from the difference between buying and selling rates of Foreign Exchange is accounted for as trading gains and shown under "Net Trading Income".

8. Functional and presentation currency

The Interim financial statements are presented in Nepalese Rupees (NPR), the functional currency of Group entities. There is no change in the Group's presentation and functional currency during the period under review. All figures in

the accounts are presented in thousand.

9. Significant accounting judgements and estimates

As part of the process of preparing the interim financial statements in conformity with NFRS, the Bank's management is required to make certain judgements, estimates and assumptions that may affect the Bank's profits, its financial position and other information presented in the Report. These estimates are based on available information and the judgements made by the Bank's management. Actual outcomes may deviate from the assessments made, and such deviations may at times be significant.

The Bank uses various valuation models and techniques to estimate the fair values of assets and liabilities. There are significant uncertainties related to these estimates and these estimates are highly dependent on market data, such as the level of interest rates, currency rates and other factors. The uncertainties related to these estimates are reflected mainly in the statement of financial position. The bank undertakes continuous development in order to improve the basis for fair value estimates, with regard to both modelling and market data. Changes in estimates resulting from refinements in assumptions and methodologies are reflected in the period in which the enhancements are first applied. Judgements and estimates are also associated with impairment testing of loans and claims.

The significant judgments made by Management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 Asar 2079.

10. Basis for classification and measurement

The interim financial statements have been prepared on the historical cost basis, except for:

- As per NFRS 9 "Financial Instruments", Investment Securities (investment in equity shares and mutual funds) are measured at fair value.
- As per NAS 40 'Investment Property' (land and building acquired as non-banking assets) are measured at fair value.
- As per NAS 19 "Employee Benefits", Liabilities for employee defined benefit obligations and liabilities for long service leave are measured at fair value.

The Bank classifies its financial assets into the following categories: those measured at amortised cost, and those measured at fair value. This classification depends on both the contractual characteristics of the assets and the business model adopted for their management.

Financial assets at amortised cost

An investment is classified at “amortised cost” only if it is not designated as a FVTPL and both of the following criteria are met: the objective of the Bank’s business model is to hold the assets in order to collect the contractual cash flows, and the contractual terms of the financial assets must give rise on specified dates to cash flows that are only payments of principal and interest on the principal amount outstanding.

If either of the two criteria above is not met, the asset cannot be classified in the amortised cost category and must be classified at fair value.

Determination of fair value

The fair value of financial instruments, including derivative instruments that are traded in a liquid market, is the bid or offered closing price on the balance sheet date. Where the fair values cannot be derived from active markets, they are determined using a variety of valuation techniques, which include the use of mathematical models. The input to these models is taken from observable market data where possible. Fair values are measured using different valuation models and techniques. This process involves determining future expected cash flows, which can then be discounted to the balance sheet date. The estimation of future cash flows for these instruments is subject to assumptions on market data, the fair value estimate may therefore be subject to variations and may not be realisable in the market. Under different market assumptions, the values could also differ significantly.

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market prices (unadjusted) in an active market for identical instruments.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and where the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

11. Financial assets and financial liabilities

Financial assets refer to assets that arise from contractual agreements on future

cash flows or from owning equity instruments of another entity. Since financial assets derive their value from a contractual claim, these are nonphysical in form and are usually regarded as being more liquid than other tangible assets.

Financial liabilities are obligations that arise from contractual agreements and that require settlement by way of delivering cash or another financial asset. Settlement could also require exchanging other financial assets or financial liabilities under potentially unfavourable conditions. Settlement may also be made by issuing own equity instruments.

12. Recognition and de-recognition of financial instruments

Financial instruments are recognised in the statement of financial position on a settlement date basis, except for derivative instruments, which are recognized on a trade date basis.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire.

A financial liability is derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expires.

13. Offsetting

A financial asset and a financial liability are offset and the net amount recognised only where there is a legal right to do so and the intention is to settle on a net basis.

