



NMB BANK
एनएमबि बैंक

समृद्ध नेपालको लागि

28th

ANNUAL REPORT

2022/23



NMB Bank Limited

Babarmahal, Kathmandu

Board of Directors



Pawan Kumar Golyan
Chairman
(On behalf of Promoter Shareholder)



Nico Pijl
Director
(On behalf of FMO, Promoter Shareholder)



Jeevan Kumar Katwal
Director
(On behalf of Employees Provident Fund,
Promoter Shareholder)



Yogendra Lal Pradhan
Director
(On behalf of Public Shareholder)



Uttam Bhlon
Director
(On behalf of Public Shareholder)



Sirish Kumar Murarka
Director
(On behalf of Public Shareholder)



Bandana Pathak
Independent Director



Pradeep Raj Pandey
Alternate Director to Nico Pijl



Pramod Kumar Dahal
Company Secretary

Representative (Proxy) Form

The Board of Directors
NMB Bank Ltd.,
Babarmahal, Kathmandu.

Date:

Subject: **Appointment of Representative**

Dear Sir,

I/We, resident of district
.....rural/metro/sub-metro/municipality ward number being
a Shareholder of NMB Bank Ltd. hereby appoint Mr./Ms. resident of
.....districtrural/metro/sub-metro/ municipality ward
number as my/our proxy/authorize to represent and vote on my/our behalf at the 28th Annual General Meeting
being held on Thursday, 11 January, 2024.

Appointed Representative:

Signature Specimen:

Shareholder No. / Demat Account No.:

Applicant:
Signature:
Full Name:
Address:
Shareholder Number:
Demat Account Number:
Share Quantity:

P.S. This application must be submitted to the registered office of the Bank at least 48 hours prior to the commencement of Annual General Meeting. The representative (proxy) form shall be cancelled in case more than one representative name is found to be mentioned.

Admission Card

NMB Bank Limited
Babarmahal, Kathmandu

Issued to attend the 28th Annual General Meeting

Shareholders Name: Share Quantity:

Shareholder/Demat Account Number: Shareholder's Signature:



Company Secretary

(Note: Shareholder's representative is requested to bring this admission card for attending the meeting)

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Notice about 28th Annual General Meeting

The 459th Board Meeting of the Bank held on 13 December 2023, has decided to conduct 28th Annual General Meeting (AGM) in the following date, venue and time to discuss and decide upon the following agenda. This notice is published to inform all our esteemed shareholders regarding the Annual General Meeting as per Clause 67 of Company Act, 2006.

1. Date, Venue and Time of the Annual General Meeting

Date : Thursday, 11 January, 2024
Venue : National City Hall, Exhibition Road, Kathmandu
Time : 10:00 A.M.

2. Agenda of the Meeting

A. General Agenda

- i. To approve the annual report of FY 2022/23 presented by the Board of Directors,
- ii. To approve the Auditor's report for FY 2022/23 including Balance Sheet, Profit & Loss Statement (Consolidated Statement of Changes in Equity), Cash Flow Statement, and other financial reports (including consolidated financial details of subsidiary companies- NMB Capital Limited, NMB Microfinance Bittiya Sanstha Ltd, and N.M.B. Securities Limited),
- iii. To appoint and decide upon the remuneration of the Auditor for fiscal year 2023/24 in compliance with the Clause 111 of Company Act, 2006 and Clause 63 of Bank and Financial Institution Act 2016,

B. Special Agenda

- i. To add Clauses 6 and 7 under Section 5.1.1 by amending the Purpose of the Memorandum of Association of the Bank,
- ii. To provide authority to the Board of Directors to acquire other banks and financial institutions and to carry out merger process with other banks and financial institutions, delegate authority to carry out the tasks related to the appointment of the Appraiser/Valuator, decide on swap ratio, carry out or cause to carry out tasks related to the amendment in the Memorandum of Association and Article of Association of the Bank and record keeping for the same,
- iii. To provide authority to the Board of Directors or provide power of attorney to the designated authority by the Board of Directors to carry out or cause to carry out tasks related to amendment in the Memorandum of Association and Article of Association of the Bank such as record keeping, making minor changes, certification of the documents, registration and receipt of acknowledgement of the record.

C. Miscellaneous

D. Election Related

- i. To conduct election to appoint five directors including two Directors representing promoter shareholders and three Directors representing public shareholders. (As per the Article of Association of the Bank, of the three Directors representing promoter shareholders' group, one Director shall be nominated by the promoter shareholder FMO).

By Order
Company Secretary

Additional Information about the Annual General Meeting (AGM)

- i. Share register shall remain closed on 22 December 2023 for the purpose of this AGM. Shareholders registered in the shareholders' register book because of the transactions conducted in Nepal Stock Exchange before 22 December 2023 can participate/cast vote in the AGM,
- ii. Shareholders are requested to contact the head office of the Bank at Babarmahal, Kathmandu to receive information related to the AGM including Board of Directors' Report if required. Further, all the details are also kept on the Bank's website www.nmbbanknepal.com.np,
- iii. Shareholder attendance register shall be made available for the purpose of AGM from 9:00 A.M. onwards. The shareholders interested in participating at the AGM are required to bring either an original copy of Share Certificate or Demat account details and original document(s) proving their identity along with them,
- iv. Shareholders willing to nominate proxy to attend the AGM, shall register proxy form at the Bank's head office Babarmahal, Kathmandu, at least 48 hours before the AGM commences,

- v. Only existing shareholders of the Bank shall be nominated proxy,
- vi. In case of minor or physically/mentally challenged shareholders, person registered as their guardian in the share register book shall be entitled to take part or appoint a proxy in the AGM. In case of joint shareholdings, only the unanimously selected representative or the partner whose name appears first in the serial order of the share register book can attend the AGM,
- vii. Any issue or query raised in the AGM shall be responded by Chairman or any other dignitaries as permitted by the Chairman,
- viii. If any shareholder has issue or query about the Bank, they are requested to send it in writing to the Bank's registered office at least 7 days before the AGM commences. However, such issue or query shall not be tabled for discussion as agenda in the AGM,
- ix. The shareholders participating in the AGM are requested to carry only the documents related to the meeting and avoid carrying bags or other materials.

Additional Information on Election of Members of Boards of Directors

- i. The programs related to the election will be as per the notice published by the Election Officer. The election program will be published by the Election Officer on 27/12/2023 (2080/09/11 B.S.) Wednesday 2 PM at the Bank's central office Babarmahal, Kathmandu,
- ii. The shareholder willing to be a candidate for the position of Director must have owned at least 100 units mortgage free shares of any type issued by the Bank,
- iii. The shareholder willing to be the candidate for the position of Director will have to register their candidacy in the prescribed format within the date and time mentioned in the notice of the election program published at Bank's central office, ward number 11, NMB Bhawan, Babarmahal, Kathmandu. The candidacy must be proposed by one ordinary shareholder of the Bank and seconded by another shareholder as supporter along with the payment of prescribed candidate registration fee,
- iv. Shareholder willing to be the candidate for the position of Director will have to submit the documents confirming the qualification specified in accordance with the prevailing law at the time of registering their candidacy,
- v. Shareholders can purchase "Directors' Election Guidelines 2065" by paying a fee of NPR 500 from the central office of the Bank.

NOTE: For shareholders' convenience, Annual Report has been uploaded in Bank's website (<https://www.nmb.com.np>) wherein shareholders can browse and access the report online.

Chairman's Statement

On behalf of the Board of Directors, I extend heartfelt gratitude and warm welcome to all esteemed shareholders, representatives from regulatory bodies, auditor, legal advisors, distinguished invitees, journalists, and ladies and gentlemen attending the 28th Annual General Meeting of NMB Bank Limited.

I wish to convey that we have discharged the responsibilities entrusted to us by the 24th annual general meeting with utmost integrity and in the best interests of the shareholders and other stakeholders. The Bank is experiencing continual progress and advancement with your cooperation and goodwill. It is a source of pride for me to be present among the shareholders in this dignified meeting, having fulfilled the obligations bestowed upon us. I would like to assure you that the Bank is poised to advance even further, guided by your continued support and cooperation in the future.

Amid challenges in achieving targeted economic growth due to reduced private sector demand and diminished capital expenditure in the fiscal year 2022/23, the banking sector faced a lack of positive impact for expansion, and the Bank was also inevitably influenced by the country's economic situation. In these circumstances, we have submitted a proposal for approval in the general meeting to retain the profits generated during the year under review to enhance the Bank's resilience and contribute to its business expansion in the future. We believe that this strategic decision will help the bank become stronger and more capable, ultimately benefiting our shareholders in the coming years. The observed improvement in the remittance inflows and the growth in foreign exchange reserves over the review year and initial three months of the current year indicate positive development. Foreseeing a gradual rise in domestic demand and increased capital expenditure, we expect a corresponding surge in loan demand in the forthcoming years, contributing to an improvement in the Bank's profitability and ensuring favorable returns for our valued shareholders.

The Bank is guided by its strategic plan for long-term and sustainable business expansion and profit growth. Embracing the slogan of "Prosperous Nepal", the Bank has adopted the strategy aimed at achieving balanced growth in credit and deposit, enhancing the quality of loans, and prioritizing credit investments in agriculture, renewable energy, small and medium enterprises, with a commitment to providing reasonable returns to shareholders. To ensure sustainable development, the Bank has focused its programs on effectively expanding investments in priority areas of the country while also emphasizing environmental protection in its credit investments. NMB's foreign equity partner, FMO, has been actively supporting the development of various strategies related to Environmental, Social, and Governance, as well as contributing to shape and refine the Bank's policies. The Bank remains dedicated to providing prompt, hassle-free service to customers and is diligently working towards achieving its set targets.

NMB has expanded its investment in industrial and agricultural sectors, aligning with the strategy of increasing credit investment in the productive sector to contribute to employment generation in the country. The Bank has been offering Women Entrepreneurship Loan, aiming to empower women interested in operating their own businesses and becoming self-reliant. Additionally, the Bank has also been providing various loan facilities targeted at youths returning from foreign employment, encouraging them to leverage the knowledge and skills acquired abroad as part of a self-employment campaign.

In line with its strategy of adopting sustainable banking practices, the Bank has been increasing its investment in businesses that seeks to reduce the greenhouse gas emissions, thereby mitigating environmental and social risks. The acquisition of debts from various foreign banks and financial institutions, along with support from lender groups, serves as a testament to the Bank's commitment to sustainable initiatives. This commitment of the Bank is expected to contribute to the sustainable development and stability of ongoing projects in the country.

The Bank has accorded top priority to the expansion of digital banking services and is actively advancing its initiatives in line with this commitment. NMB stands as the pioneer in the Nepalese banking industry, introducing Video Know-Your Customer (VKYC), an artificial intelligence (AI)-enabled Loan Service, and multifaceted Omni Channel.

Finally, I would like to offer my gracious appreciation to the respected shareholders, regulatory bodies, media, and customers who always show deep interest in our activities and provide generous feedback for improvement, prosperity, and progress. Likewise, my heartfelt gratitude the banks and financial institutions, other associations, Board of Directors and staff of the Bank for their invaluable support and confidence.

Thank you.

Pawan Kumar Golyan
Chairman

Date: 11 January, 2024

Director's Report

Respected Shareholders,

On behalf of the Board of Directors, I extend my warm welcome and greetings to all the shareholders, representatives of various regulatory authorities, corporate representatives, auditor, legal advisors, distinguished invitees, journalists, representatives of different institutions, and all other stakeholders for your honourable presence in the 28th Annual General meeting of NMB Bank Limited.

We trust that you have received the Annual Report of the Bank including Statement of Financial Positions, Statement of Comprehensive Income and Statement of Cash Flow (Consolidated Statement of Changes in Equity) for the FY 2022/23. I now, with the permission of this revered Annual General Meeting, would like to present the directors report pursuant to the Company Act, 2006, Clause 109 (4), comprising of the Bank's financial progress, summary of the country's economy, and the achievements of the Bank during the review period.

1. Key Financial Performance for the Fiscal Year 2022/23

Deposit Collection: During the review year, the Bank's deposit grew by 14.29% from NPR 186.40 Billion to NPR 213.04 Billion in which the share of institutional deposit remained at 30.20%. Of the Bank's total deposit portfolio including foreign currency deposit during the review period, the composition of current deposits, fixed deposits, savings deposits, call deposits, and other deposits remained at 6.09%, 59.81%, 25.94%, 6.79%, and 1.37% respectively. The Bank has managed to mobilize institution deposit within the threshold as prescribed by Nepal Rastra Bank.

Loans and Advances: During the fiscal year 2022/23, the Bank grew its risk assets portfolio from NPR 182.09 Billion to NPR 197.46 Billion thereby managing a growth of 8.44% as compared to FY 2021/22. During the review period, the composition of loans disbursed by the Bank remained as following:

S.N.	Description	As on Mid-July 2023 (in Percentage)
1	Term Loan	41.87%
2	Overdraft	3.68%
3	Cash Credit	22.86%
4	Trust Receipt/Import Loan	1.25%
5	Demand and Other Working Capital Loan	13.31%
6	Individual Housing Loan	7.12%
7	Real Estate Loan	2.64%
8	Margin Lending	0.73%
9	Hire Purchase Loan	2.90%
10	Other Loan*	3.64%

*Other loan includes Education Loan, Credit Card, Loan against FD and others

As guided by Nepal Rastra Bank through its Unified Directive to sanction loan in focused sectors, the Bank has maintained loan exposure proportions as: Energy-9.95%, Agriculture-11.39%, Tourism-3.52%, and Medium, Small and Micro Enterprises: 11.03%

Investment: The Bank increased its investment by 3.27% from NPR 32.09 Billion to NPR 33.14 Billion during the review fiscal year 2022/23. Of total investment, the Bank invested NPR 2.08 Billion in organizations' shares (including investment in subsidiary companies), NPR 27.99 Billion in Nepal Government Bonds and Treasury Bills, NPR 2.40 Billion in the Agriculture Bond, and NPR 667.40 Million in Bonds issued by Foreign Banks.

Operating Expenses: During the fiscal year 2022/23, Other Operating Expenses (including fee and commission expenses) reached NPR 1.80 Billion i.e. an increment of 12.75% from NPR 1.59 Billion in the previous fiscal year. The staff expenses (excluding bonus) during the review period increased by 7.43% from NPR 2.03 Billion to NPR 2.18 Billion. The increase in operating expense however, remained within the pre-approved budget.

Income: The Total Operating Income of the Bank increased by 20.96% i.e. from NPR 8.54 Billion to NPR 10.33 Billion in the review year. During the review period, the Bank's net profit decreased by 2.08% to NPR 3.22 Billion from NPR 3.29 Billion. The Bank during the review period witnessed an increase of 30.61% in the Net Interest Income whereby the Bank earned NPR 8.34 Billion as compared to NPR 6.39 Billion in the last fiscal year. Foreign Exchange Income

decreased by 13.26% to NPR 295.40 Million.

Capital Fund, Credit Deposit, Base Rate and Liquidity Ratio: The Bank maintained a sound Capital Fund during the review fiscal year with its capital adequacy ratio remaining at 13.33%; above the stipulated requirement of at least 11% by Nepal Rastra Bank. Likewise, the Credit to Deposit (CD) Ratio was efficiently managed and remained at 82.36%. Liquidity ratio also remained within the prescribed limit and stood at 29.85%. Base rate of the Bank at the end of the review fiscal year was 9.57%.

Non-Performing Asset (NPA): During the review year, significant stress was observed in market cash flow along with sluggish economic activity. The heightened market challenges to interest collection and recovery raised the Bank's NPA from 1.45% in the FY 21/22 to 2.75% in the review fiscal year 2022/23. The Bank has been focusing on debt recovery efforts and credit risk management, thus expects to reduce the NPA.

Debentures: The details of the debentures issued by the Bank as of review period is per the following:

Particulars	Issued Date	Maturity Date	Interest Rate	Value (NPR in Million)
NMB Energy Bond II 2037	24 May 2022	24 May 2037	4.00%	2,727
NMB Energy Bond I 2036	3 June 2021	2 June 2036	4.00%	1,500
NMB Debenture 2034	13 April 2023	13 April 2034	10.75%	4,000
NMB Debenture 2031	25 May 2021	25 May 2031	8.50%	2,000
NMB Debenture 2029	12 April 2019	12 April 2029	10.00%	1,685

The Bank's key financial performance during the review period: (figures in thousand)

S.N.	Particulars	Fiscal Year 2022/23	Fiscal Year 2021/22	Incremental Volume	Percentage change
1	Total Deposit	213,041,945	186,399,543	26,642,402	14.29%
2	Total Loans and Advances	197,465,913	182,090,295	15,375,618	8.44%
3	Total Investment (Including Subsidiaries)	33,147,402	32,097,334	1,050,068	3.27%
4	Paid-Up Capital	18,366,706	18,366,706	-	-
5	Capital Adequacy Ratio	13.33%	13.59%	(0.26%)	(1.91%)

S.N.	Particulars	Fiscal Year 2022/23	Fiscal Year 2021/22	Incremental Volume	Percentage change
1	Net Interest Income	8,342,460	6,387,540	1,954,920	30.61%
2	Commission and Discount and Other Operating Income	2,037,619	2,096,239	(58,620)	(2.80%)
3	Foreign Exchange Income	295,357	340,508	(45,151)	(13.26%)
4	Gross Operating Income	10,329,753	8,539,945	1,789,808	20.96%
5	Gross Operating Expenses (including staff expenses)	3,975,094	3,621,215	353,879	9.77%
6	Operating Profit	4,675,322	4,659,387	15,935	0.34%
7	Net Profit	3,222,547	3,291,094	(68,547)	(2.08%)

Bank's Jurisdiction and Branch Network: The Bank has been providing banking facilities and services to its customers through 201 branches, 12 extension counters and 161 ATMs across the country. The number of branches located in each province are as follows:

Koshi Province	:	30 branches
Madhesh Province	:	27 branches
Bagmati Province	:	51 branches
Gandaki Province	:	38 branches
Lumbini Province	:	32 branches
Karnali Province	:	03 branches
Sudur Paschim Province	:	20 branches

In order to provide banking facilities at the doorstep of the people living in remote areas of the country, the Bank

has been providing branchless banking services in various places of Udaypur, Jhapa, Morang, Ilam, Sunsari, Saptari and Nawalpur districts. The Bank has been providing both deposit and lending services to the customers in those places as per their requirements.

Representative Office outside Nepal and its progress:

The Representative office established in Wisma Straits Trading Building at Lebuah Pashadhb Besar, Kuala Lumpur, Malaysia has been assisting as a point of contact for expansion of trade and remittance business. With this establishment, the Representative office has helped to foster the growth of trade business between two countries and communicate the information on Nepalese economy and available financial services to Nepalese people in Malaysia. This office has been playing pivotal role to connect and garner the relationships with the Malaysian corporates and business houses and enhance trade businesses with other foreign establishments.

2. Impact of Domestic and World Economic Outlook On Bank's Performance

The global economy is projected to remain sluggish throughout the year 2023. International Monetary Fund (IMF) projects the growth rate of the World Economy, and Advanced Economies to weaken further in 2023 before improving marginally in the year 2024. The economic growth of Emerging and Developing Countries that expanded by 4.0% in 2022 is forecasted to be 3.9% in 2023 and 4.2% in 2024 whereas the economies of neighbouring countries India and China is projected to remain at 5.9% and 5.2% respectively in 2023. The IMF also forecasts the global inflation to improve gradually.

During the year under review, Nepal witnessed a downturn in foreign trade. Notably, commodity exports contracted by 26.3%, commodity imports by 18.1%, and trade deficit by 17.1% over the initial nine months of FY 22/23. The monthly average import for this period amounted to NPR 133.5 Bio, however, with the relaxation of import restrictions and the removal of cash margin prerequisites for opening letters of credit, the import and trade deficit has been observed to be increasing lately. The current account despite the improvements is in deficit while the balance of payment is in surplus. Remittance inflow has demonstrated an upward trajectory, registering a 24.2% increase in NPR terms during the first nine months of the reviewed fiscal year. An analysis of the overseas employment trends among Nepalese youths suggests a favourable outlook for sustained remittance inflows in the forthcoming months. Concurrently, tourists' arrivals have witnessed an upswing, with the World Health Organization officially declaring the end of health crisis due to widespread distribution of vaccines and decline in COVID infections. Foreign exchange reserves have surpassed the stipulated minimum target. Despite the subdued capital expenditure and private sector credit demand, the current account remains deficit within the external sector. Foreseeably, increased investments to achieve targeted economic growth may intensify pressure on the current account and interest rates. Therefore, prudent public finance management assumes a pivotal role in sustaining the positive trajectory of interest rates by effectively addressing prevailing liquidity challenges. A series of external sector reforms has contributed to a more fluid liquidity situation within the financial system, resulting in a gradual decline of interest rates. This downward shift of interest rate is expected to stimulate domestic demand and credit expansion. The economic downturn, along with rapid credit expansion in the past, the financial indiscipline among borrowers in loan repayments, and negative market sentiments directed toward the banking sector, has all contributed to the increasing trend of non-performing loans. These adverse market sentiments against the banking sector have, consequently, spurred non-commercial activities, introducing an element of uncertainty and risk in the commercial environment as well.

The prevailing loan portfolios of banks and financial institutions, reforms in external sector, and the landscape of financial resource mobilization upon analysis, hold promise for continued economic activity, supported by improving liquidity and interest rates in the forthcoming days. Therefore, to ensure long-term sustainability, it is necessary to design and implement structural reform programs aimed at increasing production and enhancing overall productivity.

(Source: Monetary Policy for 2023/24, NRB)

Overall, the improvement in the flow of remittances and the increase in foreign exchange reserves indicate positive developments in the external sector. However, the downturn in the economy due to decrease in domestic demand, issues in the expansion of the construction sector, and a lack of capital expenditure pose challenges to the expansion of banking business.

3. The Board of Directors' opinion on the achievements of current fiscal year and future plans:

Following are the main financial highlights of the Bank as on Mid October 2023 for the running fiscal year 2023/24:

S.N.	Particulars	NPR (in Thousand)
1	Total Deposit	204,018,813
2	Total Loans and Advances	200,343,194
3	Total Investment (Including Subsidiaries)	31,760,762
4	Net Interest Income	2,224,520
5	Commission, Discount and other Operating Income	633,405
6	Foreign Exchange Income	72,632
7	Net Operating Income	2,868,025
8	Total Operating Expenses (including staff expenses)	906,958
9	Operating Profit	1,376,013
10	Net Profit	963,209
11	Paid-Up Capital	18,366,706
12	Reserves and Funds	10,962,239
13	Capital Adequacy Ratio	12.85%

Future Plans:

- The Bank going with its slogan of "For Prosperous Nepal", shall continue to focus on sustainable banking initiatives and increase its investment in sustainable sectors.
- The Bank intends to expand its business in priority areas while always considering the environmental and social risks. In addition, it will also align its operations and businesses to reduce greenhouse gas emissions and move towards carbon-neutrality.
- The Bank has placed top priority to the effective expansion of customer-friendly digital banking services.
- The service standard shall be raised to provide a greater customer experience for which the Bank has already created a separate Service Excellence unit.
- Strategies have been adopted to increase the size of energy agriculture, and medium, small and micro enterprises loan portfolio while continuing to improve the quality of credit.
- A balanced deposit and credit growth shall be prioritized.
- The process of obtaining additional foreign currency borrowings from foreign banks and financial institutions, and issuing bonds as per the Directives issued by Nepal Rastra Bank has been ongoing for the effective management of funding sources.
- The existing programs conducted under the corporate social responsibility of the Bank shall be continued.

The Bank is always determined to devise and implement futuristic strategies and plans for strengthening and building capability in all fronts.

4. Industrial and Professional Relations:

On the foundation of transparency and professionalism, the Bank has developed an amiable and professional relationships with all its stakeholders. The Bank firmly believes that such relationships will be pivotal for its sustainable future growth and success.

5. Changes in the Board of Directors:

The 443rd Board Committee meeting held on 14th December 2022 appointed Ms. Bandana Pathak to the post of Independent Director of the Bank.

6. Significant Issues Affecting Business:

The major risks and challenges that holds the potential to significantly impact the bank in future are detailed as below:

- Challenges in debt recovery due to current economic, social and political situation
- Contraction in Disbursement
- Risk of liquidity pressure due to the difference between the foreign currency inflowing to the country through export of goods and services, inward remittance, foreign investment and foreign aid mobilization, and the foreign currency outflowing from the country through the import of goods and services.
- Impact on the income and profitability of the Bank due to contraction observed in the investment sector amid current international conflicts, increasing energy prices, and decreasing demand.
- Risks inherent in the credit investments and non-fund based services provided by the Bank.
- Challenges in interest rates management of both deposits and loans due to volatility in liquidity situation.
- Possible risks due to fluctuations in exchange rate during foreign currency transactions particularly the increase of dollar rate observed in the United States Dollar in the review fiscal year.
- Possible risks resulting from changes in economic, monetary and fiscal policies of the nation.
- Risks resulting from the sluggishness of the international economic and financial sectors that could have a ripple effect on the Nepalese market.
- A lack of proper database and advance technology in the country to prevent money laundering.

7. Significant Observation in the Audit Report and Subsequent Response from the Board:

There is no observation mentioned in the Audit Report that could significantly affect the Bank's business.

8. Recommended Amount for Dividend Payment:

Based on the financial statement for the FY 2022/23, the decision has been made to retain distributable profits without distributing the dividend.

9. Details of Shares Forfeited by the Bank:

No shares were forfeited during the review year.

10. Performance of the Company and its Subsidiaries, and Review of the Existing Status:

The performance progress of the Bank is mentioned in the first section whereas the performance of its subsidiaries- namely NMB Capital and NMB Micro Finance are mentioned in section 25(a) of the Director's report

11. Major Changes made by the Company and its Subsidiaries Resulting to Significant Changes in the Company's Business:

NMB Capital Ltd., a 100 percent subsidiary of NMB, has been acting as Share Registrar of the Bank, for the service of which the subsidiary company was paid NPR 1 Million in the review period. At the end of the reviewed year, the bank account of NMB Capital Ltd. maintained at this bank had deposit of NPR 183.9 Million. NMB Capital was paid interest amounting NPR 13.1 Million by the Bank in the FY 2022/23.

The Bank received NPR 2.37 Million as building rent from NMB Capital as per the agreement.

An employee of the Bank had been working as the Deputy Chief Executive Officer of the subsidiary NMB Microfinance Bittiya Sanstha Ltd in the reviewed financial year.

The deposit, loans and investments of the Bank in its subsidiary companies NMB Capital Ltd. and NMB Microfinance Bittiya Sanstha Ltd., and N.M.B. Securities Ltd. as on Mid-July 2023 are summarized as below:

S.N.	Description	NMB Capital Ltd. (NPR in thousands)	NMB Microfinance (NPR in thousands)	N.M.B. Securities Ltd. (NPR in thousands)
1	Investment	400,000	172,488	200,000
2	Call, Current, and Fixed Deposit	183,896	7,982	200,683
3	Loans & Advances	-	1,119,098	-
4	Interest Expenses on Deposit	13,143	-	2,421
5	Loan Interest Income	-	132,837	-
6	Office Rental by NMB Capital Ltd.	2,371	-	-
7	Payment against Share Registrar Works of NMB Bank	1,000	-	-
8	Debenture Trustee Fee Payment to NMB Capital	350	-	-
9	Management Fee Payment to NMB Bank	-	3,339	-
10	NMB Hybrid Fund L-1 Dividend Payment to NMB Bank	32,130	-	-
11	NMB-50 Dividend Payment to NMB Bank	37,267	-	-
12	NMB Capital Ltd. Dividend Payment to NMB Bank	40,000	-	-

12. Information provided by the Basic Shareholders to the Bank:

During the review period, no information was received other than the regular information to be provided as per the prevailing law.

13. Details of Share Ownership of the Directors and Officials and the Information Received by the Company in relation to their share transactions during the review period:

In the reviewed fiscal year, none of the directors and officials have been involved in the company's stock trading. The details of their share ownership are listed below:

S.N.	Name	Designation	Share Ownership
1	Mr. Pawan Kumar Golyan	Chairman	1,696,732
2	Mr. Nico Klass Gerardus Pijl (representative of FMO, Netherlands)	Director	-
3	Mr. Jeevan Kumar Katwal (representative of Employees Provident Fund)	Director	1,535
4	Mr. Yogendra Lal Pradhan	Director	1,674,101
5	Mr. Uttam Bhlon	Director	221,971
6	Mr. Sirish Kumar Murarka	Director	41,145
7	Ms. Bandana Pathak	Independent Director	-
8	Mr. Pradeep Raj Pandey	Alternate Director	-
9	Mr. Sunil K.C.	Chief Executive Officer	6,595
10	Mr. Sudesh Upadhyaya	Deputy Chief Executive Officer	5,837
11	Mr. Govind Ghimire	Deputy Chief Executive Officer	-
12	Mr. Pramod Kumar Dahal	Chief Operating Officer & Company Secretary	406
13	Mr. Navin Manandhar	Chief Risk Officer	-
14	Mr. Shreejesh Ghimire	Chief Investment Officer	1,715
15	Dr. Buddhi Kumar Malla	Chief Officer MSME, Microfinance and Subsidy Loan	349
16	Mr. Roshan Regmi	Chief Officer Retail Banking	-
17	Ms. Puspa Aryal	Head Trade Finance	1,200

14. Information on the Directors relatives' involvement in the Bank's contracts:

Disclosure not required as there was no such agreement.

15. Details of own shares purchased by the Bank:

None.

16. Internal control system:

With utmost priority from the Board of Directors to safeguard the interest of the creditors, the internal control system of the Bank and its functioning have been made more effective to ensure sound and safe operation by formulating necessary rules, policies and procedures for inherent and potential risk management. Abiding by the prevailing law and directive issued by Nepal Rastra Bank, four committees viz. Audit Committee, Risk Management Committee, Assets Laundering Prevention Committee, and Human Resources Service Committee have been formulated by the Board of Directors. These committees discuss various risks in detail and updates the same to the Board of Directors. For effective risk management and prevention, various activities are being carried out at the management level of the Bank by its Executive Management Committee, Credit Risk Management Committee, Assets Liability Committee, Human Resources Recruitment Committee, Information Technology Committee, and Corporate Governance Committee.

In addition, the Risk Management Department of the Bank, independently undertakes the task of effectively controlling and managing the risk along with the periodic review of the actions taken in the area of risk control. The department has significantly contributed to maintain the institutional governance at the Bank through meticulous monitoring of the activities to ensure full compliance of the prevailing law and directives issued by Nepal Rastra Bank.

Effective internal controls are the foundation of safe and sound banking therefore NMB Bank Ltd. has designed and enforced system of operational and financial internal control that safeguards bank's resources, produce reliable financial reports and comply with rules and regulations of the country. Effective internal control also reduces errors/irregularities with timely reviews and mitigations. The business strategies and the important policies as approved by the Board of Directors have been adopted by the senior management for risk management activities. The Bank has also been strengthening its internal control system by providing various types of trainings to its employees to effectively manage risks.

Risk Management:

For agile performance through proper risk management, the Bank has prepared and implemented a robust risk management framework for identification, measurement, monitoring, management, control and reporting of the potential risks that the organization may have to face. The Board of Directors also annually reviews the approved and implemented Risk Management Framework to deal with underlying material risks of special importance to the Bank.

The Board of Directors has also been identifying the risk appetite for the Bank and the extent to which it wants to bear the risk to determine the overall risk strategy. The Board has effectively managed the risks by categorizing them into assets risk, operational risk, liquidity risk, market risk, interest rate risk, foreign exchange risk, and other risks. In addition to the management level committee, following committees have also been constituted at the Board level for risk management and effective internal control system of the Bank.

Committees formed at the level of Board of Directors

Audit Committee:

Details related to it are mentioned in section 18 of this Director's report

Risk Management Committee:

A risk management committee under the coordination of a Non-Executive Director have been set up at the Bank. The coordinator of the Audit Committee has been appointed as a member of the Risk Management Committee where Head of Compliance Department and Chief Operating Officer are the members and Head of Risk Management Department is the Principal Member Secretary. The committee regularly assemble for the meeting to discuss on the risks identified by the management level risk committee, the quarterly risk management report of the Bank, the immediate implications on the Bank's strategy including capital fund, liquidity position, credit to deposit ratio, risk appetite, etc. due to major changes in the directives issued by Nepal Rastra Bank and the changes in monetary policy. In each quarter, any potential risk in relation to the stress testing is discussed and the information is submitted to

the Board of Directors for review. In the review year, the Risk Management Committee held 10 meetings accounting total expenditure of NPR 304,000.

Human Resources (HR) Service Committee:

Under the coordination of one Non-Executive Director, HR Service Committee has been constituted consisting of another Board Director as member. The committee also consists of the Chief Executive Officer, and the Chief Finance Officer as members, and Chief Human Resources Officer as the Member Secretary. Bylaws on the service provision of the employees, policies related to the employees and succession planning, employees' salary allowance and organizational structure are discussed in this committee. In the reviewed year, the HR Service Committee held 6 meetings accounting total expenditure of NPR 16,000.

Assets Laundering Prevention Committee:

Assets Laundering Prevention Committee has been constituted with a Non-Executive Director as Coordinator, Head of Compliance Department and Chief Risk Officer as members and Manager AML as Member Secretary. The Committee makes special efforts to oversee and control the risks by ensuring that laws pertaining to money laundering and prevailing directive issued by Nepal Rastra Bank are fully complied. In the review year, the Assets Laundering Prevention Committee held 7 meetings accounting total expenditure of NPR 112,000.

17. Details of Total Management Expenditure of the last Fiscal Year:

During the review period, the staff expenses and office operating expenses amounted NPR 3.97 Billion.

18. List of Audit Committee members, their remuneration, allowances and facilities, details of the work done by the Committee and the details of any suggestions made by the Committee:

Under the coordination of one Non-Executive Director, Audit Committee has been constituted with an additional Non-Executive Director as member and Head of Internal Audit Department as Principal Member Secretary as per the direction of Nepal Rastra Bank. Following are the Audit Committee members:

Mr. Jeevan Kumar Katwal (Director)	-	Coordinator
Mr. Sirish Kumar Murarka (Director)	-	Member
Mr. Ranjan Pandey (Head-Internal Audit Department)	-	Member Secretary

The Audit Committee has been performing its functions complying with the instructions by Nepal Rastra Bank. Each report received from the auditor is discussed and reviewed in the Audit Committee with necessary instructions for improvement. The Audit Committee discusses and reviews each report received by the Auditor to identify all the risk areas and ensures that the risks are addressed before a periodic submission of the report to the Board of Directors. The Board is regularly receiving suggestions from the Audit Committee.

During the review year, the Audit Committee held 6 meetings to which its members excluding Member Secretary were remunerated incurring the total expenditure of NPR 160,000.

All the members of the Committee formed at the level of Board of Directors were remunerated NPR 16,000 allowance per meeting except the Member Secretary.

19. Details of any payments yet to be made to the Directors, Chairman, Chief Executive Officer, Basic Shareholders or their close relatives or their associated companies:

None

20. Details of remuneration to the Directors, Chief Executive Officer and Senior Management Staff:

Detailed in section 37 of additional disclosures of this report.

21. Information of Undeclared Dividend by the shareholders:

Upto 16 July 2023, NPR 279,904,141 remains unclaimed by the shareholders of which NPR 2,315,588 is with the Bank and remaining NPR 277,588,553 is with the share registrar NMB Capital Ltd. The uncollected dividends of the shareholders upto FY 2012/13 have been deposited in the Investor Protection Fund. The Bank publishes a notice in the newspaper to collect the dividends each year and updates the same in the Bank's website as well.

22. Details of Fixed Assets purchased/sold pursuant to Clause 141 of the Company Act 2006:

During the review period there was no purchase/sale of fixed asset. In the running fiscal year, the Bank purchased 105.5625 aana (1 aana = 31.79 sq. m.) land at Naxal, Ward number 1, Kathmandu Metropolitan City, Kathmandu District for official purpose.

23. Details of the transactions with related companies pursuant to Clause 175 of Company Act 2006:

Detailed in section 11 of this report.

24. Any other information to be disclosed in the Director's Report as per Company Act 2006 and prevailing law:

Required information has been provided in the relevant section of this annual report.

25. Other Essential Information:

(A). Subsidiary Companies and its Progress

NMB Capital Ltd.

NMB Capital Ltd. was established as a wholly owned subsidiary company of the Bank. In the fiscal year 2022/23, the company issued 100% right shares amounting NPR 200 Million. Following the allotment of the right shares, the Bank's investment reached NPR 400 Million with current total number of shares standing at 4 Million. Licensed by Securities Board of Nepal (SEBON), NMB Capital has been managing the process of issuing primary shares, further public offerings, and right shares of various companies along with other investment plans and portfolio management targeted towards general public as well as institutional clients adhering to the prevailing policies and rules issued by concerned authorities.

