

NMB BANK LIMITED

INTERIM FINANCIAL STATEMENTS

**As on
Asar End 2080 (July 16, 2023)
(Unaudited)**



NMB BANK
एनएमबि बैंक
समृद्ध नेपालको लागि

A JOINT VENTURE WITH
FMO
Entrepreneurial
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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 Asadh 31, 2080 (July 16, 2023)

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	24,513,537	13,328,689	23,958,280	12,787,637
Due from Nepal Rastra Bank	15,086,481	13,774,314	15,059,481	13,747,314
Placement with Bank and Financial Institutions	755,846	3,782,289	755,846	3,782,289
Derivative financial instruments	10,850,079	5,293,773	10,850,079	5,293,773
Other trading assets	24,750	25,229	24,750	-
Loan and advances to B/FIs	5,997,431	5,920,095	7,116,529	5,920,095
Loans and advances to customers	194,276,324	179,544,981	189,323,077	174,948,356
Investment securities	33,100,071	32,008,952	32,363,064	31,724,847
Current tax assets	-	54,121	-	55,329
Investment in subsidiaries	-	-	772,488	372,488
Investment in associates	-	-	-	-
Investment property	700,348	295,162	700,348	295,162
Property and equipment	1,835,501	1,816,284	1,750,173	1,764,130
Goodwill and Intangible assets	185,762	232,051	178,690	226,513
Deferred tax assets	463,691	347,279	448,920	338,965
Other assets	5,392,740	4,042,756	4,864,386	3,893,713
Total Assets	293,182,560	260,465,973	288,166,111	255,150,610
Liabilities				
Due to Bank and Financial Institutions	2,729,275	2,082,436	2,737,258	2,082,436
Due to Nepal Rastra Bank	3,285,987	8,996,367	3,285,987	8,996,367
Derivative financial instruments	11,060,345	5,351,098	11,060,345	5,351,098
Deposits from customers	211,467,423	186,501,126	210,304,687	184,817,106
Borrowing	16,381,536	14,745,016	14,814,903	12,997,400
Current Tax Liabilities	72,005	-	33,111	-
Provisions	17,438	1,600	-	-
Deferred tax liabilities	48,873	22,211	-	-
Other liabilities	6,379,116	6,609,408	5,403,801	5,907,387
Debt securities issued	11,911,942	8,127,854	11,911,942	8,127,854
Subordinated Liabilities	-	-	-	-
Total liabilities	263,353,939	232,437,116	259,552,034	228,279,648
Equity				
Share capital	18,366,706	18,366,706	18,366,706	18,366,706
Share premium	37,216	37,216	-	-
Retained earnings	2,017,245	2,009,905	1,501,890	1,550,781
Reserves	8,866,157	7,076,560	8,745,481	6,953,475
Total equity attributable to equity holders	29,287,324	27,490,387	28,614,077	26,870,962
Non-controlling interest	541,297	538,470	-	-
Total equity	29,828,621	28,028,857	28,614,077	26,870,962
Total liabilities and equity	293,182,560	260,465,973	288,166,111	255,150,610

NMB Bank Limited
Condensed Consolidated Statement of Profit or Loss
For the quarter ended Asadh 31, 2080 (July 16, 2023)

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	6,967,620	27,393,345	6,108,464	20,001,354	6,794,077	26,622,440	5,892,912	19,168,863
Interest expense	4,993,716	18,587,100	4,027,273	13,089,559	4,936,308	18,280,000	3,932,621	12,781,323
Net interest income	1,973,904	8,806,245	2,081,191	6,911,795	1,857,769	8,342,440	1,960,291	6,387,540
Fees and Commission Income	514,297	2,017,363	373,144	1,960,918	464,255	1,832,119	295,188	1,689,473
Fees and commission expense	105,911	284,654	89,653	216,241	105,911	284,654	89,653	216,241
Net fee and commission income	408,386	1,732,709	283,491	1,744,677	358,344	1,547,465	205,535	1,473,232
Net interest, fee and commission income	2,382,290	10,538,953	2,364,682	8,656,472	2,216,112	9,889,905	2,165,826	7,860,771
Net trading income	61,477	236,285	43,070	271,733	61,477	236,285	43,743	272,407
Other operating income	(4,137)	222,495	(31,542)	410,387	(11,359)	204,147	(28,554)	406,767
Total operating income	2,439,630	10,997,734	2,376,210	9,338,592	2,266,230	10,330,337	2,181,015	8,539,945
Impairment charge/(reversal) for loans and other losses	22,334	1,229,980	223,022	(25,939)	(18,451)	1,166,143	229,446	(37,226)
Net operating income	2,417,296	9,767,754	2,153,188	9,364,531	2,284,681	9,164,193	1,951,569	8,577,170
Operating expense				-				-
Personnel expenses	731,259	3,024,880	666,009	2,805,541	645,701	2,719,048	603,236	2,539,346
Other operating expenses	477,839	1,321,893	437,081	1,238,113	440,074	1,181,584	385,145	1,087,916
Depreciation & Amortisation	90,531	335,741	94,738	305,408	85,286	319,388	89,186	290,522
Operating Profit	1,117,667	5,085,240	955,360	5,015,470	1,113,620	4,944,173	874,002	4,659,387
Non operating income	1,890	10,432	1,252	2,657	1,742	9,986	1,252	2,657
Non operating expense	52,538	76,148	46,703	46,952	52,538	76,148	46,756	46,756
Profit before income tax	1,067,019	5,019,524	909,909	4,971,175	1,062,824	4,878,011	828,498	4,615,288
Income tax expense				-				-
Current Tax	393,356	1,552,262	331,553	1,535,394	380,047	1,512,702	313,701	1,435,199
Deferred Tax expense/(Income)	(45,190)	(45,190)	(106,846)	(106,846)	(45,190)	(45,190)	(111,006)	(111,006)
Profit for the period	718,853	3,512,452	685,202	3,542,627	727,967	3,410,499	625,803	3,291,094