14. Cash and cash equivalents

Cash and cash equivalents comprise monetary assets and placements with original maturities of three months or less, calculated from the date the acquisition and placements were made.

Cash and cash equivalents are classified as financial asset and are measured at amortized cost in SoFP.

Restricted deposits are not included in cash and cash equivalents. These are measured at amortized cost and presented as a line item on the face of consolidated Statement of Financial Position (SoFP).

15. Impairment

Impairment of financial assets

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Bank considers the following factors in assessing objective evidence of impairment:

- a significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- Where observable data indicate that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including adverse changes in repayment patterns or economic conditions that correlate with defaults.

Assets carried at amortised cost

Financial assets carried at amortised cost (such as amounts due from Banks, loans and advances to customers as well as held-to-maturity investments are impaired, and impairment losses are recognized, only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset. The amount of the loss is measured as the difference between the asset's carrying amount and the deemed recoverable value of loan.

The recoverable value of loan is estimated on the basis of realizable value of collateral and the conduct of the borrower/past experience of the bank. Assets that are individually assessed and for which no impairment exists are grouped with financial assets with similar credit risk statistics and collectively assessed for impairment. The credit risk statistics for each group of the loan and advances are determined by management prudently being based on the past experience.

Subsequent reversal of impairment loss, due to factors such as an improvement in the debtor's credit rating, is recognized in the statement of profit or loss. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. Financial assets (and the related impairment allowance accounts) are written off either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, this is generally after receipt of any proceeds from the realization of security. If a future write-off is later recovered, the recovery is credited to the 'Income Statement'.

At each reporting date the Bank assesses whether there is any indication that an asset may have been impaired. If such indication exists, the recoverable amount is determined.

. For individual impairment, bank considers Top 50 loan clients and loans above delinquency of 90 days.

For the purpose of collective assessment of impairment bank has categorized

assets in to four broad products as follows:

1. OD Loan
2. Retail EMI
3. Working Capital
4. Term Loan

16. Derivative assets and derivative liabilities

Derivative assets and derivative liabilities (derivatives) create rights and obligations that have the effect of transferring between the parties to the instrument one or more of the financial risks inherent in an underlying primary financial instrument. However, they generally do not result in a transfer of the underlying primary financial instrument on inception of the contract, nor does such a transfer necessarily take place on maturity of the contract.

Derivative financial instruments meet the definition of a financial instrument and are accounted for as derivative financial asset or derivative financial liability measured at FVTPL and corresponding fair value changes are recognized in profit or loss.

17. Grant

Grant is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Income approach is followed in recording grant income. Grants related to the assets including non-monetary grants at fair value is presented in the statement of financial position by setting up Deferred Grant Income. Grants related to income are presented as part of profit or loss under other income.

18. Deposits from customers and BFIs and Debt Securities

These are classified as financial liabilities measured at amortized cost.

19. Revenue recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity. In some cases, this may not be probable until the consideration is received or until an uncertainty is removed.

Revenue is derived substantially from banking business and related activities and comprises net interest income and non-interest income. Income is recognised on an accrual basis in the period in which it accrues. The Group applies NFRS 15 – Revenue from Contracts with Customers in the accounting of revenue, unless otherwise stated. The bank has adopted carve out issued by ICAN for effective interest rate.

a. Net interest income

Interest income and expenses are recognised in profit or loss for all interest-bearing instruments on an accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the expected estimated future cash payments and receipts through the expected life of the financial asset or liability. Where financial assets have been impaired, interest income continues to be recognised on the Gross value, based on the original effective interest rate.

b. Fees and commission income

Fees and commission income is generally recognised when the related services are provided or on execution of a significant act. Fees charged for servicing a loan are recognised as revenue as the service is provided. The upfront fees and commission are recognized as income in the same period the loan is approved.