In the fiscal year 2022/23, the company registered NPR 236,741,592.43 as income and NPR 91,042,817.27 as profit after tax. The meeting of the company's Board of Directors proposed to distribute 17% cash dividend (including tax) from its profit of FY 2022/23.

The company completed the issuance of four primary shares and entered into agreement to issue and distribute primary shares of three additional companies during the reviewed year. NMB Capital Ltd. Has been working as the Fund Manager and Depository for 'NMB Hybrid Fund L-1', 'NMB Saral Bachat Fund-E', 'NMB-50', and 'NMB Sulav Investment Fund-2'. The company is directing activities towards execution of its plan for public issuance of nine primary shares by the end of the running fiscal year. Additionally, the company has resubmitted the revised prospectus of the closed-end plan, 'NMB Hybrid Fund L-2', as its sixth mutual fund scheme to the Securities Board of Nepal for its final approval. The company has been providing share registrar services to 21 companies at the end of the reviewed year.

The company has 268,979 operational demat accounts at the end of the reviewed year. It aims to further expand its business, broaden its scope of investment, and enhance operational efficiency.

NMB Capital Limited		
STATEMENT OF FINANCIAL POSITION		
	16 July 2023 (NPR)	16 July 2022 (NPR)
Assets		
Cash and Cash Equivalents	634,364,166.77	572,347,009.97
Investment Securities measured at Fair Value through P/L	92,736,216.25	25,228,530.90
Investment in Equity measured at Fair Value through OCI	85,717,516.60	52,105,000.00
Investment Securities measured at Amortized Cost	268,247,360.00	230,000,000.00
Other Financial Assets	40,306,870.33	138,018,924.32
Other Assets	60,904,326.44	-
Property & Equipment	33,055,269.29	18,680,066.88
Intangible Assets	927,649.35	1,413,848.87
Current Tax Assets	8,800,839.30	4,728,537.86

Deferred Tax Assets	3,774,300.89	8,313,988.34
Total Assets	1,228,834,515.22	1,050,835,907.14
Liabilities		
Dues to Public	422,707,422.65	538,960,663.40
Other Financial Liabilities	87,787,070.48	39,821,399.98
Other Liabilities	29,900,570.91	25,959,930.59
Current Tax Liabilities	-	-
Deferred Tax Liabilities	-	-
Other Provisions	8,111,157.47	14,630,432.24
Total Liabilities	548,506,221.51	619,372,426.21
Equity		
Share Capital	400,000,000.00	200,000,000.00
Retained Earnings	232,309,114.14	192,821,823.18
Other Reserves	48,019,179.57	38,641,657.75
Total Equity	680,328,293.71	431,463,480.93
Total Liabilities and Equity	1,228,834,515.22	1,050,835,907.14

NMB Capital Limited STATEMENT OF PROFIT OR LOSS

	16 July 2023 (NPR)	16 July 2022 (NPR)
Income		
Income from Merchant Banking Activities	62,159,178.02	104,947,639.84
Income from Mutual Fund operations	73,785,326.32	65,938,330.10
Interest Income	-	-
Other Income	95,527,782.09	80,078,695.87
Net gain/(loss) on financial investments Held for Trading	5,269,306.00	(673,565.42)
Total Income	236,741,592.43	250,291,100.39
Expenses		
Personnel Expenses	56,889,569.57	47,938,554.72
Interest Expenses	1,697,196.62	-
Depreciation on Property and Equipment	6,160,267.00	4,825,659.30
Amortization of Intangible Assets	486,199.52	508,799.52
Other Operating Expenses	37,741,336.45	51,594,861.78
Total Expenses	105,041,312.71	104,867,875.32
Profit Before Tax from Continuing Operations	131,700,279.72	145,423,225.07
Income Tax Expenses	36,030,596.75	43,626,967.52
Deferred Tax Expenses/(Income)	(4,626,865.70)	2,872,629.57
Profit For the Year	91,042,817.27	104,668,887.12

NMB Microfinance Bittiya Sanstha Ltd.

NMB Microfinance Bittiya Sanstha Ltd. is a subsidiary microfinance company of NMB Bank. It has a paid-up capital of NPR 721.45 Million of which NMB Bank, other individual promoters, and general public have share ownerships of 51%, 19%, and 30% respectively. The head office of the company is at Pokhara Metropolitan City Ward No 25, Milanchowk, Hemja, Kaski. It has 148 branches and sub-branches spread in 68 districts of the country. The company as on Mid-July 2023 has NPR 4.87 Billion net risk assets exposure and NPR 1.55 Billion deposit portfolio.

NMB Microfinance Bittiya Sanstha Ltd Balance Sheet		
	FY 2022/23 (NPR '000)	FY 2021/22 (NPR '000)
Capital & Liabilities		
1. Share Capital	721,449	658,863
2. Reserve and Funds	285,749	379,977
3. Debentures and Bonds	-	-
4. Borrowings	2,685,730	3,003,833
5. Deposits	1,547,315	1,971,586
6. Proposed Dividend	-	-
7. Income Tax Liabilities	-	16,141
8. Other Liabilities	175,133	172,257
Total Capital & Liabilities	5,415,376	6,199,657
1. Cash Balance	1,734	7,930
2. Balance with Nepal Rastra Bank	27,000	27,000
3. Balance with Banks/Financial Institutions	191,641	25,660
4. Money at Call and Short Notice	117,706	222,680
5. Investments	92,000	2,000
6. Loans, Advances and Bills Purchased	4,868,935	5,804,178
7. Fixed Assets	87,182	94,001
8. Non-Banking Assets	-	-
9. Other Assets	29,178	16,208
Total Assets	5,415,376	6,199,657

NMB Microfinance Bittiya Sanstha Ltd Profit and Loss Account		
	FY 2022/23 (NPR '000)	FY 2021/22 (NPR '000)
Particulars		
Interest Income	793,627	839,251
Interest Expenses	465,472	387,657
Net Interest Income	328,155	451,594
Commission, Discount and other operating income	62,490	72,693
Exchange Fluctuation Income	-	-
Total Operating Income	390,645	524,287
Staff Expenses	233,532	216,678
Other Operating Expenses	127,153	113,315
Exchange Fluctuation Loss	-	-
Operating Profit Before Provision for Possible Loss	29,960	194,294
Provision for Possible Losses	365,336	162,094

Operating Profit	(335,376)	32,200
Non-operating Income/Loss	626	(196)
Loss Provision Written-Back	301,500	150,807
Profit from Regular Operations	(33,249)	182,811
Profit/Loss from extra-ordinary activities	-	-
Net Profit after considering all activities	(33,249)	182,811
Staff Bonus Provision	-	-
Provision for Income Tax Provision	3,854	70,501
Current Year's Tax Provision	-	66,774
Previous Year's Tax Provision	-	-
Current Year Deferred Tax (Income)/Expenses	3,854	3,727
Net Profit/Loss	(37,103)	112,310

NOTE: NMB Microfinance Bittiya Sanstha Ltd. is required to prepare and publish its balance sheet, and profit and loss statement for the fiscal year in accordance with the Nepal Financial Reporting Standards, which is due for completion.

N.M.B. Securities Ltd.

N.M.B. Securities Ltd.; established with a paid-up capital of NPR 200 Million is a wholly owned subsidiary company of the Bank. The company that applied to the Security Board seeking permission to operate as a limited stock broker received its membership from Nepal Stock Exchange on 26 September 2023 and started its operation from the running fiscal year.

N.M.B. Securities Limited		
Balance Sheet		
	FY 2022/23 (NPR '000)	FY 2021/22 (NPR '000)
Non-Current Assets		
1. Property, Plant & Equipment	2,492,231	-
2. Intangible Assets	-	-
3. Deferred Tax Assets	-	-
Total Non-Current Assets	2,492,231	-
Current Assets		
1. Inventories	-	-
2. Trade Receivables	-	-
3. Advance Income Tax	513,082	-
4. Cash and Cash Equivalents	100,683,180	-
5. Other Receivables, Advances and Deposits	100,000,000	-
Total Current Assets	201,196,262	-
Total Assets	203,688,493	-
Capital		
1. Share Capital	200,000,000	-
2. Reserve & Surplus	1,052,101	(80,000)
Total Equity	201,052,101	(80,000)
Non-Current Liabilities		
1. Long Term Loans and Borrowings	-	-
2. Deferred Tax Liability	-	-
Total Non-Current Liabilities	-	-
Current Liabilities		

1. Short Term Loans and Borrowings	-	-
2. Trade Payables	-	-
3. Income Tax Liability	451,415	-
4. Employee Benefits	-	-
5. Employee Benefits	-	-
6. Provisions	175,946	-
7. Other Payables	2,009,031	80,000
Total Current Liabilities	2,636,392	80,000
Total Liabilities	2,636,392	80,000
Total Equity and Liabilities	203,688,493	-

N.M.B. Securities Limited		
Profit and Loss Account		
	FY 2022/23 (NPR)	FY 2021/22 (NPR)
Particulars		
Revenue from Operation	-	-
Direct Expenses	25,915	-
Gross Profit	(25,915)	-
Other Income	2,420,548	-
Administrative Expenses	408,604	20,000
Profit/(Loss) from Operation	1,986,029	(20,000)
Depreciation Expenses	226,567	-
Profit Before Bonus and Tax	1,759,463	(20,000)
Provision for Staff Bonus	175,946	-
Profit/(Loss) Before Tax	1,583,516	(20,000)
Adjustment of Previous Year Loss	(80,000)	-
Taxable Income	1,503,516	-
Provision for Taxation	451,415	-
Current Year Tax	451,415	-
Deferred Tax Expenses/(Income)	-	-
Net Profit/(Loss) for the Year	1,132,101	(20,000)

(B). Corporate Social Responsibility:

The bank has utilized the CSR (Corporate Social Responsibility) fund in accordance with the directives issued by Nepal Rastra Bank. These funds were allocated for various activities in the fields including education, health, environment, financial literacy, customer protection, heritage preservation, and natural disaster management. A CSR Committee, led by the Chief Executive Officer as the coordinator, has been formed within the Bank to properly manage and execute its CSR initiatives. The Bank during the review year contributed NPR 9.33 Million under corporate social responsibility.

(C). Human Resources:

The Bank considering the needs of committed and productive staff for the successful implementation of future plans and its overall growth has paid special attention to the development and management of its employees. The Bank believes that empowered employees are the source of happy customers and has made considerable investment in its staff capacity development and effective management through various internal and external training programs. During the review period, most of the employees received internal training. 15 external trainings were provided to the employees through which 103 employees participated in trainings and seminars outside the country.

In the review year, the number of committed employees increased to 1,980 of which 783 are female and 1,197 are male employees. At present, there are 40 employees completing more than 15 years of service period, 97 employees with more than 10 years of service, and 1,042 employees having worked for more than 5 years in the Bank.

(D). Arrangements for Grievance Handling:

Mr. Sudesh Upadhyaya, Deputy Chief Executive Officer who is also a member of the Bank's management team has been appointed as Grievance Handling Officer for hearing grievances of customers and the general public. Also, an online portal have been developed on the Bank's website for grievance handling. In the review year, the Bank received 1,458 complaints and grievances through its branch offices, head office, hotline, and call-centre. All the grievances other than those related to loan recovery that follows legal procedures have been resolved in time.

(E). Corporate Governance:

Effective governance is imperative to the development of banking sector as well as the economy as a whole. For years, the bank has been prudently managing the deposits accepted from customers and redirecting the same to the economy through loans to entities, thus facilitating to advance the economic growth. The Bank believes that the financial stability and business operations are central to sound economic health. Thus, the Bank has placed a high importance on the good governance as it if not prioritized could peril both the banking sector and overall economy.

NMB has constituted four board level committees for effective corporate governance viz. Audit Committee, Risk Management Committee, Human Resources Service Committee, and Asset Laundering Prevention Committee. Apart from these committees, there is also a separate Corporate Governance Committee formed at the management level with the Chief Executive Officer as the coordinator that is responsible to implement an effective corporate governance within the Bank.

Details regarding the steps taken by the management to enhance Corporate Governance:

- Implementation of the policies adopted by the Board of Directors.
- Various committees formed at the management level (such as Assets and Liability Committee, Human Resources Recruitment Committee, Credit Risk Management Committee, Corporate Governance Committee, etc.) are active.
- In order to organize internal control mechanism, the Audit Committee has been meeting regularly to review and implement the suggestions given by the internal auditors in the regular audit report.
- The Risk Management Committee has been meeting regularly to discuss the issues such as stress testing, adequacy of policies and rules, operational risk, etc. and following the instructions received for management.
- Discussions are being held from time to time by the Assets Laundering Prevention Committee emphasizing on customer identification process and issues related to this area.
- Various internal policies, rules and guidelines have been formulated and implemented to manage banking transactions and minimize operational risks.
- Full compliance of the directives and guidelines on good governance issued by the regulatory bodies including Nepal Rastra Bank, Securities Board, and Company Registrar's Office.
- In order to maintain good governance within the Bank, a Corporate Governance Committee has been constituted and the decisions of the governance issues discussed in the meeting have been implemented. The Chief Executive officer has been given the responsibility for maintaining Corporate Governance in the Bank.

(F). Board of Directors Meeting and Conduct:

The meeting of Board of Directors has been held regularly as per the existing acts and policies. During the review period, 15 board meetings were held to which the Chairman of the Board was remunerated NPR 18,000 and other board members were remunerated NPR 16,000 per meeting.

All the Board officials have been complying the conducts mentioned in Section 6(1) of Unified Directive 2020.

(G). Management Team:

Mr. Sunil K.C. has been leading the Bank and its Management Team as the Chief Executive Officer. With his long-term banking experience spanning over three decades, he is being supported by the following staff in Management Team:

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

Acknowledgment:

On behalf of the Board of Directors, I would like to express my sincere gratitude to all esteemed shareholders, representatives from various regulatory bodies, auditors, legal advisors, institutional representatives, stakeholders, and customers present at this general meeting, along with the dedicated Management and the staff for their unwavering commitment to providing quality and high-level services, contributing significantly to the Bank's remarkable financial results. Looking ahead, I earnestly anticipate continued support and collaboration in the days to come.

Thank You.

Pawan Kumar Golyan
Chairman

Date: Thursday, 11 January, 2024

Annex-15 of Securities Registration and Issue Regulation, 2016

1. Director's Report:

Director's report is included in the annual report of FY 2022/23.

2. Auditor's Report:

Auditor's report is included in the annual report of FY 2022/23.

3. Audited Financial Statements:

Audited financial statements are included in the annual report of FY 2022/23.

4. State of Legal Proceedings:

- i. If any lawsuit has been filed by or against the organization within the quarterly period:
- ii. Altogether 88 lawsuits including 34 lawsuits related to debt collection, income tax and banking property, and 54 lawsuits against bank were being reviewed in various courts during the last financial year,
- iii. If any lawsuit was filed by or against the founder or director of the organization for disobeying the prevailing rules or committing a criminal offense:
- iv. Not in the information of this Bank.
- v. If any lawsuit has been file against founder or director for financial offence:
Not in the information of this Bank.

5. Analysis of organization's share transactions and progress:

- i. Management's perception regarding the trading of organization's shares in the securities market:
The fluctuations in share trading are determined by the open market and are in line with the values and norms of the same
- ii. The maximum, minimum and final value of the Bank's shares in each quarter of the previous financial year as well as the total number and days of transactions.

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Maximum Value	277	268	256	244
Minimum Value	226	226	215	216
Last Value	235	246	235	226
Number of Transactions	11,989	9,987	12,083	11,336
Days of Transactions	65	52	56	62

6. Problems and Challenges:

- i. Internal Problems and Challenges: The management of rising costs in relation to income, expenses associated with infrastructure and technology development, risks arising from increased use of digital technologies, replacement of skilled human resources due to employees going abroad for education or leaving the organization for employment in other banks, and the ongoing challenge of managing operational risks amid the growing volume of transactions are considered as internal problems and challenges by the Bank.
- ii. External Problems and Challenges: Fluctuations in liquidity, challenging environment for investment, sluggishness in business and construction sector, the impact of prolonged Russia-Ukraine war on the supply of essential goods including petroleum, increase in the prices of goods and services due to the increase in the exchange rate of foreign currency, and increasing unhealthy competition in banking sector are considered as external problems and challenges by the Bank. In such context, the bank's lending, loan recovery and interest rates will be affected that will in turn affect the profitability and consequently reduce the distribution of dividends.
- iii. Strategies Adopted by Management: The Bank's loan recovery mechanism has been made effective through digitization while the disbursement of some small loans have been automated with the use of new Artificial Intelligence (AI) based technology. Considering the recurring pressure on liquidity, the Bank has been focusing on alternative source for deposit mobilization. Necessary strategies were adopted by the Bank for cost

reduction and management so as to achieve the set goals on profitability. In addition, the Bank has paid special attention to increase investment in the productive sector, agriculture sector, and small and micro-enterprise sector thus improving the quality of its risk assets portfolio. The Bank has also adopted necessary strategy to manage the risk, developed new services based on new technology, and provided training and development programs to its human resources for enhancing their skillsets in order to create a more robust and efficient workforce.

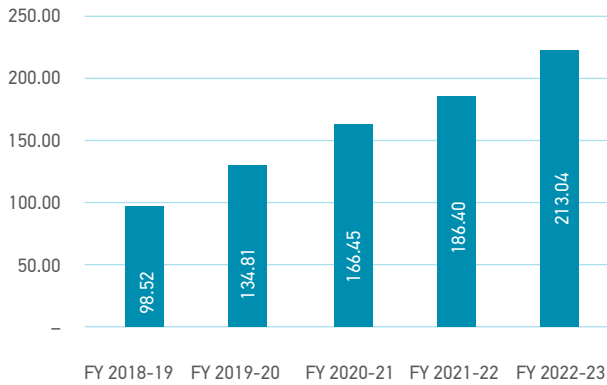
7. Corporate Governance

Details on the steps taken by the management of the Bank for the promotion of corporate governance:

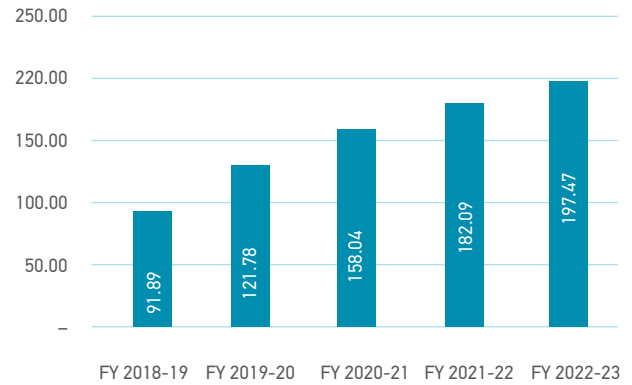
- i. Implementation of the policies adopted by the Board of Directors.
- ii. Various committees formed at the management level (such as Assets and Liability Committee, Human Resources Recruitment Committee, Credit Risk Management Committee, Corporate Governance Committee, etc.) are active.
- iii. In order to organize internal control mechanism, the Audit Committee has been meeting regularly to review and implement the suggestions given by the internal auditors in the regular audit report.
- iv. The Risk Management Committee has been meeting regularly to discuss the issues such as stress testing, adequacy of policies and rules, operational risk, etc. and following the instructions received for management.
- v. Discussions are being held from time to time by the Assets Laundering Prevention Committee emphasizing on customer identification process and issues related to this area.
- vi. Various internal policies, rules and guidelines have been formulated and implemented to manage banking transactions and minimize operational risks.
- vii. Full compliance of the directives and guidelines on good governance issued by the regulatory bodies including Nepal Rastra Bank, Securities Board, and Company Registrar's Office.
- viii. In order to maintain good governance within the Bank, a Corporate Governance Committee has been constituted and the decisions of the governance issues discussed in the meeting have been implemented. The Chief Executive officer has been given the responsibility for maintaining Corporate Governance in the Bank.

Financial Highlights

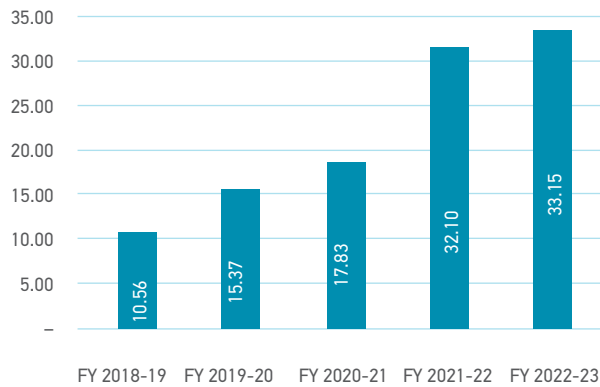
Deposit (NPR In Billion)



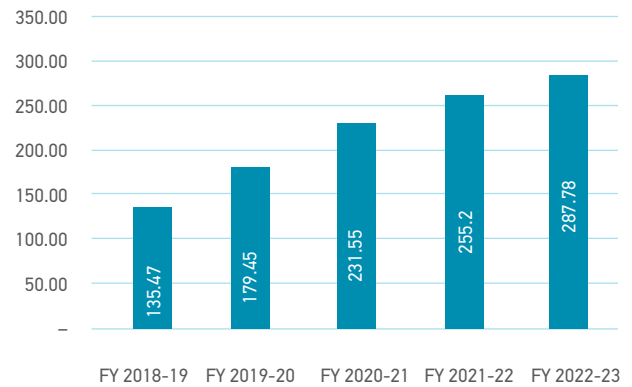
Loan and Advances (NPR Billion)



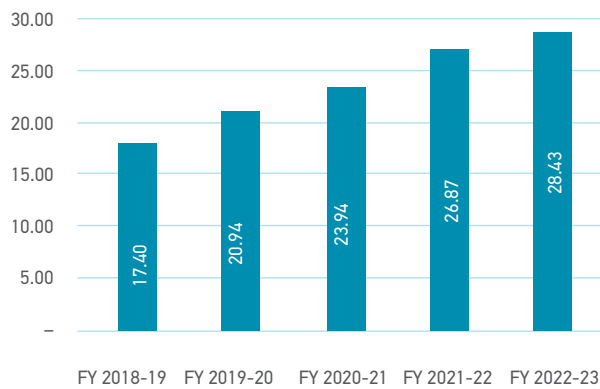
Investment (NPR Billion)



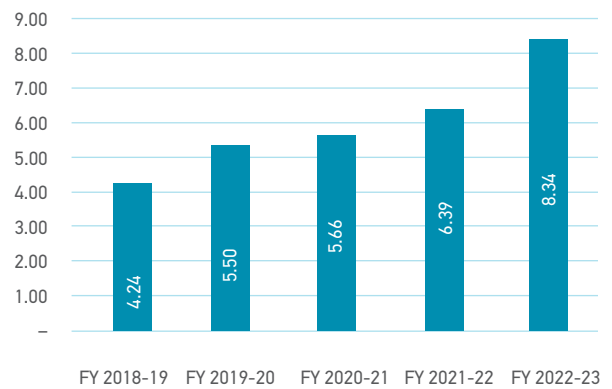
Total Assets (NPR Billion)



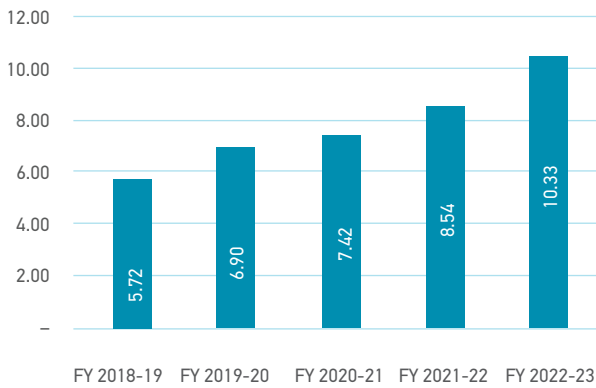
Total Shareholder's Fund (NPR Billion)



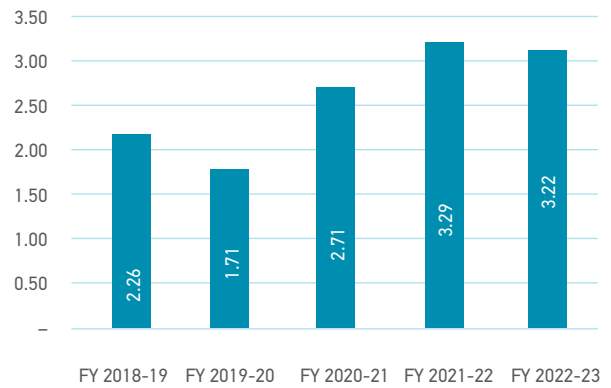
Net Interest Income (NPR. In Billion)



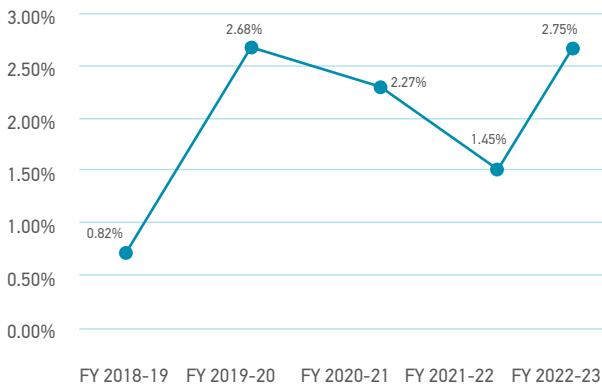
Total Operating Income (NPR Billion)



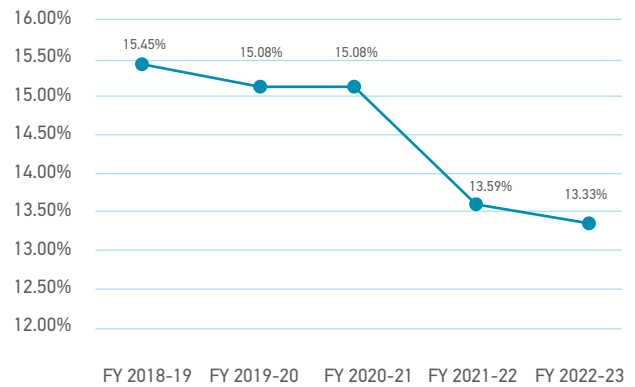
Net Profit (NPR Billion)



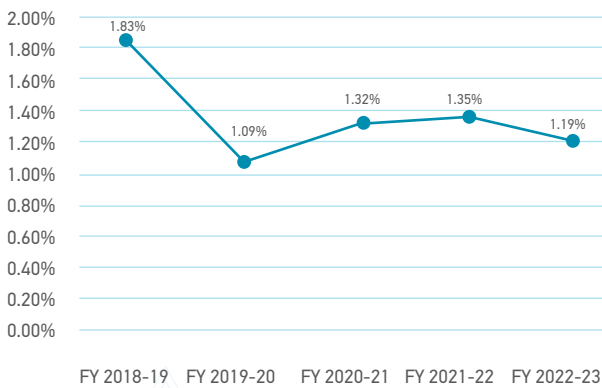
Non Performing Loan (%)



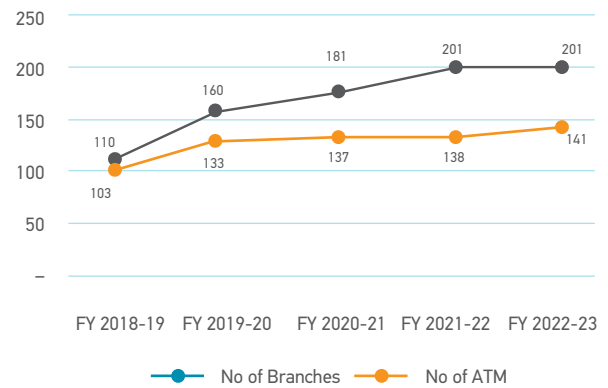
Capital Adequacy Ratio (%)



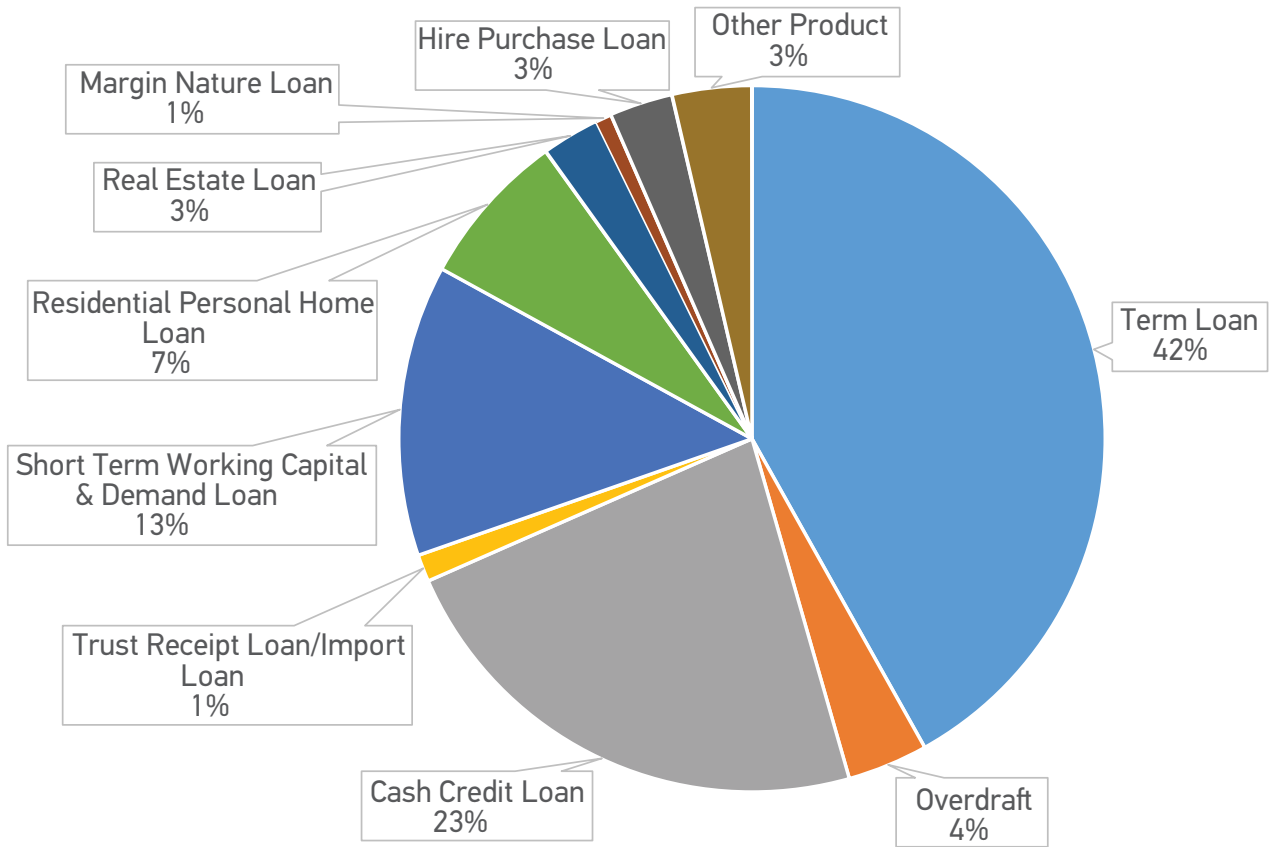
Return on Assets (%)



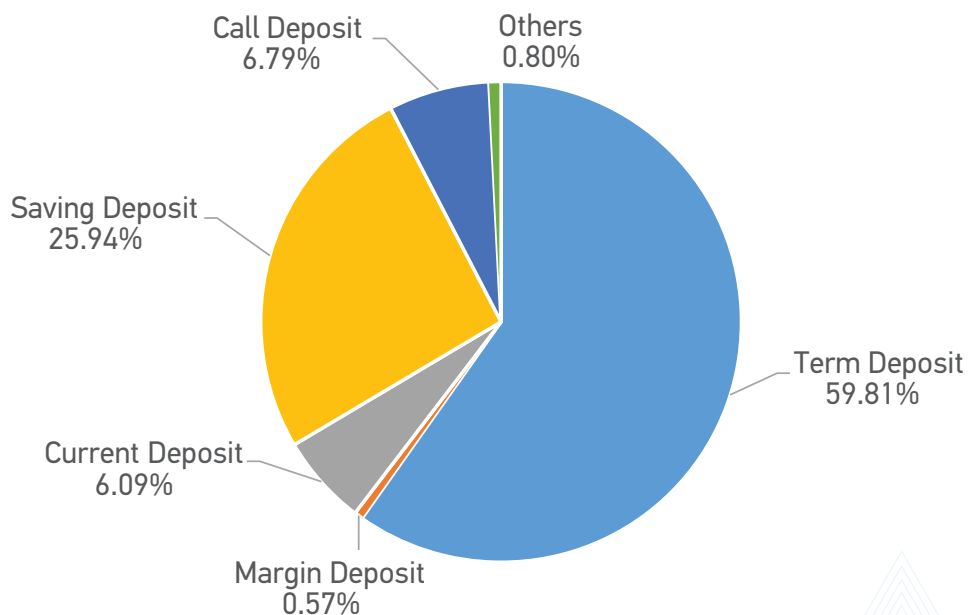
No of Branches/ATM



Loan Mix FYE 2022-23



Deposit Mix FYE 2022-23



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NMB BANK LIMITED

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of NMB Bank Limited and its subsidiaries (collectively referred as the "Group") which comprise the consolidated statement of financial position as at Ashad 31, 2080 and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the bank and the consolidated financial statements of the group present fairly, in all material respects, the financial position of the bank and the group as at Ashad 31, 2080 and its financial performance and its cash flows for the year then ended in accordance with the Nepal Financial Reporting Standards.

