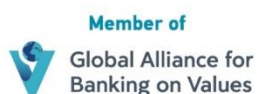


# NMB BANK LIMITED

## INTERIM FINANCIAL STATEMENTS

**As on**  
**Ashwin End 2080 (October 17, 2023)**  
**(Unaudited)**



**NMB Bank Limited**  
**Condensed Consolidated Statement of Financial Position**  
As on Quarter Ended Ashwin 30, 2080 (October 17, 2023)

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	17,618,153	24,711,847	16,993,675	23,958,280
Due from Nepal Rastra Bank	13,389,387	15,086,501	13,362,387	15,059,501
Placement with Bank and Financial Institutions	1,184,572	755,846	1,184,572	755,846
Derivative financial instruments	6,892,224	10,850,079	6,892,224	10,850,079
Other trading assets	21,050	117,486	21,050	24,750
Loan and advances to B/FIs	5,870,415	7,116,529	6,938,101	7,116,529
Loans and advances to customers	197,326,626	192,803,782	192,649,819	189,035,400
Investment securities	31,607,752	32,920,880	30,988,274	32,374,915
Current tax assets	84	63,370	-	44,948
Investment in subsidiaries	-	-	772,488	772,488
Investment in associates	-	-	-	-
Investment property	697,708	697,708	697,708	697,708
Property and equipment	3,190,480	1,874,387	3,105,345	1,752,799
Goodwill and Intangible assets	178,094	183,953	171,141	178,690
Deferred tax assets	494,315	453,511	477,848	448,411
Other assets	5,359,347	4,822,587	4,922,065	4,706,797
<b>Total Assets</b>	<b>283,830,207</b>	<b>292,458,466</b>	<b>279,176,697</b>	<b>287,777,141</b>
<b>Liabilities</b>				
Due to Bank and Financial Institutions	6,506,717	2,737,258	6,512,322	2,737,258
Due to Nepal Rastra Bank	3,457,372	3,285,987	3,457,372	3,285,987
Derivative financial instruments	7,007,685	11,060,345	7,007,685	11,060,345
Deposits from customers	202,829,385	211,559,441	201,706,491	210,304,687
Borrowing	15,055,465	16,381,536	13,697,960	14,814,903
Current Tax Liabilities	371,707	-	358,843	-
Provisions	28,359	1,631	-	-
Deferred tax liabilities	58,618	10,502	-	-
Other liabilities	6,131,138	5,926,502	5,195,137	5,227,597
Debt securities issued	11,911,942	11,911,942	11,911,942	11,911,942
Subordinated Liabilities	-	-	-	-
<b>Total liabilities</b>	<b>253,358,388</b>	<b>262,875,143</b>	<b>249,847,752</b>	<b>259,342,719</b>
<b>Equity</b>				
Share capital	18,366,706	18,366,706	18,366,706	18,366,706
Share premium	37,216	37,216	-	-
Retained earnings	1,574,128	1,826,529	1,084,502	1,355,116
Reserves	10,001,711	8,850,251	9,877,737	8,712,599
<b>Total equity attributable to equity holders</b>	<b>29,979,761</b>	<b>29,080,703</b>	<b>29,328,945</b>	<b>28,434,421</b>
<b>Non-controlling interest</b>	<b>492,058</b>	<b>502,620</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>30,471,819</b>	<b>29,583,323</b>	<b>29,328,945</b>	<b>28,434,421</b>
<b>Total liabilities and equity</b>	<b>283,830,207</b>	<b>292,458,466</b>	<b>279,176,697</b>	<b>287,777,141</b>

**NMB Bank Limited**  
**Condensed Consolidated Statement of Profit or Loss**  
For the quarter ended Ashwin 30, 2080 (October 17, 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	7,153,275	7,153,275	6,549,455	6,549,455	6,967,414	6,967,414	6,330,547	6,330,547
Interest expense	4,823,436	4,823,436	4,373,563	4,373,563	4,742,894	4,742,894	4,276,267	4,276,267
<b>Net interest income</b>	<b>2,329,840</b>	<b>2,329,840</b>	<b>2,175,892</b>	<b>2,175,892</b>	<b>2,224,520</b>	<b>2,224,520</b>	<b>2,054,280</b>	<b>2,054,280</b>
Fees and Commission Income	623,533	623,533	593,576	593,576	558,650	558,650	532,858	532,858
Fees and commission expense	48,005	48,005	51,456	51,456	48,005	48,005	51,456	51,456
<b>Net fee and commission income</b>	<b>575,528</b>	<b>575,528</b>	<b>542,120</b>	<b>542,120</b>	<b>510,646</b>	<b>510,646</b>	<b>481,402</b>	<b>481,402</b>
<b>Net interest, fee and commission income</b>	<b>2,905,368</b>	<b>2,905,368</b>	<b>2,718,012</b>	<b>2,718,012</b>	<b>2,735,165</b>	<b>2,735,165</b>	<b>2,535,683</b>	<b>2,535,683</b>
Net trading income	58,105	58,105	65,667	65,667	58,105	58,105	65,667	65,667
Other operating income	77,716	77,716	110,914	110,914	74,755	74,755	107,066	107,066
<b>Total operating income</b>	<b>3,041,189</b>	<b>3,041,189</b>	<b>2,894,594</b>	<b>2,894,594</b>	<b>2,868,025</b>	<b>2,868,025</b>	<b>2,708,416</b>	<b>2,708,416</b>
Impairment charge/(reversal) for loans and other losses	506,286	506,286	442,519	442,519	480,169	480,169	426,973	426,973
<b>Net operating income</b>	<b>2,534,903</b>	<b>2,534,903</b>	<b>2,452,075</b>	<b>2,452,075</b>	<b>2,387,857</b>	<b>2,387,857</b>	<b>2,281,443</b>	<b>2,281,443</b>
<b>Operating expense</b>								
Personnel expenses	755,139	755,139	752,631	752,631	675,828	675,828	668,831	668,831
Other operating expenses	304,523	304,523	284,469	284,469	261,509	261,509	244,922	244,922
Depreciation & Amortisation	78,462	78,462	78,740	78,740	74,507	74,507	75,754	75,754
<b>Operating Profit</b>	<b>1,396,780</b>	<b>1,396,780</b>	<b>1,336,235</b>	<b>1,336,235</b>	<b>1,376,013</b>	<b>1,376,013</b>	<b>1,291,935</b>	<b>1,291,935</b>
Non operating income	-	-	449	449	-	-	282	282
Non operating expense	253	253	-	-	-	-	-	-
<b>Profit before income tax</b>	<b>1,396,527</b>	<b>1,396,527</b>	<b>1,336,684</b>	<b>1,336,684</b>	<b>1,376,013</b>	<b>1,376,013</b>	<b>1,292,217</b>	<b>1,292,217</b>
Income tax expense								
Current Tax	425,667	425,667	399,362	399,362	412,804	412,804	388,083	388,083
Deferred Tax expense/(Income)	-	-	-	-	-	-	-	-
<b>Profit for the period</b>	<b>970,859</b>	<b>970,859</b>	<b>937,322</b>	<b>937,322</b>	<b>963,209</b>	<b>963,209</b>	<b>904,134</b>	<b>904,134</b>

**NMB Bank Limited**  
**Consolidated Statement of Other Comprehensive Income**  
For the quarter ended Ashwin 30, 2080 (October 17, 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)
<b>Profit for the period</b>	<b>970,859</b>	<b>970,859</b>	<b>937,322</b>	<b>937,322</b>	<b>963,209</b>	<b>963,209</b>	<b>904,134</b>	<b>904,134</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	(106,275)	(106,275)	(108,922)	(108,922)	(98,122)	(98,122)	(101,324)	(101,324)
- Gains/(losses) on revaluation	-	-	-	-	-	-	-	-
- Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-
- Income tax relating to above items	31,882	31,882	32,677	32,677	29,437	29,437	30,397	30,397
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>	<b>(74,392)</b>	<b>(74,392)</b>	<b>(76,245)</b>	<b>(76,245)</b>	<b>(68,686)</b>	<b>(68,686)</b>	<b>(70,927)</b>	<b>(70,927)</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>(74,392)</b>	<b>(74,392)</b>	<b>(76,245)</b>	<b>(76,245)</b>	<b>(68,686)</b>	<b>(68,686)</b>	<b>(70,927)</b>	<b>(70,927)</b>
<b>Total comprehensive income for the period</b>	<b>896,467</b>	<b>896,467</b>	<b>861,076</b>	<b>861,076</b>	<b>894,524</b>	<b>894,524</b>	<b>833,208</b>	<b>833,208</b>
<b>Total comprehensive income attributable to:</b>								
Equity holders of the Bank	907,029	907,029	857,647	857,647	894,524	894,524	833,208	833,208
Non-controlling interest	(10,562)	(10,562)	3,429	3,429	-	-	-	-
<b>Total</b>	<b>896,467</b>	<b>896,467</b>	<b>861,076</b>	<b>861,076</b>	<b>894,524</b>	<b>894,524</b>	<b>833,208</b>	<b>833,208</b>
<b>Earnings per share</b>								
Basic earnings per share		5.34		5.08		5.24		4.92
Annualized Basic earnings per share		21.37		20.34		20.98		19.69
Diluted earnings per share		21.37		20.34		20.98		19.69

**NMB Bank Limited**  
**Condensed Consolidated Statement of changes in equity**  
**For the period (Shrawan 1, 2080 to Ashwin 30, 2080) ended Ashwin 30, 2080**

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, 2079</b>	<b>18,366,706</b>	<b>-</b>	<b>4,316,721</b>	<b>142,208</b>	<b>1,513,503</b>	<b>254,541</b>	<b>-</b>	<b>1,550,781</b>	<b>726,501</b>	<b>26,870,962</b>	<b>-</b>	<b>26,870,962</b>
Profit for the year	-	-	-	-	-	-	-	3,222,547	-	3,222,547	-	3,222,547
Other comprehensive income	-	-	-	-	-	(103,800)	-	-	(39,024)	(142,824)	-	(142,824)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(103,800)</b>	<b>-</b>	<b>3,222,547</b>	<b>(39,024)</b>	<b>3,079,723</b>	<b>-</b>	<b>3,079,723</b>
<b>Transfer to reserves</b>	<b>-</b>	<b>-</b>	<b>644,509</b>	<b>14,768</b>	<b>912,003</b>	<b>-</b>	<b>-</b>	<b>(1,952,959)</b>	<b>331,668</b>	<b>(50,011)</b>	<b>-</b>	<b>(50,011)</b>
<b>Transfer from reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>(1,000)</b>	<b>49,000</b>	<b>-</b>	<b>49,000</b>
<b>Contribution from and distributions to owner</b>												
Share issued/Merger Transfer	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(1,515,253)	-	(1,515,253)	-	(1,515,253)
Goodwill Recognition	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total contributions by and distributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,515,253)</b>	<b>-</b>	<b>(1,515,253)</b>	<b>-</b>	<b>(1,515,253)</b>
<b>Balance at Asar end 2080</b>	<b>18,366,706</b>	<b>-</b>	<b>4,961,231</b>	<b>156,976</b>	<b>2,425,506</b>	<b>150,741</b>	<b>-</b>	<b>1,355,116</b>	<b>1,018,146</b>	<b>28,434,421</b>	<b>-</b>	<b>28,434,421</b>
<b>Balance at Asar end 2080</b>	<b>18,366,706</b>	<b>-</b>	<b>4,961,231</b>	<b>156,976</b>	<b>2,425,506</b>	<b>150,741</b>	<b>-</b>	<b>1,355,116</b>	<b>1,018,146</b>	<b>28,434,421</b>	<b>-</b>	<b>28,434,421</b>
Prior Period Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Adjusted/Restated balance at Shrawan 1, 2080</b>	<b>18,366,706</b>	<b>-</b>	<b>4,961,231</b>	<b>156,976</b>	<b>2,425,506</b>	<b>150,741</b>	<b>-</b>	<b>1,355,116</b>	<b>1,018,146</b>	<b>28,434,421</b>	<b>-</b>	<b>28,434,421</b>
Profit for the period	-	-	-	-	-	-	-	963,209	-	963,209	-	963,209
Other comprehensive income	-	-	-	-	-	(68,686)	-	-	-	(68,686)	-	(68,686)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(68,686)</b>	<b>-</b>	<b>963,209</b>	<b>-</b>	<b>894,524</b>	<b>-</b>	<b>894,524</b>
Transfer to Reserves	-	-	192,642	3,632	915,773	-	-	(1,233,823)	121,777	-	-	-
Transfer from Reserves	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total contributions by and distributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at Ashwin End 2080</b>	<b>18,366,706</b>	<b>-</b>	<b>5,153,873</b>	<b>160,608</b>	<b>3,341,279</b>	<b>82,055</b>	<b>-</b>	<b>1,084,502</b>	<b>1,139,922</b>	<b>29,328,945</b>	<b>-</b>	<b>29,328,945</b>

**NMB Bank Limited**  
**Condensed Consolidated Statement of changes in equity**  
**For the period (Shrawan 1, 2080 to Ashwin 30, 2080) ended Ashwin 30, 2080**