However, the interest income has been recognized as per NRB Guidelines on Interest Income Recognition. The bank has applied carve out on effective interest rate method on loans and advances as issued by ICAN on 2079.04.02.

c. Dividend Income

Dividend is recognised as income when the right to receive the dividend is established. For bonus shares, the numbers of shares alone are increased without any change in the cost price of shares.

d. Net Trading Gain

The Group presents all accrued interest, dividend, unrealized fair value changes and disposal gains or losses in respect of trading assets and liabilities under this head. The Group also presents foreign exchange trading gains or losses arising on foreign exchange buy and sell transactions under trading income.

20. Discounting

Discounting has been applied where assets and liabilities are non-current and the impact of the discounting is material.

21. Significant changes from the policies adopted in the past

There are no changes in accounting policies and methods of computation since the publication of annual financial statements for the year end Ashad 2079.

22. Property, plant and equipment (PPE) and Intangible Assets

- a. Property, plant and equipment and Intangible assets (software) are stated at cost less accumulated depreciation (Cost Model)

- b. Land is not depreciated. Depreciation of others is charged to Statement of Profit and Loss on Straight Line method over the useful life of those assets. The estimated useful life of the assets are as follows:

Assets	Estimated Life	Rate of Depreciation
Building	40 years	2.5%
Office equipment	7 years	14.28%
Computers	5 years	20%
Furniture & Fixtures	7 years	14.28%
Vehicles	5 to 7 years	20%/ 14.28%
Intangible Assets/software	5 Years	

- c. Leasehold improvements are capitalised at cost and amortised over period of lease.
- d. Depreciation on property, plant and equipment sold or disposed off during the year is charged up to the date of sales and gain or loss on the sales transaction is accounted for.
- e. Assets with a unit value less than NPR 10,000 are expensed-off during the year of purchase irrespective of its useful life.

23. Investment property

Investment properties are land or building or both other than those classified as property and equipment under NAS 16 – “Property, Plant and Equipment”; and assets classified as non-current assets held for sale under NFRS 5 – “Non-Current Assets Held for Sale & Discontinued Operations”. The Group has recognized as investment property all land or land and building acquired as non-banking assets.

Non-banking assets (only land and building) are initially recognized at fair value. Since it is not intended for owner-occupied use, a depreciation charge is not raised.

24. Retirement Benefits

The Bank offers retirement benefits to its confirmed employee, mainly provident fund, gratuity and accumulated sick leave, all payable at the time of separation from service.

a. *Provident fund*

Provident fund is recognised at the time of contribution to the fund which is independent to the Bank.

b. *Gratuity*

Provision for gratuity is made on the basis of actuarial valuation carried out by

an Actuary as per the provisions of Nepal Accounting Standards. At the time of separation from service, cash payments are made to the employees and the amount is computed as per the Bank's Policy.

c. *Accumulated sick leave*

Provision for accumulated sick leave is made on the basis of actuarial valuation carried out by an Actuary as per the provisions of Nepal Accounting Standards. At the time of separation from service, cash payments are made to the employees and the amount is computed as per the Bank's Policy.

d. *Accumulated home leave*

Provision for accumulated home leave is made on the basis of actuarial valuation carried out by an Actuary as per the provisions of Nepal Accounting Standards. At the time of separation from service or eligible accumulated leaves, cash payments are made to the employees and the amount is computed as per the Bank's Policy.

25. Operating Lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. The Group has applied NFRS 16 – “Leases” w.e.f FY 2078/79. Operating lease ROU assets and lease liabilities are included in other assets and other liabilities respectively.

26. Income Tax

a. *Current Income Tax*

Provision for current income tax is made in accordance with the provisions of the prevailing Income Tax Act, 2058 and Rules framed there under.

b. *Deferred Tax*

Deferred tax is recognised on the differences between the carrying amount of assets and liabilities in the financial statements and corresponding tax bases used in the computation provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined by using tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax related to temporary differences in opening balances is credited or charged directly to equity and subsequent year differences are recognised in the income statement together with the deferred gain or loss.

The Group has not calculated deferred tax for the interim period.