NMB Bank Limited
Consolidated Statement of Other Comprehensive Income
For the quarter ended Asadh 31, 2080 (July 16, 2023)

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	718,853	3,512,452	685,202	3,542,627	727,967	3,410,499	625,803	3,291,094
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	5,985	(162,634)	96,350	161,596	6,083	(160,137)	97,144	167,948
- Gains/(losses) on revaluation	-	-	-	-	-	-	-	-
- Actuarial gains/(losses) on defined benefit plans	(55,748)	(55,748)	(43,488)	(43,488)	(55,748)	(55,748)	(44,056)	(44,056)
- Income tax relating to above items	14,929	65,515	259	(19,315)	14,900	64,766	191	(21,050)
Net other comprehensive income that will not be reclassified to profit or loss	(34,834)	(152,868)	53,120	98,793	(34,766)	(151,120)	53,279	102,842
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	(34,834)	(152,868)	53,120	98,793	(34,766)	(151,120)	53,279	102,842
Total comprehensive income for the period	684,019	3,359,584	738,322	3,641,419	693,201	3,259,379	679,082	3,393,936
Total comprehensive income attributable to:								
Equity holders of the Bank	703,763	3,354,857	725,714	3,568,714	693,201	3,259,379	679,082	3,393,936
Non-controlling interest	(19,744)	4,728	12,608	72,705	-	-	-	-
Total	684,019	3,359,584	738,322	3,641,419	693,201	3,259,379	679,082	3,393,936
Earnings per share								
Basic earnings per share		19.10		18.90		18.57		17.92
Annualized Basic earnings per share		19.10		18.90		18.57		17.92
Diluted earnings per share		19.10		18.90		18.57		17.92

NMB Bank Limited
Condensed Consolidated Statement of changes in equity
For the period (Shrawan 1, 2079 to Asadh 31, 2080) ended Asadh 31, 2080 (16 July 2023)

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	-	-	-	-	-	-	-	3,291,094	-	3,291,094	-	3,291,094
Other comprehensive income	-	-	-	-	-	133,681	-	-	(30,839)	102,842	-	102,842
Total comprehensive income	-	-	-	-	-	133,681	-	3,291,094	(30,839)	3,393,936	-	3,393,936
Transfer to reserves	-	-	668,964	17,025	486,238	-	-	(1,817,722)	645,495	-	-	-
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	-	4,316,721	142,208	1,513,503	254,541	-	1,550,781	726,501	26,870,962	-	26,870,962
Balance at Asar end 2079	18,366,706	-	4,316,721	142,208	1,513,503	254,541	-	1,550,781	726,501	26,870,962	-	26,870,962
Prior Period Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at Shrawan 1, 2079	18,366,706	-	4,316,721	142,208	1,513,503	254,541	-	1,550,781	726,501	26,870,962	-	26,870,962
Profit for the period	-	-	-	-	-	-	-	3,410,499	-	3,410,499	-	3,410,499
Other comprehensive income	-	-	-	-	-	(112,096)	-	-	(39,024)	(151,120)	-	(151,120)
Total comprehensive income	-	-	-	-	-	(112,096)	-	3,410,499	(39,024)	3,259,379	-	3,259,379
Transfer to Reserves	-	-	682,100	14,768	913,711	-	-	(1,994,137)	383,559	-	-	-
Transfer from Reserves	-	-	-	-	-	-	-	50,000	(51,011)	(1,011)	-	(1,011)
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	-	-	-	-	-	-	-	(1,515,253)	-	(1,515,253)	-	(1,515,253)
Others	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	-	-	-	-	-	-	-	(1,515,253)	-	(1,515,253)	-	(1,515,253)
Balance at Asar end 2080 (16 July 2023)	18,366,706	-	4,998,821	156,976	2,427,214	142,445	-	1,501,890	1,020,025	28,614,077	-	28,614,077

NMB Bank Limited
Condensed Consolidated Statement of changes in equity
For the period (Shrawan 1, 2079 to Asadh 31, 2080) ended Asadh 31, 2080 (16 July 2023)