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, 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
Adjustment/Restatement	-	-	902	-	-	-	-	(4,276)	(3,678)	(7,052)	(31,187)	(38,238)
Balance at Shrawan 1, 2078	18,366,706	37,216	4,379,410	142,208	1,542,189	262,131	-	2,005,628	747,847	27,483,335	507,284	27,990,619
Profit for the year	-	-	-	-	-	-	-	3,309,456	-	3,309,456	(12,778)	3,296,678
Other comprehensive income	-	-	-	-	-	(104,630)	-	-	(38,398)	(143,027)	-	(143,027)
Total comprehensive income	-	-	-	-	-	(104,630)	-	3,309,456	(38,398)	3,166,428	(12,778)	3,153,651
Transfer to reserves	-	-	644,509	14,768	929,685	-	-	(1,947,748)	380,532	21,747	8,114	29,861
Transfer from reserves	-	-	-	-	-	-	-	50,000	(50,000)	-	-	-
Contribution from and distributions to owner	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Merger	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill Recognition	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	(33,449)	-	(33,449)	-	(33,449)
Cash dividend paid	-	-	-	-	-	-	-	(1,557,359)	-	(1,557,359)	-	(1,557,359)
Total contributions by and distributions	-	-	-	-	-	-	-	(1,590,808)	-	(1,590,808)	-	(1,590,808)
Balance at Asar end 2080	18,366,706	37,216	5,023,919	156,976	2,471,874	157,502	-	1,826,529	1,039,981	29,080,703	502,620	29,583,323
Balance at Asar end 2080	18,366,706	37,216	5,023,919	156,976	2,471,874	157,502	-	1,826,529	1,039,981	29,080,703	502,620	29,583,323
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at Shrawan 1, 2080	18,366,706	37,216	5,023,919	156,976	2,471,874	157,502	-	1,826,529	1,039,981	29,080,703	502,620	29,583,323
Profit for the period	-	-	-	-	-	-	-	981,422	-	981,422	(10,562)	970,859
Other comprehensive income	-	-	-	-	-	(74,392)	-	-	-	(74,392)	-	(74,392)
Total comprehensive income	-	-	-	-	-	(74,392)	-	981,422	-	907,029	(10,562)	896,467
Transfer to Reserves	-	-	192,642	3,632	915,773	-	-	(1,233,823)	121,777	-	-	-
Transfer from Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Merger	-	-	-	-	-	-	-	-	-	-	-	-
Contribution from and distributions to owner	-	-	-	-	-	-	-	-	-	-	-	-
Share issued to merged entity	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	(7,971)	(7,971)	-	(7,971)
Total contributions by and distributions	-	-	-	-	-	-	-	-	(7,971)	(7,971)	-	(7,971)
Balance at Ashwin End 2080	18,366,706	37,216	5,216,561	160,608	3,387,646	83,109	-	1,574,128	1,153,787	29,979,761	492,058	30,471,819

**NMB Bank Limited**  
**Condensed Consolidated Statement of cash flows**  
For the period (Shrawan 1, 2080 to Ashwin 30, 2080) ended Ashwin 30, 2080

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	5,363,522	5,832,769	5,280,301	5,131,580
Fees and other income received	695,859	649,427	543,029	533,035
Dividend received	0	-	0	-
Receipts from other operating activities	75,873	94,761	75,873	84,167
Interest paid	(4,252,485)	(4,503,416)	(4,252,485)	(4,275,128)
Commission and fees paid	(48,005)	(51,456)	(48,005)	(51,456)
Cash payment to employees	(683,519)	(586,095)	(637,531)	(429,682)
Other expense paid	(375,967)	(301,852)	(329,955)	(229,101)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>775,277</b>	<b>1,134,139</b>	<b>631,226</b>	<b>763,415</b>
<b>(Increase)/Decrease in operating assets</b>				
Due from Nepal Rastra Bank	1,697,114	(1,218,377)	1,697,114	(1,218,377)
Placement with bank and financial institutions	(449,114)	2,378,989	(449,114)	2,378,989
Other trading assets	3,700	(4,800)	3,700	(4,800)
Loan and advances to bank and financial institutions	176,846	(979,958)	176,846	(979,958)
Loans and advances to customers	(3,054,128)	(3,069,875)	(3,054,128)	(3,156,630)
Other assets	2,769,300	(464,326)	2,781,858	72,307
<b>Total</b>	<b>1,143,719</b>	<b>(3,358,347)</b>	<b>1,156,277</b>	<b>(2,908,469)</b>
<b>Increase/(Decrease) in operating liabilities</b>				
Due to bank and financial institutions	3,775,064	(65,661)	3,775,064	(65,661)
Due to Nepal Rastra Bank	171,385	515,838	171,385	515,838
Deposit from customers	(8,627,574)	(3,993,041)	(8,598,196)	(4,132,785)
Borrowings	(1,116,943)	3,067,191	(1,116,943)	3,018,150
Other liabilities	(3,686,921)	(359,739)	(3,660,391)	(476,462)
<b>Net cash flow from operating activities before tax paid</b>	<b>(9,484,989)</b>	<b>(835,412)</b>	<b>(9,429,081)</b>	<b>(1,140,919)</b>
Income taxes paid	(69,395)	(85,000)	(9,395)	(25,000)
<b>Net cash flow from operating activities</b>	<b>(7,635,388)</b>	<b>(3,144,620)</b>	<b>(7,650,973)</b>	<b>(3,310,973)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investment securities	(13,133,121)	(1,612,985)	(12,725,449)	(1,607,985)
Receipts from sale of investment securities	14,129,978	3,196,547	14,129,978	3,196,547
Purchase of property and equipment	(1,411,845)	(76,850)	(1,389,985)	(71,126)
Receipt from the sale of property and equipment	8,564	4,352	8,564	4,352
Purchase of intangible assets	(373)	(61)	(596)	-
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	-	72	-	72
Receipt from the sale of investment properties	-	-	-	-
Investment in subsidiaries, associates & joint ventures	-	(200,000)	-	(200,000)
Interest received	598,255	444,243	598,255	444,243
Dividend received	51,075	69,397	51,075	69,397
<b>Net cash used in investing activities</b>	<b>242,533</b>	<b>1,824,716</b>	<b>671,842</b>	<b>1,835,501</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipt from issue of debt securities	-	-	-	-
Repayment of debt securities	-	-	-	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	-	-	-
Dividends paid	-	-	-	-
Interest paid	-	-	-	-
Other receipt/payment	284,635	15,978	-	-
<b>Net cash from financing activities</b>	<b>284,635</b>	<b>15,978</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(7,108,220)</b>	<b>(1,303,927)</b>	<b>(6,979,131)</b>	<b>(1,475,472)</b>
Cash and cash equivalents at the beginning of the year	24,711,847	13,328,689	23,958,280	12,787,637
Cash and cash equivalents acquired from the merger	-	-	-	-
Effect of exchange rate fluctuations on cash and cash equivalents	14,526	16,417	14,526	16,417
<b>Cash and cash equivalents at the end of the year</b>	<b>17,618,153</b>	<b>12,041,179</b>	<b>16,993,675</b>	<b>11,328,582</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		12.96%		13.71%		12.85%		13.61%
Non performing loan (NPL) to toal loan		2.94%		2.02%		2.84%		1.90%
Total loan loss provision to Total NPL (As per NRB Directives)		114.24%		135.77%		116.79%		143.37%
Cost of Funds (YTD)		8.04%		8.07%		8.05%		8.02%
CD Ratio - Average of the Month		86.39%		86.94%		86.39%		86.94%
Base Rate -Average for the quarter		9.85%		10.15%		9.85%		10.15%
Average Interest Spread (Calculated as per NRB Directives)- Last Month of Quarter		3.99%		3.79%		3.99%		3.79%
<b>Additional Informations:</b>								
Return on Equity (Annualized)		13.29%		13.31%		13.34%		13.19%
Return on Assets (Annualized)		1.36%		1.42%		1.36%		1.40%
PE Ratio (Annualized)		9.96		11.93		9.96		11.93
Net-Worth per share (NPR)		163.23		155.09		159.69		151.60
Assets per share (NPR)		1,542.67		1,440.40		1,520.02		1,414.48
Liquidity Ratio (NLA)		24.57%		25.23%		24.57%		25.23%