27. Share capital and reserves

The Bank applies NAS 32, Financial Instruments: Presentation, to determine whether funding is either a financial liability (debt) or equity. Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the bank having a present obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument.

28. Stationery

Stationery purchased are stated at cost and charged to revenue at the time of consumption.

29. Provisions, Contingent Liabilities and Contingent Assets

The Bank creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

30. Earnings Per Share

Basic earnings per equity share is computed in accordance with NAS 33–Earnings per share by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. For Group basic earnings per share profit or loss attributable to ordinary equity holders of the parent entity has been considered.

In a capitalisation or bonus issue, ordinary shares are issued to existing shareholders for no additional consideration. Therefore, the number of ordinary shares outstanding is increased without an increase in resources. The number of ordinary shares outstanding before the event is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented.

31. Rounding off and Comparative Figures

The financial statements are presented in Nepalese Rupees, rounded off to the nearest thousand. Previous year's figures have been reclassified wherever

necessary in order to facilitate comparison. The figures reported in interim financial report are subject to change upon otherwise instructions of statutory auditor and/or regulatory authorities.

32. Segment Information

The Bank is organised for management and reporting purposes into segments such as: Retail, SME & MSME, Corporate, Deprived, Treasury and Others. The Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Income tax is managed on a group basis and are not allocated to operating segments. All transactions between segments are conducted on an arm's length basis, with inter-segment revenue and costs being eliminated in "Others". Support costs are also allocated to Retail, Corporate, SME & MSME, Deprived, Treasury and others based on Management's estimates of the benefits accruing to these segments for the costs incurred. The summarized segmental performance is given below:

a. Information about reporting segment:

NPR in Mio.

Particulars	Retail		SME & MSME		Corporate		Deprived		Treasury		Others		Total	
	Ashwin End 2079	Ashwin End 2078	Ashwin End 2079	Ashwin End 2078	Ashwin End 2079	Ashwin End 2078	Ashwin End 2079	Ashwin End 2078	Ashwin End 2079	Ashwin End 2078	Ashwin End 2079	Ashwin End 2078	Ashwin End 2079	Ashwin End 2078
Revenues from external customers	1,417	1,068	1,973	1,265	2,572	1,605	375	201	686	177	13	279	7,036	4,594
Intersegment revenues/(Expenses)	1,577	963	(1,043)	(665)	(392)	(131)	(205)	(138)	538	96	(474)	(124)	-	-
Segment profit/(loss) before tax	73	245	554	279	599	591	111	18	488	138	(532)	200	1,292	1,470
Segment assets	41,340	33,335	55,483	48,709	78,825	72,022	10,583	10,041	55,691	41,323	17,872	30,017	259,794	235,446
Segment liabilities	117,764	105,094	3,456	2,867	58,006	59,475	362	492	52,206	13,684	28,000	53,835	259,794	235,446

b. **Reconciliation of reportable segment profit or loss:**

NPR in Mio

Particulars	Ashwin End 2079	Ashwin End 2078
Total Profit before tax for reportable segments	1,292	1,470
Profit before tax for other segments		
Elimination of intersegment profit		
Elimination of discontinued operation		
Unallocated amount:		
-Other Corporate Expenses	-	-
Profit before tax	1,292	1,470

33. Related Party Disclosures

(a) **Board Member Allowances and Facilities**

The Board of Directors has been paid meeting fees of NPR 182,000 during the interim period. There were 03 Board Meeting conducted during the interim period.

As per 24th AGM held on Poush 24, 2076, the chairperson and other members of the Board are paid NPR. 18,000 and NPR. 16,000 respectively per meeting thereafter.

The Meeting fees paid to different Board Level Committees are as follows:

Board Level Committees	No of Meetings	Meeting Allowance (NPR)
Audit Committee	2	64,000
Risk Management Committee	3	96,000
Human Resource Service Committee	-	-
Assets Laundering Prevention Committee	3	48,000
Other Committee	-	-

As per 23rd AGM held on Poush 26, 2075, monthly allowance of NPR 12,000 is paid. The total amount paid as monthly allowances to the board members during the interim period amounted to NPR 216,000.