NPR In Thousand

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	1,027,265	174,584	-	2,868,079	170,781	24,421,430	466,606	24,888,036
Adjustment/Restatement	-	-	-	-	18,219	13,940	-	(142)	(13,940)	18,077	-	18,077
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	-	-	-	-	-	-	-	3,470,516	-	3,470,516	72,110	3,542,627
Other comprehensive income	-	-	-	-	-	129,234	-	-	(31,037)	98,198	595	98,793
Total comprehensive income	-	-	-	-	-	129,234	-	3,470,516	(31,037)	3,568,714	72,705	3,641,419
Transfer to reserves	-	-	686,146	17,025	496,705	-	-	(1,835,563)	650,139	14,453	14,397	28,850
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	-	-	-	-	-	-	(2,004,838)	(87,665)	(51,758)	-	(51,758)
Cash dividend paid	-	-	-	-	-	-	-	(541,872)	(7,809)	(549,681)	(14,934)	(564,615)
Total contributions by and distributions	2,040,745	-	-	-	-	-	-	(2,546,710)	(22,645)	(528,610)	(14,934)	(543,543)
Balance at Asar end 2079	18,366,706	37,216	4,378,508	142,208	1,542,189	262,131	-	2,009,905	751,524	27,490,387	538,470	28,028,857
Balance at Asar end 2079	18,366,706	37,216	4,378,508	142,208	1,542,189	262,131	-	2,009,905	751,524	27,490,387	538,470	28,028,857
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at Shrawan 1, 2079	18,366,706	37,216	4,378,508	142,208	1,542,189	262,131	-	2,009,905	751,524	27,490,387	538,470	28,028,857
Profit for the period	-	-	-	-	-	-	-	3,507,725	-	3,507,725	4,728	3,512,452
Other comprehensive income	-	-	-	-	-	(113,844)	-	-	(39,024)	(152,868)	-	(152,868)
Total comprehensive income	-	-	-	-	-	(113,844)	-	3,507,725	(39,024)	3,354,857	4,728	3,359,584
Transfer to Reserves	-	-	682,100	14,768	913,711	-	-	(1,994,137)	383,559	-	-	-
Transfer from Reserves	-	-	-	-	-	-	-	50,000	(51,673)	(1,673)	-	(1,673)
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	-	-	-	-	-	-	-	(1,622,945)	-	(1,622,945)	-	(1,622,945)
Others	-	-	-	-	-	-	-	66,697	-	66,697	(1,901)	64,796
Total contributions by and distributions	-	-	-	-	-	-	-	(1,556,247)	-	(1,556,247)	(1,901)	(1,558,149)
Balance at Asar end 2080 (16 July 2023)	18,366,706	37,216	5,060,607	156,976	2,455,900	148,287	-	2,017,245	1,044,386	29,287,324	541,297	29,828,621

NMB Bank Limited
Condensed Consolidated Statement of cash flows
For the period (Shrawan 1, 2079 to Asadh 31, 2080) ended Asadh 31, 2080 (16 July 2023)

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	23,533,416	18,234,456	22,805,098	17,405,394
Fees and other income received	2,038,193	1,830,722	1,840,654	1,568,600
Dividend received	-	6,250	-	-
Receipts from other operating activities	273,042	348,183	262,448	275,028
Interest paid	(19,271,763)	(12,701,373)	(18,815,188)	(12,313,717)
Commission and fees paid	(284,654)	(215,870)	(284,654)	(215,870)
Cash payment to employees	(2,306,244)	(3,135,995)	(2,064,033)	(2,894,083)
Other expense paid	(1,257,788)	(1,218,576)	(1,103,878)	(1,053,208)
Operating cash flows before changes in operating assets and liabilities	2,724,202	3,147,797	2,640,447	2,772,144
		-		-
(Increase)/Decrease in operating assets		-		-
Due from Nepal Rastra Bank	(1,312,167)	5,474,206	(1,312,167)	5,471,206
Placement with bank and financial institutions	(209,061)	2,487,938	(209,061)	2,487,938
Other trading assets	(24,750)	(22,551)	(24,750)	2,660
Loan and advances to bank and financial institutions	(1,191,986)	(711,021)	(1,191,986)	(711,021)
Loans and advances to customers	(13,702,695)	(25,092,307)	(14,602,291)	(24,348,951)
Other assets	(343,875)	(969,660)	55,139	(920,616)
Total	(16,784,534)	(18,833,395)	(17,285,116)	(18,018,785)
Increase/(Decrease) in operating liabilities		-		-
Due to bank and financial institutions	1,166,763	(475,158)	1,166,763	(475,158)
Due to Nepal Rastra Bank	(5,710,379)	1,398,384	(5,710,379)	1,398,384
Deposit from customers	25,029,490	20,737,726	25,475,639	20,420,899
Borrowings	1,499,400	5,761,807	1,817,503	5,553,590
Other liabilities	255,265	477,745	169,963	466,996
Net cash flow from operating activities before tax paid	22,240,539	27,900,505	22,919,489	27,364,712
Income taxes paid	(1,428,846)	(1,489,758)	(1,398,846)	(1,396,448)
Net cash flow from operating activities	6,751,360	10,725,149	6,875,973	10,721,623
CASH FLOWS FROM INVESTING ACTIVITIES		-		-
Purchase of investment securities	(40,817,799)	(33,256,813)	(40,410,128)	(33,256,813)
Receipts from sale of investment securities	41,210,960	18,352,260	40,882,957	18,332,995
Purchase of property and equipment	(277,988)	(355,726)	(254,856)	(324,801)
Receipt from the sale of property and equipment	19,386	119,700	19,386	119,700
Purchase of intangible assets	(8,836)	(93,950)	(9,047)	(93,950)
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	(405,186)	(224,323)	(405,186)	(224,323)
Receipt from the sale of investment properties	-	27,104	-	27,104
Investment in subsidiaries, associates & joint ventures	(400,000)	-	(400,000)	-
Interest received	2,211,611	1,199,748	2,211,611	1,199,748
Dividend received	116,114	142,202	116,114	142,202
Net cash used in investing activities	1,648,261	(14,089,798)	1,750,851	(14,078,138)
CASH FLOWS FROM FINANCING ACTIVITIES		-		-
Receipt from issue of debt securities	4,000,000	2,727,437	4,000,000	2,727,437
Repayment of debt securities	-	-	-	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	200,000	-	-	-
Dividends paid	(1,515,253)	(544,865)	(1,515,253)	(538,757)
Interest paid	-	-	-	-
Other receipt/payment	41,408	-	-	-
Net cash from financing activities	2,726,155	2,182,572	2,484,747	2,188,680
Net increase (decrease) in cash and cash equivalents	11,125,776	(1,182,077)	11,111,572	(1,167,835)
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	59,071	68,102	59,071	68,102
Cash and cash equivalents at the end of the year	24,513,537	13,328,689	23,958,280	12,787,637

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		12.90%		13.68%		12.80%		13.59%
Non performing loan (NPL) to toal loan		2.89%		1.50%		2.72%		1.45%
Total loan loss provision to Total NPL (As per NRB Directives)		103.97%		171.88%		109.11%		178.07%
Cost of Funds (YTD)		7.41%		6.47%		7.34%		6.43%
CD Ratio - Average of the Month		83.46%		87.75%		83.46%		87.75%
Base Rate -Average for the quarter		10.37%		9.38%		10.37%		9.38%
Average Interest Spread (Calculated as per NRB Directives)- Last Month of Quarter		3.99%		4.05%		3.99%		4.05%
Additional Informations:								
Return on Equity (Annualized)		12.36%		13.23%		12.29%		12.95%
Return on Assets (Annualized)		1.27%		1.40%		1.26%		1.35%
PE Ratio (Annualized)		12.17		14.57		12.17		14.57
Net-Worth per share (NPR)		159.46		149.68		155.79		146.30
Assets per share (NPR)		1,593.32		1,418.14		1,568.96		1,389.20
Liquidity Ratio (NLA)		29.85%		27.99%		29.85%		27.99%

Statement of Distributable Profit/Loss (As per NRB Regulations)
For the Quarter Ended Asadh 31, 2080

Particulars	Current Year Upto This Qtr YTD	Previous Year Corresponding Qtr YTD
Net Profit or Loss as per Statement of profit or loss	3,410,499	3,291,094
1. Appropriations		
a. General Reserve	(682,100)	(668,964)
b. Capital (Debenture) Redemption Reserve	(352,381)	(566,666)
c. Exchange Fluctuation Fund	(14,768)	(17,025)
d. Corporate Social Responsibility Fund	(24,773)	(7,542)
e. Employees Training Fund	(5,394)	(20,286)
f. Other	48,989	2,724
Profit or Loss Before Regulatory adjustment	2,380,073	2,013,334
Regulatory Adjustment		
a. Interest receivable (-)/previous accrued interest received (+)	(509,464)	(241,195)
b. Short loan loss provision in accounts (-)/reversal (+)		-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(255,267)	(124,248)
e. Deferred tax assets recognised (-)/ reversal (+)	(109,956)	(89,955)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	(39,024)	(30,839)
i. Other	-	-
Net Profit for the quarter ended Asadh 31, 2080 available for distribution	1,466,362	1,527,096
Opening Retained Earning as on Shrawan 1, 2079	1,550,781	2,515,343
Adjustment (+/-)		179
Distribution:		
Bonus shares issued	-	(1,953,081)
Cash Dividend Paid	(1,515,253)	(538,757)
Total Distributable profit or (loss) as on quarter ended Asadh 31,2080	1,501,890	1,550,781
Annualised Distributable Profit/Loss per share	8.18	8.44

NMB BANK LIMITED

Notes to Interim Financial Statements

For the interim period ended 16 July, 2023 (Asar End 2080)

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 seven 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 (16 July 2022).

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 (16 July 2022).

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.

Actuarial Valuation is done on annual basis only.

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	
	Asar End 2080	Asar End 2079	Asar End 2080	Asar End 2079	Asar End 2080	Asar End 2079	Asar End 2080	Asar End 2079	Asar End 2080	Asar End 2079	Asar End 2080	Asar End 2079	Asar End 2080	Asar End 2079
Revenues from external customers	5,934	4,669	8,201	6,115	10,458	7,626	1,257	955	2,573	1,897	406	14	28,829	21,276
Intersegment revenues/(Expenses)	4,766	3,397	(2,938)	(2,172)	(1,003)	(535)	(555)	(464)	1,298	886	(1,569)	(1,112)	-	-
Segment profit/(loss) before tax	(1,563)	(376)	3,274	3,128	3,685	1,950	499	395	1,414	1,014	(2,431)	(1,496)	4,878	4,615
Segment assets	37,695	39,580	57,415	52,959	82,706	72,362	10,596	10,383	19,551	51,934	80,202	27,933	288,166	255,151
Segment liabilities	127,482	111,963	4,050	3,442	61,737	62,680	513	338	36,780	40,331	57,605	36,397	288,166	255,151

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

NPR in Mio

Particulars	Asar End 2080	Asar end 2079
Total Profit before tax for reportable segments	4,878	4,615
Profit before tax for other segments		
Elimination of intersegment profit		
Elimination of discontinued operation		
Unallocated amount:		
-Other Corporate Expenses	-	-
Profit before tax	4,878	4,615

33.Related Party Disclosures

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

The Board of Directors has been paid meeting fees of NPR 1,130,000.00 during the interim period. There were 15 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	5	160,000
Risk Management Committee	10	304,000
Human Resource Service Committee	6	-
Assets Laundering Prevention Committee	7	112,000
Other Committee	6	192,000

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 941,200.00

The members of the Board as on interim period ended *Asar end 2080* 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) |
| vii) | Ms Bandana Pathak | Independent Director |

(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	72,785,791
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	72,785,791

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	9,000,000	900,000	8,500,000	6,336,390	82,199	24,818,589

Apart from details mentioned above, 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 and other facilities as per the Bank's Staff Vehicle Scheme.

Existing members of Executive Committee includes:

Mr. Sunil KC	Chief Executive Officer
Mr. Sudesh Upadhyaya	Deputy Chief Executive Officer
Mr. Govind Ghimire	Deputy Chief Executive Officer
Mr. Navin Manandhar	Chief Risk Officer
Mr. Pramod Dahal	Chief Operating Officer and Company Secretary
Mr. Roshan Regmi	Chief Officer Retail Banking
Mr. Shreejesh Ghimire	Chief Investment Officer
Dr. Buddhi Malla	Chief Officer - MSME and Subsidy Loans
Mrs. Puspa Aryal	Head Trade Finance

(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 Laghubitta Bittiya Sanstha	NMB Securities
1	Investment by NMB Bank Ltd.	400,000	172,488	200,000
2	Deposits in NMB Bank Ltd.	183,896	7,982	200,683
3	Borrowing from NMB Bank Ltd.	-	1,119,098	-
4	Interest Payment by NMB Bank Ltd.	13,143	-	-
5	Interest Payment to NMB Bank Ltd.	-	142,733	-
6	Receivables from NMB Securities	-	-	-
7	Rent Payment to NMB Bank Ltd.	2,134	-	-
8	Share Registrar Fee payment by NMB Bank	1,000	-	-
9	Debenture Trustee Fee payment by NMB Bank	350	-	-
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	-	-
12	Dividend Distribution by NMB Capital to NMB Bank	40,000		

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

The bank has paid cash dividend amounting NPR. 1,515.25 Bio. as per approval from NRB and endorsed by AGM 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

38. Investment on Shares Details:

Particulars	NMB	
	As at 31 Asar 2080	
	Cost	Fair Value
Investment in quoted equity - Units of NMB Only		
NMB Hybrid Fund-1 (15,261,921 Units)	152,619	164,676
Citizen Mutual Fund-I (57,605 Units)	576	540
Global IME Samunnat Scheme-1 (3,797,270 Units)	-	-
NIBL Samriddhi Fund II (500,000 Units)	5,000	4,555
NIBL Pragati Fund (1875 Units)	-	-
Citizens Mutual Fund-II (147,050 Units)	-	-
Sunrise Mutual Fund-I	-	-
Sunrise BlueChip Fund (2,000,000 Units)	20,000	15,700
Prabhu Select Fund (1,000,000 Units)	10,000	8,850
Laxmi Unnati Kosh (14,350 Units)	-	-
Kumari Equity Fund (500,000 Units)	5,000	5,085
NMB 50 (17,701,670 Units)	177,017	185,868
RBB Mutual Fnd-1 (2,000,000 Units)	20,000	16,160
Mega Mutual Fund-1 (436,340 Units)	4,363	3,486
NMB Saral Bachat Fund -E (29,927,189 Units)	280,000	281,316
Kumari Dhanabridhi Yojana (300,000 Units)	3,000	3,012
Global Ime Balance Fund I (300,000 Units)	3,000	2,802
Nmb Sulav Investment Fund II (17,094,000 Units)	170,940	170,769
Sanima Growth Fund (300,000 Units)	3,000	2,997
Nibl Growth Fund (500,000 Units)	5,000	5,320
Sunrise Focused Equity Fund (5,000,000 Units)	50,000	48,400
Rbb Mutual Fund-2 (500,000 Units)	5,000	5,000
Siddhartha Investment Growth Scheme 3 (300,000 Units)	3,000	3,000
Api Power Company Ltd. (5 Units)	-	1
Barun Hydro Power Company Limited (1 Units)	-	0
CEDB Hydro Fund Ltd. - Promoter Shares (119,892 Units)	10,000	11,989
Shiva Shree Hydropower Ltd - Promoter Shares (100,000 Units)	10,000	10,000
Ngadi Group Power Limited (2 Unit)	-	0
Chilime Hydro Power Company Limited (1 Unit)	-	1
Sagarmatha Lumbini Insurance Co. Ltd. - Promoter Shares (57,306 Units)	4,017	40,630
Siddhartha Premier Insurance Co. Ltd. (105 Units)	-	82
Prabhu Insurance Company Limited (11 Units)	-	8
Himalayan General Insurance Co. Ltd (1 Units)	-	-
NLG Insurance Company Limited (8 Units)	-	1
Siddhartha Insurance Ltd. (62 Units)	-	-

Prudential insurance Co. Ltd (174 Units)	-	97
IGI Prudential Insurance Co. Ltd. (12 Units)	-	7
National Life Insurance Co. Ltd. (1 Units)	-	1
Nepal Insurance Co. Ltd. (1 Unit)	-	1
Mero Micro Finance Bittiya Sanstha Ltd. (8 Units)	0	5
NIC Asia Laghubitty Sanstha Ltd. - Promoter Shares (64,860 Units)	5,375	32,702
Mero Microfinance Bittiya Sanstha Ltd. Promoter Shares (550,308 Units)	22,050	124,370
Mirmire Microfinance Development Bank Ltd. (1 Unit)	-	-
Mirmire Laghubitta Bitty Sanstha Limited (44 Units)	-	31
Global IME Laghubitta Bittiya Sanstha Ltd.(1 Unit)	-	1
Vijaya laghubitta Bittiya Sanstha Ltd. (7 Units)	-	5
Janautthan Samudayic Laghubitta Bittiya Sanstha Limited (1 Unit)	-	1
Laxmi laghubitya bitty sanstha (2 Units)	-	2
National Micro Finance Bitty Sansstha LTD. (4 Unit)	-	5
Mithila Laghubitta Bitty sanstha Ltd.(1 Unit)	-	1
Samudayak Laghubitta Bittaya Sanstha Ltd. (Promoter Shares)	-	-
	-	-
Total	968,957	1,147,478
Investment in unquoted equity - Units of NMB Only	-	-
Nepal Stock Exchange Limited (1432 Units)	5	143
Nepal Clearing House Limited (275,126 Units)	5,268	27,513
Credit Information Bureau Limited (28,055 Units)	216	2,806
Nepal Warehousing Company Ltd. (200,000 Units)	20,000	20,000
Nepal Finsoft Company Ltd.	-	-
Mahalaxmi Life Insurance Co.Ltd (750,000 Units)	75,000	75,000
Nepex (200,000 Units)	20,000	20,000
Total	120,489	145,461
Grand Total	1,089,447	1,292,940

NMB Bank Limited
Interim Financial Report FY 2079/80

Condensed Consolidated Statement of Financial Position
As on Quarter Ended Asadh 31, 2080 (July 16, 2023)

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	24,513,537	13,328,689	23,958,280	12,787,637
Due from Nepal Rastra Bank	15,086,481	13,774,314	15,059,481	13,747,314
Placement with Bank and Financial Institutions	755,846	3,782,289	755,846	3,782,289
Derivative financial instruments	10,850,079	5,293,773	10,850,079	5,293,773
Other trading assets	24,750	25,229	24,750	-
Loan and advances to B/FIs	5,997,431	5,920,095	7,116,529	5,920,095
Loans and advances to customers	194,276,324	179,544,981	189,323,077	174,948,356
Investment securities	33,100,071	32,008,952	32,363,064	31,724,847
Current tax assets	-	54,121	-	55,329
Investment in susidiaries	-	-	772,488	372,488
Investment in associates	-	-	-	-
Investment property	700,348	295,162	700,348	295,162
Property and equipment	1,835,501	1,816,284	1,750,173	1,764,130
Goodwill and Intangible assets	185,762	232,051	178,690	226,513
Deferred tax assets	463,691	347,279	448,920	338,965
Other assets	5,392,740	4,042,756	4,864,386	3,893,713
Total Assets	293,182,560	260,465,973	288,166,111	255,150,610
Liabilities				
Due to Bank and Financial Instituions	2,729,275	2,082,436	2,737,258	2,082,436
Due to Nepal Rastra Bank	3,285,987	8,996,367	3,285,987	8,996,367
Derivative financial instruments	11,060,345	5,351,098	11,060,345	5,351,098
Deposits from customers	211,467,423	186,501,126	210,304,687	184,817,106
Borrowing	16,381,536	14,745,016	14,814,903	12,997,400
Current Tax Liabilities	72,005	-	33,111	-
Provisions	17,438	1,600	-	-
Deferred tax liabilities	48,873	22,211	-	-
Other liabilities	6,379,116	6,609,408	5,403,801	5,907,387
Debt securities issued	11,911,942	8,127,854	11,911,942	8,127,854
Subordinated Liabilities	-	-	-	-
Total liabilities	263,353,939	232,437,116	259,552,034	228,279,648
Equity				
Share capital	18,366,706	18,366,706	18,366,706	18,366,706
Share premium	37,216	37,216	-	-
Retained earnings	2,017,245	2,009,905	1,501,890	1,550,781
Reserves	8,866,157	7,076,560	8,745,481	6,953,475
Total equity attributable to equity holders	29,287,324	27,490,387	28,614,077	26,870,962
Non-controlling interest	541,297	538,470	-	-
Total equity	29,828,621	28,028,857	28,614,077	26,870,962
Total liabilities and equity	293,182,560	260,465,973	288,166,111	255,150,610

Condensed Consolidated Statement of Profit or Loss
For the quarter ended Asadh 31, 2080 (July 16, 2023)

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	6,967,620	27,393,345	6,108,464	20,001,354	6,794,077	26,622,440	5,892,912	19,168,863
Interest expense	4,993,716	18,587,100	4,027,273	13,089,559	4,936,308	18,280,000	3,932,621	12,781,323
Net interest income	1,973,904	8,806,245	2,081,191	6,911,795	1,857,769	8,342,440	1,960,291	6,387,540
Fees and Commission Income	514,297	2,017,363	373,144	1,960,918	464,255	1,832,119	295,188	1,689,473
Fees and commission expense	105,911	284,654	89,653	216,241	105,911	284,654	89,653	216,241
Net fee and commission income	408,386	1,732,709	283,491	1,744,677	358,344	1,547,465	205,535	1,473,232
Net interest, fee and commission income	2,382,290	10,538,953	2,364,682	8,656,472	2,216,112	9,889,905	2,165,826	7,860,771
Net trading income	61,477	236,285	43,070	271,733	61,477	236,285	43,743	272,407
Other operating income	(4,137)	222,495	(31,542)	410,387	(11,359)	204,147	(28,554)	406,767
Total operating income	2,439,630	10,997,734	2,376,210	9,338,592	2,266,230	10,330,337	2,181,015	8,539,945
Impairment charge/(reversal) for loans and other losses	22,334	1,229,980	223,022	(25,939)	(18,451)	1,166,143	229,446	(37,226)
Net operating income	2,417,296	9,767,754	2,153,188	9,364,531	2,284,681	9,164,193	1,951,569	8,577,170
Operating expense								
Personnel expenses	731,259	3,024,880	666,009	2,805,541	645,701	2,719,048	603,236	2,539,346
Other operating expenses	477,839	1,321,893	437,081	1,238,113	440,074	1,181,584	385,145	1,087,916
Depreciation & Amortisation	90,531	335,741	94,738	305,408	85,286	319,388	89,186	290,522
Operating Profit	1,117,667	5,085,240	955,360	5,015,470	1,113,620	4,944,173	874,002	4,659,387
Non operating income	1,890	10,432	1,252	2,657	1,742	9,986	1,252	2,657
Non operating expense	52,538	76,148	46,703	46,952	52,538	76,148	46,756	46,756
Profit before income tax	1,067,019	5,019,524	909,909	4,971,175	1,062,824	4,878,011	828,498	4,615,288
Income tax expense								
Current Tax	393,356	1,552,262	331,553	1,535,394	380,047	1,512,702	313,701	1,435,199
Deferred Tax expense/(Income)	(45,190)	(45,190)	(106,846)	(106,846)	(45,190)	(45,190)	(111,006)	(111,006)
Profit for the period	718,853	3,512,452	685,202	3,542,627	727,967	3,410,499	625,803	3,291,094

Condensed Consolidated Statement of Comprehensive Income

Profit/Loss for the period	718,853	3,512,452	685,202	3,542,627	727,967	3,410,499	625,803	3,291,094
Other Comprehensive Income	(34,834)	(152,868)	53,120	98,793	(34,766)	(151,120)	53,279	102,842
Total Comprehensive Income	684,019	3,359,584	738,322	3,641,419	693,201	3,259,379	679,082	3,393,936
Earnings per Share								
Basic earnings per share	-	19.10	-	18.90	-	18.57	-	17.92
Diluted earnings per share	-	19.10	-	18.90	-	18.57	-	17.92
Total comprehensive income attributable to:								
Equity holders of the Bank	703,763	3,354,857	725,714	3,568,714	693,201	3,259,379	679,082	3,393,936
Non-controlling interest	(19,744)	4,728	12,608	72,705	-	-	-	-
Total	684,019	3,359,584	738,322	3,641,419	693,201	3,259,379	679,082	3,393,936

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		12.90%		13.68%		12.80%		13.59%
Non performing loan (NPL) to toal loan		2.89%		1.50%		2.72%		1.45%
Total loan loss provision to Total NPL (As per NRB Directives)		103.97%		171.88%		109.11%		178.07%
Cost of Funds (YTD)		7.41%		6.47%		7.34%		6.43%
CD Ratio - Average of the Month		83.46%		87.75%		83.46%		87.75%
Base Rate -Average for the quarter		10.37%		9.38%		10.37%		9.38%
Average Interest Spread (Calculated as per NRB Directives)- Last Month of Quarter		3.99%		4.05%		3.99%		4.05%
Additional Informations:								
Return on Equity (Annualized)		12.36%		13.23%		12.29%		12.95%
Return on Assets (Annualized)		1.27%		1.40%		1.26%		1.35%
PE Ratio (Annualized)		12.17		14.57		12.17		14.57
Net-Worth per share (NPR)		159.46		149.68		155.79		146.30
Assets per share (NPR)		1,593.32		1,418.14		1,568.96		1,389.20
Liquidity Ratio (NLA)		29.85%		27.99%		29.85%		27.99%

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.
- 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
For the Quarter Ended Asadh 31, 2080 (July 16, 2023)
(As per NRB Regulations)

NPR In Thousand

Particulars	Current Year Upto This Qtr YTD	Previous Year Corresponding Qtr YTD
Net Profit or Loss as per Statement of profit or loss	3,410,499	3,291,094
1. Appropriations:		
a. General Reserve	(682,100)	(668,964)
b. Capital (Debenture) Redemption Reserve	(352,381)	(566,666)
c. Exchange Fluctuation Fund	(14,768)	(17,025)
d. Corporate Social Responsibility Fund	(24,773)	(7,542)
e. Employees' Training Fund	(5,394)	(20,286)
f. Other	48,989	2,724
Profit or (Loss) before regulatory adjustment	2,380,073	2,013,334
Regulatory Adjustment:		
a. Interest receivable (-)/previous accrued interest received (+)	(509,464)	(241,195)
b. Short loan loss provision in accounts (-)/reversal (+)		-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non-Banking Assets (-)/reversal (+)	(255,267)	(124,248)
e. Deferred tax assets recognised (-)/ reversal (+)	(109,956)	(89,955)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	(39,024)	(30,839)
i. Other	-	-
Net Profit for the quarter ended Asadh 31, 2080 available for distribution	1,466,362	1,527,096
Opening Retained Earning as on Shrawan 1, 2079	1,550,781	2,515,343
Adjustment (+/-)		179
Distribution:		
Bonus shares issued	-	(1,953,081)
Cash Dividend Paid	(1,515,253)	(538,757)
Total Distributable profit or (loss) as on quarter ended Asadh 31,2080	1,501,890	1,550,781
Annualised Distributable Profit/Loss per share	8.18	8.44

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 the subsidiaries whereas the Bank owns fifty-one percent of the total shares of NMB Laghubitta Bittiya Sanstha Ltd. Related party transactions of the subsidiaries are as follows:

Amounts in NPR Thousands

S No	Particulars	NMB Capital	NMB Laghubitta Bittiya Sanstha	NMB Securities
1	Investment by NMB Bank Ltd.	400,000	172,488	200,000
2	Deposits in NMB Bank Ltd.	183,896	7,982	200,683
3	Borrowing from NMB Bank Ltd.	-	1,119,098	-
4	Interest Payment by NMB Bank Ltd.	13,143	-	2,421
5	Interest Payment to NMB Bank Ltd.	-	142,733	-
6	Receivables from NMB Securities	-	-	-
7	Rent Payment to NMB Bank Ltd.	2,371	-	-
8	Share Registrar Fee payment by NMB Bank	1,000	-	-
9	Debenture Trustee Fee payment by NMB Bank	350	-	-
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	-	-
12	Dividend Distribution by NMB Capital to NMB Bank	40,000		

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.

Disclosure as per Securities Registration and Issuance Regulation, 2073

1. Management Analysis

- The Bank, up to this quarter of FY 2022/23, posted a net profit of NPR 3,410 Million.
- Deposit from customers and loans and advances to customers of the Bank (Net) stood at NPR 210.30 Billion and NPR 189.32 Billion respectively as at the end of the quarter.
- The Bank remained well capitalized with Capital Adequacy Ratio at 12.80% while Tier 1 Capital Ratio stands at 10.26% at the end of the quarter. NPA level has decreased to 2.72% from 2.96% of the previous 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.
- 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 – 244	Minimum Price – 216	Closing Price - NPR 226
Trading number – 11,336	Days of Trading – 62	

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

- Squeezed Income Margin.
- Liquidity concerns.
- Challenging business environment for investment.
- Competitive environment with limited opportunities.

Strategy

- Digitization of various front and backend process 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 MSME, 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.