**Statement of Distributable Profit/Loss (As per NRB Regulations)**  
**For the Quarter Ended Ashwin 30, 2080**

Particulars	Current Year Upto This Qtr YTD	Previous Year Corresponding Qtr YTD
<b>Net Profit or Loss as per Statement of profit or loss</b>	<b>963,209</b>	<b>904,134</b>
<b>1. Appropriations</b>		
a. General Reserve	(192,642)	(180,827)
b. Capital (Debenture) Redemption Reserve	(114,881)	(158,470)
c. Exchange Fluctuation Fund	(3,632)	(4,104)
d. Corporate Social Responsibility Fund	(3,882)	(9,041)
e. Employees Training Fund	(3,014)	(2,103)
f. Other	-	-
<b>Profit or Loss Before Regulatory adjustment</b>	<b>645,159</b>	<b>549,589</b>
<b>Regulatory Adjustment</b>		
a. Interest receivable (-)/previous accrued interest received (+)	(886,801)	(463,503)
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 (+)	-	45
e. Deferred tax assets recognised (-)/ reversal (+)	(28,972)	(30,397)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	-	-
i. Other	-	-
<b>Net Profit for the quarter ended Ashwin 30, 2080 available for distribution</b>	<b>(270,614)</b>	<b>55,734</b>
<b>Opening Retained Earning as on Shrawan 1, 2080</b>	<b>1,355,116</b>	<b>1,550,781</b>
Adjustment (+/-)	-	-
<b>Distribution:</b>		
Bonus shares issued	-	-
Cash Dividend Paid	-	-
<b>Total Distributable profit or (loss) as on quarter ended Ashwin 30, 2080</b>	<b>1,084,502</b>	<b>1,606,515</b>
<b>Annualised Distributable Profit/Loss per share</b>	<b>1.48</b>	<b>9.66</b>

Note: The bank is yet to decide on distribution for fiscal year 2079/80

# NMB BANK LIMITED

## Notes to Interim Financial Statements

For the interim period ended 30 Ashwin, 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 six years.

### 1.2 Subsidiary:

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

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

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

### 2. Basis of preparation

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

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

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

The Condensed Consolidated Interim Financial Statements comprise of:

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

### **3. Statement of Compliance with NFRS**

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

### **4. Basis of Consolidation**

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

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

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

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

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

## **5. Materiality and Aggregation**

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

## **6. Business Combination**

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

## **7. Foreign Exchange Transactions**

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

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

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

## **8. Functional and presentation currency**

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

## **9. Significant accounting judgements and estimates**

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

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

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

## **10. Basis for classification and measurement**

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

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

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

### **Financial assets at amortised cost**

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

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

### **Determination of fair value**

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

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

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

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

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

## **11. Financial assets and financial liabilities**

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

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

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

## **12. Recognition and de-recognition of financial instruments**

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

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

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

## **13. Offsetting**

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

## **14. Cash and cash equivalents**

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

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

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

## **15. Impairment**

### **Impairment of financial assets**

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

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

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

#### **Assets carried at amortised cost**

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

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

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

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

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

For the purpose of collective assessment of impairment bank has categorized



assets in to four broad products as follows:

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

## **16. Derivative assets and derivative liabilities**

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

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

## **17. Grant**

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

## **18. Deposits from customers and BFIs and Debt Securities**

These are classified as financial liabilities measured at amortized cost.

## **19. Revenue recognition**

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

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

**a. Net interest income**

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

**b. Fees and commission income**

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

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

**c. Dividend Income**

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

**d. Net Trading Gain**

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

**20. Discounting**

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

**21. Significant changes from the policies adopted in the past**

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

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

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

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

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

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

## 23. Investment property

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

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

## 24. Retirement Benefits

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

### a. *Provident fund*

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

### b. *Gratuity*

Provision for gratuity is made on the basis of actuarial valuation carried out by an Actuary as per the provisions of Nepal Accounting Standards. At the time of

separation from service, cash payments are made to the employees and the amount is computed as per the Bank's Policy.

**c. *Accumulated sick leave***

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

**d. *Accumulated home leave***

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

## **25. Operating Lease**

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

## **26. Income Tax**

**a. *Current Income Tax***

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

**b. *Deferred Tax***

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

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

## **27. Share capital and reserves**

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

## **28. Stationery**

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

## **29. Provisions, Contingent Liabilities and Contingent Assets**

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

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

## **30. Earnings Per Share**

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

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

## **31. Rounding off and Comparative Figures**

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

report are subject to change upon otherwise instructions of statutory auditor and/or regulatory authorities.

## 32. Segment Information

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

### a. Information about reporting segment:

NPR in Mio.

Particulars	Retail		SME & MSME		Corporate		Deprived		Treasury		Others		Total	
	Ashwin End 2080	Ashwin End 2079	Ashwin End 2080	Ashwin End 2079	Ashwin End 2080	Ashwin End 2079	Ashwin End 2080	Ashwin End 2079	Ashwin End 2080	Ashwin End 2079	Ashwin End 2080	Ashwin End 2079	Ashwin End 2080	Ashwin End 2079
Revenues from external customers	1,553	1,417	1,911	1,973	2,896	2,572	293	375	800	686	157	13	7,611	7,036
Intersegment revenues/(Expenses)	1,886	1,577	(3,171)	(1,043)	(1,448)	(392)	(559)	(205)	1,444	538	1,847	(474)	-	-
Segment profit/(loss) before tax	287	73	(1,701)	554	(222)	599	(304)	111	1,554	488	1,761	(532)	1,376	1,293
Segment assets	39,172	41,340	57,445	55,483	88,582	78,825	10,314	10,583	17,685	55,691	65,977	17,872	279,177	259,794
Segment liabilities	135,485	117,764	4,860	3,456	62,014	58,006	1,051	362	29,810	52,206	45,956	28,000	279,177	259,794

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

NPR in Mio

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

### 33. Related Party Disclosures

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

The Board of Directors has been paid meeting fees of NPR 182,000 during the interim period. There were 3 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:

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

As per 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 216,000.

The members of the Board as on interim period ended *Ashwin 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)

**(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	19,109,857
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>19,109,857</b>

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

Particulars	Basic Salary	Provident Fund	Allowance	Bonus & Welfare	Other Perquisites	Total Income
C.E.O	2,250,000	225,000	2,750,000	2,500,000	14,208	7,739,208

Key management personnel are also provided with the following benefits:

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

Existing members of Executive Committee includes:

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

**(d) Transaction with Subsidiaries**

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

Amount in Thousand

<b>S No</b>	<b>Particulars</b>	<b>NMB Capital</b>	<b>NMB Laghubita Bittiya Sanstha</b>	<b>NMB Securities</b>
1	Investment by NMB Bank Ltd.	400,000	172,488	200,000
2	Deposits in NMB Bank Ltd.	98,773	5,605	195,681
3	Borrowing from NMB Bank Ltd.	-	1,067,686	-
4	Interest Payment by NMB Bank Ltd.	1,124	-	2,835
5	Interest Payment to NMB Bank Ltd.	-	18,882	-
6	Rent Payment to NMB Bank Ltd.	-	-	275
7	Share Registrar Fee payment by NMB Bank	250	-	-
8	Debenture Trustee Fee payment by NMB Bank	113	-	-
9	Management Fee Payment to NMB Bank	-	1,248	-
10	Dividend Distribution of NMB Hybrid Fund L - 1 to NMB Bank	22,893	-	-
11	Dividend Distribution of NMB 50 to NMB Bank	26,553	-	-

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

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

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

None

**36.Events after interim period**

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

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

**None**

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Condensed Consolidated Statement of Financial Position As on Quarter Ended Ashwin 30, 2080 (October 17, 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	17,618,153	24,711,847	16,993,675	23,958,280	
Due from Nepal Rastra Bank	13,389,387	15,086,501	13,362,387	15,059,501	
Placement with Bank and Financial Institutions	1,184,572	755,846	1,184,572	755,846	
Derivative financial instruments	6,892,224	10,850,079	6,892,224	10,850,079	
Other trading assets	21,050	117,486	21,050	24,750	
Loan and advances to B/FIs	5,870,415	7,116,529	6,938,101	7,116,529	
Loans and advances to customers	197,326,626	192,803,782	192,649,819	189,035,400	
Investment securities	31,607,752	32,920,880	30,988,274	32,374,915	
Current tax assets	84	63,370	-	44,948	
Investment in subsidiaries	-	-	772,488	772,488	
Investment in associates	-	-	-	-	
Investment property	697,708	697,708	697,708	697,708	
Property and equipment	3,190,480	1,874,387	3,105,345	1,752,799	
Goodwill and Intangible assets	178,094	183,953	171,141	178,690	
Deferred tax assets	494,315	453,511	477,848	448,411	
Other assets	5,359,347	4,822,587	4,922,065	4,706,797	
Total Assets	283,830,207	292,458,466	279,176,697	287,777,141	
Liabilities					
Due to Bank and Financial Institutions	6,506,717	2,737,258	6,512,322	2,737,258	
Due to Nepal Rastra Bank	3,457,372	3,285,987	3,457,372	3,285,987	
Derivative financial instruments	7,007,685	11,060,345	7,007,685	11,060,345	
Deposits from customers	202,829,385	211,559,441	201,706,491	210,304,687	
Borrowing	15,055,465	16,381,536	13,697,960	14,814,903	
Current Tax Liabilities	371,707	-	358,843	-	
Provisions	28,359	1,631	-	-	
Deferred tax liabilities	58,618	10,502	-	-	
Other liabilities	6,131,138	5,926,502	5,195,137	5,227,597	
Debt securities issued	11,911,942	11,911,942	11,911,942	11,911,942	
Subordinated Liabilities	-	-	-	-	
Total liabilities	253,358,388	262,875,143	249,847,752	259,342,719	
Equity					
Share capital	18,366,706	18,366,706	18,366,706	18,366,706	
Share premium	37,216	37,216	-	-	
Retained earnings	1,574,128	1,826,529	1,084,502	1,355,116	
Reserves	10,001,711	8,850,251	9,877,737	8,712,599	
Total equity attributable to equity holders	29,979,761	29,080,703	29,328,945	28,434,421	
Non-controlling interest	492,058	502,620	-	-	
Total equity	30,471,819	29,583,323	29,328,945	28,434,421	
Total liabilities and equity	283,830,207	292,458,466	279,176,697	287,777,141	

Condensed Consolidated Statement of Profit or Loss For the quarter ended Ashwin 30, 2080 (October 17, 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	7,153,275	7,153,275	6,549,455	6,549,455	6,967,414	6,967,414	6,330,547	6,330,547		
Interest expense	4,823,436	4,823,436	4,373,563	4,373,563	4,742,894	4,742,894	4,276,267	4,276,267		
Net interest income	2,329,840	2,329,840	2,175,892	2,175,892	2,224,520	2,224,520	2,054,280	2,054,280		
Fees and Commission Income	623,533	623,533	593,576	593,576	558,650	558,650	532,858	532,858		
Fees and commission expense	48,005	48,005	51,456	51,456	48,005	48,005	51,456	51,456		
Net fee and commission income	575,528	575,528	542,120	542,120	510,646	510,646	481,402	481,402		
Net interest, fee and commission income	2,905,368	2,905,368	2,718,012	2,718,012	2,735,165	2,735,165	2,535,683	2,535,683		
Net trading income	58,105	58,105	65,667	65,667	58,105	58,105	65,667	65,667		
Other operating income	77,716	77,716	110,914	110,914	74,755	74,755	107,066	107,066		
Total operating income	3,041,189	3,041,189	2,894,594	2,894,594	2,868,025	2,868,025	2,708,416	2,708,416		
Impairment charge/(reversal) for loans and other losses	506,286	506,286	442,519	442,519	480,169	480,169	426,973	426,973		
Net operating income	2,534,903	2,534,903	2,452,075	2,452,075	2,387,857	2,387,857	2,281,443	2,281,443		
Operating expense										
Personnel expenses	755,139	755,139	752,631	752,631	675,828	675,828	668,831	668,831		
Other operating expenses	304,523	304,523	284,469	284,469	261,509	261,509	244,922	244,922		
Depreciation & Amortisation	78,462	78,462	78,740	78,740	74,507	74,507	75,754	75,754		
Operating Profit	1,396,780	1,396,780	1,336,235	1,336,235	1,376,013	1,376,013	1,291,935	1,291,935		
Non operating income	-	-	449	449	-	-	282	282		
Non operating expense	253	253	-	-	-	-	-	-		
Profit before income tax	1,396,527	1,396,527	1,336,684	1,336,684	1,376,013	1,376,013	1,292,217	1,292,217		
Income tax expense										
Current Tax	425,667	425,667	399,362	399,362	412,804	412,804	388,083	388,083		
Deferred Tax expense/(Income)	-	-	-	-	-	-	-	-		
Profit for the period	970,859	970,859	937,322	937,322	963,209	963,209	904,134	904,134		

Condensed Consolidated Statement of Comprehensive Income								
Profit/Loss for the period	970,859	970,859	937,322	937,322	963,209	963,209	904,134	904,134
Other Comprehensive Income	(74,392)	(74,392)	(76,245)	(76,245)	(68,686)	(68,686)	(70,927)	(70,927)
Total Comprehensive Income	896,467	896,467	861,076	861,076	894,524	894,524	833,208	833,208
Earnings per Share								
Basic earnings per share	-	21.37	-	20.34	-	20.98	-	19.69
Diluted earnings per share	-	21.37	-	20.34	-	20.98	-	19.69
Total comprehensive income attributable to:								
Equity holders of the Bank	907,029	907,029	857,647	857,647	894,524	894,524	833,208	833,208
Non-controlling interest	(10,562)	(10,562)	3,429	3,429	-	-	-	-
Total	896,467	896,467	861,076	861,076	894,524	894,524	833,208	833,208

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		12.96%		13.71%		12.85%		13.61%
Non performing loan (NPL) to toal loan		2.94%		2.02%		2.84%		1.90%
Total loan loss provision to Total NPL (As per NRB Directives)		114.24%		135.77%		116.79%		143.37%
Cost of Funds (YTD)		8.04%		8.07%		8.05%		8.02%
CD Ratio - Average of the Month		86.39%		86.94%		86.39%		86.94%
Base Rate -Average for the quarter		9.85%		10.15%		9.85%		10.15%
Average Interest Spread (Calculated as per NRB Directives)- Last Month of Quarter		3.99%		3.79%		3.99%		3.79%
Additional Informations:								
Return on Equity (Annualized)		13.29%		13.31%		13.34%		13.19%
Return on Assets (Annualized)		1.36%		1.42%		1.36%		1.40%
PE Ratio (Annualized)		9.96		11.93		9.96		11.93
Net-Worth per share (NPR)		163.23		155.09		159.69		151.60
Assets per share (NPR)		1,542.67		1,440.40		1,520.02		1,414.48
Liquidity Ratio (NLA)		24.57%		25.23%		24.57%		25.23%

Notes to Unaudited Financial Highlights

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

Statement of Distributable Profit/Loss (As per NRB Regulations) For the Quarter Ended Ashwin 30, 2080			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	963,209	904,134		
1. Appropriations:				
a. General Reserve	(192,642)	(180,827)		
b. Capital (Debenture) Redemption Reserve	(114,881)	(158,470)		
c. Exchange Fluctuation Fund	(3,632)	(4,104)		
d. Corporate Social Responsibility Fund	(3,882)	(9,041)		
e. Employees' Training Fund	(3,014)	(2,103)		
f. Other	-	-		
Profit or (Loss) before regulatory adjustment	645,159	549,589		
Regulatory Adjustment:				
a. Interest receivable (-)/previous accrued interest received (+)	(886,801)	(463,503)		
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 (+)	-	45		
e. Deferred tax assets recognised (-)/ reversal (+)	(28,972)	(30,397)		
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-		
g. Bargain purchase gain recognised (-)/reversal (+)	-	-		
h. Actuarial loss recognised (-)/reversal (+)	-	-		
i. Other	-	-		
Net Profit for the quarter ended Ashwin 30, 2080 available for distribution	(270,614)	55,734		
Opening Retained Earning as on Shrawan 1, 2080	1,355,116	1,550,781		
Adjustment (+/-)	-	-		
Distribution:				
Bonus shares issued	-	-		
Cash Dividend Paid	-	-		
Total Distributable profit or (loss) as on quarter ended Ashwin 30,2080	1,084,502	1,606,515		
Annualised Distributable Profit/Loss per share	1.48	9.66		

\*Note: The bank is yet to decide on distribution for fiscal year 2079/80

Related Party Disclosures

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

Amounts in NPR Thousands				
S No	Particulars	NMB Capital	NMB Laghubita Bittiya Sanstha	N.M.B. Securities
1	Investment by NMB Bank Ltd.	400,000	172,488	200,000
2	Deposits in NMB Bank Ltd.	98,773	5,605	195,681</