The members of the Board as on interim period ended *Ashwin 2079* are:

- | | | |
|------|-----------------------------|---|
| i) | Mr. Pawan Kumar Golyan | Chairman (Represents Group – Promoter Shareholder) |
| ii) | Mr. Nico Klaas Geradus Pijl | Member (Representative from FMO) |
| iii) | Mr. Jeevan Kumar Katwal | Member (Representative from Employees Provident Fund) |
| iv) | Mr. Yogendra Lal Pradhan | Member (Represents Group – Public Shareholder) |
| v) | Mr. Uttam Bhlon | Member (Represents Group – Public Shareholder) |
| vi) | Mr. Sirish Kumar Murarka | Member (Represents Group – Public |

Shareholder)

(b) Loans and Advances extended to Promoters

There are no such loans extended to promoters.

(c) Compensation Details for Key Management Personnel

Key Management Personnel includes members of Executive Committee of the Bank.

S.No	Particulars	Amount
A	Short Term Employee Benefits	28,096,013
B	Post-Employment Benefits	Nil
C	Other Long Term Benefits	Nil
D	Termination Benefits (Gratuity and Sick Leave Encashment)	Nil
E	Share Based Payment	Nil
	Total of Key Management Personnel Compensation	28,096,013

The Salary and benefits paid to CEO for the interim period included above is as follow:

Particulars	Basic Salary	Provident Fund	Allowance	Bonus & Welfare	Other Perquisites	Total Income
C.E.O	2,250,000	225,000	2,750,000	3,031,734	57,628	8,314,362

Key management personnel are also provided with the following benefits:

- i) Benefits as per the Employee Terms of Service By-laws,
- ii) Bonus to staff as per the Bonus Act,
- iii) Vehicle Fuel Expenses as per the Bank's Staff Vehicle Scheme.

Existing members of Executive Committee includes:

Mr. Sunil KC	Chief Executive Officer
Mr. Pradeep Pradhan	Chief Audit Executive
Mr. Sudesh Upadhyaya	Chief Business & Strategy Officer
Mr. Govind Ghimire	Chief Business Officer
Mr. Navin Manandhar	Chief Risk Officer
Mr. Pramod Dahal	Chief Operating Officer
Mr. Roshan Regmi	Head Retail Banking
Mr. Shreejesh Ghimire	Chief Investment Officer

(d) Transaction with Subsidiaries

The intra-group related figures have been excluded for presentation of the financial statement of the Group. The Bank owns three subsidiary companies, NMB Capital Limited, NMB Securities Limited and NMB Laghubitta Bittiya Sanstha Limited. NMB Capital and NMB Securities Limited are wholly owned subsidiary whereas the Bank owns fifty-one percent of the total shares of NMB Laghubitta Bittiye Sanstha. The Related party transactions of subsidiaries are as follows:

Amount in Thousand

S No	Particulars	NMB Capital	NMB Laghubita Bittiya Sanstha	NMB Securities
1	Investment by NMB Bank Ltd.	200,000	172,488	200,000
2	Deposits in NMB Bank Ltd.	164,912	18,259	199,950
3	Borrowing from NMB Bank Ltd.	-	1,223,381	-
4	Interest Payment by NMB Bank Ltd.	2,257	-	-
5	Interest Payment to NMB Bank Ltd.	-	24,136	-
6	Receivables from NMB Securities	-	-	80
7	Rent Payment to NMB Bank Ltd.	711	-	-
8	Share Registrar Fee payment by NMB Bank	250	-	-
9	Debenture Trustee Fee payment by NMB Bank	88	-	-
10	Dividend Distribution of NMB Hybrid Fund L - 1 to NMB Bank	32,130	-	-
11	Dividend Distribution of NMB 50 to NMB Bank	37,267	-	-

34.Dividends paid (aggregate or per share) separately for ordinary shares and other shares

The bank has not paid any dividend during the interim period.