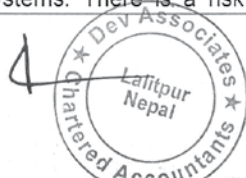
Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ICAN's *Handbook of Code of Ethics for Professional Accountants* together with the ethical requirements that are relevant to our audit of the consolidated financial statement in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's *Handbook of Code of Ethics for Professional Accountants*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

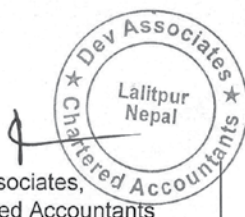
Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of current period and include the most significant assessed risk of material misstatement (whether or not due to fraud) identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summaries below the key audit matter, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of and solely for the purpose of, our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

S.N.	Key Audit Matters	Auditor's Response
1.	Information Technology	
	The Bank's key financial accounting and reporting processes are highly dependent on the automated controls over the Bank's IT systems. There is a risk that	Our audit approach regarding obtaining reliance on Bank's IT systems included the following procedures: a. We tested the design, operation and



S.N.	Key Audit Matters	Auditor's Response
	gaps in the change management, segregation of duties or user access management controls (in relation to key financial accounting and reporting systems) may undermine our ability to place some reliance thereon in our audit.	<p>effectiveness of control over granting, removal and appropriateness of access rights on the accounting and reporting system of the bank.</p> <p>b. Obtained and inspected the change management policies and for a sample of changes in inputs and control functions on the system, has been reviewed to confirm that changes had been performed in line with approved decisions.</p> <p>c. Tested a sample of the automated controls that are designed to enforce appropriate segregation of duties.</p> <p>d. We have tested a sample of outputs particularly interest income and expenses on loans and advances of the system through manual calculations.</p> <p>Our result: Based on the result of our audit approach, we found the information technology system and their controls to be adequate.</p>
2.	Interest Recognition	
	The interest income of the bank has to be recognized on accrual basis and following the Interest Income Recognition Guidelines 2019 issued by NRB. Though accrual basis of interest recognition is prescribed in general, the guideline requires suspension of interest recognition on accrual basis for loans and advances with overdue of more than 12 months whereas for loans and advances with overdue interest/installment for 3 to 12 months, interest recognition on accrual basis is limited on the basis of result of collateral testing as specified. Given the lack of system capability to suspend recognition of income on the basis of overdue status of loan and fair value of collateral as well as review of fair valuation of collateral on regular basis, manual intervention will be required in interest recognition process and hence create risk of improper application of the guidelines and determination of the Fair Value of the collateral. This may, in turn, have effect on recognition of interest income of the bank.	<p>Our audit approach regarding verification of process of interest recognition included:</p> <p>a. Obtaining clear understanding of the process of accrual of interest income on loans and advances in the Core Banking Software of the bank.</p> <p>b. For fair valuation of collateral, we relied on the latest available engineer's valuation of the collateral and have test checked the hair cut in fair value of collateral as per NRB Income Recognition guidelines 2019.</p> <p>c. Test check of the interest income booking with manual computation.</p> <p>Our result: No material exceptions were observed.</p>
3.	Impairment of Loans and Advances	
	<p>As per NRB Directive 4, bank shall measure impairment loss on loans and advances at the higher of:</p> <ul style="list-style-type: none"> ➤ Amount derived as per the norms prescribed by Nepal Rastra Bank for 	<p>Our audit approach regarding verification of impairment of loans and advances included:</p> <p>a. Review of the overdue status of loans and advances by obtaining data from the system and matched the same with the</p>

S.N.	Key Audit Matters	Auditor's Response
	<p>loan loss provision; and</p> <p>➤ Amount determined as per para 63 of NAS 39 adopting Incurred Loss Model</p> <p>As per the norms prescribed by NRB, provision at prescribed rate should be created on loans and advances based on overdue status of loans and advances as well as utilization status of the facility, status of security, borrower's whereabouts etc.</p> <p>As per NAS 39 read with NFRS 9, impairment of loans and advances should be made on individual impairment basis for loans and advances that are individually significant and collective impairment basis for homogeneous groups of loans that are not considered individually significant.</p> <p>On individual impairment, amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows. Under collective impairment, loss is determined after taking into account the Historical Loss Experience in portfolios of similar credit risk and Management's experienced judgment as to whether current economic and credit conditions are such that the actual level of inherent losses at the reporting date is like to be greater or less than that suggested by historical experience.</p> <p>Given the fact that impairment of loans and advances under incurred loss model require assessment of future cash flows as well as historical loss experiences of portfolios. Further, impairment of loans and advances under NRB norms for loan loss provisioning will require assessment of overdue status of loans and advances and proper utilization of loan for intended purpose. Hence, assessment of availability and accuracy of required data for impairment of loans and advances under incurred loss model as well as NRB provisioning norms is regarded as key audit matters.</p>	<p>NRB 2.2 report.</p> <p>b. Sample credit files were reviewed, among other things, from the perspective of utilization of loans and advances for intended purpose by way of scrutiny of financial statements, account movement, account turnover, etc.</p> <p>c. Expected future cash flows from the individually significant loans and advances with indication of impairment are assessed on the basis of realizable value of collateral securities based on management estimate.</p> <p>d. Grouping of homogeneous group of loans was assessed on the basis of nature and purpose of loans and data of historical loss experience in portfolios are assessed on the basis of past due data from the system as well as data of loan loss provisions of the defined group in the past.</p> <p>Our result: Based on the result of our audit approach, we found the classification of loans and advances to be compliant with regulatory requirement. And, no material exceptions were observed on computation of impairment on loans and advances.</p>



Dev Associates,
Chartered Accountants

KMU & Associates
Chartered Accountants

Emphasis of Matter

We draw attention to Note 4.28.5. Litigation 1(b) of the financial statements, which describes that the NMB Bank Limited has filed a writ petition in Honorable Supreme Court of Nepal on Bhadra 28, 2080 (post the current reporting period) against the provision of sections 26 and 27 of the Finance Act 2080 which require an entity to include the amount of bonus distributed from share premium recognized from further public offering; and bargain gain from merger and acquisition to income from business respectively. The NMB Bank Limited has, in previous financial years, distributed bonus from share premium recognized from further public offering issued in premium and has also been involved in merger and acquisition. Hence, the tax liability arising, if any, from the effect of sections 26 and 27 of the Finance Act 2080 is contingent upon the verdict of Honorable Supreme Court of Nepal.

Our opinion is not modified in respect of this matter

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is material misstatement of the other information; we are required to report that fact.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the prevailing accounting practices, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

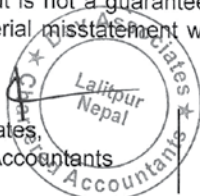
In preparing the financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or to cease operations, or has realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

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Chartered Accountants



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Chartered Accountants



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considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As a part of an audit in accordance with NSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank and its subsidiary's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank and its subsidiary's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank and its subsidiary's to cease to continue as a going concern.
- Evaluate the overall presentation, structure, content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair representation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Based on our examination of the consolidated financial statements as aforesaid, we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. The accounts and records of the bank and its subsidiaries have been maintained as required by law and practice in a manner to reflect the real affairs of the Group.
- c. The consolidated statement of financial position, consolidated statement of financial performance and the consolidated statement of cash flow dealt with by this report are in agreement with the books of account of the Group.
- d. In our opinion, so far as appeared from our examination of the books, no accounting fraud has been committed in the bank.

Dev Associates
Chartered Accountants



KMU & Associates
Chartered Accountants



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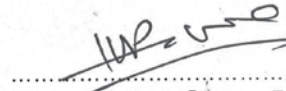
- e. In our opinion, so far as appeared from our examination of the books, the bank has maintained adequate capital funds and adequate provisions for possible impairment of assets in accordance with the directives of Nepal Rastra Bank.
- f. In our opinion and to the best of our information and according to the explanation given to us, the Board of Directors, the representative or any employee of the bank and its subsidiaries have not acted contrary to the provision of law relating to accounts nor caused direct loss or damage to the Group deliberately or acted in a manner that would jeopardized the interest and security of the Group and the business of the Group appears to have been conducted satisfactorily.



Rajnish Dahal, FCA
Managing Partner
Dev Associates,
Chartered Accountants

Place: Lalitpur, Nepal
Date: November 30, 2023

UDIN: 231130CA003230Z960



Krishna Prasad Acharya, FCA
Managing Partner
K.M.U. & Associates,
Chartered Accountants

Place: Lalitpur, Nepal
Date: November 30, 2023

UDIN: 231201CA002464Xydh

NMB Bank Limited
Consolidated Statement of Financial Position
As on 31 Ashadh, 2080 (16 July 2023)

Particulars	Note	Group		NMB	
		Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
Assets					
Cash and cash equivalent	4.1	24,711,846,600	13,328,689,050	23,958,279,935	12,787,637,052
Due from Nepal Rastra Bank	4.2	15,086,500,883	13,774,313,630	15,059,500,883	13,747,313,630
Placement with Bank and Financial Institutions	4.3	755,846,186	3,782,288,743	755,846,186	3,782,288,743
Derivative financial instruments	4.4	10,850,079,131	5,293,773,328	10,850,079,131	5,293,773,328
Other trading assets	4.5	117,486,216	25,228,531	24,750,000	-
Loan and advances to B/FIs	4.6	7,116,529,163	5,920,094,816	7,116,529,163	5,920,094,816
Loans and advances to customers	4.7	192,803,782,475	179,544,980,682	189,035,400,388	174,948,356,284
Investment securities	4.8	32,920,879,704	32,008,951,753	32,374,914,828	31,724,846,753
Current tax assets	4.9	63,370,306	54,121,104	44,947,624	55,328,905
Investment in subsidiaries	4.10	-	-	772,487,600	372,487,600
Investment in associates	4.11	-	-	-	-
Investment property	4.12	697,707,520	295,161,520	697,707,520	295,161,520
Property and equipment	4.13	1,874,386,622	1,816,283,677	1,752,799,263	1,764,130,341
Goodwill and Intangible assets	4.14	183,953,012	232,050,768	178,689,829	226,513,150
Deferred tax assets	4.15	453,510,601	347,278,753	448,411,030	338,964,764
Other assets	4.16	4,822,587,351	4,042,756,156	4,706,797,314	3,893,713,394
Total Assets		292,458,465,770	260,465,972,511	287,777,140,694	255,150,610,280
	Note	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Liabilities					
Due to Bank and Financial Institutions	4.17	2,737,257,510	2,082,436,338	2,737,257,510	2,082,436,338
Due to Nepal Rastra Bank	4.18	3,285,987,203	8,996,366,529	3,285,987,203	8,996,366,529
Derivative financial instruments	4.19	11,060,344,567	5,351,098,092	11,060,344,567	5,351,098,092
Deposits from customers	4.20	211,559,440,640	186,501,125,826	210,304,687,147	184,817,106,463
Borrowing	4.21	16,381,535,805	14,745,015,751	14,814,903,379	12,997,400,000
Current Tax Liabilities	4.9	-	-	-	-
Provisions	4.22	1,630,787	1,600,016	-	-
Deferred tax liabilities	4.15	10,502,497	22,211,034	-	-
Other liabilities	4.23	5,926,501,955	6,609,408,428	5,227,597,491	5,907,387,378
Debt securities issued	4.24	11,911,942,000	8,127,853,522	11,911,942,000	8,127,853,522
Subordinated Liabilities	4.25	-	-	-	-
Total liabilities		262,875,142,964	232,437,115,536	259,342,719,296	228,279,648,322
Equity					
Share capital	4.26	18,366,705,959	18,366,705,959	18,366,705,959	18,366,705,959
Share premium		37,216,210	37,216,210	-	-
Retained earnings		1,612,243,465	2,009,904,650	1,140,830,240	1,550,781,367
Reserves	4.27	9,064,536,984	7,076,559,779	8,926,885,198	6,953,474,633
Total equity attributable to equity holders		29,080,702,619	27,490,386,599	28,434,421,397	26,870,961,958
Non-controlling interest		502,620,187	538,470,376	-	-
Total equity		29,583,322,806	28,028,856,975	28,434,421,397	26,870,961,958
Total liabilities and equity		292,458,465,770	260,465,972,511	287,777,140,694	255,150,610,280
Contingent liabilities and commitment	4.28	179,738,470,926	157,436,300,976	179,738,470,926	157,435,700,976
Net Assets Value per share		158.33	149.68	154.82	146.30

As per our attached report of even date

Sunil K.C.
CEO

Pawan Kumar Golyan
Chairman

Krishna Prasad Acharya, FCA
Managing Partner
For, K.M.U & Associates
Chartered Accountants

Rajnish Dahal, FCA
Managing Partner
For, Dev Associaes
Chartered Accountants

Nico Pijl
Director

Jeevan Kumar Katwal
Director

Yogendra Lal Pradhan
Director

Uttam Bhlon
Director

Sirish Kumar Murarka
Director

Bandana pathak
Director

Mridul Parajuli
Head-Finance & Planning

Date:
Place:

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

Particulars	Note	Group		NMB	
		Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
Interest income	4.29	27,285,731,788	20,001,353,542	26,622,460,214	19,168,862,594
Interest expense	4.30	18,597,031,165	13,089,558,723	18,290,000,292	12,781,322,752
Net interest income		8,688,700,623	6,911,794,819	8,342,459,922	6,387,539,842
Fee and commission income	4.31	2,117,360,813	1,960,918,135	1,833,472,617	1,689,472,559
Fee and commission expense	4.32	288,837,761	216,241,035	286,611,105	216,241,035
Net fee and commission income		1,828,523,052	1,744,677,100	1,546,861,512	1,473,231,524
Net interest, fee and commission income		10,517,223,675	8,656,471,919	9,889,321,434	7,860,771,366
Net trading income	4.33	241,554,736	271,732,943	236,285,430	272,406,509
Other operating income	4.34	209,793,523	410,387,403	204,146,509	406,766,685
Total operating income		10,968,571,934	9,338,592,265	10,329,753,373	8,539,944,560
Impairment charge/(reversal) for loans and other losses	4.35	1,517,656,677	(25,938,691)	1,453,820,570	(37,225,724)
Net operating income		9,450,915,257	9,364,530,956	8,875,932,803	8,577,170,284
Operating expense					
Personnel expenses	4.36	2,980,386,533	2,805,540,864	2,689,175,176	2,539,345,989
Other operating expenses	4.37	1,318,834,666	1,238,112,615	1,192,033,693	1,087,916,122
Depreciation & Amortisation	4.38	358,138,170	305,407,643	319,402,402	290,521,503
Operating Profit		4,793,555,889	5,015,469,834	4,675,321,533	4,659,386,670
Non operating income	4.39	9,985,780	2,656,853	9,985,780	2,656,853
Non operating expense	4.40	76,610,798	46,951,676	76,148,097	46,755,749
Profit before income tax		4,726,930,871	4,971,175,011	4,609,159,216	4,615,287,774
Income tax expense	4.41				
Current Tax		1,471,330,376	1,535,394,400	1,434,847,884	1,435,199,261
Deferred Tax expense/(Income)		(41,077,659)	(106,845,899)	(48,235,961)	(111,005,657)
Profit for the period		3,296,678,153	3,542,626,510	3,222,547,292	3,291,094,170
Profit attributable to:					
Equity holders of the Bank		3,309,455,889	3,470,516,417	3,222,547,292	3,291,094,170
Non-controlling interest		(12,777,736)	72,110,093	-	-
Profit for the period		3,296,678,153	3,542,626,510	3,222,547,292	3,291,094,170
Earnings per share					
Basic earnings per share (BEPS)		17.95	18.90	17.55	17.92
Diluted earnings per share (DEPS)		17.95	18.90	17.55	17.92

As per our attached report of even date

Sunil K.C.
CEO

Pawan Kumar Golyan
Chairman

Krishna Prasad Acharya, FCA
Managing Partner
For, K.M.U & Associates
Chartered Accountants

Rajnish Dahal, FCA
Managing Partner
For, Dev Associaes
Chartered Accountants

Nico Pijl
Director

Jeevan Kumar Katwal
Director

Yogendra Lal Pradhan
Director

Uttam Bhlon
Director

Sirish Kumar Murarka
Director

Bandana pathak
Director

Mridul Parajuli
Head-Finance & Planning

Date:

Place:

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

Particulars	Note	Group		NMB	
		Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
Profit for the year		3,296,678,153	3,542,626,510	3,222,547,292	3,291,094,170
Other comprehensive income, net of income tax					
a) Items that will not be reclassified to profit or loss					
- Gains/(losses) from investments in equity instruments measured at fair value		(149,471,216)	161,595,943	(148,285,926)	167,948,443
- Gains/(losses) on revaluation		-	-	-	-
- Actuarial gains/(losses) on defined benefit plans		(54,853,731)	(43,488,099)	(55,748,427)	(44,056,108)
- Income tax relating to above items		61,297,484	(19,315,111)	61,210,306	(21,050,458)
Net other comprehensive income that will not be reclassified to profit or loss		(143,027,463)	98,792,733	(142,824,047)	102,841,877
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		-	-	-	-
- Reclassify to profit or loss		-	-	-	-
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		(143,027,463)	98,792,733	(142,824,047)	102,841,877
Total comprehensive income for the period		3,153,650,691	3,641,419,243	3,079,723,246	3,393,936,046
Total comprehensive income attributable to:					
Equity holders of the Bank		3,166,428,427	3,568,714,298	3,079,723,246	3,393,936,046
Non-controlling interest		(12,777,736)	72,704,944	-	-
Total comprehensive income for the period		3,153,650,691	3,641,419,243	3,079,723,246	3,393,936,046

As per our attached report of even date

Sunil K.C.
CEO

Pawan Kumar Golyan
Chairman

Krishna Prasad Acharya, FCA
Managing Partner
For, K.M.U & Associates
Chartered Accountants

Rajnish Dahal, FCA
Managing Partner
For, Dev Associaes
Chartered Accountants

Nico Pijl
Director

Jeevan Kumar Katwal
Director

Yogendra Lal Pradhan
Director

Uttam Bhlon
Director

Sirish Kumar Murarka
Director

Bandana pathak
Director

Mridul Parajuli
Head-Finance & Planning

Date:
Place:

NMB Bank Limited

Consolidated Statement of changes in equity (Draft) For the year ended 31 Ashadh, 2080 (16 July 2023)

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 15 July 2021	16,325,960,853	37,216,210	3,692,361,466	125,183,083	1,027,264,530	174,584,121	-	2,868,079,150	170,780,663.8	24,421,430,077	4,66,605,880	24,888,035,957
Adjustment/Restatement	-	-	-	-	18,219,071	13,940,460	-	(142,019)	(13,940,460)	18,077,052	-	18,077,052
Prior Period Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at 16 July 2021	16,325,960,853	37,216,210	3,692,361,466	125,183,083	1,045,483,601	188,524,581	-	2,867,937,131	156,840,204	24,439,507,128	4,66,605,880	24,906,113,009
Comprehensive income for the year 2021-22	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	3,470,516,417	-	3,470,516,417	72,110,093	3,542,626,510
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Gain/(Loss) from Investment in Equity Instrument measured at Fair Value	-	-	-	-	-	129,234,402	-	-	-	129,234,402	-	129,234,402
Gain/(Loss) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial Gain/(Loss) on defined benefit plans	-	-	-	-	-	-	-	-	(31,036,521)	(31,036,521)	594,852	(30,441,669)
Gain/(Loss) on Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Gain/(Loss) (arising from translating Financial Assets of Foreign Operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	129,234,402	-	3,470,516,417	(31,036,521)	3,568,714,298	72,704,944	3,641,419,243
Transfer to reserves during the year	-	-	686,146,087	17,025,407	49,670,495	-	-	(1,835,562,865)	650,138,980	14,452,547	14,397,443	28,849,990
General Reserve Fund	-	-	686,146,087	-	-	-	-	(682,523,712)	-	3,622,375	13,028,284	16,650,658
Debtore Redemption Reserve	-	-	-	-	-	-	-	(566,666,379)	566,666,379	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	(50,000,000)	50,000,000	-	-	-
Exchange Fluctuation Fund	-	-	-	17,025,407	-	-	-	(17,025,407)	-	-	-	-
Actuary Adjustment- NIMBCL	-	-	-	-	-	-	-	-	816,377	816,377	-	816,377

Particulars	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair value reserve	Revaluation Reserve	Retained earnings	Other reserve	Total	Non-controlling interest	Total equity
Customer Protection Fund	-	-	-	-	-	-	-	(678,003)	678,003	-	(651,414)	(651,414)
Regulatory Reserve	-	-	-	-	496,704,958	-	-	(496,704,958)	-	-	-	-
Corporate Social Responsibility Fund	-	-	-	-	-	-	-	(678,003)	9,266,754	8,588,751	651,414	9,240,165
Staff Skill Development Fund	-	-	-	-	-	-	-	(20,286,424)	21,711,468	1,425,044	1,369,160	2,794,203
NMB Staff Relief Fund	-	-	-	-	-	-	-	(1,000,000)	1,000,000	-	-	-
Transfer from reserves during the year	-	-	-	-	-	(55,627,562)	-	53,724,140	(1,774,378)	(3,677,800)	(304,141)	(3,981,941)
Fair Value Reserve - Sale of Investment	-	-	-	-	-	(53,724,140)	-	53,724,140	-	-	-	-
Fair Value Adjustment NMBCL	-	-	-	-	-	(1,903,422)	-	-	-	(1,903,422)	-	(1,903,422)
Other Reserve NMBCL	-	-	-	-	-	-	-	-	(349,876)	(349,876)	-	(349,876)
Corporate Social Responsibility Fund	-	-	-	-	-	-	-	-	(1,107,947)	(1,107,947)	-	(1,107,947)
Customer Protection Fund	-	-	-	-	-	-	-	-	(316,555)	(316,555)	(304,141)	(620,696)
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Merger	-	-	-	-	-	-	-	-	-	-	-	-
Recognition of Goodwill	-	-	-	-	-	-	-	-	72,829,139	72,829,139	-	72,829,139
Bonus Share Issue of NMBMF	-	-	-	-	-	-	-	7,432,002	-	7,432,002	-	7,432,002
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Bonus issue of NMBMF	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	2,040,745,107	-	-	-	-	-	-	(2,012,270,206)	(87,664,500)	(59,189,599)	-	(59,189,599)
Cash dividend paid	-	-	-	-	-	-	-	(541,871,950)	(7,809,168)	(549,681,118)	(14,933,751)	(564,614,869)
Total contributions by and distributions	2,040,745,107	-	-	-	-	-	-	(2,546,710,154)	(22,644,529)	(528,609,576)	(14,933,751)	(563,543,327)
Balance at 16 July 2022	18,366,705,959	37,216,210	4,378,507,553	142,208,489	1,542,188,558	262,131,421	-	2,009,904,650	751,523,757	27,490,386,599	538,470,376	28,028,856,975
Balance at 16 July 2022	18,366,705,959	37,216,210	4,378,507,553	142,208,489	1,542,188,558	262,131,421	-	2,009,904,650	751,523,757	27,490,386,599	538,470,376	28,028,856,975

Particulars	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair value reserve	Revaluation Reserve	Retained earnings	Other reserve	Total	Non-controlling interest	Total equity
Adjustment/Restatement	-	-	902,088	-	-	-	-	(4,276,152)	(3,677,607)	(7,051,671)	(31,186,593)	(38,238,264)
Prior Period Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at 17 July 2022	18,366,705,959	37,216,210	4,379,409,642	142,208,489	1,542,188,558	262,131,421	-	2,005,628,498	747,846,149	27,483,334,927	507,283,784	27,990,618,711
Comprehensive income for the year 2022-23	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	3,309,455,889	-	3,309,455,889	(12,777,736)	3,296,678,154
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Gain/(Loss) from Investment in Equity Instrument measured at Fair Value	-	-	-	-	-	(104,629,851)	-	-	-	(104,629,851)	-	(104,629,851)
Gain/(Loss) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial Gain/(Loss) on defined benefit plans	-	-	-	-	-	-	-	-	(38,397,612)	(38,397,612)	-	(38,397,612)
Gain/(Loss) on Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Gain/(Loss) (arising from translating Financial Assets of Foreign Operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	(104,629,851)	-	3,309,455,889	(38,397,612)	3,166,428,427	(12,777,736)	3,153,650,691
Transfer to reserve during the year	-	-	644,509,458	14,767,839	929,685,076	-	-	(2,162,033,411)	594,817,813	21,746,776	8,114,139	29,860,915
General Reserve Fund	-	-	644,509,458	-	-	-	-	(644,509,458)	-	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	14,767,839	-	-	-	(14,767,839)	-	-	-	-
Customer Protection Fund	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Social Responsibility Fund	-	-	-	-	-	-	-	-	23,383,628	23,383,628	-	23,383,628
Regulatory Reserve	-	-	-	-	929,685,076	-	-	(929,685,076)	-	-	8,114,139	8,114,139
Actuary Adjustment- NMBCL	-	-	-	-	-	-	-	-	(626,287)	(626,287)	-	(626,287)
NMB Staff Relief Fund	-	-	-	-	-	-	-	(1,010,565)	-	(1,010,565)	-	(1,010,565)
Staff Skill Development Fund	-	-	-	-	-	-	-	(5,394,094)	5,394,094	-	-	-
Debtore Redemption Reserve	-	-	-	-	-	-	-	(566,666,379)	566,666,379	-	-	-

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
Transfer from reserve during the year	-	-	-	-	-	-	-	50,000,000	(50,000,000)	-	-	-
Fair Value Reserve - Sale of Investment	-	-	-	-	-	-	-	-	-	-	-	-
Fair Value Adjustment NMBCL	-	-	-	-	-	-	-	-	-	-	-	-
Other Reserve NMBCL	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Social Responsibility Fund	-	-	-	-	-	-	-	-	-	-	-	-
Customer Protection Fund	-	-	-	-	-	-	-	-	-	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	50,000,000	(50,000,000)	-	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Share Issue of NMBMF	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	(33,449,006)	-	(33,449,006)	-	(33,449,006)
Cash dividend paid	-	-	-	-	-	-	-	(1,557,358,505)	-	(1,557,358,505)	-	(1,557,358,505)
Others	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	-	-	-	-	-	-	-	(1,590,807,511)	-	(1,590,807,511)	-	(1,590,807,511)
Balance at 16 July 2023	18,366,705,959	37,216,210	5,023,919,100	156,976,329	2,471,873,634	157,501,570	-	1,612,243,465	1,254,266,351	29,080,702,619	502,620,187	29,583,322,806

NMB Bank Limited
Consolidated Statement of changes in equity
For the year ended 31 Ashadh, 2080 (16 July 2023)

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 15 July 2021	16,325,960,853	-	3,647,757,834	125,183,083	1,027,264,530	174,584,121	-	2,515,343,348	127,680,687	23,943,774,456	-	23,943,774,455
Adjustment/Restatements	-	-	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-	-	-	179,026	-	179,026	-	179,026
Adjusted/Restated balance at 16 July 2021	16,325,960,853	-	3,647,757,834	125,183,083	1,027,264,530	174,584,121	-	2,515,522,374	127,680,687	23,943,953,482	-	23,943,953,481
Comprehensive income for the year 2021-22	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	3,291,094,170	-	3,291,094,170	-	3,291,094,170
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Gain/(Loss) from Investment in Equity Instrument measured at Fair Value	-	-	-	-	-	133,681,152	-	-	-	133,681,152	-	133,681,152
Gain/(Loss) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial Gain/(Loss) on defined benefit plans	-	-	-	-	-	-	-	-	(30,839,276)	(30,839,276)	-	(30,839,276)
Gain/(Loss) on Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Gain/(Loss) (arising from translating Financial Assets of Foreign Operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	133,681,152	-	3,291,094,170	(30,839,276)	3,393,936,046	-	3,393,936,046
Transfer to reserve during the year	-	-	668,963,662	17,025,407	486,238,069	-	-	(1,817,722,003)	645,494,866	-	-	-
General Reserve Fund	-	-	668,963,662	-	-	-	-	(668,963,662)	-	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	(60,000,000)	50,000,000	-	-	-
Exchange Fluctuation Fund	-	-	-	17,025,407	-	-	-	(17,025,407)	-	-	-	-
Corporate Social Responsibility Fund	-	-	-	-	-	-	-	(7,542,062)	7,542,062	-	-	-
Staff Skill Development Fund	-	-	-	-	-	-	-	(20,286,424)	20,286,424	-	-	-
Regulatory Reserve	-	-	-	-	486,238,069	-	-	(486,238,069)	-	-	-	-
NMB Staff Relief Fund	-	-	-	-	-	-	-	(1,000,000)	1,000,000	-	-	-
Debenture Redemption Reserve	-	-	-	-	-	-	-	(566,666,379)	566,666,379	-	-	-
Transfer from reserve during the year	-	-	-	-	-	(53,724,140)	-	53,724,140	(1,000,000)	(1,000,000)	-	(1,000,000)
Fair Value Reserve - Sale of Investment	-	-	-	-	-	(53,724,140)	-	53,724,140	-	-	-	-
NMB Staff Relief Fund	-	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-

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
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill Recognition	-	-	-	-	-	-	-	-	72,829,139	72,829,139	-	72,829,139
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	2,040,745,107	-	-	-	-	-	-	(1,953,080,607)	(87,664,500)	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(538,756,708)	-	(538,756,708)	-	(538,756,708)
Others	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	2,040,745,107	-	-	-	-	-	-	(2,491,837,315)	(14,835,361)	(465,927,569)	-	(465,927,569)
Balance at 16 July 2022	18,366,705,959	-	4,316,721,496	142,208,489	1,513,502,599	254,541,133	-	1,550,781,367	726,500,916	26,870,961,959	-	26,870,961,958
Balance at 16 July 2022	18,366,705,959	-	4,316,721,496	142,208,489	1,513,502,599	254,541,133	-	1,550,781,367	726,500,916	26,870,961,959	-	26,870,961,958
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at 17 July 2022	18,366,705,959.32	-	4,316,721,496	142,208,489	1,513,502,599	254,541,133	-	1,550,781,367	726,500,916	26,870,961,959	-	26,870,961,958
Comprehensive income for the year 2022-23	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	3,222,547,292	-	3,222,547,292	-	3,222,547,292
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Gain/(Loss) from Investment in Equity Instrument measured at Fair Value	-	-	-	-	-	(103,800,148)	-	-	-	(103,800,148)	-	(103,800,148)
Gain/(Loss) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial Gain/(Loss) on defined benefit plans	-	-	-	-	-	-	-	-	(39,023,899)	(39,023,899)	-	(39,023,899)
Gain/(Loss) on Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Gain/(Loss) (arising from translating Financial Assets of Foreign Operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	(103,800,148)	-	3,222,547,292	(39,023,899)	3,079,723,246	-	3,079,723,246
Transfer to reserve during the year	-	-	644,509,458	14,767,839	912,003,106	-	-	(2,167,245,177)	594,954,208	(1,010,565)	-	(1,010,565)
General Reserve Fund	-	-	644,509,458	-	-	-	-	(644,509,458)	-	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	14,767,839	-	-	-	(14,767,839)	-	-	-	-
Corporate Social Responsibility Fund	-	-	-	-	-	-	-	(22,893,736)	22,893,736	-	-	-
Customer Protection Fund	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Tax Reserve	-	-	-	-	-	-	-	-	-	-	-	-

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
Staff Skill Development Fund	-	-	-	-	-	-	-	(5,394,094)	5,394,094	-	-	-
Regulatory Reserve	-	-	-	-	912,003,106	-	-	(912,003,106)	-	-	-	-
NMB Staff Relief Fund	-	-	-	-	-	-	-	(1,010,565)	-	(1,010,565)	-	(1,010,565)
Debtenture Redemption Reserve	-	-	-	-	-	-	-	(566,666,379)	566,666,379	-	-	-
Transfer from reserve during the year	-	-	-	-	-	-	-	50,000,000	(50,000,000)	-	-	-
Fair Value Reserve - Sale of Investment	-	-	-	-	-	-	-	-	-	-	-	-
Debtenture Redemption Reserve	-	-	-	-	-	-	-	-	-	-	-	-
NMB Staff Relief Fund	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Social Responsibility Fund	-	-	-	-	-	-	-	-	-	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	50,000,000	(50,000,000)	-	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(1,515,253,242)	-	(1,515,253,242)	-	(1,515,253,242)
Others	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	-	-	-	-	-	-	-	(1,515,253,242)	-	(1,515,253,242)	-	(1,515,253,242)
Balance at 16 July 2023	18,366,705,959	-	4,961,230,955	156,976,329	2,425,505,705	150,740,985	-	1,140,830,240	1,232,431,226	28,434,421,398	-	28,434,421,398

Sunil K.C.
CEO

Pawan Kumar Golyan
Chairman

Krishna Prasad Acharya, FCA
Managing Partner
For, K.M.U & Associates
Chartered Accountants

Rajnish Dahal, FCA
Managing Partner
For, Dev Associates
Chartered Accountants

Nico Pijl
Director

Jeevan Kumar Katwal
Director

Yogendra Lal Pradhan
Director

Uttam Bhlon
Director

Sirish Kumar Murarka
Director

Bandana pathak
Director

Mridul Parajuli
Head-Finance & Planning

Date:
Place:

As per our attached report of even date

NMB Bank Limited
Consolidated Statement of Cash Flows
For the year ended 31 Ashadh, 2080 (16 July 2023)

Particulars	Group		NMB	
	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	23,533,415,636	18,234,456,145	22,805,098,433	17,405,394,443
Fees and other income received	2,038,193,416	1,830,722,247	1,840,653,913	1,568,600,174
Dividend received	-	6,250,008	-	-
Receipts from other operating activities	273,041,872	348,183,077	262,447,783	275,027,954
Interest paid	(19,271,763,316)	(12,701,373,236)	(18,815,188,171)	(12,313,716,698)
Commission and fees paid	(284,654,056)	(215,870,497)	(284,654,056)	(215,870,497)
Cash payment to employees	(2,306,243,652)	(3,135,994,611)	(2,064,033,021)	(2,894,083,451)
Other expense paid	(1,257,787,925)	(1,218,576,062)	(1,103,878,368)	(1,053,207,767)
Operating cash flows before changes in operating assets and liabilities	2,724,201,974	3,147,797,071	2,640,446,514	2,772,144,159
(Increase)/Decrease in operating assets				
Due from Nepal Rastra Bank	(1,312,167,203)	5,474,205,795	(1,312,167,203)	5,471,205,795
Placement with bank and financial institutions	(209,061,000)	2,487,937,937	(209,061,000)	2,487,937,937
Other trading assets	(24,750,000)	(22,551,071)	(24,750,000)	2,660,000
Loan and advances to bank and financial institutions	(1,191,985,976)	(711,021,424)	(1,191,985,976)	(711,021,424)
Loans and advances to customers	(13,702,695,070)	(25,092,306,589)	(14,602,290,616)	(24,348,951,375)
Other assets	(343,875,170)	(969,659,865)	57,778,780	(920,615,741)
Total	(16,784,534,418)	(18,833,395,217)	(17,282,476,014)	(18,018,784,808)
Increase/(Decrease) in operating liabilities				
Due to bank and financial institutions	1,166,762,512	(475,157,553)	1,166,762,512	(475,157,553)
Due to Nepal Rastra Bank	(5,710,379,325)	1,398,384,484	(5,710,379,325)	1,398,384,484
Deposit from customers	25,029,490,266	20,737,726,127	25,475,639,343	20,420,898,789
Borrowings	1,499,400,435	5,761,807,244	1,817,503,379	5,553,590,000
Other liabilities	456,214,769	477,744,808	169,963,183	466,996,061
Net cash flow from operating activities before tax paid	22,441,488,655	27,900,505,109	22,919,489,092	27,364,711,781
Income taxes paid	(1,428,846,104)	(1,489,757,584)	(1,398,846,104)	(1,396,448,052)
Net cash flow from operating activities	6,952,310,107	10,725,149,379	6,878,613,488	10,721,623,081
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(40,817,799,493)	(33,256,813,109)	(40,410,128,200)	(33,256,813,109)
Receipts from sale of investment securities	41,210,959,951	18,352,260,371	40,882,957,491	18,332,995,235
Purchase of property and equipment	(280,628,202)	(355,726,404)	(257,495,869)	(324,801,330)
Receipt from the sale of property and equipment	19,385,746	119,700,030	19,385,746	119,700,030
Purchase of intangible assets	(8,835,881)	(93,949,929)	(9,047,260)	(93,949,929)
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	(405,186,000)	(224,323,260)	(405,186,000)	(224,323,260)
Receipt from the sale of investment properties	-	27,104,000	-	27,104,000
Investment in subsidiaries, associates & joint ventures	(400,000,000)	-	(400,000,000)	-
Interest received	2,211,611,462	1,199,748,360	2,211,611,462	1,199,748,360
Dividend received	116,113,909	142,201,528	116,113,909	142,201,528
Net cash used in investing activities	1,645,621,492	(14,089,798,412)	1,748,211,279	(14,078,138,474)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities	4,000,000,000	2,727,437,000	4,000,000,000	2,727,437,000

Particulars	Group		NMB	
	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
Repayment of debt securities	-	-	-	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	200,000,000	-	-	-
Dividends paid	(1,515,253,242)	(544,865,026)	(1,515,253,242)	(538,756,708)
Interest paid	-	-	-	-
Other receipt/payment	41,407,835	-	-	-
Net cash from financing activities	2,726,154,594	2,182,571,974	2,484,746,758	2,188,680,292
Net increase (decrease) in cash and cash equivalents	11,324,086,193	(1,182,077,059)	11,111,571,525	(1,167,835,101)
Cash and cash equivalents at the beginning of the year	13,328,689,050	14,442,664,482	12,787,637,052	13,887,370,526
Cash and cash equivalents acquired from the merger	-	-	-	-
Effect of exchange rate fluctuations on cash and cash equivalents held	59,071,357	68,101,627	59,071,357	68,101,627
Cash and cash equivalents at the end of the year	24,711,846,600	13,328,689,050	23,958,279,935	12,787,637,052

As per our attached report of even date

Sunil K.C.
CEO

Pawan Kumar Golyan
Chairman

Krishna Prasad Acharya, FCA
Managing Partner
For, K.M.U & Associates
Chartered Accountants

Rajnish Dahal, FCA
Managing Partner
For, Dev Associaes
Chartered Accountants

Nico Pijl
Director

Jeevan Kumar Katwal
Director

Yogendra Lal Pradhan
Director

Uttam Bhlon
Director

Sirish Kumar Murarka
Director

Bandana pathak
Director

Mridul Parajuli
Head-Finance & Planning

Date:
Place:

NMB Bank Limited
Statement of distributable profit or loss
For the year ended 31 Ashadh, 2080 (16 July 2023)
(As per NRB Regulation)

Particulars	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Net Profit or Loss as per Statement of profit or loss	3,222,547,292	3,291,094,170
1. Appropriations:		
a. General Reserve	(644,509,458)	(668,963,662)
b. Capital (Debenture) Redemption Reserve	(566,666,379)	(566,666,379)
c. Exchange Fluctuation Fund	(14,767,839)	(17,025,407)
d. Corporate Social Responsibility Fund	(22,893,736)	(7,542,062)
e. Employees' Training Fund	(5,394,094)	(20,286,424)
f. Other	48,989,435	2,724,140
Profit or (Loss) before regulatory adjustment	2,017,305,221	2,013,334,376
Regulatory Adjustment:		
a. Interest receivable (-)/previous accrued interest received (+)	(509,464,247)	(241,195,461)
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 (+)	(253,603,980)	(124,248,134)
e. Deferred tax assets recognised (-)/ reversal (+)	(109,910,979)	(89,955,199)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	(39,023,899)	(30,839,276)
i. Other	-	-
Net Profit for the quarter ended Asadh 31, 2080 available for distribution	1,105,302,115	1,527,096,307
Opening Retained Earning as on Shrawan 1, 2079	1,550,781,367	2,515,343,348
Adjustment (+/-)	-	179,026
Distribution:		
Bonus shares issued	-	(1,953,080,607)
Cash Dividend Paid	(1,515,253,242)	(538,756,708)
Total Distributable profit or (loss) as on quarter ended Asadh 31,2080	1,140,830,240	1,550,781,367
Annualised Distributable Profit/Loss per share	6.21	8.44

NMB Bank Limited
Notes to Consolidated Financial Statements
For the year ended 31 Ashadh, 2080 (16 July 2023)

Cash and cash equivalent

4.1

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Cash in hand	4,840,262,621	4,829,184,541	4,838,527,230	4,821,253,769
Balances with B/FIs	3,617,881,489	3,253,160,623	2,990,111,397	2,942,719,622
Money at call and short notice	608,745,559	1,478,285,425	484,684,376	1,255,605,200
Other	15,644,956,932	3,768,058,462	15,644,956,932	3,768,058,462
Total	24,711,846,600	13,328,689,050	23,958,279,935	12,787,637,052

The fair value of cash is the carrying amount. Cash and cash equivalent comprise the total amount of cash-in-hand, balances with other bank and financial institutions, money at call and short notice, treasury bills and placements having original maturity of three months or less than three months.

Cash at vault is adequately insured for physical and financial risks. The amount of cash at vault is maintained on the basis of the regulatory, liquidity and business requirements. Cash held in FCY is subject to risk of changes in the foreign exchange rates. These are closely monitored, and risks, if identified, are promptly managed. The income on these assets is credited to statement of profit or loss under interest income.

Due from Nepal Rastra Bank

4.2

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Statutory balances with NRB	11,569,721,798	9,671,760,858	11,542,721,798	9,644,760,858
Securities purchased under resale agreement	-	-	-	-
Other deposit and receivable from NRB	3,516,779,085	4,102,552,772	3,516,779,085	4,102,552,772
Total	15,086,500,883	13,774,313,630	15,059,500,883	13,747,313,630

The fair value of balance with the central bank and other deposits at NRB is the carrying amount.

Balance with the central bank is principally maintained as a part of the regulatory cash reserve ratio required by the central bank. There are regulatory and liquidity restrictions placed on the level of balance with the central bank. The other receivable from NRB is receivable of Li.Ka Accounts of Government bodies. Due from Nepal Rastra Bank is subsequently also measured at amortised cost.

Placements with Bank and Financial Institutions

4.3

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Placement with domestic B/FIs	-	3,782,288,743	-	3,782,288,743
Placement with foreign B/FIs	755,846,186	-	755,846,186	-
Less: Allowances for impairment	-	-	-	-
Total	755,846,186	3,782,288,743	755,846,186	3,782,288,743

These assets are measured at amortised costs. Risks associated with these assets are regularly assessed. These are interest bearing advances and the income on these assets is credited to statement of profit or loss under interest income.

Derivative financial instruments

4.4

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Held for trading				
Interest rate swap	-	-	-	-
Currency swap	1,068,697,938	803,113,810	1,068,697,938	803,113,810
Forward exchange contract	9,309,635,318	4,117,933,904	9,309,635,318	4,117,933,904
Others	471,745,875	372,725,615	471,745,875	372,725,615
Held for risk management				
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Other	-	-	-	-
Total	10,850,079,131	5,293,773,328	10,850,079,131	5,293,773,328

"Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices etc. All derivatives are initially recognised and subsequently measured at fair value, with all trading gains or losses recognised in the Statement of Profit or Loss under Net trading Income. Fair value is determined using the forward market rates ruling on the reporting date.

Other trading assets

4.5

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Treasury bills	-	-	-	-
Government bonds	24,750,000	-	24,750,000	-
NRB Bonds	-	-	-	-
Domestic Corporate bonds	-	-	-	-
Equities	92,736,216	25,228,531	-	-
Other	-	-	-	-
Total	117,486,216	25,228,531	24,750,000	-
Pledged	-	-	-	-
Non-pledged	117,486,216	25,228,531	24,750,000	-

Citizens Saving Certificates (CSCs) are purchased by the bank under Market Maker Procedure, 2070 issued by the Nepal Rastra Bank. These instruments are purchased and sold by the bank under market procedure without any intention to hold it till maturity. The fair value of these CSCs generally approximates the carrying amount.

Loan and advances to B/FIs

4.6

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Loans to microfinance institutions	7,209,494,579	5,997,564,413	7,209,494,579	5,997,564,413
Other	-	-	-	-
Less: Allowances for impairment	92,965,415	77,469,598	92,965,415	77,469,598
Total	7,116,529,163	5,920,094,816	7,116,529,163	5,920,094,816

Loan and advances given to microfinance financial institutions (including deprived sector lending) is presented under this head after providing required impairment allowances. These assets are subsequently measured at amortised costs. Risks associated with these assets are regularly assessed. These are interest bearing advances and the income on these assets is credited to statement of profit or loss under interest income.

4.6.1: Allowances for impairment

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Balance at Shrawan 1	77,469,598	77,469,598	77,469,598	68,226,319
Impairment loss for the year:	-	-	-	-
Charge for the year	15,495,818	-	15,495,818	9,243,279
Recoveries/reversal	-	-	-	-
Amount written off	-	-	-	-
Transfer from Merger	-	-	-	-
Balance at Ashadh end	92,965,415	77,469,598	92,965,415	77,469,598

Loans and advances to customers

4.7

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Loan and advances measured at amortized cost	199,092,258,922	184,329,946,269	195,100,726,831	179,574,007,975
Less: Impairment allowances				
Collective impairment	2,999,291,974	2,680,238,896	2,999,291,974	2,659,483,429
Individual impairment	3,289,184,473	2,104,726,691	3,066,034,469	1,966,168,262
Net amount	192,803,782,475	179,544,980,682	189,035,400,388	174,948,356,284
Loan and advances measured at FVTPL	-	-	-	-
Total	192,803,782,475	179,544,980,682	189,035,400,388	174,948,356,284

*The sum of the outstanding amount of all loans and advances extended to the customers other than BFIs, bills purchased and discounted and amortized cost of staff loans; less the amount of impairment allowances and interest suspense is presented under this head.

4.7.1: Analysis of loan and advances - By Product

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Product				
Term loans	72,456,770,623	48,361,268,916	72,456,770,623	48,361,268,916
Overdraft	52,246,727,889	58,547,563,607	52,246,727,889	58,547,563,607
Trust receipt/Import loans	2,475,584,938	2,440,702,690	2,475,584,938	2,440,702,690
Demand and other working capital loans	26,289,722,096	33,123,599,488	26,289,722,096	33,123,599,488
Personal residential loans	14,051,229,092	15,289,597,484	14,051,229,092	15,289,597,484
Real estate loans	5,217,784,805	3,362,937,078	5,217,784,805	3,362,937,078
Margin lending loans	1,433,456,554	1,450,926,708	1,433,456,554	1,450,926,708
Hire purchase loans	5,683,589,657	6,301,000,661	5,683,589,657	6,301,000,661
Deprived sector loans	7,106,245,068	7,887,757,584	3,263,658,704	3,231,080,143
Bills purchased	-	-	-	-
Staff loans	2,296,786,948	2,019,036,601	2,291,595,764	2,015,046,657
Other	7,196,202,840	4,022,418,187	7,196,202,840	4,022,418,187
Sub total	196,454,100,511	182,806,809,003	192,606,322,963	178,146,141,618
Interest receivable	2,638,158,411	1,523,137,266	2,494,403,868	1,427,866,357
Grand total	199,092,258,922	184,329,946,269	195,100,726,831	179,574,007,975

4.7.2: Analysis of loan and advances - By Currency

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Nepalese rupee	195,193,920,315	180,759,223,670	191,202,388,225	176,003,285,377
Indian rupee	-	-	-	-
United State dollar	3,887,620,239	3,556,132,966	3,887,620,239	3,556,132,966
Great Britain pound	-	-	-	-
Euro	10,718,367	14,589,632	10,718,367	14,589,632
Japanese yen	-	-	-	-
Chinese yuan	-	-	-	-
Other	-	-	-	-
Total	199,092,258,921	184,329,946,269	195,100,726,831	179,574,007,975

4.7.3: Analysis of loan and advances - By Collateral

Loans and advances to customers are backed by collateral securities to mitigate the default risk. The type of the collaterals corresponding to the loans and advances to customers are given in the table below.

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Secured				
Movable/immovable assets	195,947,707,359	180,629,870,867	193,558,671,369	177,339,309,051
Gold and silver	2,449,813	11,976,851	2,449,813	11,976,851
Guarantee of domestic B/FIs	-	10,674,626	-	10,674,626
Government guarantee	87,066,674	87,200,256	87,066,674	87,200,256
Guarantee of international rated bank	-	-	-	-
Collateral of export document	-	-	-	-
Collateral of fixed deposit receipt	1,452,538,974	2,124,847,191	1,452,538,974	2,124,847,191
Collateral of Government securities	-	-	-	-
Counter guarantee	-	-	-	-
Personal guarantee	-	-	-	-
Other collateral	1,602,496,101	1,465,376,478	-	-
Subtotal	199,092,258,921	184,329,946,269	195,100,726,831	179,574,007,975
Unsecured	-	-	-	-
Grand Total	199,092,258,921	184,329,946,269	195,100,726,831	179,574,007,975

4.7.4: Allowances for impairment

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Specific allowances for impairment				
Balance at Shrawan 1	2,104,726,691	2,129,465,061	1,966,168,262	1,999,242,857
Impairment loss for the year:	-	-	-	-
Charge for the year	1,184,457,782	-	1,099,866,207	-
Recoveries/(reversal) during the year	-	(24,738,370)	-	(33,074,595)
Write-offs	-	-	-	-
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement (Transfer from Merger and Acquisitions)	-	-	-	-
Balance at Ashadh end	3,289,184,473	2,104,726,691	3,066,034,469	1,966,168,262
Collective allowances for impairment	-	-	-	-
Balance at Shrawan 1	2,680,238,896	2,690,307,497	2,659,483,429	2,672,502,836
Impairment loss for the year:	-	-	-	-
Charge/(reversal) for the year	319,053,079	(10,068,602)	339,808,545	(13,019,407)
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement (Transfer from Merger and Acquisitions)	-	-	-	-
Balance at Ashadh end	2,999,291,974	2,680,238,896	2,999,291,974	2,659,483,429
Total allowances for impairment	6,288,476,447	4,784,965,587	6,065,326,443	4,625,651,691

Investment securities

4.8

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Investment securities measured at amortized cost	31,528,371,379	30,919,709,470	31,070,124,019	30,689,709,470
Investment in equity measured at FVTOCI	1,392,508,325	1,089,242,283	1,304,790,808	1,035,137,283
Total	32,920,879,704	32,008,951,753	32,374,914,828	31,724,846,753

"The Investments made by Bank in financial instruments has been presented under this account head in three categories i.e. investment securities designated at fair value through profit or loss, investment securities measured at amortized cost and investment in equity measured at fair value through other comprehensive income. The Treasury Bill with maturity greater than 91 days has been presented under Investment Securities.

4.8.1: Investment securities measured at amortized cost

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Debt securities	2,403,117,509	3,137,848,555	2,403,117,509	3,137,848,555
Government bonds	20,778,004,074	19,874,597,999	20,778,004,074	19,874,597,999
Government treasury bills	7,221,519,974	7,033,874,498	7,221,519,974	7,033,874,498
Nepal Rastra Bank bonds	-	-	-	-
Nepal Rastra Bank deposits instruments	-	-	-	-
Other Investments	1,125,729,822	873,388,418	667,482,462	643,388,418
Less: specific allowances for impairment	-	-	-	-
Total	31,528,371,379	30,919,709,470	31,070,124,019	30,689,709,470

The details of other investment as at 31 Ashadh 2080 are as follows:

Description	Coupon Rate	Maturity Date	Face Value (USD)	Carrying Amount (NPR.)
1. Muthoot Finance	4.40%	2-Sep-23	1,000,000	128,679,883
2. Muthoot Finance	4.40%	2-Sep-23	4,000,000	514,708,536
Total				643,388,418

The investment on debt securities include investment on agricultural bond issued by Agriculture Development Bank Limited which is also included in productive sector lending requirement as per NRB Directive.

4.8.2: Investment in equity measured at fair value through other comprehensive income

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Equity instruments				
Quoted equity securities	1,320,047,025	987,428,483	1,234,329,508	935,323,483
Unquoted equity securities	72,461,300	101,813,800	70,461,300	99,813,800
Total	1,392,508,325	1,089,242,283	1,304,790,808	1,035,137,283

NMB Bank Limited
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For the year ended 31 Ashadh, 2080 (16 July 2023)

4.8.3: Information relating to investment in equities

Particulars	Group				NMB			
	As at 31 Ashadh 2080		As at 32 Ashadh 2079		As at 31 Ashadh 2080		As at 32 Ashadh 2079	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Investment in quoted equity - Units of NMB Only								
NMB Hybrid Fund-1 (15,261,921 Units)	162,619,210	175,466,128	166,269,210	182,133,515	152,619,210	164,676,128	152,619,210	170,933,515
Citizen Mutual Fund-I (57,605 Units)	576,048	540,335	576,048	506,924	576,048	540,335	576,048	506,924
Global IME Samunnat Scheme-1 (3,797,270 Units)	-	-	-	-	-	-	-	-
NIBL Samriddhi Fund II (500,000 Units)	5,000,000	4,555,000	5,000,000	4,335,000	5,000,000	4,555,000	5,000,000	4,335,000
NIBL Pragati Fund (1875 Units)	-	-	-	-	-	-	-	-
Citizens Mutual Fund-II (147,050 Units)	-	-	-	-	-	-	-	-
Sunrise Mutual Fund-I	1,000,000	968,000	1,600,000	1,150,000	-	-	-	-
Sunrise BlueChip Fund (2,000,000 Units)	20,000,000	15,700,000	20,000,000	17,480,000	20,000,000	15,700,000	20,000,000	17,480,000
Prabhu Select Fund (1,000,000 Units)	10,500,000	9,345,000	10,000,000	9,610,000	10,000,000	8,850,000	10,000,000	9,610,000
Laxmi Unnati Kosh (14,350 Units)	-	-	-	-	-	-	-	-
Kumari Equity Fund (500,000 Units)	5,000,000	5,085,000	5,000,000	5,035,000	5,000,000	5,085,000	5,000,000	5,035,000
Kumari Sunaulo Lagani	2,000,000	2,000,000	-	-	-	-	-	-
NMB 50 (17,701,670 Units)	189,516,700	198,992,535	195,704,200	244,476,543	177,016,700	185,867,535	177,016,700	228,351,543
RBB Mutual Fund-1 (2,000,000 Units)	20,500,000	16,660,000	20,000,000	18,540,000	20,000,000	16,160,000	20,000,000	18,540,000
Mega Mutual Fund-1 (436,340 Units)	4,363,400	3,486,357	4,363,400	3,486,357	4,363,400	3,486,357	4,363,400	3,486,357
NMB Saral Bachat Fund -E (29,927,189 Units)	300,000,003	305,000,806	150,000,000	149,110,000	279,999,996	284,906,839	140,000,000	140,000,000
Kumari Dhanabridhi Yojana (300,000 Units)	5,000,000	5,020,000	3,000,000	3,000,000	3,000,000	3,012,000	3,000,000	3,000,000
Global Ime Balance Fund I	5,000,000	4,670,000	-	-	3,000,000	2,802,000	-	-
Nmb Sulav Investment Fund II (17,094,000 Units)	183,189,800	183,006,610	-	-	170,940,000	170,769,060	-	-
Sanima Growth Fund (300,000 Units)	4,000,000	3,996,000	-	-	3,000,000	2,997,000	-	-
NIBL Growth Fund (500,000 Units)	7,000,000	7,448,000	-	-	5,000,000	5,320,000	-	-
Sunrise Focused Equity Fund (5,000,000 Units)	51,000,000	49,368,000	-	-	50,000,000	48,400,000	-	-
RBB Mutual Fund-2 (500,000 Units)	5,000,000	5,000,000	-	-	5,000,000	5,000,000	-	-
Siddhartha Investment Growth Scheme 3 (300,000 Units)	5,000,000	5,000,000	-	-	3,000,000	3,000,000	-	-
NIC Asia Flexi Cap Fund (100,000 Units)	1,000,000	1,017,000	-	-	-	-	-	-
Api Power Company Ltd. (5 Units)	-	985	-	1,223	-	985	-	1,223
Barun Hydro Power Company Limited (1 Units)	-	249	-	440	-	249	-	440
CEDB Hydro Fund Ltd. - Promoter Shares (119,892 Units)	10,000,000	11,989,200	10,000,000	11,989,200	10,000,000	11,989,200	10,000,000	11,989,200

Particulars	Group				NMB			
	As at 31 Ashadh 2080		As at 32 Ashadh 2079		As at 31 Ashadh 2080		As at 32 Ashadh 2079	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Shiva Shree Hydropower Ltd - Promoter Shares (100,000 Units)	10,000,000	18,260,000	10,000,000	10,000,000	10,000,000	18,260,000	10,000,000	10,000,000
Ngadi Group Power Limited (2 Unit)	-	468	-	594	-	468	-	594
Chilime Hydro Power Company Limited (1 Unit)	-	537	-	-	-	537	-	-
Lumbini General Insurance Co. Ltd. - Promoter Shares (57,306 Units)	4,016,713	40,629,954	4,016,713	20,238,664	4,016,713	40,629,954	4,016,713	20,238,664
Siddhartha Premier Insurance Co. Ltd. (105 Units)	-	81,743	-	-	-	81,743	-	-
Prabhu Insurance Company Limited (11 Units)	-	8,217	-	4,280	-	8,217	-	4,280
Himalayan General Insurance Co. Ltd (1 Units)	-	-	-	520	-	-	-	520
NLG Insurance Company Limited (8 Units)	-	1,408	-	880	-	1,408	-	880
Siddhartha Insurance Ltd. (62 Units)	-	-	-	33,709	-	-	-	33,709
Prudential insurance Co. Ltd (174 Units)	-	97,440	-	-	-	97,440	-	-
IGI Prudential Insurance Co. Ltd. (12 Units)	-	6,720	-	-	-	6,720	-	-
National Life Insurance Co. Ltd. (1 Units)	-	645	-	577	-	645	-	577
Nepal Insurance Co. Ltd. (1 Unit)	-	820	-	-	-	820	-	-
Mahalaxmi Life Insurance Co.Ltd (750,000 Units)	75,000,000	75,000,000	50,000,000	50,000,000	75,000,000	75,000,000	50,000,000	50,000,000
Mero Micro Finance Bittiya Sanstha Ltd. (8 Units)	436	5,288	981	15,246	436	5,288	981	15,246
NIC Asia Laghubittya Sanstha Ltd. - Promoter Shares (64,860 Units)	5,375,000	32,702,412	5,375,000	32,086,242	5,375,000	32,702,412	5,375,000	32,086,242
Mero Microfinance Bittiya Sanstha Ltd. Promoter Shares (550,308 Units)	22,049,841	124,369,608	22,049,841	259,645,320	22,049,841	124,369,608	22,049,841	259,645,320
Mirmire Microfinance Development Bank Ltd. (1 Unit)	-	-	-	1,050	-	-	-	1,050
Mirmire Laghubitta Bittya Sanstha Limited (44 Units)	-	31,196	-	-	-	31,196	-	-
Global IME Laghubitta Bittiya Sanstha Ltd.(1 Units)	-	1,061	-	1,299	-	1,061	-	1,299
Vijaya laghubitta Bittiya Sanstha Ltd. (7 Units)	-	4,991	-	4,700	-	4,991	-	4,700
Janauthan Samudayic Laghubitta Bittiya Sanstha Limited (1 Unit)	-	1,020	-	1,725	-	1,020	-	1,725
Laxmi laghubitya bittya sanstha (2 Units)	-	1,786	-	-	-	1,786	-	-
National Micro Finance Bittya Sansstha LTD. (4 Unit)	-	5,464	-	5,805	-	5,464	-	5,805
Mithila Laghubitta Bittya sanstha Ltd.(1 Unit)	-	1,044	-	13,670	-	1,044	-	13,670
Samudayak Laghubitta Bittaya Sanstha Ltd. (Promoter Shares)	11,000,000	14,520,000	14,520,000	14,520,000	-	-	-	-
Total	1,124,707,151	1,320,047,025	697,475,393	1,037,428,483	1,043,957,344	1,234,329,508	639,017,893	985,323,483
Investment in unquoted equity - Units of NMB Only								

Particulars	Group				NMB			
	As at 31 Ashadh 2080		As at 32 Ashadh 2079		As at 31 Ashadh 2080		As at 32 Ashadh 2079	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Nepal Stock Exchange Limited (1432 Units)	5,000	143,200	5,000	71,600	5,000	143,200	5,000	71,600
Nepal Clearing House Limited (275,126 Units)	5,268,200	27,512,600	5,268,200	19,936,700	5,268,200	27,512,600	5,268,200	19,936,700
Credit Information Bureau Limited (28,055 Units)	216,000	2,805,500	216,000	2,805,500	216,000	2,805,500	216,000	2,805,500
Nepal Warehousing Company Ltd. (200,000 Units)	20,000,000	20,000,000	7,000,000	7,000,000	20,000,000	20,000,000	7,000,000	7,000,000
Nepal Finsoft Company Ltd.	2,000,000	2,000,000	2,000,000	2,000,000	-	-	-	-
Nepex (200,000 Units)	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total	47,489,200	72,461,300	34,489,200	51,813,800	45,489,200	70,461,300	32,489,200	49,813,800
Grand Total	1,172,196,351	1,392,508,325	731,964,593	1,089,242,283	1,089,446,544	1,304,790,808	671,507,093	1,035,137,283

The face value of Mutual Fund is NPR 10 and face value of ordinary and promoter shares are NPR 100 per unit. Unless specified, type of shares are ordinary shares.

Treasury bills, Government bonds and USD Bonds have been classified as financial assets held to maturity instrument as the Bank has intention and capacity to hold these instruments until their maturity. These instruments are carried at amortised costs. These instruments are issued by the government. Bank considers that the fixed return on these bonds adequately compensates for associated risks. Interest accrued on Development Bonds and T-Bills are shown as part of the Investments.

None of the equity investments result in control or significant influence over the invested entities. These investments have been classified as available for sale assets. The movement in fair value of these instruments has been adjusted through other comprehensive income.

The Bank has invested NPR 177,016,700 in NMB 50, NPR 152,619,210 in NMB Hybrid Fund-1 and NPR. 279,999,996 in NMB Saral Bachat Fund -E as Seed Capital. For both Mutual Funds, the Bank is the Fund Sponsor while the Bank's Subsidiary NMB Capital Limited is the Fund Manager. These investment have been made as per the requirement of "Mutual Fund Regulation 2067" issued by the Securities Board of Nepal (SEBON) to invest seed money by the Fund Sponsor/Manager. The cumulative net change in the fair value of financial assets measured at FVTOCI is recognized under fair value reserve heading.

NMB Bank Limited
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Current tax assets

4.9

The advance deposited by the bank less tax liabilities are presented under this head:

Particulars	Group			
	As at 31 Ashadh 2080		As at 32 Ashadh 2079	
Current tax assets				
Current year income tax assets	1,448,772,979	1,443,549,827	1,399,048,957	1,396,448,052
Tax assets of prior periods	85,057,444	94,178,290	80,328,906	92,924,561
Total Current tax Assets	1,533,830,423	1,537,728,117	1,479,377,863	1,489,372,612
Current tax liabilities				
Current year income tax liabilities	1,470,460,116	1,483,607,013	1,434,430,239	1,434,043,707
Tax liabilities of prior periods	-	-	-	-
Total Current tax Liabilities	1,470,460,116	1,483,607,013	1,434,430,239	1,434,043,707

The movement of Advance tax as of Ashadh end 2080 is given

Particulars	Amount (NPR)
A. Advance Income Tax carried forward from previous year	80,328,906
B. Advance Tax Installments FY 2079/80	1,380,000,000
C. Tax Withheld by Withholder FY 2079/80	19,048,957
D. Transferred from Merger	-
E. Deposit for tax cases	-
F. Provision for Income tax for FY 2079/80	1,434,430,239
G. Tax Audit Adjustments after year end	-
Net Advance Tax Asset/(Liability) (A+B+C-D-E-F-G)	44,947,625

Investment in subsidiaries

4.10

Particulars	NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Investment in quoted subsidiaries	172,487,600	172,487,600
Investment in unquoted subsidiaries	600,000,000	200,000,000
Total investment	772,487,600	372,487,600
Less: Impairment allowances	-	-
Net carrying amount	772,487,600	372,487,600

4.10.1: Investment in quoted subsidiaries

Particulars	NMB			
	As at 31 Ashadh 2080		As at 32 Ashadh 2079	
	Cost	Fair Value	Cost	Fair Value
NMB Laghubitta Bittiya Sanstha Limited, 3,679,390 Promoter shares and 23 Ordinary Shares of Rs 100 each fully paid up	172,487,600	172,487,600	172,487,600	172,487,600
Total	172,487,600	172,487,600	172,487,600	172,487,600

4.10.2: Investment in Unquoted Subsidiaries

Particulars	NMB			
	As at 31 Ashadh 2080		As at 32 Ashadh 2079	
	Cost	Fair Value	Cost	Fair Value
NMB Capital Ltd., 4,000,000 Ordinary shares of Rs 100 each fully paid up	400,000,000	400,000,000	200,000,000	200,000,000
N.M.B. Securities Limited 2,000,000 Ordinary Shares of Rs 100 each fully paid up	200,000,000	200,000,000	-	-
Total	600,000,000	600,000,000	200,000,000	200,000,000

4.10.3: Information relating to subsidiaries of the Bank

Particulars	NMB	
	Percentage of ownership held by the Bank	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079
NMB Capital Limited	100%	100%
N.M.B. Securities Limited	100%	-
NMB Laghubitta Bittiya Sanstha Limited	51%	51%

4.10.4: Non controlling interest of the subsidiaries

Particulars	NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Equity interest held by NCI (%)	49%	49%
Profit/(loss) allocated during the year	(12,777,736)	72,110,093
Accumulated balances of NCI as on year end	502,620,187	538,470,376
Dividend paid to NCI	-	2,993,076

Investment in associates

The Bank do not have any investment in associates as of fiscal year end 2080.

4.11

Particulars	As at 31 Ashadh 2080		As at 32 Ashadh 2079	
	Cost	Fail Value	Cost	Fair Value
Investment in quoted associates	-	-	-	-
Investment in unquoted associates	-	-	-	-
Total investment	-	-	-	-
Less: Impairment allowances	-	-	-	-
Net carrying amount	-	-	-	-

4.11.1: Investment in quoted associates

Particulars	As at 31 Ashadh 2080		As at 32 Ashadh 2079	
	Cost	Fail Value	Cost	Fair Value
.....Ltd.shares of Rs.each	-	-	-	-
.....	-	-	-	-
Total	-	-	-	-

4.11.2: Investment in unquoted associates

Particulars	As at 31 Ashadh 2080		As at 32 Ashadh 2079	
	Cost	Fail Value	Cost	Fair Value
.....Ltd.shares of Rs.each	-	-	-	-
.....	-	-	-	-
Total	-	-	-	-

4.11.3: Information relating to associates of the Bank

Particulars	As at 31 Ashadh 2080		As at 32 Ashadh 2079	
	Cost	Fail Value	Cost	Fair Value
.....Ltd.	-	-	-	-
.....Ltd.	-	-	-	-
.....Ltd.	-	-	-	-
.....	-	-	-	-

4.11.4: Equity value of associates

Particulars	Group	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079
.....Ltd.	-	-
.....Ltd.	-	-
.....	-	-
Total	-	-

Investment properties

4.12

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Investment properties measured at fair value				
Balance as on Shrawan 1	295,161,520	97,942,260	295,161,520	97,942,260
Addition/disposal during the year	402,546,000	197,219,260	402,546,000	197,219,260
Net changes in fair value during the year	-	-	-	-
Transfer from Merger	-	-	-	-
Net amount	697,707,520	295,161,520	697,707,520	295,161,520
Investment properties measured at cost				
Balance as on Shrawan 1	-	-	-	-
Addition/disposal during the year	-	-	-	-
Adjustment/transfer	-	-	-	-
Accumulated depreciation	-	-	-	-
Accumulated impairment loss	-	-	-	-
Net amount	-	-	-	-

As per NAS 40 'Investment Property' (land and building acquired as non banking assets) are measured at fair value.

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 are initially recognized at fair value, since it is not intended for owner-occupied use; depreciation charge is not raised.

The details of Non-Banking Assets as of Ashadh end, 2080 are as follows:

Party's Name	Date NBA is assumed	Amount (NPR)
1. Kamdhenu Mahila Dugdha Utpadak SSL	16-Nov-17	785,000
2. Ankita Impex	3-Apr-18	13,936,000
3. Jalthal Live Stock Pvt. Ltd.	9-Apr-18	2,200,000
4. Factory Outlet And Clothing Store	18-Jun-18	15,530,000
5. China Hygienic Meat Pro & Suppliers Pvt. Ltd.	15-Jul-18	9,242,000
6. Eastern Shoe Centre	2-Jan-19	4,041,500
7. Chandrakala Limbang	2-Jan-19	466,000
8. Babu Rai	9-Jan-19	1,574,853
9. Evergreen	8-Feb-19	3,745,000
10. Guna Suppliers	17-Mar-20	4,508,880
11. Sister's Fashion Collection	13-Jan-21	6,883,878
12. Bajja Nath Sah (BNS)	19-Jul-21	1,115,000
13. Om Krishna Traders/Om Krishna Sunchandi Pasal	25-Jul-21	45,482,114
14. Srijana Fancy	7-Dec-21	14,570,984
15. Mamata Kumari Poddar	5-Jan-22	6,744,388
16. Om Shree Hansabahini Fancy Store	5-Jan-22	7,053,559
17. Tej Bahadur Rokaya	13-Apr-22	3,902,675
18. Sinesh Suppliers	13-Apr-22	21,658,000
19. Poudel Traders/Kamal Noodles Udhhyog	13-Apr-22	11,454,000

Party's Name	Date NBA is assumed	Amount (NPR)
20. Gobind Kumar Agarawal/Maa Sanjeevani Traders	13-Apr-22	7,782,000
21. Concept International	13-Apr-22	16,738,000
22. Sangita Hardware Traders	13-Apr-22	9,007,000
23. Manamaya Kirana Pasal	4-May-22	1,645,000
24. Bandana Kewat Madira Pasal/Maan Bahadur Kewat	11-May-22	6,066,698
25. East Travels (Nepal) Pvt. Ltd	15-Jul-22	36,696,000
26. Dhananjay Traders And Suppliers	13-Jan-23	32,885,000
27. S.N.B. Traders Pvt. Ltd.	14-Jan-23	12,700,000
28. Sakina Khatun Hajam	27-Feb-23	649,920
29. Sunita Suppliers & Bhupendra P Pokhrel	15-Mar-23	25,165,000
30. Prasiddha Gahana Griha	24-Mar-23	1,726,000
31. Singhadevi Builders Pvt Ltd	3-Apr-23	13,143,395
32. Ganga Lawati	4-Apr-23	2,026,453
33. Mangolian Fancy Store	5-Apr-23	5,532,927
34. Siddhi Sai Prakash Construction Private Limited	10-Apr-23	109,153,000
35. Mahalaxmi Hardware And Suppliers	12-Apr-23	23,680,000
36. Bibisa Hardware And Suppliers	13-Apr-23	12,023,000
37. S.N.B. Traders Pvt. Ltd	13-Apr-23	4,053,000
39. Mega Intl Tours & Travels Pvt.Ltd	26-May-23	6,250,000
40. Bhaskar Acharya	12-Jun-23	6,825,518
41. Nabin Shrestha	12-Jun-23	4,310,000
42. EZI 2 Wear	10-Jul-23	27,412,870
43. Phutkeyar Industries Pvt. Ltd	10-Jul-23	25,862,000
44. Gadh Devi Traders	11-Jul-23	2,816,612
45. Nirmala Cosmetic And Gift Center	11-Jul-23	1,314,056
46. RN Electronics And Electronic Center	11-Jul-23	1,292,003
47. Galaxy Dental And Surgical Pvt. Ltd.	12-Jul-23	15,823,000
48. Jalka Devi Foods	13-Jul-23	11,000,000
49. Basnet Stores	14-Jul-23	4,728,000
50. Radha Cosmetic	15-Jul-23	1,190,000
51. Manakamana Kanwhise	15-Jul-23	2,055,000
52. Gorakh Prasad Nisadh	15-Jul-23	5,978,708
53. H.K Tile Marble And Sanitary Trader	15-Jul-23	7,575,402
54. S S Hardware And Plywood	15-Jul-23	5,390,281
55. Khalilullah Khan	15-Jul-23	1,012,846
56. Chij Kumar Shrestha	16-Jul-23	3,839,247
57. Lokendra Agrovet	16-Jul-23	3,034,029
58. Amar General Suppliers	16-Jul-23	7,115,000
59. M Majuwa Trade Concern Pvt Ltd	16-Jul-23	21,996,725
60. Siddhi Stores	16-Jul-23	5,778,986
61. Sharada Upreti	16-Jul-23	29,541,014
Total		697,707,520

NMB Bank Limited
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For the year ended 31 Ashadh 2080

Property and Equipment

Group

4.13

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total
Cost									
As on Shrawan 1, 2078	893,396,195	190,679,681	413,098,888	293,858,157	508,388,197	180,858,183	436,604,292	216,154,859	3,133,038,452
Addition during the Year									
Acquisition	-	-	-	-	-	-	-	-	-
Capitalization	180,000	1,278,655	64,022,421	57,693,292	113,770,209	24,666,084	82,969,146	14,949,000	359,528,806
Disposal during the year	(51,423,650)	(1,348,184)	(11,971,702)	(1,647,124)	(60,634,842)	(3,253,136)	(2,575,757)	(2,964,782)	(135,819,177)
Adjustment/Revaluation			(8,466)	(21,293)	200	(1,606,153)		1,760,162	124,450
Balance as on Ashadh end 2079	842,152,545	190,610,152	465,141,141	349,883,032	561,523,764	200,664,977	516,997,681	229,899,238	3,356,872,531
Addition during the Year									
Acquisition	-	-	-	-	-	-	-	-	-
Capitalization	-	1,677,590	56,465,905	29,656,722	94,853,000	19,293,246	83,936,670	6,368,175	292,251,310
Disposal during the year	-	-	(3,803,591)	(16,686,845)	(38,371,000)	(1,523,280)	(13,631,356)	(5,165,379)	(79,181,452)
Adjustment/Revaluation			107,413,350	81,178	200	11,217	8,649,741	(8,668,892)	107,486,794
Balance as on Ashadh end 2080	842,152,545	192,287,742	625,216,806	362,934,087	618,005,964	218,446,160	595,952,736	222,433,142	3,677,429,183
Depreciation and Impairment									
As on Shrawan 1, 2078	-	59,852,339	238,430,299	208,548,798	299,020,420	121,508,154	278,763,907	153,839,145	1,359,963,063
Depreciation charge for the Year	-	4,460,440	32,197,358	39,510,925	83,763,411	17,698,084	53,257,837	20,805,459	251,693,514
Impairment for the year	-	-	-	-	-	-	-	-	-
Disposals	-	(330,115)	(7,770,077)	(1,542,927)	(53,119,567)	(3,051,792)	(2,412,758)	(2,840,488)	(71,067,724)
Adjustment	-	-	-	-	-	-	-	-	-
As on Ashadh end 2079	-	63,982,663	262,857,580	246,516,796	329,664,265	136,154,446	329,608,986	171,804,117	1,540,588,853
Depreciation charge for the Year	-	4,497,244	64,038,231	37,797,215	91,768,651	19,247,586	63,246,477	19,221,948	299,817,353
Impairment for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	(2,623,460)	(16,520,989)	(31,405,948)	(1,302,488)	(13,219,385)	(5,163,954)	(70,236,225)
Adjustment	-	-	32,799,248	78,806	(0.48)	14,874	4,364,833	(4,385,181)	32,872,579
As on Ashadh end 2080	-	68,479,908	357,071,599	267,871,828	390,026,967	154,114,418	384,000,911	181,476,929	1,803,042,560
Capital Work in Progress	-	-	-	-	-	-	-	-	-
Net Book Value	-	-	-	-	-	-	-	-	-
As on Ashadh end 2078	893,396,195	130,827,342	174,668,589	85,309,359	209,367,777	59,350,028	157,840,385	62,315,713	1,773,075,389
As on Ashadh end 2079	842,152,545	126,627,489	202,283,561	103,366,236	231,859,499	64,510,531	187,388,695	58,095,122	1,816,283,677
As on Ashadh end 2080	842,152,545	123,807,835	268,145,207	95,062,259	227,978,996	64,331,742	211,951,825	40,956,213	1,874,386,622

NMB

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total
Cost As on Shrawan 1, 2078	893,396,195	190,679,681	403,779,024	265,925,285	485,048,470	154,074,552	436,604,292	212,854,614	3,042,362,113
Addition during the Year									
Acquisition									
Capitalization	180,000	1,278,655	64,022,421	45,577,240	99,938,767	18,181,681	82,969,146	12,653,420	324,801,330
Disposal during the year	(51,423,650)	(1,348,184)	(11,971,702)	(1,585,268)	(60,634,842)	(3,231,088)	(2,575,757)	(2,890,108)	(135,660,599)
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-
Balance as on Ashadh end 2079	842,152,545	190,610,152	455,829,744	309,917,257	524,352,394	169,025,145	516,997,681	22,617,926	3,231,502,843
Addition during the Year									
Acquisition	-	-	-	-	-	-	-	-	-
Capitalization	-	1,677,590	38,676,307	22,482,348	94,853,000	12,282,353	83,563,370	6,360,900	259,895,869
Disposal during the year	-	-	(3,803,591)	(16,537,367)	(38,371,000)	(1,482,916)	(13,571,796)	(5,164,679)	(78,931,350)
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-
Balance as on Ashadh end 2080	842,152,545	192,287,742	490,702,460	315,862,238	580,834,394	179,824,582	586,989,255	223,814,146	3,412,467,362
Depreciation and Impairment									
As on Shrawan 1, 2078	-	59,852,339	232,393,334	192,081,916	280,313,548	104,369,610	278,763,907	152,672,494	1,207,466,193
Depreciation charge for the Year		4,460,440	31,522,764	34,248,165	80,251,920	14,718,005	53,257,837	19,529,001	237,988,132
Impairment for the year		-	-	-	-	-	-	-	-
Disposals		(330,115)	(7,765,130)	(1,542,927)	(53,119,567)	(3,051,792)	(2,412,758)	(2,840,488)	(71,062,777)
Adjustment/Acquisition	-	-	-	-	-	-	-	-	-
As on Ashadh end 2079	-	63,982,663	256,150,967	224,787,154	307,445,902	116,035,824	329,608,986	169,361,007	1,467,372,503
Depreciation charge for the Year		4,497,244	40,824,247	32,068,318	87,813,952	16,034,980	62,142,385	19,150,694	262,531,821
Impairment for the year		-	-	-	-	-	-	-	-
Disposals		-	(2,623,460)	(16,520,989)	(31,405,948)	(1,302,488)	(13,219,385)	(5,163,954)	(70,236,225)
Adjustment									
As on Ashadh end 2080	-	68,479,908	294,351,754	240,334,482	363,853,906	130,768,315	378,531,986	183,347,747	1,659,668,099
Capital Work in Progress	-	-	-	-	-	-	-	-	-
Net Book Value									
As on Ashadh end 2078	893,396,195	130,827,342	171,385,691	73,843,369	204,734,922	49,704,942	157,840,385	60,182,120	1,741,914,965
As on Ashadh end 2079	842,152,545	126,627,489	199,678,776	85,130,103	216,906,493	52,989,321	187,388,695	53,256,918	1,764,130,341
As on Ashadh end 2080	842,152,545	123,807,835	196,350,705	75,527,755	216,980,488	49,056,267	208,457,269	40,466,399	1,752,799,263

Goodwill and Intangible Assets

Group

4.14

Particulars	Goodwill	Software		Other	Total
		Purchased	Developed		
Cost					
As on Shrawan 1, 2078	-	267,576,516	-	-	267,576,516
Addition during the Year	-	-	-	-	-
Acquisition	-	-	-	-	-
Capitalization	-	94,973,785	-	-	94,973,785
Disposal during the year	-	(197,750.00)	-	-	(197,750)
Adjustment/Revaluation	72,829,139.00	-	-	-	72,829,139
Balance as on Ashadh end 2079	72,829,139	362,352,551	-	-	435,181,690
					-
Addition during the Year					-
Acquisition	-	-	-	-	-
Capitalization	-	10,222,460	-	-	10,222,460
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Ashadh end 2080	72,829,139	372,575,011	-	-	445,404,150
					-
Amortization and Impairment					-
As on Shrawan 1, 2078	-	149,493,878	-	-	149,493,878
Amortization charge for the Year	-	53,714,129	-	-	53,714,129
Impairment for the year	-	-	-	-	-
Disposals	-	(77,685)	-	-	(77,685)
Acquisition	-	-	-	-	-
As on Ashadh end 2079	-	203,130,322	-	-	203,130,322
					-
Amortization charge for the Year	-	-	-	-	-
Impairment for the year	-	58,320,816	-	-	58,320,816
Disposals	-	-	-	-	-
Acquisition	-	-	-	-	-
As on Ashadh end 2080	-	261,451,138	-	-	261,451,138
					-
Capital Work in Progress as on Ashadh end 2078	-	2,983,775	-	-	2,983,775
					-
Net Book Value					-
As on Ashadh end 2078	-	121,066,412	-	-	121,066,412
As on Ashadh end 2079	-	162,206,003	-	-	162,206,003
As on Ashadh end 2080	72,829,139	111,123,873	-	-	183,953,012

NMB

Particulars	Goodwill	Software		Other	Total
		Purchased	Developed		
Cost As on Shrawan 1, 2078 Addition during the Year	-	259,140,365	-	-	259,140,365
Acquisition	-	-	-	-	-
Capitalization	-	93,949,929	-	-	93,949,929
Disposal during the year	-	(197,750)	-	-	(197,750)
Adjustment/Revaluation	72,829,139	-	-	-	72,829,139
Balance as on Ashadh end 2079	72,829,139	352,892,544	-	-	425,721,683
Addition during the Year					
Acquisition	-	-	-	-	-
Capitalization	-	9,047,260	-	-	9,047,260
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Ashadh end 2080	72,829,139	361,939,804	-	-	434,768,943
Amortization and Impairment					
As on Shrawan 1, 2078	-	146,752,847	-	-	146,752,847
Amortization charge for the Year	-	-	-	-	-
Impairment for the year	-	52,533,370	-	-	52,533,370
Disposals	-	(77,685)	-	-	(77,685)
Acquisition	-	-	-	-	-
As on Ashadh end 2079	-	199,208,533	-	-	199,208,533
Amortization charge for the Year					
Impairment for the year	-	56,870,581	-	-	56,870,581
Disposals	-	-	-	-	-
Acquisition	-	-	-	-	-
As on Ashadh end 2080	-	256,079,114	-	-	256,079,114
Capital Work in Progress as on Ashadh end 2078	-	153,228	-	-	153,228
Net Book Value					
As on Ashadh end 2078	-	112,387,518	-	-	112,387,518
As on Ashadh end 2079	72,829,139	153,684,011	-	-	226,513,150
As on Ashadh end 2080	72,829,139	105,860,690	-	-	178,689,829

NMB Bank Limited
Notes to Consolidated Financial Statements
For the year ended 31 Ashadh 2080

Deferred Tax

4.15

The creation of Deferred Tax Assets (DTA) and Deferred Tax Liabilities (DTL) has a bearing on the computation of capital adequacy ratio and banks' ability to declare dividends. DTA represents unabsorbed depreciation, difference between carrying amount as per books of accounts and tax including carry forward losses which can set-off against assets future taxable income which is considered as timing difference. DTA has an effect of decreasing future income tax payments which indicates that they are prepaid income taxes and meet the definition of assets. DTA is deducted from Tier I capital, if deferred tax reserve is included already thereon. Deferred tax (assets)/liabilities have been recognised as per the provision of Nepal Accounting Standard (NAS -12).

Particulars	Group			NMB		
	As at 31 Ashadh 2080			As at 31 Ashadh 2080		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
Deferred tax on temporary differences on following items						
Loan and Advance to B/FIs	27,889,625	27,889,625	-	27,889,625	27,889,625	-
Loans and advances to customers	1,819,597,933	1,841,783,351	(22,185,418)	1,819,597,933	1,819,597,933	-
Investment properties	-	-	-	-	-	-
Investment securities	5,629,272	68,161,798	(62,532,527)	-	64,603,279	(64,603,279)
Property & equipment	372,379,145	344,025,294	28,353,851	351,468,654	304,952,222	46,516,432
Employees' defined benefit plan	346,601,835	268,409	346,333,426	333,604,183	-	333,604,183
Lease liabilities	299,057,198	247,424,945	51,632,253	278,797,173	247,424,945	31,372,227
Provisions	1,548,352	-	1,548,352	1,663,301	-	1,663,301
Other temporary differences	-	-	-	-	-	-
Deferred tax on temporary differences	2,872,703,359	2,529,553,422	343,149,937	2,813,020,868	2,464,468,005	348,552,864
Deferred tax on carry forward of unused tax losses	99,858,167	-	99,858,167	99,858,167	-	99,858,167
Deferred tax due to changes in tax rate			-			-
Net Deferred tax asset/(liabilities) as on 31 Ashadh 2080			443,008,104			448,411,030
Recognised in profit or loss			441,652,436			448,875,744
Recognised in other comprehensive income			1,355,668			(464,713)
Recognised directly in equity			-			-
Deferred tax (asset)/liabilities as on Shrawan 01, 2079			(325,067,719)			(338,964,764)
Origination/(Reversal) during the year			117,940,385			109,446,266
Deferred tax expense/(income) recognised in profit or loss			(41,077,659)			(48,235,961)
Deferred tax expense/(income) recognised in other comprehensive income			(61,297,484)			(61,210,306)
Deferred tax expense/(income) recognised in directly in equity			(15,565,242)			-

Particulars	Group			NMB		
	As at 31 Ashadh 2079			As at 31 Ashadh 2079		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
Deferred tax on temporary differences on following items						
Loan and Advance to B/FIs	23,240,879	23,240,879	-	23,240,879	23,240,879	-
Loans and advances to customers	1,387,695,507	1,416,276,780	(28,581,273)	1,387,695,507	1,387,695,507	-
Investment properties	-	-	-	-	-	-
Investment securities	4,838,084	111,066,784	(106,228,700)	-	109,089,057	(109,089,057)
Property & equipment	381,225,132	343,234,479	37,990,653	358,065,969	322,698,543	35,367,426
Employees' defined benefit plan	272,241,117	-	272,241,117	262,810,576	-	262,810,576
Lease liabilities	323,715,806	306,570,435	17,145,371	323,715,806	306,570,435	17,145,371
Provisions	1,433,403	-	1,433,403	1,663,301	-	1,663,301
Other temporary differences	-	-	-	-	-	-
Deferred tax on temporary differences	2,394,389,930	2,200,389,358	194,000,572	2,357,192,039	2,149,294,422	207,897,617
Deferred tax on carry forward of unused tax losses	131,067,147	-	131,067,147	131,067,147	-	131,067,147
Deferred tax due to changes in tax rate			-			-
Net Deferred tax asset/(liabilities) as on 32 Ashadh 2079			325,067,719			338,964,764
Recognised in profit or loss			384,835,179			400,639,783
Recognised in other comprehensive income			(59,767,460)			(61,675,019)
Recognised directly in equity			-			-
Deferred tax (asset)/liabilities as on 01 Shrawan 2078			(237,539,198)			(249,009,565)
Origination/(Reversal) during the year			87,528,521			89,955,199
Deferred tax expense/(income) recognised in profit or loss			(106,845,899)			(111,005,657)
Deferred tax expense/(income) recognised in other comprehensive income			19,315,111			21,050,458
Deferred tax expense/(income) recognised in directly in equity			2,268			

NMB Bank Limited
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For the year ended 31 Ashadh 2080

Other assets

4.16

Other Asset include accounts receivable, interest receivable, accrued income, prepayments, deposit, deferred employee benefits and stationery stock details presented as follows:

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Assets held for sale	-	-	-	-
Other non banking assets	-	-	-	-
Bills receivable	-	-	-	-
Accounts receivable	851,562,536	267,555,850	761,453,746	129,502,765
Accrued income	6,562,760	10,651,564	6,562,760	10,651,564
Prepayments and deposit	483,264,815	475,934,550	469,838,337	473,496,981
Income tax deposit	176,563,265	97,302,360	176,563,265	97,302,360
Deferred employee expenditure	2,398,065,703	2,124,376,686	2,397,041,622	2,124,376,686
Others:				
Advance Gold and Silver	-	-	-	-
Stock of Stationery	70,587,766	40,042,777	70,587,766	36,337,521
Fuel Stock	-	-	-	-
Gold Markup	-	-	-	-
Right of Use Assets	835,980,506	1,026,892,370	824,749,818	1,022,045,517
Total	4,822,587,351	4,042,756,156	4,706,797,314	3,893,713,394

The provision outstanding as of Ashadh end 2080 of NMB includes IPO receivables of erstwhile Bank of Asia and deposit of capital merchant finance amounting NPR. 5,544,336 and NPR. 1,038,544 respectively and are netted off with receivables and Cash and Cash Equivalent respectively

NMB Bank Limited

Notes to Consolidated Financial Statements

For the year ended 31 Ashadh 2080

Due to Bank and Financial Institutions

4.17

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Money market deposits	-	-	-	-
Interbank borrowing	-	500,000,000	-	500,000,000
Other deposits from BFIs	-	-	-	-
Settlement and clearing accounts	-	-	-	-
Other deposits from BFIs	2,737,257,510	1,582,436,338	2,737,257,510	1,582,436,338
Total	2,737,257,510	2,082,436,338	2,737,257,510	2,082,436,338

Due to Nepal Rastra Bank

4.18

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Refinance from NRB	-	5,545,081,013	-	5,545,081,013
Standing Liquidity Facility	-	-	-	-
Lender of last resort facility from NRB	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Other payable to NRB	3,285,987,203	3,451,285,516	3,285,987,203	3,451,285,516
Total	3,285,987,203	8,996,366,529	3,285,987,203	8,996,366,529

The other payable to NRB includes Li.Ka Accounts of Government bodies. Due to Nepal Rastra Bank is subsequently measured at amortised cost.

Derivative financial instruments

4.19

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Held for trading				
Interest rate swap	-	-	-	-
Currency swap	1,090,876,310	748,911,433	1,090,876,310	748,911,433
Forward exchange contract	9,498,377,920	4,229,386,121	9,498,377,920	4,229,386,121
Others	471,090,337	372,800,538	471,090,337	372,800,538
Held for risk management				
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Other	-	-	-	-
Total	11,060,344,567	5,351,098,092	11,060,344,567	5,351,098,092

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices etc. Derivatives are categorised as trading unless they are designated as hedging instruments. All derivatives are initially recognised and subsequently measured at fair value, with all trading gains or losses recognised in the Statement of Profit or Loss under Net trading Income. Fair value is determined using the forward market rates ruling on the reporting date.

Deposits from customers

4.20

All deposits account other than deposit from bank and financial institutions (local and foreign bank and NRB)

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Institutions customers:				
Term deposits	48,414,402,474	46,214,259,321	48,414,402,474	46,214,259,321
Call deposits	12,091,065,155	9,299,063,794	12,383,626,472	9,586,630,182
Current deposits	12,124,262,057	10,082,510,428	12,124,262,057	10,082,510,428
Other	4,143,076,471	4,740,925,713	4,143,076,471	4,740,925,713
Individual customers:				
Term deposits	78,618,279,848	67,508,664,473	78,618,279,848	67,508,664,473
Saving deposits	55,558,767,289	48,215,204,250	54,011,452,479	46,243,618,499
Current deposits	571,525,357	377,651,806	571,525,357	377,651,806
Other	38,061,989	62,846,041	38,061,989	62,846,041
Total	211,559,440,640	186,501,125,826	210,304,687,147	184,817,106,463

4.20.1: Currency wise analysis of deposit from customers

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Nepalese rupee	208,937,351,981	182,942,718,303	207,682,598,489	181,258,698,940
Indian rupee	-	-	-	-
United State dollar	2,357,085,907	3,263,434,894	2,357,085,907	3,263,434,894
Great Britain pound	12,114,378	28,500,390	12,114,378	28,500,390
Euro	31,692,227	42,730,754	31,692,227	42,730,754
Japanese yen	-	-	-	-
Chinese yuan	211,902,705	217,663,250	211,902,705	217,663,250
Other	9,293,441	6,078,235	9,293,441	6,078,235
Total	211,559,440,640	186,501,125,827	210,304,687,147	184,817,106,463

Borrowing

4.21

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Domestic Borrowing				
Nepal Government	-	-	-	-
Other Institutions	1,566,632,426	1,747,615,751	-	-
Other	-	-	-	-
Sub total	1,566,632,426	1,747,615,751	-	-
Foreign Borrowing				
Foreign Bank and Financial Institutions	14,814,903,379	12,997,400,000	14,814,903,379	12,997,400,000
Multilateral Development Banks	-	-	-	-
Other Institutions	-	-	-	-
Sub total	14,814,903,379	12,997,400,000	14,814,903,379	12,997,400,000
Total	16,381,535,805	14,745,015,751	14,814,903,379	12,997,400,000

Provisions

4.22

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Provisions for redundancy	-	-	-	-
Provision for restructuring	-	-	-	-
Pending legal issues and tax litigation	-	-	-	-
Onerous contracts	-	-	-	-
Other	1,630,787	1,600,016	-	-
Total	1,630,787	1,600,016	-	-

4.22.1: Movement in provision

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Balance at Shrawan 1	1,600,016	1,703,106	-	-
Provisions made during the year	30,771	-	-	-
Provisions used during the year	-	-	-	-
Provisions reversed during the year	-	(103,089)	-	-
Unwind of discount	-	-	-	-
Balance at Ashadh end	1,630,787	1,600,016	-	-

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Liability for employees defined benefit obligations	167,622,272	139,794,572	158,073,801	125,618,519
Liability for long-service leave	521,359,284	428,670,949	490,421,596	409,863,524
Short-term employee benefits	266,034	123,185	-	-
Bills payable	26,141,876	43,344,749	26,141,876	43,344,749
Creditors and accruals	3,039,883,734	3,128,475,063	2,492,940,480	2,529,351,681
Interest payable on deposit	151,943,093	845,794,343	151,943,093	845,794,343
Interest payable on borrowing	215,738,075	203,513,831	195,186,320	186,998,498
Liabilities on deferred grant income	-	-	-	-
Unpaid Dividend	2,341,451	2,735,301	2,315,588	2,735,301
Liabilities under Finance Lease	995,628,541	1,079,052,687	929,323,909	1,079,052,687
Employee bonus payable	528,078,086	551,059,304	512,128,802	512,809,753
Others:	-	-	-	-
TDS Payable	267,066,757	173,093,988	267,022,025	170,699,625
Audit Fee Payable	2,119,735	1,330,550	2,100,000	1,118,700
Others	8,313,017	12,419,908	-	-
Total	5,926,501,955	6,609,408,428	5,227,597,491	5,907,387,378

4.23.1: Defined benefit obligations

The defined-benefit obligation is calculated annually by an independent actuary using the projected unit method. The Bank operates a defined contribution plan as provident fund contribution of its employees and defined benefit plan for the Gratuity payment requirement under its staff rules. For defined contribution plan, the Bank pays contributions to an independently administered retirement fund on a mandatory basis, and such amounts are charged to operating expenses. The Bank has no further payment obligations once the contributions have been paid. For funded defined benefit plans, the liability recognised in the financial statement is the present value of the defined benefit obligation less the fair value of plan assets. Such obligations are estimated on the basis of the actuarial assumptions.

The amounts recognised in the statement of financial position are as follows:

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Present value of unfunded obligations	523,463,276	440,287,764	504,655,851	422,604,588
Present value of funded obligations	822,765,485	664,401,383	809,020,499	653,599,882
Total present value of obligations	1,346,228,761	1,104,689,147	1,313,676,350	1,076,204,470
Fair value of plan assets	665,652,026	533,154,703	650,946,698	527,981,363
Present value of net obligations	665,653,474	556,611,183	662,729,652	548,223,107
Recognised liability for defined benefit obligations	1,346,228,761	1,104,689,147	1,313,676,350	1,076,204,470

4.23.2: Plan assets

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Plan assets comprise	-	-	-	-
Equity securities	-	-	-	-
Government bonds	-	-	-	-
Bank deposit	14,705,328	5,173,340	-	-
Other	650,946,698	527,981,363	650,946,698	527,981,363
Total	665,652,026	533,154,703	650,946,698	527,981,363

4.23.3: Movement in the present value of defined benefit obligations

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Defined benefit obligations at Shrawan 1	1,104,689,147	876,421,391	1,076,204,470	838,524,982
Actuarial losses	81,464,433	96,248,324	79,814,084	94,961,807
Benefits paid by the plan	(110,395,118)	(71,220,687)	(105,993,916)	(66,845,899)
Current service costs and interest	270,470,299	203,240,119	263,651,712	209,563,580
Defined benefit obligations at Ashadh end	1,346,228,761	1,104,689,147	1,313,676,350	1,076,204,470

The additional Interest Income recognized in Plan Assets has been adjusted to opening defined benefit obligation.

4.23.4: Movement in the fair value of plan assets

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Fair value of plan assets at Shrawan 1	533,154,703	416,871,184	527,981,363	411,697,844
Contributions paid into the plan	134,481,269	105,179,618	125,618,519	104,982,941
Benefits paid during the year	(39,383,428)	(23,148,862)	(38,927,777)	(22,693,211)
Actuarial (losses) gains	9,902,856	16,551,430	9,150,262	16,664,751
Expected return on plan assets	27,496,626	17,701,333	27,124,331	17,329,038
Fair value of plan assets at Ashadh end	665,652,026	533,154,703	650,946,698	527,981,363

4.23.5: Amount recognised in profit or loss

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Current service costs	197,128,263	140,104,773	190,027,346	133,003,856
Interest on obligation	91,570,772	105,112,762	89,367,104	102,909,094
Expected return on plan assets	(27,496,626)	(17,701,333)	(27,124,331)	(17,329,038)
Total	261,202,409	227,516,202	252,270,119	218,583,912

4.23.6: Amount recognised in other comprehensive income

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Actuarial (gain)/loss	38,397,612	30,441,669	39,023,899	30,839,276
Total	38,397,612	30,441,669	39,023,899	30,839,276

4.23.7: Actuarial assumptions

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Discount rate	10.00%	9.00%	10.00%	9.00%
Expected return on plan asset	9.00%	9.00%	9.00%	9.00%
Future salary increase	8.75%	8.00%	8.75%	8.00%
Withdrawal rate	16.00%	16.00%	16.00%	16.00%

The mortality table is considered as per Nepali Assured Lives Mortality (2009) issued by Beema Samiti.

There are no plan assets for the subsidiaries and the bank deposits the fund at the account maintained at CIT for gratuity payment as per actuary report.

Debt securities issued

4.24

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Debt securities issued designated as at fair value through profit or loss	-	-	-	-
Debt securities issued at amortised cost	11,911,942,000	8,127,853,522	11,911,942,000	8,127,853,522
Total	11,911,942,000	8,127,853,522	11,911,942,000	8,127,853,522

The debenture has been presented at amortized cost. The details of outstanding debentures are as follows:

Particulars	Issued Date	Expiry Date (BS)	Rate	Face Value (Mio.)
NMB Debenture 2089/90	30 Chaitra 2079	30 Chaitra 2089	10.75%	4,000
Energy Bond I -2092/93	20 Jestha 2078	20 Jestha 2093	4.00%	1,500
Energy Bond II - 2093/94	10 Jestha 2079	10 Jestha 2094	4.00%	2,727
NMB Debenture 2084/85	29 Chaitra 2075	29 Chaitra 2085	10.00%	1,685
NMB Debenture 2087/88	11 Jestha 2078	11 Jestha 2088	8.50%	2,000

Subordinated Liabilities

4.25

The bank does not have any subordinate liabilities as on reporting date.

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Redeemable preference shares	-	-	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Ordinary shares	18,366,705,959	18,366,705,959	18,366,705,959	18,366,705,959
Convertible preference shares (equity component only)	-	-	-	-
Irredeemable preference shares (equity component only)	-	-	-	-
Perpetual debt (equity component only)	-	-	-	-
Total	18,366,705,959	18,366,705,959	18,366,705,959	18,366,705,959

4.26.1: Ordinary shares

Particulars	NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Authorized Capital		
200,000,000 Ordinary share of Rs. 100 each	20,000,000,000	20,000,000,000
Issued capital		
183,667,060 Ordinary share of Rs. 100 each	18,366,705,959	18,366,705,959
Subscribed and paid up capital		
183,667,060 Ordinary share of Rs. 100 each	18,366,705,959	18,366,705,959
Total	18,366,705,959	18,366,705,959

The paid up share capital of the Bank has moved over the years as follows:

Financial Year	Cumulative Paid up Capital NPR	Remarks
2006-07(2063-64 BS)	199,540,600	Issuance of 30% Bonus Shares
2007-08(2064-65 BS)	1,000,000,000	Issuance of 1:4 Right Shares
2008-09(2065-66 BS)	1,424,641,350	Issuance of 10% Bonus Shares and 30% Right Shares
2009-10(2066-67 BS)	1,651,650,000	Auction of 53,586.5 remaining right shares of FY 2008-09 and public issue of 715,000 shares.
2010-11 (2067-68 BS)	2,000,000,000	Issuance of 10:21.09 right shares and auction of unsubscribed right shares.
2013-14 (2070-71 BS)	2,400,000,000	Issuance of 20% Bonus Shares
2015-16 (2072-73 BS)	4,154,559,320	Shares issued to shareholders of merged entities
2015-16 (2072-73 BS)	4,486,924,066	Issuance of 8% Bonus Shares
2016-17 (2073-74 BS)	5,430,062,466	FMO's additional investment of NPR 943,138,400
2016-17 (2073-74 BS)	6,461,774,334	Issuance of 19% Bonus Shares
2017-18 (2074-75 BS)	7,603,290,634	Issuance of FPO (11,415,163 Units)
2018-19 (2075-76 BS)	9,618,162,652	Issuance of 15% Bonus Shares from FY 2073/74 and 10% Bonus Shares from FY 2074/75
2019-20 (2076-77 BS)	13,950,987,467	Issuance of 21% Bonus Shares from FY 2075/76 and addition of Capital from merger with Erstwhile ODBL at SWAP ratio of 1:0.76
2020-21 (2077-78 BS)	16,325,960,853	Issuance of 13% Bonus Shares from FY 2076/77 and addition of Capital from acquisition with Erstwhile KADBL at SWAP ratio of 1:0.85
2021-22 (2078-79 BS)	18,366,705,959	Issuance of 12.50% Bonus Share

Total fractional share is 105,020.59 as on Ashadh end 2080. Fraction share usually come from issue of bonus share and split of share also.

4.26.2: Ordinary share ownership

Particulars	NMB			
	As at 31 Ashadh 2080		As at 32 Ashadh 2079	
	Percent	Amount	Percent	Amount
Domestic ownership	82.09	15,077,764,594	82.09	15,077,764,594
Nepal Government	-	-	-	-
"A" class licensed institutions	-	-	-	-
Other licensed institutions	-	-	-	-
Other Institutions	11.21	2,059,824,353	10.67	1,959,642,075
Public	70.88	13,017,940,241	71.42	13,118,122,519
Other	-	-	-	-
Foreign ownership	17.91	3,288,941,365	17.91	3,288,941,365
Total	100.00	18,366,705,959	100.00	18,366,705,959

The details of shareholders holding shares above 0.5% as of Ashadh end 2080 are given below:

Shareholder's Name	Share Units	% holding
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	25,147,142	13.69
Employees Provident Fund	10,150,729	5.53
Yong Lian Realty Sdn Bhd	7,742,270	4.22
Gayatri Investment And Management P. Ltd.	3,351,602	1.82
Nand Kishore Rathi	3,093,320	1.68
Dhananjaya Prasad Acharya	2,806,161	1.53
Sunil Kumar Goshali	1,901,987	1.04
Sushil Kumar Goshali	1,750,316	0.95
Pawan Kumar Golyan	1,696,732	0.92
Yogendra Lal Pradhan	1,674,101	0.91
Santosh Devi Murarka	1,459,222	0.79
Purushotam Lal Sanghai	1,295,492	0.71
Pashupati Murarka	1,072,263	0.58
Santosh Rathi	1,058,697	0.58
Din Bandhu Agrawal	972,574	0.53
Balaram Neupane	954,894	0.52

Reserves

4.27

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Statutory general reserve	5,023,919,100	4,378,507,553	4,961,230,955	4,316,721,496
Exchange equalisation reserve	156,976,329	142,208,489	156,976,329	142,208,489
Corporate social responsibility reserve	62,922,085	38,557,626	57,546,535	34,652,799
Capital redemption reserve	-	-	-	-
Regulatory reserve	2,471,873,634	1,542,188,558	2,425,505,705	1,513,502,599
Investment adjustment reserve	-	50,000,000	-	50,000,000
Capital reserve	-	-	-	-
Assets revaluation reserve	-	-	-	-
Fair value reserve	157,501,570	262,131,421	150,740,985	254,541,133
Dividend equalisation reserve	-	-	-	-
Debenture redemption reserve	1,156,728,661	590,062,282	1,156,728,661	590,062,282
Actuarial gain	(152,481,652)	(110,982,631)	(149,656,654)	(110,632,755)
Special reserve	-	-	-	-
Other reserves:	-	-	-	-
- Deferred Tax Reserve	-	-	-	-
-Capital Adjustment Fund	57,326,449	57,326,449	57,326,449	57,326,449
Staff Skill Development Fund	29,082,140	23,688,046	27,657,096	22,263,002
-NMB Staff Relief Fund	10,000,000	10,000,000	10,000,000	10,000,000
Others	90,688,668	92,871,984	72,829,139	72,829,139
Total	9,064,536,984	7,076,559,779	8,926,885,198	6,953,474,633

Other Reserves of NMB presented under Statement of change in equity includes debenture/capital redemption reserve, staff skill development fund, capital adjustment fund, corporate social responsibility fund, investment adjustment reserve, actuarial gain/losses, staff relief fund and Capital Reserve.

Staff Relief Fund amounting NPR. 10,000,000 has been set up with the objective to financially assist staff at the time of their acute financial difficulty of the nature of staff's own/spouse/children critical illness, permanent disability due to illness or destruction of property due to natural calamity. The amount paid during the reporting period is NPR. 1.01 mio. The said reserve has been included in Tier 2 Capital.

Regulatory reserve includes the amount that is allocated from profit or retained earnings for the bank as per directive of NRB for the purpose of implementation of NFRS and which shall not be regarded as free for distribution of dividend (cash as well as bonus shares). The amount allocated to this reserve includes the following adjustments as per NFRS:

Particulars	As at 31 Ashadh 2080 (A)	As at 32 Ashadh 2079 (B)	Transfer to Regulatory Reserve (FY 2079/80) (A-B)
Accrued Interest on Loans and Advances recognized as Income	1,387,417,570	877,953,322	509,464,247
Provision of Non - Banking Assets (Investment Property)	439,555,738	185,951,758	253,603,980
Deferred Tax Assets	448,875,744	338,964,764	109,910,979
Actuary Losses	149,656,654	110,632,755	39,023,899
Fair value adjustment of Equity Shares	-	-	-
Total	2,425,505,705	1,513,502,599	912,003,106

The bank has considered interest received up to 15 Shrawan 2080 amounting NPR. 350.46 Mio. as an income to Regulatory Reserve as per NRB Directives.

NMB Bank Limited
Notes to Consolidated Financial Statements
For the year ended 31 Ashadh 2080

Contingent liabilities and commitments

4.28

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Contingent liabilities	67,261,224,076	60,804,320,365	67,261,224,076	60,804,320,365
Undrawn and undisbursed facilities	111,052,835,718	94,978,942,568	111,052,835,718	94,978,942,568
Capital commitment	93,632,160	62,635,457	93,632,160	62,035,457
Lease Commitment	929,323,909	1,201,921,795	929,323,909	1,201,921,795
Litigation	401,455,064	388,480,792	401,455,064	388,480,792
Total	179,738,470,926	157,436,300,976	179,738,470,926	157,435,700,976

4.28.1: Contingent liabilities

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Acceptance and documentary credit	29,204,688,542	31,492,731,102	29,204,688,542	31,492,731,102
Bills for collection	1,697,986,052	1,546,098,125	1,697,986,052	1,546,098,125
Forward exchange contracts	-	-	-	-
Guarantees	36,358,549,481	27,765,491,138	36,358,549,481	27,765,491,138
Underwriting commitment	-	-	-	-
Other commitments	-	-	-	-
Total	67,261,224,076	60,804,320,365	67,261,224,076	60,804,320,365

4.28.2: Undrawn and undisbursed facilities

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Undisbursed amount of loans	5,207,015,364	11,366,541,751	5,207,015,364	11,366,541,751
Undrawn limits of overdrafts	11,946,603,547	11,719,585,513	11,946,603,547	11,719,585,513
Undrawn limits of credit cards	914,411,110	902,438,014	914,411,110	902,438,014
Undrawn limits of letter of credit	50,275,579,793	36,388,647,794	50,275,579,793	36,388,647,794
Undrawn limits of guarantee	42,709,225,904	34,601,729,496	42,709,225,904	34,601,729,496
Total	111,052,835,718	94,978,942,568	111,052,835,718	94,978,942,568

The Undrawn limit of Overdraft includes Cash Credits loan, Short Term Working Capital/Demand Loan, Margin and Others

4.28.3: Capital commitments

Capital expenditure approved by relevant authority of the bank but provision has not been made in financial statements

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Capital commitments in relation to Property and Equipment				
Approved and contracted for	68,442,410	37,416,129	68,442,410	36,816,129
Approved but not contracted for	18,325,300	21,727,928	18,325,300	21,727,928.32
Sub total	86,767,710	59,144,057	86,767,710	58,544,057
Capital commitments in relation to Intangible assets				
Approved and contracted for	1,214,450	3,491,400	1,214,450	3,491,400
Approved but not contracted for	5,650,000	-	5,650,000	-
Sub total	6,864,450	3,491,400	6,864,450	3,491,400
Total	93,632,160	62,635,457	93,632,160	62,035,457

4.28.4: Lease commitments

Particulars	Group		NMB	
	As at 31 Ashadh 2080	As at 32 Ashadh 2079	As at 31 Ashadh 2080	As at 32 Ashadh 2079
Operating lease commitments				
Future minimum lease payments under non cancellable operating lease, where the bank is lessee				
Not later than 1 year	207,280,107	207,403,190	207,280,107	207,403,190
Later than 1 year but not later than 5 years	521,286,583	752,463,267	521,286,583	752,463,267
Later than 5 years	200,757,219	242,055,339	200,757,219	242,055,339
Sub total	929,323,909	1,201,921,795	929,323,909	1,201,921,795

Finance lease commitments

Future minimum lease payments under non cancellable operating lease, where the bank is lessee				
Not later than 1 year	-	-	-	-
Later than 1 year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Sub total	-	-	-	-
Grand total	929,323,909	1,201,921,795	929,323,909	1,201,921,795

NMB Bank Limited
Notes to financial Statements
For the year ended 31 Ashadh 2080

4.28.5: Litigation

a. Contingent of Tax:

The bank has filed appeals at Supreme Court, Revenue Tribunal or Inland Revenue Department based on the stage of appeal against amended assessment orders of various fiscal years issued by Large Taxpayers Office. The detail of the cases are given below:

NMB Bank Limited

Fiscal Year	Status	Disputed Tax Amount
FY 2063-64	Appealed to Supreme Court on 2070.11.15 for which the final decision is pending	39,401,690
FY 2064-65	Appealed to Supreme Court on 2071.09.24 for which the final decision is pending	33,079,162
FY 2066-67	Appealed to Supreme Court against the decision of RT for which the final decision is pending	42,668,571
FY 2067-68	Appealed to Supreme Court against the decision of RT for which the final decision is pending	8,710,713
FY 2068-69	Appealed to Supreme Court against the decision of RT for which the final decision is pending	5,891,178
FY 2069-70	Appealed to Revenue Tribunal against the decision of IRD on 2076.11.28 for which the final decision is pending	21,383,488
FY 2070-71	Appealed to Revenue Tribunal against the decision of IRD on 2077.04.25 for which the final decision is pending	4,982,475
FY 2071-72	Appealed to Revenue Tribunal against the decision of IRD on 2077.04.20 for which the final decision is pending	7,475,620
FY 2072-73	Appealed to Revenue Tribunal against the decision of IRD on 2078.05.16 for which the final decision is pending	13,596,886
FY 2073-74	Appealed to IRD against the decision of LTO on 2078.06.05 for which the final decision is pending	42,900,374
FY 2074-75	Appealed to IRD against the decision of LTO on 2079.04.18 for which the final decision is pending	97,380,992
Total		317,471,148

Erstwhile Clean Energy Development Bank Limited

FY 2065-66	Appealed to Revenue Tribunal against the decision of IRD on 2076.05.19 for which the final decision is pending	6,270,169
FY 2066-67	Appealed to Revenue Tribunal against the decision of IRD on 2076.05.19 for which the final decision is pending	26,707,288
FY 2067-68	Appealed to Supreme Court against the decision of RT for which the final decision is pending	10,102,175
FY 2068-69	Appealed to Supreme Court against the decision of RT for which the final decision is pending	5,174,168
FY 2069-70	Appealed to Revenue Tribunal against the decision of IRD on 2076.05.19 for which the final decision is pending	4,185,138
FY 2070-71	Appealed to Revenue Tribunal against the decision of IRD on 2076.05.19 for which the final decision is pending	3,780,670
FY 2071-72	Appealed to Revenue Tribunal against the decision of IRD on 2077.07.19 for which the final decision is pending	4,503,387
FY 2072-73	Appealed to IRD for Administrative review on 2077.11.20 for which decision is pending	137,497
Total		60,860,492

Erstwhile Prudential Finance Company Limited

FY 2065-66	Appealed to IRD for Administrative Review on 2070.07.29 for which the final decision is pending	5,659,272
Total		5,659,272

Erstwhile Bhrikuti Development Bank Limited

FY 2071-72	Appealed to IRD for Administrative Review on 2076.04.07 for which final decision is pending	224,862
Total		224,862

Erstwhile OM Development Bank Limited

FY 2072-73	Appealed to Revenue Tribunal against the decision of IRD for which the final decision is pending	7,047,757
FY 2073-74	Appealed to IRD for Administrative review on 2078.09.08 for which decision is pending	2,922,114
FY 2074-75	Appealed to IRD for Administrative review on 2079.06.26 for which decision is pending	5,956,967
Total		15,926,838

Erstwhile OM Finance Limited

FY 2072-73	Appealed to Revenue Tribunal against the decision of IRD	1,312,453
Grand Total		401,455,064

Since decisions for these cases are pending, disputed tax amount of NPR 401,455,064 mentioned above has been disclosed as contingent liability on Income Tax and no provision for additional liability has been made.

As of the fiscal year end 2079/80, self-Assessment Returns filed by NMB Bank Ltd. for FY 2075/76 to 2077/78, Erstwhile Om Development Bank for 2075/76 to 2076/77 and Erstwhile Kanchan Development Bank Limited for 2075/76 to 2077/78 are yet to be reassessed by Large Tax Payers Office/Medium Taxpayers Office

b. As per amendment made in Section 26 of Finance Act 2080, income tax is to be applicable to Entities on the amount of Bonus Shares distributed from premium collected from issuance of shares through Further Public Offering (FPO) up to Fiscal Year 2078/79. Further, as per amendment made in Section 27 of Finance Act 2080, any bargain purchase gain arising due to Mergers and Acquisitions up to Fiscal Year 2078/79 is to be taxable to the bank. These amendments made by above sections have required the Entities to deposit the tax by Mangshir End 2080 in order to avoid interest and fine. The NMB Bank has issued Further Public Offerings and has been involved in Mergers and Acquisitions in the past. The Bank has filed separate writ petition in Honorable Supreme Court along with other banks on 2080.05.29 against taxability of share premium and bargain purchase gain.

c. In the second quarter of FY 2015/16, the Bank had purchased land with an area of 80 Annas (2,543 sq meter) for NPR 590 Million in Kamaladi, Kathmandu. The land was bought through auction process involving four financial institutions. The previous owner of property has filed case in Kathmandu District Court for repeal of auction process and writ petition with Supreme Court.

NMB Bank Limited
Notes to Financial Statements
For the year ended 31 Ashadh 2080

Interest income

4.29

"Interest income include interest income on loan and advance, investment securities except on those investment securities measure at fair value through profit or loss, cash and cash equivalent, due from BFLs, loan and advances to staff, etc. Details presented as follows:

Particulars	Group		NMB	
	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
Cash and cash equivalent	55,657,054	3,669,562	44,617,461	4,689,367
Due from Nepal Rastra Bank	-	-	-	-
Placement with bank and financial institutions	194,332,909	241,846,558	194,332,909	206,051,845
Loan and advances to bank and financial institutions	634,797,665	383,326,726	767,634,546	457,196,556
Loans and advances to customers	23,978,541,504	17,854,792,786	23,180,116,511	17,006,147,281
Investment securities	2,129,683,072	1,249,279,464	2,143,039,204	1,226,339,099
Loan and advances to staff	290,446,214	259,923,088	290,446,214	259,923,088
Other	2,273,369	8,515,358	2,273,369	8,515,358
Total interest income	27,285,731,788	20,001,353,542	26,622,460,214	19,168,862,594

As per NRB Interest Income Recognition Guideline, the interest amount of NPR. 346,597,086 has been reversed and credited to Interest Suspense during the reporting period.

Interest expense

4.30

Interest expenses include interest accrued on deposits collected and debt securities issued. Details presented as follows:

Particulars	Group		NMB	
	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
Due to bank and financial institutions	42,152,512	36,294,401	42,117,359	36,294,401
Due to Nepal Rastra Bank	123,255,914	169,587,651	123,255,914	169,587,651
Deposits from customers	16,094,208,076	11,869,801,097	16,127,946,431	11,825,860,722
Borrowing	1,717,948,874	591,409,396	1,367,214,799	327,113,800
Debt securities issued	619,465,788	422,466,178	619,465,788	422,466,178
Subordinated liabilities	-	-	-	-
Other	-	-	-	-
Total interest expense	18,597,031,165	13,089,558,723	18,280,000,292	12,781,322,752

Fees and Commission Income

4.31

Particulars	Group		NMB	
	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
Loan administration fees	617,331,177	705,211,769	365,516,769	454,612,777
Service fees	-	-	-	-
Consortium fees	46,714,953	46,223,280	46,714,953	46,223,280
Commitment fees	4,055,513	872,188	4,055,513	872,188
DD/TT/Swift fees	48,509,899	32,076,471	48,509,899	32,076,471
Credit card/ATM issuance and renewal fees	204,709,959	141,681,919	204,709,959	141,681,919
Prepayment and swap fees	8,638,099	9,631,009	8,638,099	9,631,009
Investment banking fees	-	-	-	-
Asset management fees	-	-	-	-
Brokerage fees	1,463,547	-	-	-
Remittance fees	48,960,744	31,948,594	48,960,744	31,948,594
Commission on letter of credit	133,653,489	113,873,690	133,653,489	113,873,690
Commission on guarantee contracts issued	490,024,341	453,735,495	490,024,341	453,735,495
Commission on share underwriting/issue	-	-	-	-
Locker rental	8,171,850	6,328,963	8,171,850	6,328,963
Other fees and commission income:	-	-	-	-
Bills Purchase and Discount	-	-	-	-
Collection Fee	6,853,142	7,553,013	6,853,142	7,553,013
Agency Commission	12,432,594	12,724,665	12,432,594	12,724,665
Others	485,841,506	399,057,080	455,231,265	378,210,495
Total fees and Commission Income	2,117,360,813	1,960,918,135	1,833,472,617	1,689,472,559

Fees and commission expense

4.32

Particulars	Group		NMB	
	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
ATM management fees	78,157,396	70,215,942	78,157,396	70,215,942
VISA/Master card fees	126,028,372	70,760,120	126,028,372	70,760,120
Guarantee commission	-	-	-	-
Brokerage	-	-	-	-
DD/TT/Swift fees	10,287,830	10,777,156	10,287,830	10,777,156
Remittance fees and commission	482,927	-	-	-
Other fees and commission expense	73,881,235	64,487,817	72,137,507	64,487,817
Total fees and Commission Expense	288,837,761	216,241,035	286,611,105	216,241,035

Net trading income

4.33

Particulars	Group		NMB	
	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
Changes in fair value of trading assets	5,269,306	(673,565)	-	-
Gain/loss on disposal of trading assets	-	-	-	-
Interest income on trading assets	-	-	-	-
Dividend income on trading assets	-	-	-	-
Gain/loss foreign exchange transaction	236,285,430	272,406,509	236,285,430	272,406,509
Other	-	-	-	-
Net trading income	241,554,736	271,732,943	236,285,430	272,406,509

Other operating income

4.34

Particulars	Group		NMB	
	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
Foreign exchange revaluation gain	59,071,357	68,101,627	59,071,357	68,101,627
Gain/loss on sale of investment securities	54,039	107,480,350	54,039	107,480,350
Fair value gain/loss on investment properties	-	-	-	-
Dividend on equity instruments	121,760,924	148,451,536	116,113,909	142,201,528
Gain/loss on sale of property and equipment	10,690,621	55,102,209	10,690,621	55,102,209
Gain/loss on sale of investment property	2,040,008	18,826,243	2,040,008	18,826,243
Operating lease income	2,370,671	-	2,370,671	2,629,289
Gain/loss on sale of gold and silver	13,805,903	12,425,438	13,805,903	12,425,438
Other	-	-	-	-
Total	209,793,523	410,387,403	204,146,509	406,766,685

Impairment charge/(reversal) for loan and other losses

4.35

Particulars	Group		NMB	
	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
Impairment charge/(reversal) on loan and advances to B/FIs	15,495,818	9,243,279	15,495,818	9,243,279
Impairment charge/(reversal) on loan and advances to customer	1,503,510,859	(34,806,970)	1,439,674,752	(46,094,002)
Impairment charge/(reversal) on financial Investment	-	-	-	-
Impairment charge/(reversal) on placement with banks and financial institutions	(1,350,000)	(375,000)	(1,350,000)	(375,000.00)
Impairment charge/(reversal) on property and equipment	-	-	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-	-	-
Impairment charge/(reversal) on investment properties	-	-	-	-
Total	1,517,656,677	(25,938,691)	1,453,820,570	(37,225,724)
Other	-	-	-	-

Personnel Expense
4.36

Particulars	Group		NMB	
	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
Salary	932,171,707	862,159,942	819,923,667	763,185,956
Allowances	814,172,935	732,146,781	709,871,645	637,491,920
Gratuity expense	112,498,663	90,469,920	102,325,374	81,562,411
Provident fund	90,707,161	80,218,979	80,085,567	70,814,991
Uniform	-	-	-	-
Training & development expense	47,500,264	22,570,622	41,744,143	17,885,714
Leave encashment	281,241,963	245,302,315	261,564,122	236,803,181
- Sick Leave Expenses (As per actuary)	104,431,816	76,436,065	86,740,592	73,182,502
-Leave Fare Expenses	112,938,326	104,426,646	111,619,376	99,781,680
-Home Leave Expenses (As per actuary)	63,871,821	64,439,604	63,204,154	63,838,999
Medical	-	-	-	-
Insurance	3,999,420	3,454,279	-	-
Employees incentive	-	52,380,000	-	52,380,000
Cash-settled share-based payments	-	-	-	-
Pension expense	-	-	-	-
Finance expense under NFRS	111,118,217	121,474,049	110,989,364	121,474,049
Other expenses related to staff	60,038,355	45,444,911	50,542,493	44,938,016
Subtotal	2,453,448,687	2,255,621,800	2,177,046,374	2,026,536,237
Employees bonus	526,937,846	549,919,064	512,128,802	512,809,753
Grand total	2,980,386,533	2,805,540,864	2,689,175,176	2,539,345,989

Other operating expense
4.37

Particulars	Group		NMB	
	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
Directors' fee	3,430,912	2,769,000	1,914,000	1,436,000
Directors' expense	8,551,742	2,292,436	8,081,473	1,849,881
Auditors' remuneration	3,063,194	2,489,494	2,100,000	2,100,000
Other audit related expense	3,363,078	1,818,474	83,631	903,330
Professional and legal expense	8,260,958	3,404,397	8,061,858	3,271,597
Office administration expense	872,403,029	787,446,430	812,417,759	713,132,054
Operating lease expense	308,879,900	318,626,618	305,154,291	294,731,065
Operating expense of investment properties	-	-	-	-
Corporate social responsibility expense	9,765,509	25,476,826	9,331,737	25,368,879
Onerous lease provisions	-	-	-	-
Others	101,116,344	93,788,940	44,888,943	45,123,315
Total	1,318,834,666	1,238,112,615	1,192,033,693	1,087,916,122

4.37.1 Office administration expense

Water and Electricity	58,961,446	51,726,076	56,727,093	49,835,505
Repair and Maintenance				
(a) Building	1,033,023	625,130	748,309	625,130
(b) Vehicles	9,369,239	7,864,564	9,018,818	7,514,352
(c) Computer and Accessories	1,361,196	1,625,968	1,361,196	1,625,968
(d) Office Equipment and Furniture	6,984,805	4,961,725	6,310,859	4,837,787
(e) Others	6,574,363	7,210,943	6,520,733	6,481,813
Insurance	48,349,317	40,993,426	47,873,504	40,676,863
Postage, Telex, Telephone, Fax	57,900,092	61,070,711	55,017,433	57,392,041
Printing and Stationery	54,518,571	63,607,981	50,972,632	60,399,255
Newspaper, Books and Journals	85,401	86,300	54,572	66,465
Advertisements	68,853,946	60,141,700	67,532,386	59,483,883
Donations	59,500	5,000	-	-
Security Expense	127,941,689	115,140,431	127,240,100	114,496,379
Deposit and loan guarantee premium	67,909,206	49,368,355	67,909,206	49,368,355
Travelling Allowances and Expenses	65,031,294	34,639,678	37,204,832	17,383,985
Entertainment	-	-	-	-
Annual general meeting Expenses	2,616,411	2,509,936	2,110,233	2,101,394
Others	294,853,527	285,868,506	275,815,854	240,842,880
Business Promotion	21,599,276	29,537,249	21,599,276	29,343,262
Membership Fee	17,810,093	14,692,413	16,845,380	13,774,413
Bank Charges and Commission	268,585	448,517	260,340	438,480
Rates and Taxes	10,946,085	12,047,004	10,946,085	10,801,126
IS Audit-Compliance Expenses	20,468,742	13,847,519	20,468,742	13,847,519
DMAT Expenses	8,377,558	14,048,460	-	-
Issue And Surveillance Expenses	18,465,490	33,176,980	10,275,238	16,729,893
Merger Expenses	-	-	-	-
Office Expenses	88,646,281	69,547,930	87,953,409	68,699,721
Vehicle fuel	50,223,491	40,945,573	50,030,735	40,544,606
Outsource Staff Expenses	58,047,927	57,576,861	57,436,648	46,663,862
Total	872,403,029	787,446,430	812,417,759	713,132,054

Depreciation & Amortisation

4.38

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life while amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life. Depreciation and amortization include depreciation on plant and equipment & amortization of intangible assets.

Particulars	Group		NMB	
	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
Depreciation on property and equipment	299,817,353	251,693,514	262,531,821	237,988,132
Depreciation on investment property	-	-	-	-
Amortisation of intangible assets	58,320,817	53,714,129	56,870,581	52,533,370
Total	358,138,170	305,407,643	319,402,402	290,521,503

Non operating income

4.39

"The incomes that have no direct relationship with the operation of transactions are presented as under.

Particulars	Group		NMB	
	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
Recovery of loan written off	9,985,780	2,656,853	9,985,780	2,656,853
Other income	-	-	-	-
Total	9,985,780	2,656,853	9,985,780	2,656,853

Non operating expense

4.40

The expense that has no direct relationship with the operation of transactions are presented as under.

Particulars	Group		NMB	
	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
Loan written off	76,148,097	46,755,749	76,148,097	46,755,749
Redundancy provision	-	-	-	-
Expense of restructuring	-	-	-	-
Other expense	462,701	195,927	-	-
Total	76,610,798	46,951,676	76,148,097	46,755,749

Income tax expense

4.41

The bank has calculated Income Tax as per Income Tax Act, 2058.

Particulars	Group		NMB	
	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
Current tax expense	1,471,330,376	1,535,394,400	1,434,847,884	1,435,199,261
Current year	1,470,911,531	1,534,238,846	1,434,430,239	1,434,043,707
Adjustments for prior years	418,845	1,155,554	417,645	1,155,554
Deferred tax expense	(41,077,659)	(106,845,899)	(48,235,961)	(111,005,657)
Origination and reversal of temporary differences	(41,077,659)	(106,845,899)	(48,235,961)	(111,005,657)
Changes in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
Total income tax expense	1,430,252,717	1,428,548,501	1,386,611,923	1,324,193,604

4.41.1: Reconciliation of tax expense and accounting profit

Particulars	Group		NMB	
	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
Profit before tax	4,726,930,871	4,971,175,011	4,609,159,216	4,615,287,774
Tax amount at tax rate of 30%	1,422,732,544	1,491,442,504	1,382,747,765	1,384,586,332
Add: Tax effect of expenses that are not deductible for tax purpose	828,142,570	385,032,985	828,142,570	372,829,197
Less: Tax effect on exempt income	-	-	-	-
Add/less: Tax effect on other items	820,622,398	447,926,988	824,278,412	433,221,925
Less: Tax effect of expenses allowed/Income that are not allowed for tax purpose	789,413,418	413,328,194	793,069,431.59	398,623,132
Less: Tax effect of carried forward losses	31,208,980	34,598,793	31,208,980	34,598,793
Total income tax expense	1,430,252,717	1,428,548,502	1,386,611,923	1,324,193,604
Effective tax rate	30.26%	28.74%	30.08%	28.69%

NMB Bank Limited
Unaudited Financial Results (Quarterly)
 Fourth Quarter ended of Fiscal Year 2022-23 (FY 2079/2080)

Statement of Financial Position	This Quarter Ending	Immediate Previous Year Ending(Audited)
Assets		
Cash and cash equivalent	23,958,280	12,787,637
Due from Nepal Rastra Bank	15,059,481	13,747,314
Placement with Bank and Financial Institutions	755,846	3,782,289
Derivative financial instruments	10,850,079	5,293,773
Other trading assets	24,750	-
Loan and advances to B/FIs	7,116,529	5,920,095
Loans and advances to customers	189,323,077	174,948,356
Investment securities	32,363,064	31,724,847
Current tax assets	-	55,329
Investment in subsidiaries	772,488	372,488
Investment in associates	-	-
Investment property	700,348	295,162
Property and equipment	1,750,173	1,764,130
Goodwill and Intangible assets	178,690	226,513
Deferred tax assets	448,920	338,965
Other assets	4,864,386	3,893,713
Total Assets	288,166,111	255,150,610
Liabilities		
Due to Bank and Financial Institutions	2,737,258	2,082,436
Due to Nepal Rastra Bank	3,285,987	8,996,367
Derivative financial instruments	11,060,345	5,351,098
Deposits from customers	210,304,687	184,817,106
Borrowing	14,814,903	12,997,400
Current Tax Liabilities	33,111	-
Provisions	-	-
Deferred tax liabilities	-	-
Other liabilities	5,403,801	5,907,387
Debt securities issued	11,911,942	8,127,854
Subordinated Liabilities	-	-
Total liabilities	259,552,034	228,279,648
Equity		
Share capital	18,366,706	18,366,706
Share premium	-	-
Retained earnings	1,501,890	1,550,781
Reserves	8,745,481	6,953,475
Total equity attributable to equity holders	28,614,077	26,870,962
Non-controlling interest	-	-
Total equity	28,614,077	26,870,962
Total liabilities and equity	288,166,111	255,150,610

Statement of Profit or Loss	Up to this Quarter	Up to Corresponding Previous Year Quarter (Audited)
Interest income	26,622,440	19,168,863
Interest expense	18,280,000	12,781,323
Net interest income	8,342,440	6,387,540
Fees and Commission Income	1,832,119	1,689,473
Fees and commission expense	284,654	216,241
Net fee and commission income	1,547,465	1,473,232
Net interest, fee and commission income	9,889,905	7,860,771
Net trading income	236,285	272,407
Other operating income	204,147	406,767
Total operating income	10,330,337	8,539,945
Impairment charge/(reversal) for loans and other losses	1,166,143	(37,226)
Net operating income	9,164,193	8,577,170
Operating expense		
Personnel expenses	2,719,048	2,539,346
Other operating expenses	1,181,584	1,087,916
Depreciation & Amortisation	319,388	290,522
Operating Profit	4,944,173	4,659,387
Non operating income	9,986	2,657
Non operating expense	76,148	46,756
Profit before income tax	4,878,011	4,615,288
Income tax expense		
Current Tax	1,512,702	1,435,199
Deferred Tax expense/(Income)	(45,190)	(111,006)
Profit for the period	3,410,499	3,291,094

Statement of Comprehensive Income

Profit/Loss for the period	3,410,499	3,291,094
Other Comprehensive Income	(151,120)	102,842
Total Comprehensive Income	3,259,379	3,393,936

Statement of Distributable Profit/Loss For the Quarter Ended Asadh 31, 2080 (July 16, 2023) (As per NRB Regulations)

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

Particulars	Current Year Upto This Qtr YTD	Previous Year Corresponding Qtr YTD
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

Ratios	Upto This Quarter (YTD)	Up to Corresponding Previous Year Quarter
Capital fund to RWA	12.80%	13.59%
Non performing loan (NPL) to total loan	2.72%	1.45%
Total loan loss provision to Total NPL (As per NRB Directives)	109.11%	178.07%
Cost of Funds LCY (YTD)	7.34%	6.43%
CD Ratio - Average of the Month	83.46%	87.75%
Base Rate -Average for the quarter	10.37%	9.38%
Average Interest Spread (Calculated as per NRB Directives)- Last Month of Quarter	3.99%	4.05%
Additional Informations:		
Return on Equity (Annualized)	12.29%	12.95%
Return on Assets (Annualized)	1.26%	1.35%
PE Ratio (Annualized)	12.17	14.57
Net-Worth per share (NPR)	155.79	146.30
Assets per share (NPR)	1,568.96	1,389.20
Liquidity Ratio (NLA)	29.85%	27.99%

NMB Bank Limited
Comparison of Unaudited and Audited Financial Statements as of FY 2022-2023 (FY 2079/80)

Statement of Financial Position	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
Assets					
Cash and cash equivalent	23,958,280	23,958,280	(0)	0.00%	
Due from Nepal Rastra Bank	15,059,481	15,059,501	20	0.00%	NRB Subsidy Adjustment
Placement with Bank and Financial Institutions	755,846	755,846	(0)	0.00%	
Derivative financial instruments	10,850,079	10,850,079	0	0.00%	
Other trading assets	24,750	24,750	-		
Loan and advances to B/FIs	7,116,529	7,116,529	-	0.00%	
Loans and advances to customers	189,323,077	189,035,400	(287,677)	-0.15%	Due to LLP Provision adjustment
Investment securities	32,363,064	32,374,915	11,851	0.04%	Due to fair value adjustment
Current tax assets	-	44,948	44,948	100%	Due to change in profit
Investment in subsidiaries	772,488	772,488	-		
Investment in associates	-	-	-	-	
Investment property	700,348	697,708	(2,640)	-0.38%	Due to NBA Adjustment
Property and equipment	1,750,173	1,752,799	2,626	0.15%	Due to adjustment of Fixed Assets
Goodwill and Intangible assets	178,690	178,690	(0)	0.00%	
Deferred tax assets	448,920	448,411	(509)	-0.11%	Due to fair value adjustment
Other assets	4,864,386	4,706,797	(157,588)	-3.24%	Due to reclassification
Total Assets	288,166,111	287,777,141	(388,970)	-0.13%	
Liabilities					
Due to Bank and Financial Institutions	2,737,258	2,737,258	0	0.00%	
Due to Nepal Rastra Bank	3,285,987	3,285,987	-	0.00%	
Derivative financial instruments	11,060,345	11,060,345	0	0.00%	
Deposits from customers	210,304,687	210,304,687	(0)	0.00%	
Borrowing	14,814,903	14,814,903	0	0.00%	
Current Tax Liabilities	33,111	-	(33,111)	0.00%	Due to adjustment in profit
Provisions	-	-	-	0.00%	
Deferred tax liabilities	-	-	-		
Other liabilities	5,403,801	5,227,597	(176,204)	-3.26%	Due to reclassification
Debt securities issued	11,911,942	11,911,942	-	0.00%	
Subordinated Liabilities	-	-	-		
Total liabilities	259,552,034	259,342,719	(209,314)	-0.08%	
Equity					
Share capital	18,366,706	18,366,706	(0)	0.00%	
Share premium	-	-	-	0.00%	
Retained earnings	1,501,890	1,140,830	(361,059)	-24.04%	Due to change in profit
Reserves	8,745,481	8,926,885	181,404	2.07%	Due to change in profit
Total equity attributable to equity holders	28,614,077	28,434,421	(179,656)	-0.63%	
Non-controlling interest					
Total equity	28,614,077	28,434,421	(179,656)	-0.63%	
Total liabilities and equity	288,166,111	287,777,141	(388,970)	-0.13%	

Particulars	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
Interest income	26,622,440	26,622,460	20	0%	NRB Subsidy Income
Interest expense	18,280,000	18,280,000	0	0%	
Net interest income	8,342,440	8,342,460	20	0%	
Fees and Commission Income	1,832,119	1,833,473	1,354	0%	Due to booking of commission
Fees and commission expense	284,654	286,611	1,957	1%	Due to booking of cost
Net fee and commission income	1,547,465	1,546,862	(603)	0%	
Net interest, fee and commission income	9,889,905	9,889,321	(583)	0%	
Net trading income	236,285	236,285	0	0%	
Other operating income	204,147	204,147	0	0%	
Total operating income	10,330,337	10,329,753	(583)	0%	
Impairment charge/(reversal) for loans and other losses	1,166,143	1,453,821	287,677	25%	Due to adjustment of LLP on Loans and Advances
Net operating income	9,164,193	8,875,933	(288,260)	-3%	
Operating expense					
Personnel expenses	2,719,048	2,689,175	(29,872)	-1%	Due to adjustment of Staff Bonus
Other operating expenses	1,181,584	1,192,034	10,450	1%	Due to additional lease adjustment
Depreciation & Amortisation	319,388	319,402	14	0%	Due to cost adjustment
Operating Profit	4,944,173	4,675,322	(268,852)	-5%	
Non operating income	9,986	9,986	-	0%	
Non operating expense	76,148	76,148	0	0%	
Profit before income tax	4,878,011	4,609,159	(268,852)	-6%	
Income tax expense					
Current Tax	1,512,702	1,434,848	(77,854)	-5%	Due to change in profit
Deferred Tax expense/(Income)	(45,190)	(48,236)	(3,046)	7%	Due to change in profit
Profit for the period	3,410,499	3,222,547	(187,951)	-6%	
Other Comprehensive Income	(151,120)	(142,824)	8,296	-5%	Due to fair value adjustment
Total Comprehensive Income	3,259,378	3,079,723	(179,656)	-6%	
Distributable Profit					
Opening Retained Earnings (after distribution)	35,528	35,528	-	0%	
Net profit/(loss) as per profit or loss	3,410,499	3,222,547	(187,951)	-6%	As mentioned above
Add/Less: Regulatory adjustments as per NRB Directive	(1,944,137)	(2,117,245)	(173,108)	-9%	Due to change in profit
Profit/(loss) after regulatory adjustments	1,501,890	1,140,830	(361,059)	-24%	Due to reasons mentioned above

Significant Accounting Policies to Consolidated Financial Statements

Financial Year 17 July 2022 to 16 July 2023 (1 Shrawan 2079 to 31 Ashadh 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:

- 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.
 - 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 Balance Sheet date, the bank holds 51% controlling interest in the NMBMF.
 - N.M.B. Securities Limited is a 100% subsidiary company of the bank with incorporation on 21 June 2021 and has started the share brokerage business.
- The financial year of both of the subsidiaries is same as that of the Bank ending on July 16, 2023.

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

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the financial statements of the Bank are set out below. Unless otherwise stated, these policies have been consistently applied to all the years presented herein.

2.1. Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with the Nepal Financial Reporting Standard (NFRS) issued by the Nepal Accounting Standards Board (NASB) except otherwise stated in the format issued by Nepal Rastra Bank in Directive No. 4 of NRB Directives, 2078 complying with the requirements of Companies Act 2063 and also provide appropriate disclosures required under regulations of the Securities Exchange Board of Nepal (SEBON). The financial statements have been prepared in accordance with the accrual basis.

The 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 flows are classified by operating, investing and financing activities.

The Group has opted for some certain carve outs which are briefly described in Notes to Accounts. As a consequence of carve out adjustments, net profit would have been impacted.

In preparing the Consolidated 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.

2.2. Going Concern

The Board of Directors have made an assessment of Bank's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the board is not aware of any material uncertainties that may cast significant doubt upon Bank's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it. Hence, the Financial Statements are continued to be prepared on the going concern basis.

2.3. Responsibility for Financial Statements

As stated in paragraph 6 of NAS 01 "Presentation of Financial Statements" read along with Section 108(2) of the Company Act, 2006 the Board of Directors is responsible for the preparation of financial statements of the Bank. The Board of Directors acknowledges this responsibility. The Financial statements include the following components:

- Consolidated Statement of Financial Position(SOFP) stating the financial position of the Bank and the Group as at the end of reporting period;
- Consolidated Statement of Profit and Loss (SOPL) and Consolidated Statement of Other Comprehensive Income (SOCI) stating the financial performance of the Bank and the Group for the reported period ended.
- Consolidated Statement of Cash Flow Statement (SOCF) stating the ability of Bank and the Group to generate Cash and Cash Equivalent.
- Consolidated Statement of Changes in Equity (SOCE) stating all the changes in Equity of the Bank and the Group during the reporting period.
- Notes to the Consolidated Financial Statements comprising summary of Principal Accounting Policies and explanatory notes that are of significant importance to the users of Financial Statements.

2.4. Reporting Period and approval of financial statement

The Bank follows the Nepalese financial year based on the Nepalese calendar. The corresponding dates for the English calendar are as follows:

Relevant Financial Statement	Nepalese Calendar Date/Period	English Calendar Date/Period
Consolidated Statement of Financial Position	31 Ashad 2080	16 July 2023
Consolidated Statement of Profit/Loss	1 Shrawan 2079 to 31 Ashad,2080	17 July 2022 to 16 July 2023
Consolidated Statement of Other Comprehensive Income	1 Shrawan 2079 to 31 Ashad,2080	17 July 2022 to 16 July 2023
Consolidated Statement of Cash flow	1 Shrawan 2079 to 31 Ashad,2080	17 July 2022 to 16 July 2023
Consolidated Statement of Changes in Equity	1 Shrawan 2079 to 31 Ashad,2080	17 July 2022 to 16 July 2023

The consolidated financial statements of the group for the year ended 16 July 2023 have been authorized by the Board of directors and have recommended for its approval by the forthcoming Annual General Meeting.

2.5. 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 Exchange Gain in Schedule 4.34. 25% of such revaluation gain is transferred to Exchange Fluctuation Reserve through Statement of Change in Equity as per NRB Directives.

Income realised from the difference between buying and selling rates of Foreign Exchange is accounted for as trading gains and shown as "Gain/loss foreign exchange transaction" under "Net Trading Income" in Schedule 4.33

2.6. Functional and presentation currency

The Consolidated financial statements are presented in Nepalese Rupees (NPR), the functional currency of Group entities. The Consolidated financial statements are prepared in the formats implemented by Nepal

Rastra Bank and the assets and liabilities are presented in the order of liquidity in the statement of financial position. The Income and expenses are classified 'by nature' in the presentation of statement of profit or loss. All figures in the accounts have been rounded and consequently the sum of individual figures may deviate from the presented sum figure. Furthermore, all percentages are subject to possible rounding differences.

2.7. Significant accounting judgements and estimates

As part of the process of preparing the 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 Annual 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.

2.8. Change in Accounting Policies

The bank has changed its accounting policies when required, to ensure compliance with NFRS. The effect of change in accounting policies at the date of transition has been given to the retained earnings (and reserves, if applicable)

2.9. 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.

2.10. NFRS 9 'Financial Instruments'-Impairment

IFRS 9 'Financial Instruments' was issued by the IASB in July 2014 and effective internationally for the financials beginning on or after 1 January 2018 while NFRS 9 which is in line with IFRS 9 is applicable from FY 2078.79. The bank has applied Carve out Issued by ICAN on 2079/04/02 for impairment calculation and recognition.

Expected Credit Loss Model (ECL) of Impairment

The Expected Credit Loss (ECL) model is a forward-looking model. The ECL estimates are unbiased, probability-weighted, and include supportable information about past events, current conditions, and forecasts of future economic conditions.

Under the general approach, NFRS 9 recognizes three-stage approach to measure expected credit losses and recognized interest income.

Stage 1: 12-month ECL – No significantly increased credit risk Financial instruments that have not had a significant increase in credit risk since initial recognition require, at initial recognition a provision for ECL associated with the probability of default events occurring within the next 12 months (12-month ECL). For those financial assets with a remaining maturity of less than 12 months, a Probability of Default (PD) is used that corresponds to the remaining maturity. Interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

Stage 2: Lifetime ECL – Significantly increased credit risk in the event of a significant increase in credit risk since initial recognition, a provision is required for the lifetime ECL representing losses over the life of the financial instrument (lifetime ECL). Interest income will continue to be recognized on a gross basis.

Stage 3: Lifetime ECL – Defaulted Financial instruments that move into Stage 3 once credit impaired and purchases of credit impaired assets will require a lifetime provision. Interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

The management is still assessing the potential impact on its financial statements, if Expected Credit Loss (ECL) model is introduced.

	Stage 1	Stage 2	Stage 3
Nature	12 month expected credit loss	Lifetime expected credit loss	Lifetime expected credit loss
Risk	No significant risk since initial recognition	Significant credit risk since initial recognition	Credit impaired (With objective evidence of impairment)
Nature	Performing	Underperforming	Non-performing
Interest Revenue	Effective interest on gross carrying amount	Effective interest on gross carrying amount	Effective interest on Carrying amount less ECL

The bank has adopted carve out issued by ICAN dated 2079/04/02 and has created impairment higher of provision as per NRB and impairment calculated as described in point no 2.18 which is further explained in Notes to Accounts.

2.11. NFRS-15: Revenue from contract with customers:

NFRS 15 is a new standard for revenue recognition which overhauls the existing revenue recognition standards. The standard requires the following five step model framework to be followed for revenue recognition:

- Identification of the contracts with the customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract (as identified in step ii)
- Recognition of revenue when the entity satisfies a performance obligation.

NFRS 15 Revenue from Contracts with Customers superseded existing NAS 18 Revenue and NAS 11 Construction Contract from FY 2078/79.

2.12. Basis for classification and measurement

Financial assets are measured at initial recognition at fair value, and are classified and subsequently measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or amortized cost based on our business model for managing the financial instruments and the contractual cash flow characteristics of the instrument. The 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.
- Derivative Financial Instruments are measured at fair value (FVTPL).
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value
- Inventories are measured at cost or net realizable value whichever is lower.
- 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.

Financial assets at amortised cost

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

Financial assets at fair value

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

Determination of fair value

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

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

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

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

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

2.13. 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 non-physical 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.

2.14. 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.

2.15. Business Combination and Goodwill/Bargain Gain Purchase

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 2078.79 in the acquisition of Erstwhile Kanchan Development Bank Limited. The amount of Goodwill NPR. 72.83 million is carried forward from last year under schedule 4.14.

Goodwill is not amortized, but are assessed for impairment in each reporting period or as and when there

is indication of impairment. The assessment of infinite life is reviewed each reporting period to determine whether the infinite life continues to be supportable. The Goodwill recognized upon acquisition of erstwhile Kanchan Development Bank Limited has been assessed for impairment and indication of impairment of such goodwill has not been observed at the end of the reporting period.

2.16. 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.

2.17. 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).

2.18. 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 (value of collateral is considered after hair cut prescribed by NRB) 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 into four broad products as follows:

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

2.19. 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.

2.20. 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.

2.21. Deposits from customers and BFIs and Debt Securities

These are classified as financial liabilities measured at amortized cost.

2.22. 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 bank applies NFRS 15 – Revenue from Contracts with Customers in the accounting of revenue, unless otherwise stated.

a. Net interest income

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

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.

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. However, as per the Carve out issued by ICAN regarding the treatment of fee and commission in EIR rate, fees to be considered for EIR computation unless it is impracticable to determine reliably.

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.

2.23. Interim Reports

Interim reports corresponding to the financial statements reported had been reported in accordance with the regulatory reporting requirements. Those statements have been published.

2.24. Discounting

Discounting has been applied where assets and liabilities are non-current and the impact of the discounting is material. Service fees charged by the bank on loans and advances unless immaterial or impracticable to determine reliably is to be considered for computation of Effective Interest Rate.

2.25. Limitation of NFRS implementation

Wherever the information is not adequately available and the cost to develop the same would exceed the benefit derived, such exception to NFRS implementation has been noted and disclosed in respective sections.

2.26. Significant changes from the policies adopted in the past

Significant changes from the accounting policies adopted under previous GAAP (erstwhile Nepal Accounting Standards and directives issued by Nepal Rastra bank) and the adoption of NFRS has been disclosed in the respective segments, including the impact.

2.27. 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. Intangible assets (software) are capitalised and amortised over the life of assets determinable or best estimated.
- e. 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.
- f. Software costs are amortized over their estimated useful lives from the period of purchase.
- g. Assets with a unit value of less than NPR 10,000 are expensed-off during the year of purchase irrespective of its useful life.

2.28. 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 are initially recognized at fair value. Since it is not intended for owner-occupied use, a depreciation charge (as applicable) is not raised.

2.29. 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.

2.30. 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 bank has applied NFRS 16 - Leases from Fiscal Year 2078/79 with Modified retrospective method for leases of branch and ATM. After the commencement date, bank has measured the right-of-use asset applying the cost model while lease liability has been measured by:

- a. Increasing the carrying amount to reflect interest on the lease liability;
- b. Reducing the carrying amount to reflect the lease payments made; and
- c. Re-measuring the carrying amount to reflect any reassessment or lease modifications, if any.

2.31. 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.

2.32. Segmental Reporting

An operating segment is a component of the bank that engages in business activities from which it earns

revenues and incurs expenses, including revenues and expenses that relating to transactions with any of the bank's other components, whose operating results are reviewed by the management to make decision about resource allocation to each segment and assess its performance.

The Bank is organised for management and reporting purposes into segments such as: Retail, SME & MSME, Corporate, Deprived, Treasury and Others. 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.

2.33. Share capital and reserves

The Ordinary shares in the Bank are recognized at the amount paid per ordinary share. The holders of ordinary shares are entitled to one vote per share at general meetings of the bank and are entitled to receive the annual dividend payments. The various reserve headings are explained hereinafter:

a. General reserve

The Bank is required to appropriate a minimum 20% of current year's net profit into this heading each year until it becomes double of paid up capital and then after a minimum 10% of profit each year. This reserve is not available for distribution to shareholders in any form and requires specific approval of the central bank for any transfers from this heading.

The bank shall also apportion 20% of the gain amount on sale of shares and mutual funds that was recognized as OCI income in the fiscal year

b. Exchange equalization reserve

The Bank is required to appropriate 25% of current year's total revaluation gain (except gain from revaluation of Indian Currency) into this heading.

c. Fair value reserve

This is a non-statutory reserve and is a requirement in the application of accounting policy for financial assets. NFRS 9 requires that cumulative net change in the fair value of financial assets measured at FVTOCI is recognized under fair value reserve heading until the fair valued asset is de-recognized. Any realized fair value changes upon disposal of the re-valued asset is reclassified from this reserve heading to retained earnings.

d. Asset revaluation reserve

This is a non-statutory reserve and is a requirement in the application of accounting policy for non-financial assets such as property, equipment, investment property and intangible assets that are measured following a re-valuation model. The Bank does not have any amount to present under asset revaluation reserve.

e. Capital Adjustment Fund

This is a statutory reserve and is a compliance requirement of NRB circular 12/072/73. The Bank is required to appropriate an amount equivalent to 100% of capitalized portion of interest income on borrowing accounts where credit facility was rescheduled or restructured, following the after effects of the great earthquake that struck the nation in April 2015. Fund in this account can be reclassified to retained earnings upon full and final repayment of the credit facility.

f. Corporate social responsibility fund

The Bank is required to appropriate an amount equivalent to 1% of net profit into this fund annually. The fund is created towards funding the Bank's corporate social responsibility expenditure during the subsequent year. Balance in this fund is directly reclassified to retained earnings in the subsequent year to the extent of payments made under corporate social responsibility activities.

g. Investment adjustment reserve

The Bank is required to maintain balance in this reserve heading which is calculated at fixed percentages of the cost of equity investments that are not held for trading. Changes in this reserve requirement are reclassified to retained earnings.

h. Actuarial gain / loss reserve

This is a non-statutory reserve and is a requirement in the application of accounting policy for employee benefits. NAS 19 requires that actuarial gain or loss resultant of the change in actuarial assumptions used to value defined benefit obligations be presented under this reserve heading. Any change in this reserve heading is recognized through other comprehensive income and is not an appropriation of net profit.

i. Regulatory reserve

This is a non-free statutory reserve and is a requirement as prescribed in NRB directive. In the transition to NFRS from previous GAAP the Bank is required to reclassify all amounts that are resultant of re-measurement adjustments and that are recognized in retained earnings into this reserve heading. The amount reclassified to this reserve includes re-measurement adjustments such as interest income recognized against interest receivables after staff bonus and tax, fair value gain (unrealized) of investment securities and impairment on loan and advance as per NFRS against provision as per NRB Directive, amount equals to deferred tax assets, actuary loss recognized in other comprehensive income, investment properties net off staff bonus and tax and amount of goodwill/Bargain Gain recognized under NFRS.

j. Debenture Redemption Reserve

The Bank is required to maintain a redemption reserve in respect of borrowing raised through debenture issuance. As per the terms of NRB approval relating to the Bank's debenture issuance, the Bank is annually required to appropriate proportionately full face value of debenture to the Debenture redemption reserve during the its life except for the issuance and redemption year.

However, if bonus share is issued from the amount which is to be appropriated to debenture redemption reserve for the debenture which has more than full five fiscal years remaining to be matured, it is not necessary to make appropriation in such fiscal year but such amount has to be proportionately be appropriated to the debenture redemption reserve during the remaining period thereafter.

k. Employees training fund

The Bank is required to incur expenses towards employee training and development for an amount that is equivalent to at least 3% of the preceding year's total personnel expenses. Any shortfall amount in meeting this mandatory expense requirement in the current year will have to be transferred to this reserve fund through appropriation of net profit and the amount shall accumulate in the fund available for related expenses in the subsequent year. Balance in this fund is directly reclassified to retained earnings in the subsequent year to the extent of expenses made for employees training related activities.

2.34. Stationery

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

2.35. 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.

2.36. Events after the Balance Sheet Date

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised for issue.

Appropriate adjustments in the financial statements and disclosures in notes to accounts have been made for all material and significant events that have occurred between the balance sheet date and date when the financial statements have been authorised for issue required as per Nepal Financial Reporting Standards (NFRS)

3. Rounding off and Comparative Figures

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

NMB BANK LIMITED
Additional Disclosures - Financial Year 17 July 2022 to 16 July 2023
(1 Shrawan 2079 to 31 Ashadh 2080)

1. Provision for Bonus

Provision for bonus has been calculated and provided at 10% of net profit before bonus and tax.

2. General Reserve

As per section 44 of the Banks and Financial Institutions Act 2063, 20% of the current year's net profit amounting NPR 644.5 million has been transferred to General Reserve.

3. Exchange Fluctuation Reserve

As per Section 45 of the Banks and Financial Institutions Act, 2063 25% of the revaluation gain amounting to NPR 14.7 million has been transferred to Exchange Fluctuation Reserve.

4. Exchange Fluctuation Income

The Bank earned a total exchange fluctuation income of NPR 295 million. Income realised from the difference between buying and selling rates of Foreign Exchange from normal course of business is accounted for as trading gains and shown as "Gain/loss foreign exchange transaction" under "Net Trading Income" in Schedule 4.33 and income realized through revaluation gain is shown under Foreign exchange revaluation gain in other operating income in schedule 4.34.

5. Investment Adjustment Reserve (IAR)

The investments are valued at fair value required as per NFRS. As per NRB Directive No. 8(3)(1), if securities are not listed within 3 years of date of investment, investment adjustment reserve should be created. The bank had apportioned NPR 50 Mio. Of investment on Mahalaxmi Life Insurance Limited into IAR which was transferred from merger with Erstwhile Om Development Bank Limited and was not listed till FYE 2079. However, after merger with Prabhu Life Insurance Limited, merged entity started joint operation from 29th Ashadh 2080 and hence the reserve is transferred to retained earnings for fiscal year 2079.80.

6. Debenture Redemption Reserve

As required by NRB directive, an amount equal to NPR 566.67 million has been appropriated to Debenture Redemption Reserve during the year. The total balance in Debenture Redemption Reserve as at 16 July 2023 is NPR 1,156.72 million.

Particulars	Issued Date	Expiry Date (BS)	Rate	Face Value (Mio.)	Redemption Start Year	Redemption End Year	No of Years	Redemption Per Year (Mio.)	Purpose
Energy Bond I -2092/93	20 Jestha 2078	20 Jestha 2093	4.00%	1,500	FY 2078/79	FY 2091/92	14	107.14	For CAR
Energy Bond II - 2093/94	10 Jestha 2079	10 Jestha 2094	4.00%	2,727	NA	NA	NA	NA	For CD
NMB Debenture 2084/85	29 Chaitra 2075	29 Chaitra 2085	10.00%	1,685	FY 2076/77	FY 2084/85	9	187.17	For CAR
NMB Debenture 2087/88	11 Jestha 2078	11 Jestha 2088	8.50%	2,000	FY 2078/79	FY 2086/87	9	222.22	For CAR
NMB Debenture 2089/90	30th Chaitra 2079	29th Chaitra 2089	10.75%	4,000	NA	NA	NA	NA	For CD

7. Corporate Social Responsibility (CSR) Fund

The bank has apportioned NPR. 32,225,473/- as CSR fund which is equivalent to 1% of Net Profit of the year to be expensed out in next fiscal year. The fund so created shall be used for CSR activities of the Bank in the next fiscal year as per bank's CSR policy. The detailed movement of reserve is given below:

	Particulars	NPR
A.	Net profit for FY 2079/80	3,222,547,292
B.	1% of net profit appropriated to CSR fund	32,225,473
C.	Opening CSR fund	34,652,799
D.	CSR expense incurred for FY 2079/80	9,331,737
E.	Closing CSR Reserve FY 2079/80 (B)	57,546,535
F.	Net Movement (E-C)	22,893,736

The province-wise details of CSR cost is:

NPR in Thousand

Provinces	FY 2079/80
Koshi	993
Madhesh	646
Bagmati	3,975
Gandaki	2,025
Lumbini	783
Karnali	60
Sudur Paschim	848
Total	9,332

The sectoral CSR cost details are:

Provinces	FY 2078/79	FY 2079/80
I. Education	4,048	1,749
II. Health	15,904	3,983
III. Disaster management	401	267
IV. Environmental protection	285	145
V. Income Generation	-	88
VI. Infrastructure	2,089	155
VII. Financial Literacy	1,101	674
VIII. Customer protection	50	-
IX. Sustainable Development Goals	-	-
IX. Heritage	1,452	1,887
X. Open Your Bank Account	39	-
XI. Others	-	384
Total	25,369	9,332

8. Staff Skill Development (SSD) Fund

As per point 6(6) of NRB directive 2077, 3% of Total Salary and allowances expense of previous year has to be expensed for Staff Skill Development in current fiscal year. If such amount cannot be expensed out in the current fiscal year, such deficit amount has to be transferred to Staff Skill Development Fund. The detailed movement of reserve is given below:

	Particulars	NPR
A.	Salary and Allowance Exp. of FY 2078/79	1,571,274,546
B.	3% of the above to be expensed in FY 2079/80	47,138,236
C.	Training Expenses for FY 2079/80	41,744,143
D.	Excess/(Shortfall) (C-B)	(5,394,094)
E.	Opening SSDF Reserve	22,263,002
F.	Net Movement (-D)	5,394,094

9. Regulatory Reserve

The movement in Regulatory Reserve from the year of implementation of NFRS is given below:

Fiscal Year end	Interest Receivables	Short loan loss provision	Short provision for possible losses on investment	Short provision on NBA	Deferred Tax Assets	Gain on Bargain Purchase	Actuarial Loss Recognized	Fair Value Loss Recognized in OCI	Other	Total
2075	222,679,176	-	-	59,774,627	66,869,011	-	48,026,502	7,057,296	-	404,406,612
2076	591,317,341	-	-	102,915,862	70,040,593	-	48,915,471	5,543,798	-	818,733,065
2077	492,537,377	-	-	50,178,392	264,421,080	-	66,886,117	10,109,962	-	884,132,928
2078	636,757,862	-	-	61,703,624	249,009,565	-	79,793,480	-	-	1,027,264,530
2079	877,953,322	-	-	185,951,758	338,964,764	-	110,632,755	-	-	1,513,502,599
2080	1,387,417,570	-	-	439,555,738	448,875,744	-	149,656,654	-	-	2,425,505,705

10. Deferred Employee Expenditure

The bank has provided concessional loans such as Home loan, vehicle loan to employees as per Staff Bylaws and is measured at amortized cost by discounting all future cash flows at the prevailing market interest rate for similar financial asset. The deferred employee expenditure on the asset side is presented under other assets amounting NPR. 2.39 Bio. While remaining staff loan is presented under Schedule 4.7. The related interest income due to differential rate amounting NPR. 110.9 Mio. has been presented under Interest Income and finance expenses under NFRS in personnel expenses.

11. Event after reporting period

The Board of Directors in its meeting dated 2080/8/13 decided not to distribute dividend for fiscal year 2079/80.

12. Unpaid Dividend

As on the balance sheet date, unpaid dividends amounts to NPR 2,315,588 and unpaid dividend at Share Registrar NMB Capital is NPR. 277,588,553 totalling NPR. 279,904,141. Subsequently the Bank deposits the unclaimed amounts in Investor's Protection Fund as required by the Companies Act. The Bank also publishes notice yearly in national daily newspaper urging investors to collect the dividend.

13. Earnings per Share

Basic earnings per equity share are computed in accordance with NAS 33 Earnings per Share. Basic earnings per equity share are computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Bonus shares, also known as scrip dividends, involve the issue of shares without any consideration. Since the bonus shares do not change the resources available to the entity to earn a return for the shareholders (as in the case of shares issued for cash) the effect of change in number of shares in the EPS calculation is cancelled for the year in which bonus issue takes place and as well as in the prior periods presented. The EPS has also been restated in Principal Indicators.

The following table sets forth, for the periods indicated, the computation of earnings per share.

Particulars	YE Ashad 2080	YE Ashad 2079
Weighted average no. of equity shares outstanding (Restated)	183,667,060	183,667,060
Net profit	3,222,547,292	3,291,094,170
Basic earnings per share	17.55	17.92
Nominal value per share	100	100

14. Disclosure related to Loans (COVID and Others Related)

Particulars	As of Ashad End 2080	
	No. of Customers	Amount(NRs.)
Accrued Interest Received after Ashad end 2080 till 15th Shrawan 2080	3,250	350,462,547
Additional 0.3% Loan Loss Provision created on Pass Loan Portfolio	28,349	514,703,264
Extension of moratorium period of loan provided to Industry or Project Under Construction	NA	NA
Restructured/Rescheduled Loan with % Loan Loss Provision	143	586,093,582

Particulars	As of Ashad End 2080	
	No. of Customers	Amount(NRs.)
Enhancement of working Capital Loan by 20% to COVID affected borrowers	14	9,941,520
Enhancement of Term Loan by 10% to COVID affected borrowers		NA
Expiry Date of Additional 20% Working Capital Loan (COVID Loan) extended for up to 1 year with 5% provisioning.		NA
Expiry Date of Additional 10% Term Loan (COVID Loan) extended for up to 1 year with 5% provisioning.		NA
Time Extension provided for repayment of Principal and Interest for up to two years as per Clause 41 of NRB Directives 2		NA

The details pertaining to Refinance, Business Continuity and Subsidized loan is given below

Particulars	As of Ashad End 2080	
	No. of Customers	Amount(NRs.)
Refinance Loan	-	-
Business Continuity Loan	-	-

Particulars	As of Ashad End 2080	
	No. of Customers	Amount(NRs.)
Subsidized Loan	5,549	8,803,426,900

15. Principal Indicators

The principal indicators of the bank for the past 5 years are as follows:

	Particulars	Indicators	FY 2075/76	FY 2076/77	FY 2077/78	FY 2078/79	FY 2079/80
1	Percent of Net Profit/Gross Income	Percent	18.06	11.94	17.45	15.25	11.74
2	Earnings Per Share (Restated for previous years)	Rs.	18.79	11.18	14.76	17.92	17.55
3	Market Value Per Share	Rs.	382	397	440	261	226
4	Price Earnings Ratio	Ratio	16.23	31.45	26.41	14.57	12.88
5	Dividend (including bonus) on Share Capital	Percent	35.00	16.20	15.80	8.25	-
6	Cash Dividend on Share Capital	Percent	14.00	3.20	3.30	8.25	-
7	Interest Income/Loan & Advances	Percent	11.17	10.95	8.16	9.55	11.98
8	Staff Expenses/Total Operating Expenses	Percent	61.52	58.32	65.04	64.82	64.02
9	Interest Expenses on Total Deposit and Borrowing	Percent	6.58	6.30	4.64	6.26	8.01
10	Exchange Gain/Total Assets	Percent	0.32	0.27	0.20	0.13	0.10
11	Staff Bonus/Total Staff Expenses	Percent	34.21	19.65	25.70	25.30	23.52
12	Net Profit/Loan and Advances	Percent	2.42	1.38	1.68	1.77	1.59
13	Net Profit/Total Assets	Ratio	1.67	0.95	1.17	1.29	1.12
14	CD Ratio (Average for the last month of FY)	Percent	89.30	86.66	89.76	87.75	83.46
15	CD Ratio (As on Last Day of the FY)	Percent	87.71	86.39	86.51	85.55	82.36
16	Total Operating Expenses/Total Assets	Percent	1.70	1.57	1.39	1.54	1.46
17	Adequacy of Capital Fund on Risk Weighted Assets						
	a) Core Capital	Percent	13.11	13.00	11.42	10.36	10.15
	b) Supplementary Capital	Percent	2.35	2.08	3.66	3.23	3.18
	c) Total Capital Fund	Percent	15.45	15.08	15.08	13.59	13.33
17	Liquidity (CRR)	Ratio	4.19	5.93	5.66	5.33	5.63
18	Non-performing credit/Total credit	Percent	0.82	2.68	2.27	1.45	2.75
19	Base Rate (Average for the last quarter of FY)	Percent	9.92	9.29	6.99	9.38	10.37
20	Interest Spread as per NRB (Last Month of the FY)	Percent	4.26	4.05	3.09	4.05	3.99

	Particulars	Indicators	FY 2075/76	FY 2076/77	FY 2077/78	FY 2078/79	FY 2079/80
21	Return on assets	Percent	1.83	1.09	1.32	1.35	1.19
22	Return on Equity	Percent	13.32	8.94	12.08	12.95	11.65
23	Average Yield (YTD)	Percent	10.80	10.67	8.71	9.00	11.80
24	Net Worth Per Share	Rs.	180.94	150.06	146.66	146.30	154.82
25	Total Shares	Nos. in '000	96,182	139,510	163,260	183,667	183,667
26	Total Staff	Number	1,120	1,654	1,744	1,961	1,980
27	No of Branches	Number	110	160	181	201	201
28	No of ATMs	Number	103	133	137	138	141

16. Loans and Advances Written Off

The Bank has written off loans and advances (except Interest) amounting to NPR 76.15 million the details of which is as follows:

S.No	Name of Clients	Facility	Date of Written off	Principal
1	Concept International	Overdraft Loan	5-Jan-23	1,159,206
2	East Travels (Nepal) Pvt. Ltd	Overdraft Loan/Demand Loan	5-Jan-23	9,962,331
3	Maa Sanjeevani Traders	Overdraft Loan	5-Jan-23	217,429
4	Manamaya Kirana Pasal	Overdraft Loan	5-Jan-23	867,928
5	Poudel Traders	Overdraft Loan	5-Jan-23	5,917,211
6	Sangita Hardware Traders	Overdraft Loan	5-Jan-23	2,300,624
7	Sarita Shrestha	Auto Loan	5-Jan-23	648,428
8	Sinesh Suppliers	Overdraft Loan/Working Capital Loan	5-Jan-23	2,536,619
9	Siddhi Sai Prakash Construction Private Limited	Overdraft Loan/Demand Loan	9-Jul-23	16,110,686
10	Sunita Suppliers	Overdraft Loan/Demand Loan	9-Jul-23	3,518,691
11	S.N.B. Traders Pvt. Ltd	Overdraft Loan/Term Loan	9-Jul-23	2,294,822
12	Dhananjay Traders And Suppliers	Overdraft Loan/Demand Loan	9-Jul-23	1,426,825
13	Mahalaxmi Hardware And Suppliers	Overdraft Loan/Demand Loan	9-Jul-23	5,317,847
14	Bibisa Hardware And Suppliers	Overdraft Loan/Demand Loan	9-Jul-23	7,454,057
15	Sakina Khatun Hajam	Agriculture Loan	9-Jul-23	211,131
16	Mega Int'L Tours & Travels Pvt.Ltd	Overdraft Loan/Demand Loan	9-Jul-23	426,731
17	Baburam Adhikari	Auto Loan	10-Jul-23	1,126,654
18	Bhupdev Katuwal	Auto Loan	10-Jul-23	1,599,074
19	Chanchal Devkota	Auto Loan	10-Jul-23	2,177,350
20	Dilip Kumar Karna	Auto Loan	10-Jul-23	1,444,456
21	Lasi Tyre Resoling Center Pvt L	Auto Loan	10-Jul-23	3,350,729
22	Rudra Bahadur Basnet	Housing Loan	10-Jul-23	6,079,269
Total				76,148,097

17. Other Assets Written Off

The Bank did not write off any balance on Other Assets.

18. Summary of Changes in Total Deposits

The financial growth of Total Deposits during the year is given below:

Amount in NPR Mio.

Particulars	FY End 2080	FY End 2079	Increase/(Decrease)
Term deposits	127,492	114,351	13,141
Call deposits	14,466	10,589	3,877
Current deposits	12,981	10,566	2,415
Saving deposits	55,256	47,074	8,183
Other	2,847	3,821	-974
Total	213,042	186,400	26,642

19. Concentration of Borrowing and Deposits

A. Concentration of Borrowings

Particulars	FYE 2080	FYE 2079
Borrowings from ten largest lenders	14,814,903,379	12,997,400,000
Percentage of Borrowings from ten largest lenders to total depositors	6.95%	6.97%

B. Concentration of Credit exposures

Particulars	FYE 2080	FYE 2079
Total exposures to twenty largest borrowers:		
a. As per group (related party)	29,507,138,547	24,458,844,459
b. As per individual customer	23,299,951,191	20,680,169,751
Percentage of exposures to twenty largest borrowers to Total Loans and Advances:		
a. As per group (related party)	14.94%	13.43%
b. As per individual customer	11.80%	11.36%

C. Concentration of Deposits

Particulars	FYE 2080	FYE 2079
Total deposits from twenty largest depositors		
a. Group-wise	41,378,283,735	43,546,641,261
b. As per individual customer	41,378,283,735	43,546,641,261
Percentage of deposits from twenty largest depositors to Total Deposits		
a. Group-wise	19.42%	23.36%
b. As per individual customer	19.42%	23.36%

20. Agency Account

Particular	Less than 1 Year	More than 1 year less than 3 years	More than 3 years	Total
Agency Accounts	311,260,331	485,718	174,260	311,920,309
Inter branch	-	-	-	-

21. Capitalization of Interest

During the fiscal year, the Bank has recognised interest income of NPR 384,680,576 from capitalization of interest during moratorium period of eleven separate projects with financial closure being before 2079/10/26. These capitalizations have been approved/mandated by the NRB.

S.No.	Name of Borrower	Interest Capitalization for Fiscal Year 2079/80	NRB Approval Date (Y/M/D)
1	Hilton Hydro Energy Limited	10,929,665	2079.04.12
2	Kabeli Hydropower Company Limited	6,866,445	As per NRB Circular
3	Snow Rivers Limited	13,859,173	2079.04.12
4	Madame Khola Hydropower Limited	7,414,882	As per NRB Circular
5	Siuri Nyadi Power Limited	15,996,328	2079.09.25
6	Peoples Energy Limited	8,387,528	2079.09.28
7	Sanima Middle Tamor Hydro Power Limited	73,873,200	2077.03.31

S.No.	Name of Borrower	Interest Capitalization for Fiscal Year 2079/80	NRB Approval Date (Y/M/D)
8	Vision Lumbini Urja Company Public Limited	147,749,547	2078.12.20
9	Barahi Sedi Limited	62,618,815	2079.09.25
10	Lost Horizon Pvt. Limited	31,100,169	2079.09.29
11	Bandipur Cable Car Limited	5,884,823	2079.02.05
	Total	384,680,576	

22. Classification of Assets and Liabilities based on Maturity (As per yearly NRB Report)

(NPR. In million)

S. N.	Particulars	1-90 Days	91-180 Days	181-270 Days	271-365 Days	Over 1 Year	Total Amount
Assets							
1	Cash Balance	4,839	-	-	-	-	4,839
2	Balance with Banks & FIs	15,017	-	-	-	-	15,017
3	Investment in Foreign Banks	4,853	750	-	-	-	5,603
4	Call Money	-	-	-	-	-	-
5	Government Securities	10,826	3,071	2,999	2,249	17,542	36,685
6	Nepal Rastra Bank Bonds	-	-	-	-	-	-
7	Inter Bank & FI Lending	2,200	-	-	-	-	2,200
8	Loans & Advances	50,290	21,724	10,898	5,205	109,349	197,466
9	Interest Receivable	356	-	-	-	-	356
10	Reverse Repo	-	-	-	-	-	-
11	Receivables from other Institutions under Commitment	-	-	-	-	-	-
12	Payment to be made for facilities under s.no 20, 21 & 22	34,260	12,993	6,569	5,220	18,602	77,645
13	Others	-	-	-	-	-	-
	Total Assets (A)	122,642	38,537	20,466	12,674	145,492	339,811
Liabilities							
14	Current Deposits	14,197	-	-	-	-	14,197
15	Saving Deposits	16,510	2,044	2,044	2,157	46,968	69,722
16	Fixed Deposits	39,989	27,274	16,456	16,271	27,429	127,420
17	Debentures	-	-	-	-	11,912	11,912
18	Borrowings:	-	-	1,315	1,029	12,471	14,815
	(a) Call/Short Notice	-	-	-	-	-	-
	(b) Inter-bank/Financial Institutions	-	-	1,315	1,029	12,471	14,815
	(c) Refinance	-	-	-	-	-	-
	(d) Others	-	-	-	-	-	-
19	Other Liabilities and Provisions	1,058	51	51	51	2,148	3,360
	(a) Sundry Creditors	223	-	-	-	-	223
	(b) Bills Payable	25	-	-	-	-	25
	(c) Interest Payable	756	-	-	-	-	756
	(d) Provisions	4	-	-	-	650	653
	(e) Others	51	51	51	51	1,498	1,703
20	Payable to other institutions under Commitment	1,621	222	151	8	-	2,002
21	Unutilized Approved Facilities	12,880	-	-	-	-	12,880
22	Letter of Credit/Guarantee (Net of Margin)	19,759	12,771	6,419	5,212	18,602	62,762
23	Repo	-	-	-	-	-	-
24	Payment to be made for facilities under S.No 11	-	-	-	-	-	-
25	Others	-	-	-	-	-	-
	Total Liabilities (B)	106,014	42,362	26,436	24,729	119,529	319,070
	Net Financial Assets (A-B)	16,628	(3,825)	(5,970)	(12,055)	25,963	20,741
	Cumulative Net Financial Assets	16,628	12,803	6,833	(5,222)	20,741	-

23. Borrowing by the Bank against the collateral of own assets

Borrowing by the Bank against the collateral of own asset is NIL as on Ashadh end 2080.

24. Transactions in Bullion

The bank deals in bullion (Gold/Silver) by holding stock on consignment basis on behalf of suppliers as per the arrangement. The value of consignment as on balances sheet date is Nil and has been reflected under "Advance Gold and silver" (Gold Consignment)" in Schedule 4.16. Transaction of gold and silver are carried out as per the NRB Directives.

25. Capital Construction

There are no capital constructions (pending capitalization) as at the end of the current fiscal year.

26. Loan Impairment

The bank maintains an allowance for credit losses relating to on-balance sheet exposures of loans and advances.

Loans, which are individually significant (the threshold being selected to cover up top 50 files, files under 50% and 100% provision and files with special asset management department), are assessed individually for objective indicators of impairment. A loan is considered impaired when it is determined that bank will not be able to collect all amounts due according to the original contractual terms. Credit exposures of individually significant loans are evaluated based on factors including the borrower's overall financial condition, resources and payment record, and where applicable, the realizable value of any collateral. If there is evidence of impairment leading to an impairment loss, then the amount of the loss is determined as the difference between the carrying value of the loan, including accrued interest, and the estimated recoverable amount. The estimated recoverable amount is measured as the present value of expected future cash flows discounted at the loan's original effective interest rate, including cash flows that may result from the realization of collateral less costs to sell.

Loans which are not individually significant, or which are individually assessed and not determined to be impaired, are collectively assessed for impairment. For the purposes of a collective evaluation of impairment, loans are grouped based on similar credit risk characteristics, taking into account loan type, past due status and other relevant factors viz. OD Loan, Working Capital Loan, Term Loan and Retail EMI. The collective impairment allowance is determined by reviewing factors including historical loss experience, which takes into consideration historical probabilities of default, loss given default and exposure at default.

The impairment status as per para Carve Out issued by ICAN is given below:

Particulars	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
a. Individual Impairment	2,700,382,303	1,813,822,014
b. Collective Impairment	287,240,790	384,690,196
Total	2,987,623,093	2,198,512,210

The Loss given default status (LGD) for impairment calculation purpose is given below:

Particulars	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
OD Loan	18%	14%
Term Loan	9%	7%
Retail EMI	16%	11%
Working Capital Loan	10%	7%

27. Carve-outs in NFRS

Upon the recommendation from Accounting Standard Board-Nepal, the Institute of Chartered Accountants of Nepal (ICAN) has issued following carve-outs for the implementation of NFRS and has prescribed alternative treatments as set out below dated 2079/04/02:

(a). Impairment

This is the carve out from the requirement to determine impairment loss on financial assets – loans and advances by adopting the ‘Incurred Loss Model’ as specified in carve out of ICAN unless the entity is a bank or a financial institution registered as per Bank and Financial Institutions Act 2073. Such entities shall measure impairment loss on loans and advances at the higher of:

- amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provisioning; and
- amount determined as per para 5 described in Carve Out adopting Incurred Loss Model

This is the mandatory carve out. Hence, the bank has recognized impairment loss on loans and advances at the higher of the amount derived as per prudential norms specified in NRB directive and the amount derived from incurred loss model as specified in carve out is given below:

Particulars	Year ended 31 Ashadh 2080	Year ended 32 Ashadh 2079
a. Impairment on Loan as per Para 5 of Carve Out	2,987,623,093	2,198,512,210
b. Loan Loss Provision as per NRB	6,158,291,859	4,703,121,289
Higher of a and b	6,158,291,859	4,703,121,289

(b). NFRS 9 : Financial Instruments

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the bank shall estimate the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call, and similar options) but shall not consider the expected credit losses. The calculation includes all fees and points paid or received unless it is immaterial or impracticable to determine reliably between parties to the contract that are an integral part of the effective interest rate. The bank has opted this carve out for Effective Interest Rate and associated fees.

28. Goodwill on Business Combination

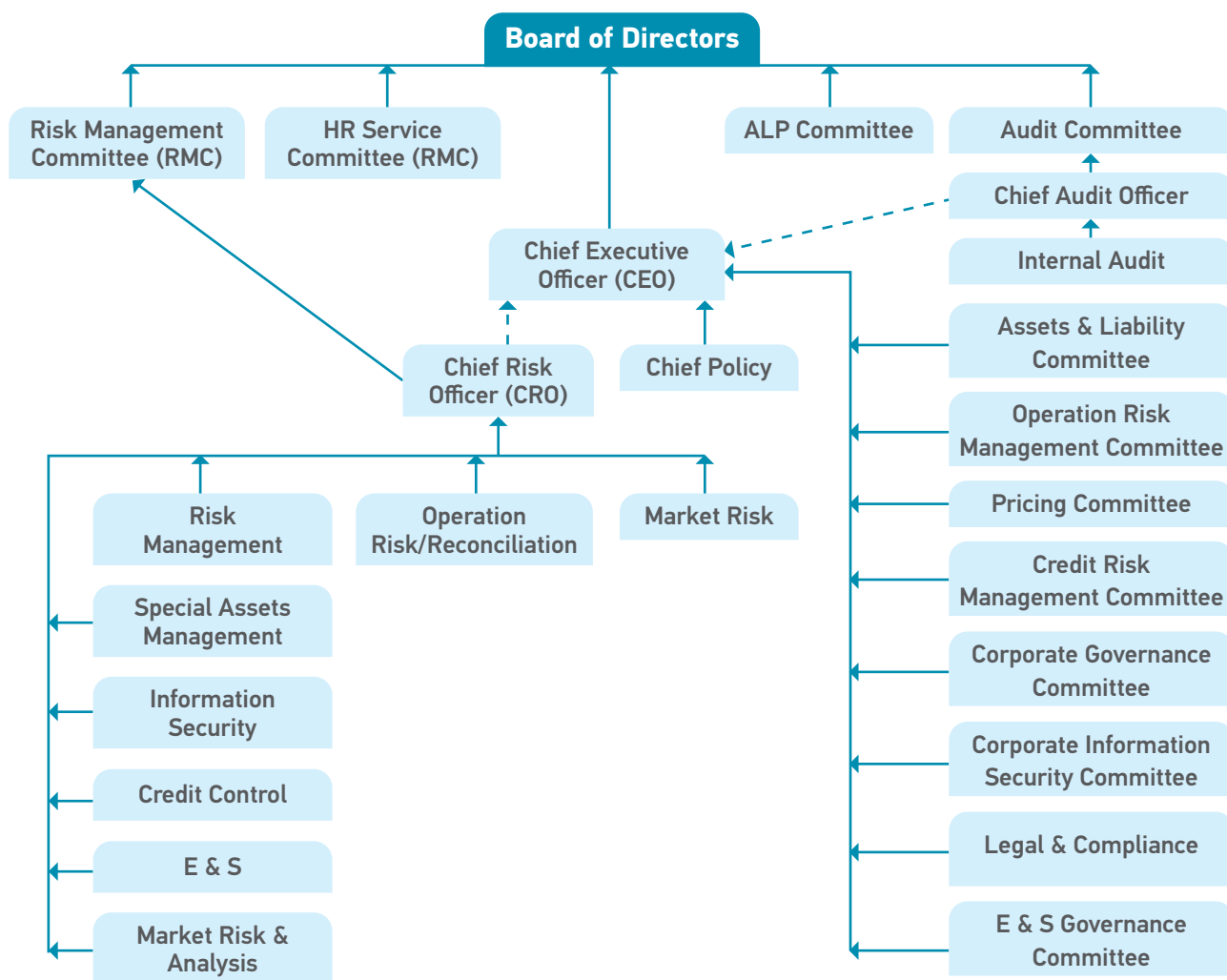
The bank had recognized NPR. 72,829,139 as Goodwill in FY 2078/79 and apportioned under other Reserve of equity for the acquisition of Erstwhile Kanchan Development Bank Limited. Goodwill is not amortized, but are assessed for impairment in each reporting period or as and when there is indication of impairment. The assessment of infinite life is reviewed each reporting period to determine whether the infinite life continues to be supportable.

Since the recoverable amount is higher than carrying amount of the Cash Generating Unit (CGU) (value in use), goodwill allocated is not impaired.

29. Risk Management

Risk Management Structure

NMB Board is the ultimate authority to oversee overall risk management of the Bank by formulating risk management strategies, defining risk appetite, and ensuring that the risk management policies, procedures and standards are adequate and is effectively implemented in the Bank. Sound risk management system in the Bank is established robust risk management structure which includes Board level Risk Management Committee, Audit committee, Human Resource committee and Asset Laundering prevention committee; management level Asset & Liability Committee, Credit Risk Management Committee, Operational Risk Management Committee, E&S (Environmental & Social) Committee, Credit Recovery Committee, Corporate Information Security Committee, Pricing Committee, and Corporate Governance Committee. In this structure, new/revised policies & standards, reports on risk management, portfolio analysis, stress testing, investment, liquidity, capital adequacy, industry/market analysis, and critical risk issues identified are first reviewed by management level committee and then escalated to Risk Management Committee for review and decision. **Risk management structure in the bank's Organogram:**



Risk Management system and structure of the Bank is driven by following principles:

- **Independent Role:** The bank has Risk Management Function independent from risk taker. All management units report to the Chief Risk Officer (CRO) who directly report to the board level Risk Management Committee.
- **Risk Measurement:** The Bank has prioritized to quantitatively measure various risk issues and arranged for their mitigation, control and monitoring wherever possible. For quantitatively measuring these risks, the Bank has implemented new tools and models such as Risk Register/, Credit Grading, etc.
- **Risk Management as Shared Responsibility:** The Bank has independent function for management of various risks which has been driven by the shared responsibility of risk management units and various business units of the Bank. The risk governance framework has adopted “three lines of defence” structure that includes three distinct units comprised of:
 - Main Business Function
 - Risk Management Department/Control units, and
 - Internal Audit
 The responsibilities of each line have been well defined and communicated across the various levels.
- **Risk Management Structure:** The Bank has appropriate risk management structure with clear demarcation of reporting line on its organogram. It has been essential for establishing roles & responsibilities and accountability of various functions within the Bank on risk management. The role of board of Directors in risk management has been more effective upon envisioning the risk governance structure of the Bank.
- **Continuous Improvement:** The Bank has always been oriented for strengthening existing risk management system. As a part of this, the Bank has recently implemented ISO 27001: 2013 standard. It has been expected to significantly improve information security management system as well as support risk management system through various aspects.

In addition, the Bank as an active member of the Global Alliance for Banking on Values (GABV) strives for delivering sustainable economic, social and environmental development with a focus on helping individuals fulfill their needs and build stronger communities.

Credit Risk Management in NMB Bank:

Credit Risk refers to the potential loss due to failure of counterparty to meet its obligations in accordance with the terms specified in the credit agreements. Credit Policy, Credit Risk Management Framework, Credit Process Manual, Product Papers and various other credit related documents in place provides the firm foundation for a strong credit risk management environment in the bank by defining clear roles and responsibilities of various functions and risk takers in Credit system. The Bank's Credit Policy elaborates credit standards and guideline for effective risk management. The Bank has delegated credit approval limits to various officials to approve and sanction various amount of credit request based on their individual expertise and risk judgment capability. The key independent units responsible for ensuring effective Credit Risk Management in the bank are Credit Risk Management Department, Credit Administration Department, Control Department, Special Assets Management Department, various Business Units and Internal Audit.

A thorough analysis of the borrower and the industry in which the borrower operates is ensured prior extending credit facilities. The Bank also has an internal credit risk rating procedure in place to categorize customers in different risk profiles and formulate appropriate account strategies. The Bank primarily focuses on ensuring prudent financing requirements of the client and the client's capacity to repay the debt obligation on time.

Credit Risk Management Committee (CRMC) and Risk Management Committee (RMC) play a pivotal role in the credit risk management of the Bank. The existing/probable credit risk issues are reviewed, necessary changes required in the credit system to mitigate such risk are identified and required decisions are made as appropriate.

The Bank has a product wise and industry/sector wise portfolio and NPL thresholds to monitor the quality of loan portfolio and manage the concentration risk. These thresholds are reviewed on periodical basis in CRMC and RMC in quarterly interval for required actions/strategic decisions.

Market Risk and Operation Risk Management in NMB Bank:

Market and Operation Risk management in Nepalese Banks has been a newer challenge. In the times of volatility and fluctuations in the market, NMB Bank needs to prove its determination by withstanding the market variations and achieve sustainability in terms of growth as well as to have a stable share value. Hence, an essential component of enhanced risk management framework would be to mitigate all the risks and rewards of the products and services offered by the bank.

NMB has passed through a monumental change after the merger with four Development Banks and one Finance Company. NMB has taken strategic focus on digitization and technological advancement to enhance banks services as well as risk management.

NMB ensures parity between risk and return and hence, management of risk by incorporating a set of systematic and professional methods especially those defined by the Basel III becomes an essential requirement for us.

In the course of operations, the bank is invariably faced with different types of risks that may have a potentially negative effect on the business. NMB Bank's risk management approach includes risk identification, measurement and assessment, and minimizes impact on the financial result and capital of the bank.

Asset & Liability Committee (ALCO) manages the overall asset and liability position of the Bank. It also ensures that the asset & liability position, investment and liquidity are maintained at a desired level in compliance to NRB Directives. Risk monitoring is done periodically-at least on monthly basis by Treasury, Market Risk and Finance Departments by conducting stress testing, GAP analysis and preparing various reports.

Market risk includes interest rate and foreign exchange risk.

Interest rate risk is the risk of negative effects on the financial result and capital of the bank as a result of changes in interest rates.

The bank's products are mostly based on floating interest rate. Only fixed deposits are with fixed interest rate. In Nepalese local market, short term movement in interest rate is negligible. Pricing Committee monitors the interest rate movement on regular basis.

Foreign exchange risk is the risk of negative effects on the financial result and capital of the bank caused by changes

in exchange rates.

The foreign exchange risk of the bank is minimal as all the transactions are carried out on behalf of the customers against underlying remittances and trade transactions.

Operational risk is the risk of negative effects on the financial result and capital of the bank caused by omissions in the work of employees, inadequate internal control procedures and processes, inadequate management of information and other systems, and unforeseeable external events.

NMB Bank has independent department to look after operational risk wherein Operational Risk Management Committee meets on monthly basis to discuss and plan the way forward to mitigate potential operational risk identified.

Bank has developed and adhered to Minimum Control Standards and Incident Reporting Guidelines along with Whistle Blowing Policy to identify potential operational risks. Operational Risk Department independently assess each incident/event/cause to measure the risk grade which is ultimately discussed/ analyzed further in Operational Risk Management Committee to put appropriate controls in place. If required, the incident/event/cause along with the risk assessment, probability and impact is escalated further to Risk Management Committee or the Board of the Bank. Apart from that, Operational Risk Unit conducts branch/ department visits to monitor/ review the branches and departments and also to train/ create awareness on operational risk.

Liquidity Risk

Liquidity risk is the potential event where the Bank either does not have sufficient liquid financial resources available to meet all its obligations as they fall due, or can only access these financial resources at excessive cost. The Liquidity Risk Framework governs liquidity risk management and is managed by ALCO. In accordance with that policy, the Bank maintains a liquid portfolio of marketable securities as a liquidity buffer.

E&S Risk:

Environmental and Social management is one of the top priorities for NMB Bank which underlines its resolution towards Responsible Banking as well as complementing its business intent of Sustainable Banking.

The Bank has in place an Environmental and Social Management System (ESMS) of international standards. NMB is the only local bank in the country following IFC Performance standards in its Environmental and Social (E&S) due diligence. The bank has effectively integrated E&S risk assessment and management as significant part of its overall Business and Risk Assessment processes. The bank has developed a robust online system for E&S management which is integrated with the Loan Processing System within the bank's Business Process Management system.

The bank has a dedicated core team for E&S management which includes technical expert with related academic background and experience as well as senior level staff to provide needful overview and momentum.

NMB is a joint venture with FMO, a triple-A rated Dutch development bank and has business relationships/ credit lines from more than ten international financial institutions, who also support the bank in continuously improving on E&S management with detailed E&S Action Plans as well as ensuring international standards of E&S related disclosures to its stakeholders.

As part of the bank's intent towards Climate resilience, NMB is the only bank in the country to have made Carbon Footprint Disclosure in 2022 on its financed portfolio based on PCAF standards (Partnership for Carbon Accounting Financials).

Other Risk

Management of other risk such as Reputational, Legal & Compliance, Environmental and Social Risk Management and Human Resource (HR) etc. is equally pertinent as the bank grows. The bank has separate department to oversee Legal & Compliance issues. HR Department and Board level HR Committee is responsible for all HR functions and related risk management.

Internal Control

The Board and the management is committed in managing risks and in controlling its business and financial activities in a manner which enables it to maximize profitable business opportunities, avoid or minimize risks which can cause potential loss or reputational damage to the bank, ensure compliance with applicable laws and regulations

and enhance resilience to external events. To achieve this, bank has established set of policies and procedures for risk identification, risk evaluation, risk mitigation and control/monitoring.

The effectiveness of the Company's internal control system is reviewed regularly by the Board, Risk Management Committee, Management and Internal Audit.

The Internal Audit monitors compliance with policies/standards and the effectiveness of internal control structures across the Company through its program of business/unit audits. The Internal Audit function is focused on the areas of greatest risk as determined by a risk-based assessment methodology. Internal Audit reports are periodically forwarded to the Audit Committee. The findings of all audits are reported to the Chief Executive Officer, department heads and branch managers for initiating immediate corrective measures

30. Categories of Financial Instruments and Fair Value Hierarchy

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Bank recognises transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 portfolios are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

Financial instruments are measured on an ongoing basis either at fair value or at amortized cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognized.

The Hierarchy of fair value measurement is given below:

Particulars	Fair value Hierarchy (Level)	As at		As at	
		As at 31 Ashadh 2080		As at 32 Ashadh 2079	
		Carrying Value	Fair value	Carrying Value	Fair value
FVTPL					
Other trading assets	3	24,750,000	24,750,000	-	-
Derivative financial instruments	1	10,850,079,131	10,850,079,131	5,293,773,328	5,293,773,328
Subtotal		10,874,829,131	10,874,829,131	5,293,773,328	5,293,773,328
FVTOCI					
Quoted Equities	1	1,234,329,508	1,234,329,508	935,323,483	935,323,483
Unquoted Equities	3	70,461,300	70,461,300	99,813,800	99,813,800
Subtotal		1,304,790,808	1,304,790,808	1,035,137,283	1,035,137,283
Grand-Total		12,179,619,939	12,179,619,939	6,328,910,611	6,328,910,611
Amortized cost					
Cash and cash equivalent	3	23,958,279,935	23,958,279,935	12,787,637,052	12,787,637,052
Due from Nepal Rastra Bank	3	15,059,500,883	15,059,500,883	13,747,313,630	13,747,313,630

Particulars	Fair value Hierarchy (Level)	As at		As at	
		As at 31 Ashadh 2080		As at 32 Ashadh 2079	
Placement with BFI's	3	755,846,186	755,846,186	3,782,288,743	3,782,288,743
Loan and advances to B/FIs	3	7,116,529,163	7,116,529,163	5,920,094,816	5,920,094,816
Loans and advances to customers	3	189,035,400,388	189,035,400,388	174,948,356,284	174,948,356,284
Investment securities (except equity instruments)	3	31,070,124,019	31,070,124,019	30,689,709,470	30,689,709,470
Subtotal		266,995,680,574	266,995,680,574	241,875,399,995	241,875,399,995
Total of Financial Assets		279,175,300,513	279,175,300,513	248,204,310,606	248,204,310,606
FVTPL/FVTOCI					
Liability for employees DBO	3	158,073,801	158,073,801	125,618,519	125,618,519
Subtotal		158,073,801	158,073,801	125,618,519	125,618,519
Amortized cost					
Due to Bank and Financial Institutions	3	2,737,257,510	2,737,257,510	2,082,436,338	2,082,436,338
Due to Nepal Rastra Bank	3	3,285,987,203	3,285,987,203	8,996,366,529	8,996,366,529
Deposits from customers	3	210,304,687,147	210,304,687,147	184,817,106,463	184,817,106,463
Borrowing	3	14,814,903,379	14,814,903,379	12,997,400,000	12,997,400,000
Other liabilities	3	3,382,756,160	3,382,756,160	4,122,153,023	4,122,153,023
Debt securities issued	3	11,911,942,000	11,911,942,000	8,127,853,522	8,127,853,522
Subtotal		246,437,533,399	246,437,533,399	221,143,315,875	221,143,315,875
FVTPL					
Derivative financial instruments	1	11,060,344,567	11,060,344,567	5,351,098,092	5,351,098,092
Subtotal		11,060,344,567	11,060,344,567	5,351,098,092	5,351,098,092
Total of Financial Liabilities		257,655,951,767	257,655,951,767	226,620,032,486	226,620,032,486

31. Capital Adequacy

The capital adequacy status as of 16 July 2023 is given below:

NMB Bank Limited Capital Adequacy Table 2080 Ashad End (16 July 2023)

Amount in thousands

1.1 Risk Weighted Exposures		2080 Ashad End	2079 Ashad End
a	Risk Weighted Exposure for Credit Risk	225,701,586	219,211,042
b	Risk Weighted Exposure for Operational Risk	11,008,308	10,378,438
c	Risk Weighted Exposure for Market Risk	1,816,655	215,706
Total Risk Weighted Exposures (a+b+c)		238,526,549	229,805,186
Adjustments under Pillar II			
	Add : RWE equivalent to reciprocal of capital charge of 3 % of gross income.	2,453,586	2,114,523
	Add : 2% of the total RWE due to Supervisory add up	4,770,531	4,596,104
	Add: 2% of total RWE, Desired level of disclosure requirement has not been achieved.	-	-
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)		245,750,666	236,515,813
1.2 Capital			
Tier 1 Capital (Core Capital) (CET1 +AT1)		24,952,789	24,503,739
a	Paid up Equity Share Capital	18,366,706	18,366,706
b	Irredeemable Non-cumulative preference shares	-	-
c	Share Premium	-	-
d	Proposed Bonus Equity Shares	-	-
e	Statutory General Reserves	4,961,231	4,316,721
f	Retained Earnings	1,140,830	1,550,781
g	Un-audited current year cumulative profit/(Loss)	-	-
h	Capital Redemption Reserve	-	-
i	Capital Adjustment Reserve	57,326	57,326
j	Dividend Equalization Reserves	-	-
k	Less: Deferred Tax Assets	-	-
l	Other Free Reserve	-	-
m	Debenture Redemption Reserve	1,156,729	590,062
n	Less: Goodwill	-	-
o	Less: Intangible Assets	(105,861)	(153,684)
p	Less: Fictitious Assets	-	-
q	Less: Investment in equity in licensed Financial Institutions	-	-
r	Less: Investment in equity of institutions with financial interests	(610,000)	(210,000)
s	Less: Investment in equity of institutions in excess of limits	-	-
t	Less: Investments arising out of underwriting commitments	-	-
u	Less: Reciprocal crossholdings	-	-
v	Less: Purchase of land & building in excess of limit and unutilized	(14,173)	(14,173)
w	Less: Other Deductions	-	-
Adjustments under Pillar II		-	-
	Less : Shortfall in Provision (6.4 a 1)	-	-
	Less : Loans and Facilities extended to Related Parties and Restricted lending (6.4 a 2)	-	-
Supplementary Capital (Tier II)		7,797,015	7,630,459
a	Cumulative and/or Redeemable Preference Share	-	-
b	Subordinated Term Debt	5,184,505	5,184,510
c	Hybrid Capital Instruments	-	-
d	General loan loss provision	2,445,534	2,243,741
e	Exchange Equalization Reserve	156,976	142,208
f	Investment Adjustment Reserve	-	50,000
g	Assets Revaluation Reserve	-	-
h	Other Reserves	10,000	10,000
Total Capital Fund (Tier I and Tier II)		32,749,804	32,134,198
1.3 Capital Adequacy Ratios			
Common Equity Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)		10.15	10.36
Tier 1 Capital to Total Risk Weighted Exposures		10.15	10.36
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures		13.33	13.59

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Market Risk Exposures

Amount in thousands

S.No.	Currency	2080 Ashad End			2079 Ashad End Relevant Open Position
		Open Position (FCY)	Open Position (NPR)	Relevant Open Position	
1	INR	(2,448,684.4)	(3,919,731.6)	3,919,732	134,267
2	USD	(42.4)	(5,576.8)	5,577	300,441
3	GBP	(33.9)	(5,833.8)	5,834	1,427
4	CHF	20.2	3,083.5	3,083	1,012
5	EUR	37.1	5,480.9	5,481	1,065
6	JPY	(6,597.8)	(6,254.2)	6,254	42
7	SEK	1.0	12.9	13	-
8	DKK	15.5	306.3	306	1,501
9	HKD	65.0	1,093.5	1,094	580
10	AUD	(61.1)	(5,497.2)	5,497	2,982
11	SGD	29.6	2,948.6	2,949	342
12	KRW	260.0	26.9	27	100
13	AED	594.4	21,280.0	21,280	19,737
14	MYR	16.3	475.0	475	387
15	THB	115.0	436.5	437	389
16	QAR	180.0	6,492.7	6,493	1,413
17	CNY	1.6	29.5	29	964
18	CAD	(54.7)	(5,446.6)	5,447	1,892
19	SAR	189.1	6,627.4	6,627	5,969
20	KWD	0.9	382.3	382	42
21	BHD	0.1	20.9	21	55
Total Open Position (a)				3,997,037	474,608
Fixed Percentage (b)				5%	5%
Capital Charge for Market Risk [c=(a×b)]				199,852	23,730
Risk Weight (reciprocal of capital requirement of 10%) in times (d)				9.09	9.09
Equivalent Risk Weight Exposure [e=(c×d)]				1,816,655	215,706

NMB Bank Limited
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Operation Risk Exposures

Amount in thousands

Particulars	Years before 2080 Ashad End		
	2076/077	2077/078	2078/79
Net Interest Income	5,758,195	5,660,659	6,387,540
Commission and Discount Income	956,286	1,177,642	1,689,473
Other Operating Income	217,052	351,974	406,767
Exchange Fluctuation Income	384,157	364,108	272,407
Addition/Deduction in Interest Suspense during the period	153,608	199,643	241,195
Gross income (a)	7,469,298	7,754,026	8,997,381
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	1,120,395	1,163,104	1,349,607
Capital Requirement for operational risk (d) (average of c)			1,211,035
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			9.09
Equivalent Risk Weight Exposure [f=(d×e)]			11,008,308
Adjustments under Pillar II			
If Gross Income for all the last three years is negative (6.4 a 8)			
Total Credit and Investments (net of specific Provision)			
Capital Requirement for Operational Risk (5%)			
Risk Weight (reciprocal of capital requirement of 11%) in times			9.09
Equivalent Risk Weight Exposure (g)			
Equivalent Risk Weight Exposure (h= f + g)			11,008,308

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Eligible Credit Risk Mitigants

Amount in thousands

	Credit Exposures	Deposits with Bank	Deposits with other Banks/ FI	Gold	Govt. & NRB Securities	Govt. of Nepal	Sec/G'tee of Other Sovereigns	G'tee of domestic banks	G'tee of MDBs	Sec/G'tee of Foreign Banks	Total
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
	Balance Sheet Exposures										
1	Claims on Foreign government and Central Bank (ECA -2)	-	-	-	-	-	-	-	-	-	-
2	Claims on Foreign government and Central Bank (ECA - 3)	-	-	-	-	-	-	-	-	-	-
3	Claims on Foreign government and Central Bank (ECA-4-6)	-	-	-	-	-	-	-	-	-	-
4	Claims on Foreign government and Central Bank (ECA -7)	-	-	-	-	-	-	-	-	-	-
5	Claims on Other Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
6	Claims on Domestic Public Sector Entities	-	-	-	-	-	-	-	-	-	-
15	Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
16	Claims on Public Sector Entity (ECA 2)	-	-	-	-	-	-	-	-	-	-
17	Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
18	Claims on Public Sector Entity (ECA 7)	-	-	-	-	-	-	-	-	-	-
19	Claims on domestic banks that meet capital adequacy requirements	62,986	-	-	-	-	-	-	-	-	62,986
20	Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-
21	Claims on foreign bank (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
22	Claims on foreign bank (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
23	Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
24	Claims on foreign bank (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
25	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	-	-	-	-	-	-
	Claims on Domestic Corporates (Credit rating score equivalent to AAA)	-	-	-	-	-	-	-	-	-	-
	Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)	-	-	-	-	-	-	-	-	-	-
	Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)	-	-	-	-	-	-	-	-	1,244,525	1,244,525
	Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)	-	-	-	-	-	-	-	-	-	-
26	Claims on Domestic Corporates (Unrated)	134,657	-	-	-	-	-	-	-	-	134,657
27	Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
28	Claims on Foreign Corporates (ECA 2)	-	-	-	-	-	-	-	-	-	-
29	Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	-	-	-	-	-	-

	Credit Exposures										Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)		
	Deposits with Bank	Deposits with other Banks/FI	Gold	Govt. & NRB Securities	Govt. of Nepal	Sec/Gtee of Other Sovereigns	Gtee of domestic banks	Gtee of MDBs	Sec/Gtee of Foreign Banks		
30	-	-	-	-	-	-	-	-	-	-	
31	10,144	-	690	-	-	-	-	-	-	10,834	
32	-	-	-	-	-	-	-	-	-	-	
33	-	-	-	-	-	-	-	-	-	-	
34	-	-	-	-	-	-	-	-	-	-	
35	-	-	-	-	-	-	-	-	-	-	
36	-	-	-	-	-	-	-	-	-	-	
37	-	-	1,278	-	-	-	-	-	-	1,278	
38	1,292,008	-	68	-	-	-	-	-	-	1,292,076	
	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	
39	-	-	-	-	-	-	-	-	-	-	
40	-	-	-	-	-	-	-	-	-	-	
41	-	-	-	-	-	-	-	-	-	-	
Total	1,499,795	-	2,036	-	-	-	-	-	1,244,525	2,746,356	
Off Balance Sheet Exposures											
	-	-	-	-	-	-	-	-	-	-	
	184,837	-	-	-	-	-	-	-	-	184,837	
	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	
	183,213	-	-	-	-	-	-	6,494,528	-	6,677,741	
	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	
	380,740	-	-	-	-	-	-	-	-	380,740	
	-	-	-	-	-	-	-	-	-	-	

Credit Exposures	Deposits with Bank	Deposits with other Banks/FI	Gold	Govt. & NRB Securities	Govt. of Nepal	Sec/G'tee of Other Sovereigns	G'tee of domestic banks	G'tee of MDBs	Sec/G'tee of Foreign Banks	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	6,126,114	6,126,114
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Underwriting commitments	-	-	-	-	-	-	-	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	-	-	-	-	-	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	-	-	-	-	-	-
Advance Payment Guarantee	999,212	-	-	-	-	-	-	-	-	999,212
Financial Guarantee	470	-	-	-	-	-	-	-	-	470
Acceptances and Endorsements	108,386	-	-	-	-	-	-	-	-	108,386
Unpaid portion of Partly paid shares and Securities	-	-	-	-	-	-	-	-	-	-
Irrevocable Credit commitments (short term)	-	-	-	-	-	-	-	-	-	-
Irrevocable Credit commitments (long term)	-	-	-	-	-	-	-	-	-	-
Other Contingent Liabilities	-	-	-	-	-	-	-	-	-	-
Unpaid Guarantee Claims	-	-	-	-	-	-	-	-	-	-
Total	1,856,858	-	-	-	-	-	-	6,494,528	6,126,114	14,477,500
Total Credit Risk Exposure	3,356,652	-	2,036	-	-	-	-	6,494,528	7,370,639	17,223,856

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Credit Risk Exposures

Amount in thousands

Assets	2080 Ashad End						Previous FY	
	Book Value (a)	Specific Provision (b)	Eligible CRM (c)	Net Value (d=a-b-c)	Risk Weight (e)	Risk Weighted Exposures (f=0*e)	Net Value	Risk Weighted Exposures
Balance Sheet Exposures								
Cash Balance	4,838,527	-	-	4,838,527	0%	-	4,821,254	-
Balance With Nepal Rastra Bank	11,542,722	-	-	11,542,722	0%	-	9,644,761	-
Gold	(634)	-	-	(634)	0%	-	-	-
Investment in Nepalese Government Securities	36,685,448	-	-	36,685,448	0%	-	27,071,615	-
All Claims on Government of Nepal	3,602,289	-	-	3,602,289	0%	-	4,219,615	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-	-	-
All claims on Nepal Rastra Bank	-	-	-	-	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	20%	-	-	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	50%	-	-	-
Claims on Foreign Government and Central Bank (ECA-4-6)	-	-	-	-	100%	-	-	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	150%	-	-	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework	-	-	-	-	0%	-	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-	-	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	20%	-	-	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	50%	-	-	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	100%	-	-	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	150%	-	-	-
Claims on domestic banks that meet capital adequacy requirements	12,456,071	-	62,986	12,393,085	20%	2,478,617	7,717,003	1,543,401
Claims on domestic banks that do not meet capital adequacy requirements	1,039	-	-	1,039	100%	1,039	2,389	2,389
Claims on foreign bank (ECA Rating 0-1)	3,875,589	-	-	3,875,589	20%	775,118	3,144,829	628,966
Claims on foreign bank (ECA Rating 2)	2,031,227	-	-	2,031,227	50%	1,015,614	1,054,297	527,148
Claims on foreign bank (ECA Rating 3-6)	1,352,824	-	-	1,352,824	100%	1,352,824	799,643	799,643
Claims on foreign bank (ECA Rating 7)	-	-	-	-	150%	-	-	-

Assets	2080 Ashad End							Previous FY	
	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Net Value	Risk Weighted Exposures	
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	1,068,482	-	-	1,068,482	20%	213,696	1,919,888	383,978	
Claims on Domestic Corporates (Credit rating score equivalent to AAA)	-	-	-	-	50%	-	-	-	
Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)	2,014	-	-	2,014	70%	1,410	-	-	
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)	2,882,748	-	1,244,525	1,638,223	80%	1,310,578	1,721,594	1,377,275	
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)	24,640,364	-	-	24,640,364	100%	24,640,364	15,044,574	15,044,574	
Claims on Domestic Corporates (Unrated)	93,576,921	-	134,657	93,442,264	100%	93,442,264	105,642,292	105,642,292	
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	20%	-	-	-	
Claims on Foreign Corporates (ECA 2)	-	-	-	-	50%	-	-	-	
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	100%	-	-	-	
Claims on Foreign Corporates (ECA 7)	-	-	-	-	150%	-	-	-	
Regulatory Retail Portfolio (Not Overdue)	23,701,496	-	10,834	23,690,662	75%	17,767,997	5,183,684	3,887,763	
Claims fulfilling all criterion of regularity retail except granularity	-	-	-	-	100%	-	-	-	
Claims secured by residential properties	17,244,406	-	-	17,244,406	60%	10,346,644	16,541,076	9,924,646	
Claims not fully secured by residential properties	-	-	-	-	150%	-	-	-	
Claims secured by residential properties (Overdue)	591,887	122,931	-	468,956	100%	468,956	552,943	552,943	
Claims secured by Commercial real estate	392,874	-	-	392,874	100%	392,874	908,878	908,878	
Past due claims (except for claims secured by residential properties)	7,884,457	3,015,147	1,278	4,868,031	150%	7,302,047	2,634,275	3,951,413	
High Risk claims	18,575,908	-	1,292,076	17,283,832	150%	25,925,749	28,989,765	43,484,647	
Lending against securities (bonds)	-	-	-	-	100%	-	-	-	
Lending against Shares (upto Rs.2.5 Million)	78,682	-	-	78,682	100%	78,682	-	-	
Trust Receipt Loans for Trading Firms	655,901	-	-	655,901	120%	787,082	-	-	
Investments in equity and other capital instruments of institutions listed in stock exchange	926,445	-	-	926,445	100%	926,445	295,838	295,838	
Investments in equity and other capital instruments of institutions not listed in the stock exchange	325,489	-	-	325,489	150%	488,234	175,489	263,234	
Staff loan secured by residential property	3,476,331	-	-	3,476,331	50%	1,738,165	3,141,900	1,570,950	
Interest Receivable/claim on government securities	568,266	-	-	568,266	0%	-	423,949	-	
Cash in transit and other cash items in the process of collection	-	-	-	-	20%	-	-	-	
Other Assets (as per attachment)	14,006,289	8,713,013	-	5,293,277	100%	5,293,277	4,823,831	4,823,831	
TOTAL	286,984,065	11,851,091	2,746,356	272,386,618		196,747,676	246,475,380	195,613,807	

Off Balance Sheet Exposures												
Revocable Commitments	-	-	-	-	-	-	-	-	-	0%	-	-
Bills Under Collection	1,697,986	-	-	1,697,986	-	-	-	-	-	0%	-	1,546,098
Forward Exchange Contract Liabilities	11,060,345	-	-	11,060,345	-	-	-	-	-	10%	1,106,034	5,351,098
LC Commitments With Original Maturity Upto 6 months domestic counterparty	5,541,925	-	184,837	5,357,088	-	-	-	-	-	20%	1,071,418	6,221,499
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	20%	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	50%	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	100%	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	150%	-	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	21,660,488	-	6,677,741	14,982,746	-	-	-	-	-	50%	7,491,373	13,004,790
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	20%	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	50%	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	100%	-	-
Foreign counterparty (ECA Rating 7)	15,141,421	-	380,740	14,760,680	-	-	-	-	-	40%	5,904,272	11,937,709
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	-	-	-	-	-	-	-	-	-	20%	-	6,787
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	50%	-	1,357
Foreign counterparty (ECA Rating 2)	12,252,228	-	6,126,114	6,126,114	-	-	-	-	-	50%	3,063,057	5,303,124
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	100%	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	150%	-	-
Underwriting commitments	-	-	-	-	-	-	-	-	-	50%	-	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	-	-	-	-	-	100%	-	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	-	-	-	-	-	100%	-	-
Advance Payment Guarantee	5,808,809	-	999,212	4,809,597	-	-	-	-	-	100%	4,809,597	2,602,398
Financial Guarantee	7,650	-	470	7,180	-	-	-	-	-	100%	7,180	4,980
Acceptances and Endorsements	2,002,276	-	108,386	1,893,890	-	-	-	-	-	100%	1,893,890	2,078,637
Unpaid portion of Partly paid shares and Securities	-	-	-	-	-	-	-	-	-	100%	-	-
Irrevocable Credit commitments (short term)	12,879,730	-	-	12,879,730	-	-	-	-	-	20%	2,575,946	12,616,682
Irrevocable Credit commitments (long term)	-	-	-	-	-	-	-	-	-	50%	-	-
* Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement*	3,148,442	-	-	3,148,442	-	-	-	-	-	20%	629,688	1,447,976
Other Contingent Liabilities	401,455	-	-	401,455	-	-	-	-	-	100%	401,455	388,481
Unpaid Guarantee Claims	-	-	-	-	-	-	-	-	-	200%	-	-
TOTAL	91,602,754	-	14,477,500	77,125,254	-	-	-	-	-	20%	28,953,911	62,510,260
Total RWE for credit Risk	378,586,819	11,851,091	17,223,856	349,511,871	11,851,091	-	-	-	-	200%	225,701,586	308,985,640
Adjustments under Pillar II												
Add: 10% of the loan and facilities in excess of Single Obligor Limits (6.4 a 3)												
Add: 1% of the contract (sale) value in case of the sale of credit with recourse (6.4 a 4)												
Total RWE for Credit Risk (After Bank's adjustments of Pillar II)												219,211,042

32. Operating Segments

(a). General Information:

The bank has identified its segments on the basis of geographical location as per provinces of the country. The bank supervises, manages and controls its branch networks through regional demarcations. All the transactions have been done at the arm's length prices between the segments with intra segment revenue and cost being eliminated at the Head Office. Interest earnings and foreign exchange gains/losses generated while conducting businesses under different segments are reported under the respective segment. Equity and Tax Expense are not allocated to the individual segments. For segmentation purpose, all business transactions of offices and business units located in a particular province are grouped together.

(b). Description of the types of products and services from which each reportable segment derives its revenues

The products and services offered by the Bank can be broadly divided into the following categories:

1. Retail Banking: Retail banking, also known as consumer banking, is the provision of services by a bank to the general public, rather than to companies, corporations or other banks. Banking services which are regarded as retail include provision of savings and transactional accounts, mortgages, personal loans, debit cards, and credit cards.

2. Corporate, SME & Institutional (except Retail): The corporate and institutional banking segment of banks typically serves a diverse range of clients, ranging from small- to mid-sized local businesses with a few millions in revenues to large conglomerates with billions in sales and offices across the country.

3. Treasury Unit – The unit has two divisions – Front and back treasury operations. It operates within the consideration of the foreign exchange rules and regulations under the guidance of Nepal Rastra Bank (NRB) – central bank of Nepal. The major functions are exchange rate updation, check foreign currency position, fund management, deal T-bills/ bond, interbank placements, forward contract and other treasury research.

4. Trade Finance - The Bank's trade finance operations like LC, Guarantee etc are handled by trade finance.

5. Others

(c). Information about profit or loss, assets and liabilities

Fig. in Mio.

Particulars	Retail	SME & MSME	Corporate	Deprived	Treasury	Others	Total
a Revenues from external customers	5,934	8,201	10,458	1,257	2,573	425	28,848
b Intersegment revenues	4,766	(2,938)	(1,003)	(555)	1,298	(1,569)	-
c Net Revenue	1,168	11,139	11,461	1,812	1,275	1,994	28,848
d Interest Revenue	5,072	7,934	9,807	1,246	2,384	180	26,622
e Interest Expense	11,468	84	4,549	11	2,152	15	18,280
f Net Interest Revenue (b)	(6,397)	7,849	5,258	1,235	232	164	8,342
g Depreciation and amortization	42	64	90	12	22	90	319
h Segment profit/(loss)	(1,605)	3,220	3,489	499	1,413	(2,407)	4,609
i Entity's interest in the profit or loss of associates accounted for using equity method - Not Applicable							
j Other material items	-	-	-	-	-	-	-
OCI Items – Non Cash	-	-	-	-	-	(143)	(143)
k Impairment of assets	1,033	2,609	2,318	198	-	-	6,158
l Segment assets	37,695	57,415	82,706	10,596	19,551	79,813	287,777
m Segment liabilities	127,482	4,050	61,737	513	36,780	57,216	287,777

(d). Measurement of operating segment profit or loss, assets and liabilities

(i). Basis of accounting for any transactions between reportable segments:

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.

ii. Nature of any differences between the measurements of the reportable segment's profits or losses and the entity's profit or loss before income tax

None

ii. Nature of any differences between the measurements of the reportable segment's assets and the entity's assets.

None

iii. Nature of any changes from prior periods in the measurement methods used to determine reported segment profit or loss and the effect, if any,

The bank has segmental division based upon the business segment and geographical segment also.

IV. Nature and effect of any asymmetrical allocations to reportable segments

None

(e). Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

a. Revenue

Fig in Mio.

Particulars	Amount
Total Revenues for reportable segments	28,848
Other Revenues	-
Elimination of intersegment revenues	-
Entity's Revenues	28,848

b. Profit or Loss

Particulars	Amount
Particulars	Amount
Total profit or loss for reportable segments	4,609
Other profit or loss	-
Elimination of intersegment profits	-
Unallocated amounts	-
Profit before income tax	4,609

c. Assets

Particulars	Amount
Total assets for reportable segments	287,777
Other assets	-
Unallocated amounts	-
Entity's assets	287,777

d. Liabilities

Particulars	Amount
Total liabilities for reportable segments	287,777
Other liabilities	-
Unallocated amounts	-
Entity's liabilities	287,777

e. Information about products and services

Particulars	NPR in Mio. (Fees and Commission Income)
Retail Banking	864
Corporate, SME & Institutional	985
Treasury	319
Trade Finance	41
Others	-
Total	2,210

f. Information about geographical areas

	Particulars	Revenue (NPR in Mio.)
a	Domestic	28,848
	- Koshi	3,538
	- Madhesh	1,926
	- Bagmati	16,725
	- Gandaki	2,077
	- Lumbini	3,155
	- Karnali and Sudur Paschim	1,427
b	Foreign	-
	Total (a+b)	28,848

g. Information about major customers

Information about the extent of its reliance on its major customers, if revenue from a single external customer amounts to 10 percent or more of the entity's revenue.

Not Applicable

33. Share options and share based payment

The Group does not have any share options or share-based payment transactions in the reporting period or in earlier period.

34. Merger and acquisition

No Merger and Acquisition has been carried out during the FYE 2080.

35. Additional disclosures of non-consolidated entities

The Group does not have any non-consolidated entities to report for the reporting period and in the comparative previous period.

36. Events after the Balance Sheet Date

No circumstances have arisen since the Balance Sheet date which would require adjustments to or disclosure in the Financial Statements other than those disclosed in the notes.

37. Related Party Disclosures

(a). Board Member Allowances and Facilities

The Board of Directors has been paid meeting fees of NPR 1,130,000 during the period. There were 15 Board Meeting conducted during the fiscal year.

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	6	160,000
Risk Management Committee	10	304,000
Human Resource Service Committee	6	16,000
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 Ashadh 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	71,110,310
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	71,110,310

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 K.C.	Chief Executive Officer
Mr. Sudesh Upadhyaya	Deputy Chief Executive Officer
Mr. Govind Ghimire	Deputy Chief Executive Officer
Mr. Pramod Dahal	Chief Operating Officer and Company Secretary
Mr. Navin Manandhar	Chief Risk Officer
Mr. Shreejesh Ghimire	Chief Investment Officer
Dr. Buddhi Kumar Malla	Chief Officer - MSME and Subsidy Loans
Mr. Roshan Regmi	Chief Officer Retail Banking
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, N.M.B. Securities Limited and NMB Laghubitta Bittiya Sanstha Limited. NMB Capital and N.M.B. 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	N.M.B. 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.	-	132,837	-
6	Receivables from N.M.B. