

# NMB BANK LIMITED

## INTERIM FINANCIAL STATEMENTS

**As on  
Asar End 2079 (July 16, 2022)  
(Unaudited)**



**NMB BANK**  
**एनएमबि बैंक**  
समृद्ध नेपालको लागि

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

**NMB Bank Limited**  
**Condensed Consolidated Statement of Financial Position**  
As on Quarter Ended Asar 32, 2079 (July 16, 2022)

*NPR in Thousand*

Particulars	Group		NMB	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
<b>Assets</b>				
Cash and cash equivalent	15,973,285	14,442,664	15,428,458	13,887,371
Due from Nepal Rastra Bank	13,774,314	19,248,506	13,747,314	19,218,506
Placement with Bank and Financial Institutions	3,782,289	2,717,149	3,782,289	2,717,149
Derivative financial instruments	5,293,773	17,161,392	5,293,773	17,161,392
Other trading assets	-	2,677	-	2,660
Loan and advances to B/FIs	4,663,877	5,194,471	5,920,095	5,194,471
Loans and advances to customers	181,634,954	155,112,820	175,788,057	151,014,124
Investment securities	29,322,398	17,756,933	29,083,063	17,453,563
Current tax assets	-	99,226	-	92,746
Investment in subsidiaries	-	-	372,488	372,488
Investment in associates	-	-	-	-
Investment property	295,162	97,942	295,162	97,942
Property and equipment	1,829,253	1,773,075	1,762,378	1,741,915
Goodwill and Intangible assets	159,776	121,066	153,684	112,541
Deferred tax assets	344,872	252,198	339,779	249,010
Other assets	4,272,588	2,243,622	3,847,574	2,230,983
<b>Total Assets</b>	<b>261,346,541</b>	<b>236,223,741</b>	<b>255,814,112</b>	<b>231,546,858</b>
<b>Liabilities</b>				
Due to Bank and Financial Institutions	2,065,932	1,964,516	2,070,495	1,964,516
Due to Nepal Rastra Bank	8,996,367	7,597,982	8,996,367	7,597,982
Derivative financial instruments	5,351,098	17,127,036	5,351,098	17,127,036
Deposits from customers	186,883,072	165,856,478	184,829,048	164,489,286
Borrowing	14,773,927	9,239,426	12,997,400	7,443,810
Current Tax Liabilities	140,481	-	88,529	-
Provisions	15,582	1,703	-	-
Deferred tax liabilities	28,581	14,658	-	-
Other liabilities	6,598,545	4,239,911	6,145,641	3,686,460
Debt securities issued	8,127,854	5,293,994	8,127,854	5,293,994
Subordinated Liabilities	-	-	-	-
<b>Total liabilities</b>	<b>232,981,438</b>	<b>211,335,705</b>	<b>228,606,431</b>	<b>207,603,084</b>
<b>Equity</b>				
Share capital	18,366,706	16,325,961	18,366,706	16,325,961
Share premium	37,216	37,216	-	-
Retained earnings	2,835,149	2,868,079	2,392,410	2,515,343
Reserves	6,587,714	5,190,174	6,448,565	5,102,470
<b>Total equity attributable to equity holders</b>	<b>27,826,784</b>	<b>24,421,430</b>	<b>27,207,681</b>	<b>23,943,774</b>
<b>Non-controlling interest</b>	<b>538,319</b>	<b>466,606</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>28,365,103</b>	<b>24,888,036</b>	<b>27,207,681</b>	<b>23,943,774</b>
<b>Total liabilities and equity</b>	<b>261,346,541</b>	<b>236,223,741</b>	<b>255,814,112</b>	<b>231,546,858</b>

**NMB Bank Limited**  
**Condensed Consolidated Statement of Profit or Loss**  
For the quarter ended Asar 32, 2079 (July 16, 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	6,272,331	20,165,221	3,779,495	14,673,639	6,057,623	19,333,573	3,595,017	13,983,694
Interest expense	4,023,750	13,086,036	2,297,989	8,508,425	3,932,621	12,781,323	2,243,375	8,323,034
<b>Net interest income</b>	<b>2,248,581</b>	<b>7,079,185</b>	<b>1,481,505</b>	<b>6,165,214</b>	<b>2,125,002</b>	<b>6,552,251</b>	<b>1,351,641</b>	<b>5,660,659</b>
Fees and Commission Income	322,734	1,910,508	293,419	1,476,831	256,555	1,650,840	188,771	1,177,642
Fees and commission expense	89,283	215,870	60,631	138,025	89,283	215,870	60,631	138,025
<b>Net fee and commission income</b>	<b>233,452</b>	<b>1,694,638</b>	<b>232,787</b>	<b>1,338,807</b>	<b>167,273</b>	<b>1,434,969</b>	<b>128,140</b>	<b>1,039,617</b>
<b>Net interest, fee and commission income</b>	<b>2,482,032</b>	<b>8,773,823</b>	<b>1,714,293</b>	<b>7,504,020</b>	<b>2,292,274</b>	<b>7,987,220</b>	<b>1,479,781</b>	<b>6,700,276</b>
Net trading income	43,743	272,407	110,509	364,116	43,743	272,407	110,501	364,108
Other operating income	13,776	455,705	168,107	370,035	10,054	445,375	156,366	351,974
<b>Total operating income</b>	<b>2,539,551</b>	<b>9,501,934</b>	<b>1,992,909</b>	<b>8,238,172</b>	<b>2,346,071</b>	<b>8,705,001</b>	<b>1,746,649</b>	<b>7,416,358</b>
Impairment charge/(reversal) for loans and other loss	(222,114)	(471,075)	730,722	410,227	(217,645)	(484,317)	763,400	382,410
<b>Net operating income</b>	<b>2,761,666</b>	<b>9,973,009</b>	<b>1,262,187</b>	<b>7,827,945</b>	<b>2,563,717</b>	<b>9,189,318</b>	<b>983,249</b>	<b>7,033,948</b>
<b>Operating expense</b>				-				-
Personnel expenses	735,521	2,875,053	549,073	2,330,248	664,531	2,600,641	477,983	2,089,704
Other operating expenses	412,343	1,213,375	277,222	960,619	380,716	1,083,488	233,375	853,749
Depreciation & Amortisation	96,245	306,915	71,484	279,716	90,912	292,248	68,492	269,478
<b>Operating Profit</b>	<b>1,517,557</b>	<b>5,577,667</b>	<b>364,408</b>	<b>4,257,361</b>	<b>1,427,557</b>	<b>5,212,942</b>	<b>203,398</b>	<b>3,821,017</b>
Non operating income	1,252	2,657	34,403	40,365	1,252	2,657	33,752	39,072
Non operating expense	46,720	46,969	(25,391)	15,213	46,756	46,756	(25,391)	15,213
<b>Profit before income tax</b>	<b>1,472,089</b>	<b>5,533,356</b>	<b>424,201</b>	<b>4,282,513</b>	<b>1,382,053</b>	<b>5,168,843</b>	<b>262,540</b>	<b>3,844,876</b>
Income tax expense				-				-
Current Tax	485,784	1,689,626	167,792	1,316,433	457,559	1,579,057	119,775	1,185,623
Deferred Tax expense/(Income)	(112,746)	(112,746)	(53,277)	(53,277)	(111,531)	(111,531)	(51,821)	(51,821)
<b>Profit for the period</b>	<b>1,099,051</b>	<b>3,956,476</b>	<b>309,686</b>	<b>3,019,357</b>	<b>1,036,026</b>	<b>3,701,317</b>	<b>194,587</b>	<b>2,711,074</b>