35.Issues, repurchases and repayments of debt and equity securities

None

36.Events after interim period

There are no such material events after Interim Period Date affecting financial status of the Group.

37.Effect of changes in the composition of the entity during the interim period merger including and acquisition

None

NMB Bank Limited
Interim Financial Report FY 2079/80

Condensed Consolidated Statement of Financial Position As on Quarter Ended Ashwin 31, 2079 (October 17, 2022)					NPR in Thousand
Particulars	Group		NMB		
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending	
Assets					
Cash and cash equivalent	12,041,179	13,328,689	11,328,582	12,787,637	
Due from Nepal Rastra Bank	14,992,691	13,774,314	14,965,691	13,747,314	
Placement with Bank and Financial Institutions	158,966	3,782,289	158,966	3,782,289	
Derivative financial instruments	10,911,628	5,293,773	10,911,628	5,293,773	
Other trading assets	4,800	25,229	4,800	-	
Loan and advances to B/FIs	5,698,168	5,920,095	6,921,550	5,920,095	
Loans and advances to customers	184,473,667	179,596,734	178,713,766	175,006,295	
Investment securities	29,313,812	32,008,952	29,133,593	31,724,847	
Current tax assets	-	-	-	-	
Investment in susidiaries	-	-	572,488	372,488	
Investment in associates	-	-	-	-	
Investment property	295,090	295,162	295,090	295,162	
Property and equipment	1,838,913	1,816,284	1,772,094	1,764,130	
Goodwill and Intangible assets	218,712	232,051	212,625	226,513	
Deferred tax assets	379,955	347,279	369,362	338,965	
Other assets	4,765,917	4,042,756	4,433,775	3,893,713	
Total Assets	265,093,498	260,463,605	259,794,008	255,153,220	
Liabilities					
Due to Bank and Financial Instiutuions	1,486,575	2,082,436	1,504,834	2,082,436	
Due to Nepal Rastra Bank	9,512,204	8,996,367	9,512,204	8,996,367	
Derivative financial instruments	10,842,142	5,351,098	10,842,142	5,351,098	
Deposits from customers	182,190,322	186,501,126	180,696,263	184,817,106	
Borrowing	17,845,043	14,745,016	16,015,550	12,997,400	
Current Tax Liabilities	364,649	3,951	353,369	4,406	
Provisions	34,654	1,600	-	-	
Deferred tax liabilities	33,084	22,211	-	-	
Other liabilities	5,718,204	6,467,665	4,984,907	5,766,286	
Debt securities issued	8,041,262	8,127,854	8,041,262	8,127,854	
Subordinated Liabilities	-	-	-	-	
Total liabilities	236,068,139	232,299,323	231,950,532	228,142,953	
Equity					
Share capital	18,366,706	18,366,706	18,366,706	18,366,706	
Share premium	37,216	37,216	-	-	
Retained earnings	3,075,058	2,635,020	2,587,720	2,177,440	
Reserves	7,006,381	6,588,771	6,889,050	6,466,122	
Total equity attributable to equity holders	28,485,361	27,627,714	27,843,476	27,010,268	
Non-controlling interest	539,998	536,569	-	-	
Total equity	29,025,359	28,164,283	27,843,476	27,010,268	
Total liabilities and equity	265,093,498	260,463,605	259,794,008	255,153,220	

Condensed Consolidated Statement of Profit or Loss For the quarter ended Ashwin 31, 2079 (October 17, 2022)									NPR in Thousand	
Particulars	Group				NMB					
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding			
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)		
Interest income	6,549,455	6,549,455	4,135,640	4,135,640	6,330,547	6,330,547	3,929,062	3,929,062		
Interest expense	4,373,563	4,373,563	2,569,813	2,569,813	4,276,267	4,276,267	2,507,006	2,507,006		
Net interest income	2,175,892	2,175,892	1,565,827	1,565,827	2,054,280	2,054,280	1,422,055	1,422,055		
Fees and Commission Income	593,576	593,576	644,762	644,762	532,858	532,858	580,373	580,373		
Fees and commission expense	51,456	51,456	46,068	46,068	51,456	51,456	46,068	46,068		
Net fee and commission income	542,120	542,120	598,694	598,694	481,402	481,402	534,305	534,305		
Net interest, fee and commission income	2,718,012	2,718,012	2,164,521	2,164,521	2,535,683	2,535,683	1,956,361	1,956,361		
Net trading income	65,667	65,667	96,836	96,836	65,667	65,667	96,836	96,836		
Other operating income	110,914	110,914	234,668	234,668	107,066	107,066	232,638	232,638		
Total operating income	2,894,594	2,894,594	2,496,024	2,496,024	2,708,416	2,708,416	2,285,835	2,285,835		
Impairment charge/(reversal) for loans and other losses	442,519	442,519	(180,780)	(180,780)	426,973	426,973	(190,918)	(190,918)		
Net operating income	2,452,075	2,452,075	2,676,805	2,676,805	2,281,443	2,281,443	2,476,752	2,476,752		
Operating expense										
Personnel expenses	752,631	752,631	796,653	796,653	668,831	668,831	726,936	726,936		
Other operating expenses	284,469	284,469	247,480	247,480	244,922	244,922	218,308	218,308		
Depreciation & Amortisation	78,740	78,740	63,977	63,977	75,754	75,754	61,440	61,440		
Operating Profit	1,336,235	1,336,235	1,568,695	1,568,695	1,291,935	1,291,935	1,470,068	1,470,068		
Non operating income	449	449	155	155	282	282	-	-		
Non operating expense	-	-	-	-	-	-	-	-		
Profit before income tax	1,336,684	1,336,684	1,568,850	1,568,850	1,292,217	1,292,217	1,470,068	1,470,068		
Income tax expense										
Current Tax	399,362	399,362	455,265	455,265	388,083	388,083	425,630	425,630		
Deferred Tax expense/(Income)	-	-	-	-	-	-	-	-		
Profit for the period	937,322	937,322	1,113,585	1,113,585	904,134	904,134	1,044,437	1,044,437		

Condensed Consolidated Statement of Comprehensive Income								
Profit/Loss for the period	937,322	937,322	1,113,585	1,113,585	904,134	904,134	1,044,437	1,044,437
Other Comprehensive Income	(76,245)	(76,245)	(9,065)	(9,065)	(70,927)	(70,927)	(3,852)	(3,852)
Total Comprehensive Income	861,076	861,076	1,104,520	1,104,520	833,208	833,208	1,040,585	1,040,585
Earnings per Share								
Basic earnings per share	-	20.34	-	23.77	-	19.69	-	22.75
Diluted earnings per share	-	20.34	-	23.77	-	19.69	-	22.75
Total comprehensive income attributable to:								
Equity holders of the Bank	857,647	857,647	1,082,446	1,082,446	833,208	833,208	1,040,585	1,040,585
Non-controlling interest	3,429	3,429	22,074	22,074	-	-	-	-
Total	861,076	861,076	1,104,520	1,104,520	833,208	833,208	1,040,585	1,040,585



NMB BANK
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Global Alliance for
Banking on Values



Bank of the Year, ASIA 2021
Bank of the Year, Nepal
2017, 2018, 2020 & 2021

Ratios	Group		NMB	
	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Capital fund to RWA		13.71%		14.54%
Non performing loan (NPL) to toal loan		2.02%		1.90%
Total loan loss provision to Total NPL (As per NRB Directives)		135.77%		139.02%
Cost of Funds (YTD)		8.07%		5.36%
CD Ratio - Average of the Month		86.94%		91.50%
Base Rate -Average for the quarter		10.15%		7.27%
Average Interest Spread (Calculated as per NRB Directives)- Last Month of Quarter		3.79%		3.02%
Additional Informations:				
Return on Equity (Annualized)		13.31%		17.50%
Return on Assets (Annualized)		1.42%		1.83%
PE Ratio (Annualized)		11.93		18.02
Net-Worth per share (NPR)		155.09		156.03
Assets per share (NPR)		1,440.40		1,471.60
Liquidity Ratio (NLA)		25.23%		22.16%

Notes to Unaudited Financial Highlights

- Above figures are subject to change from Supervisory Authority and/or External Audit.
- Above financial highlight is prepared as per Nepal Financial Reporting Standards (NFRS), directives issued by Nepal Rastra Bank (NRB), carve out issued by the Institute of Chartered Accountants of Nepal (ICAN) and other regulatory provisions.
- The figures of previous periods have been regrouped/rearranged wherever necessary.
- Loans and Advances is presented along with accrued interest, staff loan (net off staff loan prepayment benefit) and net off impairment charges.
- Personnel Expenses include staff bonus as per Bonus Act, 2030 and amortization of prepaid staff loan granted at subsidized rate as per Bank's policy.
- Actuarial Valuation of the employee benefits are done on an annual basis.
- Group represents NMB Bank Limited (NMB) and its subsidiaries NMB Capital Limited, NMB Securities Limited and NMB Laghubitta Bittiya Sanstha Limited.
- The intra-group related figures have been excluded for presentation of the financial statements of the Group.
- The detailed Interim Report has been published in bank's website www.nmb.com.np at the Investor Relation Section.

Statement of Distributable Profit/Loss (As per NRB Regulations)		NPR In Thousand	
Particulars	Up to this Quarter		
Opening Retained Earnings			2,177,440
Add: Net Profit for the period ended Ashwin end, 2079			904,134
1. Appropriations			
1.1 Profit required to be appropriated to statutory reserve			(354,545)
a. General Reserve			(180,827)
b. Capital (Debenture) Redemption Reserve			(158,470)
c. Exchange Fluctuation Fund			(4,104)
d. Corporate Social Responsibility Fund			(9,041)
e. Employees Training Fund			(2,103)
f. Others			-
1.2 Profit required to be transfer to Regulatory Reserve			(493,855)
a. Transfer to Regulatory Reserve			(493,855)
b. Transfer from Regulatory Reserve			-
Net Profit for the period end Ashwin 31, 2079 available for distribution			2,233,174

The distributable profit excluding Retained Earnings upto fiscal year end 2078/79 is NPR 55,734 (In Thousands).

Related Party Disclosures
The Bank owns three subsidiary companies, NMB Capital Limited, NMB Securities Limited and NMB Laghubitta Bittiya Sanstha Limited. NMB Capital and NMB Securities Limited are wholly owned subsidiaries whereas the Bank owns fifty-one percent of the total shares of NMB Laghubita Bittiya Sanstha Ltd. Related party transactions of the subsidiaries are as follows:

Amounts in NPR Thousands				
S No	Particulars	NMB Capital	NMB Laghubita Bittiya Sanstha	NMB Securities
1	Investment by NMB Bank Ltd.	200,000	172,488	200,000
2	Deposits in NMB Bank Ltd.	164,912	18,259	199,950
3	Borrowing from NMB Bank Ltd.	-	1,223,381	-
4	Interest Payment by NMB Bank Ltd.	2,257	-	-
5	Interest Payment to NMB Bank Ltd.	-	24,136	-
6	Receivables from NMB Securities	-	-	80
7	Rent Payment to NMB Bank Ltd.	711	-	-
8	Share Registrar Fee payment by NMB Bank	250	-	-
9	Debenture Trustee Fee payment by NMB Bank	88	-	-
10	Dividend Distribution of NMB Hybrid Fund L - 1 to NMB Bank	32,130	-	-
11	Dividend Distribution of NMB 50 to NMB Bank	37,267	-	-