**NMB Bank Limited**  
**Consolidated Statement of Other Comprehensive Income**  
For the quarter ended Asar 32, 2079 (July 16, 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)
<b>Profit for the period</b>	<b>1,099,051</b>	<b>3,956,476</b>	<b>309,686</b>	<b>3,019,357</b>	<b>1,036,026</b>	<b>3,701,317</b>	<b>194,587</b>	<b>2,711,074</b>
<b>Other comprehensive income</b>								
<b>a) Items that will not be reclassified to profit or loss</b>								
- Gains/(losses) from investments in equity instruments measured at fair value	95,382	160,628	42,031	276,262	96,181	166,985	36,235	265,325
- Gains/(losses) on revaluation	-	-	-	-	-	-	-	-
- Actuarial gains/(losses) on defined benefit plans	(44,056)	(44,056)	(14,949)	(14,949)	(44,056)	(44,056)	(15,698)	(15,698)
- Income tax relating to above items	720	(18,854)	148,663	78,394	480	(20,761)	(6,161)	(74,888)
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>	<b>52,045</b>	<b>97,718</b>	<b>175,745</b>	<b>182,919</b>	<b>52,604</b>	<b>102,167</b>	<b>14,376</b>	<b>174,739</b>
<b>b) Items that are or may be reclassified to profit or loss</b>								
- Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-
- Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-
- Income tax relating to above items	-	-	-	-	-	-	-	-
<b>Net other comprehensive income that are or may be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>c) Share of other comprehensive income of associate accounted as per equited method</b>								
-	-	-	-	-	-	-	-	-
<b>Other comprehensive income for the period, net of income tax</b>	<b>52,045</b>	<b>97,718</b>	<b>175,745</b>	<b>182,919</b>	<b>52,604</b>	<b>102,167</b>	<b>14,376</b>	<b>174,739</b>
<b>Total comprehensive income for the period</b>	<b>1,151,096</b>	<b>4,054,193</b>	<b>485,431</b>	<b>3,202,276</b>	<b>1,088,630</b>	<b>3,803,484</b>	<b>208,963</b>	<b>2,885,813</b>
<b>Total comprehensive income attributable to:</b>								
Equity holders of the Bank	1,137,184	3,980,184	451,244	3,105,809	1,088,630	3,803,484	208,963	2,885,813
Non-controlling interest	13,912	74,009	34,187	96,466	-	-	-	-
<b>Total</b>	<b>1,151,096</b>	<b>4,054,193</b>	<b>485,431</b>	<b>3,202,276</b>	<b>1,088,630</b>	<b>3,803,484</b>	<b>208,963</b>	<b>2,885,813</b>
<b>Earnings per share</b>								
Basic earnings per share		21.14		15.91		20.15		14.76
Annualized Basic earnings per share		21.14		15.91		20.15		14.76
Diluted earnings per share		21.14		15.91		20.15		14.76

**NMB Bank Limited**  
**Condensed Consolidated Statement of changes in equity**  
**For the period (Shrawan 1, 2078 to Asar 32, 2079) ended Asar 32, 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		
<b>Balance at Shrawan 1, 2077</b>	<b>13,950,987</b>	<b>120,167</b>	<b>3,010,880</b>	<b>102,426</b>	<b>884,133</b>	<b>(10,110)</b>	<b>-</b>	<b>1,718,777</b>	<b>1,139,682</b>	<b>20,916,942</b>	<b>-</b>	<b>20,916,942</b>
Profit for the year	-	-	-	-	-	-	-	2,711,074	-	2,711,074	-	2,711,074
Other comprehensive income	-	-	-	-	-	185,727	-	-	(10,988)	174,739	-	174,739
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>185,727</b>	<b>-</b>	<b>2,711,074</b>	<b>(10,988)</b>	<b>2,885,813</b>	<b>-</b>	<b>2,885,813</b>
Transfer to reserves	-	-	543,690	22,757	86,341	-	-	(657,590)	(471,802)	(476,604)	-	(476,604)
Transfer from reserves	-	-	-	-	-	-	-	498,074	(13,433)	484,641	-	484,641
<b>Contribution from and distributions to owner</b>												
Share issued/Merger Transfer	496,766	-	93,188	-	56,790	(1,033)	-	(138,279)	87,879	595,311	-	595,311
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	1,878,208	(120,167)	-	-	-	-	-	-	(603,657)	1,154,384	-	1,154,384
Cash dividend paid	-	-	-	-	-	-	-	(1,154,384)	-	(1,154,384)	-	(1,154,384)
others (Merger)	-	-	-	-	-	-	-	(462,328)	-	(462,328)	-	(462,328)
<b>Total contributions by and distributions</b>	<b>2,374,973</b>	<b>(120,167)</b>	<b>93,188</b>	<b>-</b>	<b>56,790</b>	<b>(1,033)</b>	<b>-</b>	<b>(1,754,991)</b>	<b>(515,778)</b>	<b>132,983</b>	<b>-</b>	<b>132,983</b>
<b>Balance at Asar end 2078</b>	<b>16,325,961</b>	<b>-</b>	<b>3,647,758</b>	<b>125,183</b>	<b>1,027,265</b>	<b>174,584</b>	<b>-</b>	<b>2,515,343</b>	<b>127,681</b>	<b>23,943,774</b>	<b>-</b>	<b>23,943,774</b>
<b>Balance at Shrawan 1, 2078</b>	<b>16,325,961</b>	<b>-</b>	<b>3,647,758</b>	<b>125,183</b>	<b>1,027,265</b>	<b>174,584</b>	<b>-</b>	<b>2,515,343</b>	<b>127,681</b>	<b>23,943,774</b>	<b>-</b>	<b>23,943,774</b>
Prior Period Adjustments	-	-	-	-	-	-	-	179	-	179	-	179
Adjusted/Restated balance at Shrawan 1, 2078	<b>16,325,961</b>	<b>-</b>	<b>3,647,758</b>	<b>125,183</b>	<b>1,027,265</b>	<b>174,584</b>	<b>-</b>	<b>2,515,522</b>	<b>127,681</b>	<b>23,943,953</b>	<b>-</b>	<b>23,943,953</b>
Profit for the period	-	-	-	-	-	-	-	3,701,317	-	3,701,317	-	3,701,317
Other comprehensive income	-	-	-	-	-	133,007	-	-	(30,839)	102,167	-	102,167
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133,007</b>	<b>-</b>	<b>3,701,317</b>	<b>(30,839)</b>	<b>3,803,484</b>	<b>-</b>	<b>3,803,484</b>
Transfer to Reserves	-	-	740,263	17,025	487,994	-	-	(1,386,316)	141,034	-	-	-
Transfer from Reserves	-	-	-	-	-	(53,724)	-	53,724	(1,000)	(1,000)	-	(1,000)
Transfer from Merger	-	-	-	-	-	-	-	-	-	-	-	-
<b>Contribution from and distributions to owner</b>												
Share issued to merged entity	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares capitalized	2,040,745	-	-	-	-	-	-	(1,953,081)	(87,665)	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(538,757)	-	(538,757)	-	(538,757)
Others	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total contributions by and distributions</b>	<b>2,040,745</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,491,837)</b>	<b>(87,665)</b>	<b>(538,757)</b>	<b>-</b>	<b>(538,757)</b>
<b>Balance at Asar end 2079</b>	<b>18,366,706</b>	<b>-</b>	<b>4,388,021</b>	<b>142,208</b>	<b>1,515,258</b>	<b>253,867</b>	<b>-</b>	<b>2,392,410</b>	<b>149,210</b>	<b>27,207,681</b>	<b>-</b>	<b>27,207,681</b>

**NMB Bank Limited**  
**Condensed Consolidated Statement of changes in equity**  
**For the period (Shrawan 1, 2078 to Asar 32, 2079) ended Asar 32, 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 Asar 31, 2077	13,950,987	157,384	3,035,327	102,426	884,133	(10,110)	-	1,978,985	1,171,289	21,270,421	372,476	21,642,897
Adjustment/Restatement	-	-	-	-	-	-	-	(12,351)	-	(12,351)	-	(12,351)
Balance at Shrawan 1, 2077	13,950,987	157,384	3,035,327	102,426	884,133	(10,110)	-	1,966,634	1,171,289	21,258,070	372,476	21,630,546
Profit for the year	-	-	-	-	-	-	-	2,923,139	-	2,923,139	96,217	3,019,357
Other comprehensive income	-	-	-	-	-	193,384	-	-	(10,714)	182,670	249	182,919
Total comprehensive income	-	-	-	-	-	193,384	-	2,923,139	(10,714)	3,105,809	96,466	3,202,276
Transfer to reserves	-	-	563,846	22,757	86,341	-	-	(687,412)	16,841	2,374	(749.20)	1,625
Transfer from reserves	-	-	-	-	-	(7,656)	-	509,083	(483,049)	18,378	-	18,378
Contribution from and distributions to owner	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Merger	-	-	93,188	-	56,790	(1,033)	-	(138,279)	215	10,881	-	10,881
Share issued	496,766	-	-	-	-	-	-	-	87,665	584,430	-	584,430
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	1,878,208	(120,167)	-	-	-	-	-	(1,198,339)	(603,657)	(43,956)	-	(43,956)
Cash dividend paid	-	-	-	-	-	-	-	(506,747)	(7,809)	(514,556)	(1,587)	(516,143)
Total contributions by and distributions	2,374,973	(120,167)	93,188	-	56,790	(1,033)	-	(1,843,365)	(523,587)	36,799	(1,587)	35,212
Balance at Asar end 2078	16,325,961	37,216	3,692,361	125,183	1,027,265	174,584	-	2,868,079	170,781	24,421,430	466,606	24,888,036
-												
Balance at Shrawan 1, 2078	16,325,961	37,216	3,692,361	125,183	1,027,265	174,584	-	2,868,079	170,781	24,421,430	466,606	24,888,036
Adjustments	-	-	-	-	-	-	-	(57,468)	55,895	(1,573)	(771)	(2,344)
Adjusted/Restated balance at Shrawan 1, 2078	16,325,961	37,216	3,692,361	125,183	1,027,265	174,584	-	2,810,611	226,675	24,419,857	465,835	24,885,692
Profit for the period	-	-	-	-	-	-	-	3,882,467	-	3,882,467	74,009	3,956,476
Other comprehensive income	-	-	-	-	-	128,557	-	-	(30,839)	97,718	-	97,718
Total comprehensive income	-	-	-	-	-	128,557	-	3,882,467	(30,839)	3,980,184	74,009	4,054,193
Transfer to Reserves	-	-	740,263	17,025	487,994	-	-	(1,386,316)	141,034	-	-	-
Transfer from Reserves	-	-	-	-	-	(53,724)	-	53,724	(1,000)	(1,000)	-	(1,000)
Transfer from Merger	-	-	-	-	-	-	-	-	-	-	-	-
Contribution from and distributions to owner	-	-	-	-	-	-	-	-	-	-	-	-
Share issued to merged entity	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	2,040,745	-	-	-	-	-	-	(1,953,081)	(87,665)	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(598,757)	-	(598,757)	(1,526)	(600,282)
Others	-	-	-	-	-	-	-	26,500	-	26,500	-	26,500
Total contributions by and distributions	2,040,745	-	-	-	-	-	-	(2,525,338)	(87,665)	(572,257)	(1,526)	(573,782)
Balance at Asar end 2079	18,366,706	37,216	4,432,625	142,208	1,515,258	249,417	-	2,835,149	248,205	27,826,784	538,319	28,365,103

**NMB Bank Limited**  
**Condensed Consolidated Statement of cash flows**  
For the period (Shrawan 1, 2078 to Asar 32, 2079) ended Asar 32, 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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest received	18,146,992	14,087,645	17,405,394	13,687,651
Fees and other income received	1,833,853	1,461,045	1,568,600	1,160,785
Dividend received	-	-	-	-
Receipts from other operating activities	285,622	333,299	275,028	327,833
Interest paid	(12,542,004)	(8,465,118)	(12,313,717)	(8,221,669)
Commission and fees paid	(215,870)	(138,075)	(215,870)	(138,075)
Cash payment to employees	(3,069,792)	(1,905,466)	(2,894,083)	(1,756,104)
Other expense paid	(1,160,138)	(916,603)	(1,053,208)	(829,010)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>3,278,663</b>	<b>4,456,728</b>	<b>2,772,144</b>	<b>4,231,410</b>
		-		-
<b>(Increase)/Decrease in operating assets</b>		-		-
Due from Nepal Rastra Bank	5,468,206	(6,983,140)	5,471,206	(6,979,640)
Placement with bank and financial institutions	5,086,514	(1,398,055)	5,086,514	(1,398,055)
Other trading assets	2,660	264,230	2,660	264,230
Loan and advances to bank and financial institutions	(711,021)	(381,073)	(711,021)	(381,073)
Loans and advances to customers	(25,097,153)	(31,836,492)	(24,348,951)	(31,386,071)
Other assets	(1,210,715)	(1,315,185)	(920,616)	(804,554)
<b>Total</b>	<b>(16,461,509)</b>	<b>(41,649,715)</b>	<b>(15,420,209)</b>	<b>(40,685,163)</b>
<b>Increase/(Decrease) in operating liabilities</b>		-		-
Due to bank and financial institutions	(475,158)	(1,088,749)	(475,158)	(1,245,176)
Due to Nepal Rastra Bank	1,398,384	3,705,451	1,398,384	3,705,451
Deposit from customers	20,764,821	26,374,654	20,420,899	26,210,328
Borrowings	5,790,718	4,353,379	5,553,590	4,027,500
Other liabilities	511,605	25,451	466,996	118,125
<b>Net cash flow from operating activities before tax paid</b>	<b>27,990,371</b>	<b>33,370,187</b>	<b>27,364,712</b>	<b>32,816,228</b>
Income taxes paid	(1,496,448)	(1,304,627)	(1,396,448)	(1,228,698)
<b>Net cash flow from operating activities</b>	<b>13,311,077</b>	<b>(5,127,427)</b>	<b>13,320,199</b>	<b>(4,865,223)</b>
		-		-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		-		-
Purchase of investment securities	(33,256,813)	(4,650,642)	(33,256,813)	(4,616,060)
Receipts from sale of investment securities	18,346,428	7,030,510	18,332,995	7,030,510
Purchase of property and equipment	(336,793)	(131,330)	(324,801)	(129,680)
Receipt from the sale of property and equipment	161,944	32,666	161,944	30,913
Purchase of intangible assets	(94,096)	(23,998)	(93,950)	(22,840)
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	(224,323)	(17,799)	(224,323)	(17,799)
Receipt from the sale of investment properties	27,104	-	27,104	-
Investment in subsidiaries, associates & joint ventures	-	-	-	-
Interest received	1,199,748	851,295	1,199,748	851,295
Dividend received	142,202	87,631	142,202	87,631
<b>Net cash used in investing activities</b>	<b>(14,034,599)</b>	<b>3,178,333</b>	<b>(14,035,894)</b>	<b>3,213,970</b>
		-		-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		-		-
Receipt from issue of debt securities	2,727,437	3,500,000	2,727,437	3,500,000
Repayment of debt securities	-	(500,000)	-	(500,000)
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	315,982	-	-
Dividends paid	(538,757)	(462,328)	(538,757)	(462,328)
Interest paid	-	-	-	-
Other receipt/payment	(2,639)	(627,346)	-	-
<b>Net cash from financing activities</b>	<b>2,186,041</b>	<b>2,226,308</b>	<b>2,188,680</b>	<b>2,537,672</b>
		-		-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,462,519</b>	<b>277,214</b>	<b>1,472,986</b>	<b>885,419</b>
Cash and cash equivalents at the beginning of the year	14,442,664	12,261,848	13,887,371	11,098,349
Cash and cash equivalents acquired from the merger	-	1,812,575	-	1,812,575
Effect of exchange rate fluctuations on cash and cash equivalents held	68,102	91,027	68,102	91,027
<b>Cash and cash equivalents at the end of the year</b>	<b>15,973,285</b>	<b>14,442,664</b>	<b>15,428,458</b>	<b>13,887,371</b>

**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		13.85%		15.13%		13.76%		15.08%
Non performing loan (NPL) to toal loan		1.38%		2.30%		1.33%		2.27%
Total loan loss provision to Total NPL (As per NRB Directives)		169.69%		130.02%		176.20%		131.88%
Cost of Funds LCY (YTD)		5.90%		4.76%		5.86%		4.75%
CD Ratio - Average of the Month		87.75%		89.76%		87.75%		89.76%
CD Ratio - As on Last Day of the Quarter		85.55%		86.51%		85.55%		86.51%
Base Rate -Average for the quarter		9.38%		6.99%		9.38%		6.99%
Average Interest Spread (Calculated as per NRB Directives)- Last Month of Quarter		4.05%		3.09%		4.05%		3.09%
<b>Additional Informations:</b>								
Average Total Yield (YTD Average)		9.15%		8.90%		9.00%		8.71%
Return on Equity (Annualized)		14.86%		12.62%		14.47%		12.08%
Return on Assets (Annualized)		1.56%		1.69%		1.52%		1.32%
PE Ratio (Annualized)		12.95		26.41		12.95		26.41
Net-Worth per share (NPR)		151.51		149.85		148.14		146.66
Assets per share (NPR)		1,420.01		1,445.98		1,392.81		1,418.27
Liquidity Ratio (NLA)		27.99%		27.52%		27.99%		27.52%



# **NMB BANK LIMITED**

## **Notes to Interim Financial Statements**

**For the interim period ended 32 Asar, 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.

The interim period of both 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 2078. 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. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The bank has not followed NFRS 3 Business Combination instead merger and acquisition has been accounted as per NRB Merger Bylaws in previous year mergers and acquisitions.

## **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 2078.

## **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.

## **Financial assets at fair value**

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.

The Group has has recognized impairment loss on loans and advances at the higher of the amount derived as per prudential norms specified in NRB directive and the amount derived from incurred loss model as per para 63 of NAS 39.

## **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. Deposits from customers and BFI and Debt Securities**

These are classified as financial liabilities measured at amortized cost.

## **18. Revenue recognition**

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 NAS 18 – “Revenue” in the accounting of revenue, unless otherwise stated.

### **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. The bank has considered loan administration fees which is integral part of EIR as immaterial and hence excluded from calculation of EIR.

### **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.

#### **19. Discounting**

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

#### **20. 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 2078 except for the implementation of Lease Accounting – NFRS 16.

#### **21. 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:

<b>Assets</b>	<b>Estimated Life</b>	<b>Rate of Depreciation</b>
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.

## **22. 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.

## **23. 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.

## **24. 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,

## **25. 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.

## **26. 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.

## **27. Stationery**

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

## **28. 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.

## **29. 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.

## **30. 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.

### 31. 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	
	Asar End 2079	Asar End 2078	Asar End 2079	Asar End 2078	Asar End 2079	Asar End 2078	Asar End 2079	Asar End 2078	Asar End 2079	Asar End 2078	Asar End 2079	Asar End 2078	Asar End 2079	Asar End 2078
Revenues from external customers	4,669	3,563	6,115	4,678	7,791	5,351	955	642	1,897	475	14	1,167	21,442	15,876
Intersegment revenues/(Expenses)	3,397	3,027	(2,172)	(2,238)	(535)	(112)	(464)	(425)	886	430	(1,111)	(682)	-	-
Segment profit/(loss) before tax	(357)	1,337	3,139	1,291	2,532	839	371	(173)	1,014	506	(1,530)	44	5,169	3,844
Segment assets	39,517	28,897	52,959	43,817	73,086	60,554	10,383	8,449	51,934	36,212	27,935	53,618	255,814	231,547
Segment liabilities	111,900	90,043	3,442	1,738	63,404	55,779	338	543	40,331	6,149	36,399	77,295	255,814	231,547

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

NPR in Mio

Particulars	Asar End 2079	Asar End 2078
Total Profit before tax for reportable segments	5,169	3,845
Profit before tax for other segments		
Elimination of intersegment profit		
Elimination of discontinued operation		
Unallocated amount:		
-Other Corporate Expenses	-	-
Profit before tax	5,169	3,845

### 32. Related Party Disclosures

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

The Board of Directors has been paid meeting fees of NPR 924,000 during the interim period. There were 14 Board Meeting conducted during the interim period.

As per 24<sup>th</sup> 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	5	160,000
Risk Management Committee	8	240,000
Human Resource Service Committee	2	32,000
Assets Laundering Prevention Committee	5	80,000

As per 23<sup>rd</sup> 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 904,800

The members of the Board as on interim period ended *Asar 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.

<b>S.No</b>	<b>Particulars</b>	<b>Amount</b>
A	Short Term Employee Benefits	74,431,452
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
	<b>Total of Key Management Personnel Compensation</b>	<b>74,431,452</b>

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

<b>Particulars</b>	<b>Basic Salary</b>	<b>Provident Fund</b>	<b>Allowance</b>	<b>Bonus &amp; Welfare</b>	<b>Other Perquisites</b>	<b>Total Income</b>
C.E.O	9,000,000	900,000	8,500,000	5,000,312	84,376	23,484,688

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 own two subsidiary companies, NMB Capital Limited and NMB Laghubitta Bittiya Sanstha Limited. NMB Capital is a wholly owned subsidiary whereas the Bank owns fifty-one percent of the total shares of NMB Laghubitta.Bittiye Sanstha Related party transactions of both subsidiaries are as follows:

Amount in Thousand

S No	Particulars	NMB Capital	NMB Laghubitta Bittiye Sanstha
1	Investment by NMB Bank Ltd.	200,000	172,488
2	Deposits in NMB Bank Ltd.	283,003	4,563
3	Borrowing from NMB Bank Ltd.	-	1,256,218
4	Interest Payment by NMB Bank Ltd.	5,551	-
5	Interest Payment to NMB Bank Ltd.	-	73,870
6	Rent Payment to NMB Bank Ltd.	2,629	-
7	Share Registrar Fee payment by NMB Bank	1,000	-
8	Debenture Trustee Fee payment by NMB Bank	300	
9	Dividend Distribution of NMB Hybrid Fund L - 1 to NMB Bank	30,524	
10	Dividend Distribution of NMB 50 to NMB Bank	53,105	
11	Dividend Distribution by NMB Capital to NMB Bank	60,000	

### **33.Dividends paid (aggregate or per share) separately for ordinary shares and other shares**

The bank has not paid any dividend during the period.

### **34.Issues, repurchases and repayments of debt and equity securities**

None

### **35.Events after interim period**

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

However, The SARS-CoV-2 virus responsible for COVID-19 had continued to spread across the globe and Nepal, which had contributed to a significant decline and volatility in global and domestic financial markets and also had significant decrease in global and local economic activities. Hence, the exact financial implication is yet to be assessed.

### **36.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 2078/79

### Condensed Consolidated Statement of Financial Position As on Quarter Ended Asar 32, 2079 (July 16, 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	15,973,285	14,442,664	15,428,458	13,887,371
Due from Nepal Rastra Bank	13,774,314	19,248,506	13,747,314	19,218,506
Placement with Bank and Financial Institutions	3,782,289	2,717,149	3,782,289	2,717,149
Derivative financial instruments	5,293,773	17,161,392	5,293,773	17,161,392
Other trading assets	-	2,677	-	2,660
Loan and advances to B/FIs	4,663,877	5,194,471	5,920,095	5,194,471
Loans and advances to customers	181,634,954	155,112,820	175,788,057	151,014,124
Investment securities	29,322,398	17,756,933	29,083,063	17,453,563
Current tax assets	-	99,226	-	92,746
Investment in subsidiaries	-	-	372,488	372,488
Investment in associates	-	-	-	-
Investment property	295,162	97,942	295,162	97,942
Property and equipment	1,829,253	1,773,075	1,762,378	1,741,915
Goodwill and Intangible assets	159,776	121,066	153,684	112,541
Deferred tax assets	344,872	252,198	339,779	249,010
Other assets	4,272,588	2,243,622	3,847,574	2,230,983
<b>Total Assets</b>	<b>261,346,541</b>	<b>236,223,741</b>	<b>255,814,112</b>	<b>231,546,858</b>
Liabilities				
Due to Bank and Financial Instituitions	2,065,932	1,964,516	2,070,495	1,964,516
Due to Nepal Rastra Bank	8,996,367	7,597,982	8,996,367	7,597,982
Derivative financial instruments	5,351,098	17,127,036	5,351,098	17,127,036
Deposits from customers	186,883,072	165,856,478	184,829,048	164,489,286
Borrowing	14,773,927	9,239,426	12,997,400	7,443,810
Current Tax Liabilities	140,481	-	88,529	-
Provisions	15,582	1,703	-	-
Deferred tax liabilities	28,581	14,658	-	-
Other liabilities	6,598,545	4,239,911	6,145,641	3,686,460
Debt securities issued	8,127,854	5,293,994	8,127,854	5,293,994
Subordinated Liabilities	-	-	-	-
<b>Total liabilities</b>	<b>232,981,438</b>	<b>211,335,705</b>	<b>228,606,431</b>	<b>207,603,084</b>
Equity				
Share capital	18,366,706	16,325,961	18,366,706	16,325,961
Share premium	37,216	37,216	-	-
Retained earnings	2,835,149	2,868,079	2,392,410	2,515,343
Reserves	6,587,714	5,190,174	6,448,565	5,102,470
<b>Total equity attributable to equity holders</b>	<b>27,826,784</b>	<b>24,421,430</b>	<b>27,207,681</b>	<b>23,943,774</b>
Non-controlling interest	538,319	466,606	-	-
<b>Total equity</b>	<b>28,365,103</b>	<b>24,888,036</b>	<b>27,207,681</b>	<b>23,943,774</b>
<b>Total liabilities and equity</b>	<b>261,346,541</b>	<b>236,223,741</b>	<b>255,814,112</b>	<b>231,546,858</b>

### Condensed Consolidated Statement of Profit or Loss For the quarter ended Asar 32, 2079 (16 July, 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	6,272,331	20,165,221	3,779,495	14,673,639	6,057,623	19,333,573	3,595,017	13,983,694
Interest expense	4,023,750	13,086,036	2,297,989	8,508,425	3,932,621	12,781,323	2,243,375	8,323,034
<b>Net interest income</b>	<b>2,248,581</b>	<b>7,079,185</b>	<b>1,481,505</b>	<b>6,165,214</b>	<b>2,125,002</b>	<b>6,552,251</b>	<b>1,351,641</b>	<b>5,660,659</b>
Fees and Commission Income	322,734	1,910,508	293,419	1,476,831	256,555	1,650,840	188,771	1,177,642
Fees and commission expense	89,283	215,870	60,631	138,025	89,283	215,870	60,631	138,025
<b>Net fee and commission income</b>	<b>233,452</b>	<b>1,694,638</b>	<b>232,787</b>	<b>1,338,807</b>	<b>167,273</b>	<b>1,434,969</b>	<b>128,140</b>	<b>1,039,617</b>
<b>Net interest, fee and commission income</b>	<b>2,482,032</b>	<b>8,773,823</b>	<b>1,714,293</b>	<b>7,504,020</b>	<b>2,292,274</b>	<b>7,987,220</b>	<b>1,479,781</b>	<b>6,700,276</b>
Net trading income	43,743	272,407	110,509	364,116	43,743	272,407	110,501	364,108
Other operating income	13,776	455,705	168,107	370,035	10,054	445,375	156,366	351,974
<b>Total operating income</b>	<b>2,539,551</b>	<b>9,501,934</b>	<b>1,992,909</b>	<b>8,238,172</b>	<b>2,346,071</b>	<b>8,705,001</b>	<b>1,746,649</b>	<b>7,416,358</b>
Impairment charge/(reversal) for loans and other losses	(222,114)	(471,075)	730,722	410,227	(217,645)	(484,317)	763,400	382,410
<b>Net operating income</b>	<b>2,761,666</b>	<b>9,973,009</b>	<b>1,262,187</b>	<b>7,827,945</b>	<b>2,563,717</b>	<b>9,189,318</b>	<b>983,249</b>	<b>7,033,948</b>
Operating expense								
Personnel expenses	735,521	2,875,053	549,073	2,330,248	664,531	2,600,641	477,983	2,089,704
Other operating expenses	412,343	1,213,375	277,222	960,619	380,716	1,083,488	233,375	853,749
Depreciation & Amortisation	96,245	306,915	71,484	279,716	90,912	292,248	68,492	269,478
<b>Operating Profit</b>	<b>1,517,557</b>	<b>5,577,667</b>	<b>364,408</b>	<b>4,257,361</b>	<b>1,427,557</b>	<b>5,212,942</b>	<b>203,398</b>	<b>3,821,017</b>
Non operating income	1,252	2,657	34,403	40,365	1,252	33,752	33,752	39,072
Non operating expense	46,720	46,969	(25,391)	15,213	46,756	(25,391)	15,213	
<b>Profit before income tax</b>	<b>1,472,089</b>	<b>5,533,356</b>	<b>424,201</b>	<b>4,282,513</b>	<b>1,382,053</b>	<b>5,168,843</b>	<b>262,540</b>	<b>3,844,876</b>
Income tax expense								
Current Tax	485,784	1,689,626	167,792	1,316,433	457,559	1,579,057	119,775	1,185,623
Deferred Tax expense/(Income)	(112,746)	(112,746)	(53,277)	(53,277)	(111,531)	(111,531)	(51,821)	(51,821)
<b>Profit for the period</b>	<b>1,099,051</b>	<b>3,956,476</b>	<b>309,686</b>	<b>3,019,357</b>	<b>1,036,026</b>	<b>3,701,317</b>	<b>194,587</b>	<b>2,711,074</b>

### Condensed Consolidated Statement of Comprehensive Income

Profit/Loss for the period	1,099,051	3,956,476	309,686	3,019,357	1,036,026	3,701,317	194,587	2,711,074
Other Comprehensive Income	52,045	97,718	175,745	182,919	52,604	102,167	14,376	174,739
<b>Total Comprehensive Income</b>	<b>1,151,096</b>	<b>4,054,193</b>	<b>485,431</b>	<b>3,202,276</b>	<b>1,088,630</b>	<b>3,803,484</b>	<b>208,963</b>	<b>2,885,813</b>
<b>Earnings per Share</b>								
Basic earnings per share	-	21.14	-	15.91	-	20.15	-	14.76
Diluted earnings per share	-	21.14	-	15.91	-	20.15	-	14.76
<b>Total comprehensive income attributable to:</b>								
Equity holders of the Bank	1,137,184	3,980,184	451,244	3,105,809	1,088,630	3,803,484	208,963	2,885,813
Non-controlling interest	13,912	74,009	34,187	96,466	-	-	-	-
<b>Total</b>	<b>1,151,096</b>	<b>4,054,193</b>	<b>485,431</b>	<b>3,202,276</b>	<b>1,088,630</b>	<b>3,803,484</b>	<b>208,963</b>	<b>2,885,813</b>

### Ratios as per NRB Directives

Ratios	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		13.85%		15.13%		13.76%		15.08%
Non performing loan (NPL) to total loan		1.38%		2.30%		1.33%		2.27%
Total loan loss provision to Total NPL (As per NRB Directives)		169.69%		130.02%		176.20%		131.88%
Cost of Funds LCY (YTD)		5.90%		4.76%		5.86%		4.75%
CD Ratio - Average of the Month		87.75%		89.76%		87.75%		89.76%
CD Ratio - As on Last Day of the Quarter		85.55%		86.51%		85.55%		86.51%
Base Rate -Average for the Quarter		9.38%		6.99%		9.38%		6.99%
Average Interest Spread (Calculated as per NRB Directives)- Last Month of Quarter		4.05%		3.09%		4.05%		3.09%
Additional Informations:								
Average Total Yield (YTD Average)		9.15%		8.90%		9.00%		8.71%
Return on Equity (Annualized)		14.86%		12.62%		14.47%		12.08%
Return on Assets (Annualized)		1.56%		1.69%		1.52%		1.32%
PE Ratio (Annualized)		12.95		26.41		12.95		26.41
Net-Worth per share (NPR)		151.51		149.85		148.14		146.66
Assets per share (NPR)		1,420.01		1,445.98		1,392.81		1,418.27
Liquidity Ratio (NLA)		27.99%		27.52%		27.99%		27.52%

### 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 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.
- Loan Administration Fees on loans and advances is treated as immaterial and hence not considered while calculating effective interest rate.
- Group represents NMB Bank Limited (NMB) and its subsidiaries NMB Capital 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
<b>Opening Retained Earnings</b>	<b>23,685</b>
<b>Add: Net Profit for the period ended Asar end, 2079</b>	<b>3,701,317</b>
<b>1. Appropriations</b>	
<b>1.1 Profit required to be appropriated to statutory reserve</b>	<b>(844,598)</b>
a. General Reserve	(740,263)
b. Capital (Debenture) Redemption Reserve	(50,134)
c. Exchange Fluctuation Fund	(17,025)
d. Corporate Social Responsibility Fund	(19,613)
e. Employees Training Fund	(20,286)
f. Others	2,724
<b>1.2 Profit required to be transfer to Regulatory Reserve</b>	<b>(487,994)</b>
a. Transfer to Regulatory Reserve	(487,994)
b. Transfer from Regulatory Reserve	-
<b>Net Profit for the period end Asar 32, 2079 available for distribution</b>	<b>2,392,410</b>

### Related Party Disclosures

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

Amounts in NPR Thousands

S.No.	Particulars	NMB Capital	NMB Laghubita Bittiya Sanstha
1.	Investment by NMB Bank Ltd.	200,000	172,488
2.	Deposits in NMB Bank Ltd.	283,003	4,563
3.	Borrowing from NMB Bank Ltd.	-	1,256,218
4.	Interest Payment by NMB Bank Ltd.	5,551	-
5.	Interest Payment to NMB Bank Ltd.	-	73,870
6.	Rent Payment to NMB Bank Ltd.	2,629	-
7.	Share Registrar Fee payment by NMB Bank	1,000	-
8.	Debenture Trustee Fee payment by NMB Bank	300	-
9.	Dividend Distribution of NMB Hybrid Fund L - 1 to NMB Bank	30,524	-
10.	Dividend Distribution of NMB 50 to NMB Bank	53,105	-
11.	Dividend Distribution by NMB Capital to NMB Bank	60,000	-

### Disclosure as per Securities Registration and Issuance Regulation, 2073

These related party transactions have been excluded in Consolidated Financial Statement of the Group. All the contracts and transactions with the subsidiaries have been performed on arms-length basis.

#### 1. Management Analysis

- The Bank, up to the fourth quarter of FY 2021/22, posted a net profit of NPR 3,701.32 Million.
- Deposit from customers and loans and advances to customers of the Bank (Net) stood at NPR 184.83 Billion and NPR 175.79 Billion respectively as at the end of the quarter.
- The Bank remained well capitalized with Capital Adequacy Ratio at 13.76% while Tier 1 Capital Ratio Stands at 10.53% at the end of the fourth quarter. NPA level has decreased to 1.33% from 2.27% of the previous year corresponding quarter.
- There were no other significant incidents during the period which have had negative impact on the reserve, profit or cash flow position of the Bank. However, post pandemic COVID 19 effect, the exact financial implication is yet to be assessed.
- The Bank has strong independent Risk and Control functions as well as policies in place that do not promote excessive risk taking.

#### 2. Details of Legal Action

##### a. Case filed by or against the organized institution during the quarter

No material cases except for regular cases of debt recovery

##### b. Case relating to disobedience of the prevailing laws or commission of the criminal offence filed by or against the Promoters or Directors of the Institution

No such information has been received by the Bank.

##### c. Case relating to the commission of financial crime filed against any Promoter or Director

No such information has been received by the Bank.

#### 3. Analysis of Share Transaction

##### Management view on share transactions of the Bank at securities market:

The Bank has disclosed and published all the information and data pertinent to Capital Market from time to time as per the prevailing disclosure norms and directives of Securities Board of Nepal (SEBON) and Nepal Rastra Bank. As the open market share operations determines the market price and transaction of the Bank's shares, the Bank Management is neutral on the ruling share price of the Bank. The Details for the quarter are:

Maximum Price – 305	Minimum Price – 240	Closing Price - NPR 261
Trading number – 15,118	Days of Trading – 64	

#### 4. Problems and Challenges

##### Internal problems and challenges

- Increasing cost of operations against Income.
- Sourcing and retention of quality work force in the increased competitive market.

##### External problems and challenges

- Impact of COVID 19.
- Russia Ukraine War has led to supply bottleneck of oil adding up cost push inflation
- Remittance decrease
- Liquidity concerns
- Challenging business environment for investment
- Increase in import has led to decrease in foreign currency reserves

#### Strategy

- Digitization of Recovery mechanism of the bank
- Keeping the digital channel open and Long Term Digital Adoption
- Focus on alternative sources of Fund
- Implement Cost Management/Reduction Strategy to closely monitor cost line and productivity.
- Continue to focus on Safe Growth through prudent risk management and compliance practices.
- Continue focus on SME, Energy and Agricultural and other productive sectors
- Focus on continuous process re-engineering so as to increase Operational Efficiency.
- Focus on introducing various human resource development plans

#### 5. Corporate Governance

- The Bank maintains high standard of Corporate Governance by maintaining strict compliance with laws, rules and regulations. Risk management, compliance, control and audit functions are accorded due priority in the Bank.
- Audit Committee, Risk Management Committees, Human Resource Committee, Asset and Liability Committee (ALCO), Executive Committee and other sub-committees ensure high level of standard on corporate governance. The first three committees are chaired by the non-executive Directors of the Bank.
- There are number of policies and procedures in place, including the Code of Conduct and Ethics to ensure highest level of compliance standard within the Bank.
- The Bank has a Corporate Governance Unit under Compliance Department to oversee matters related to corporate governance of the Bank at all levels.

#### 6. Disclosure of the Chief Executive Officer

I am personally responsible for the correctness of the facts and figures disclosed in this report till date. Also, I hereby declare that to the extent of my knowledge, the facts and the figures disclosed in this report are correct and comprehensive and all the material information relevant to take proper investment decision for the investors are disclosed properly in this statement.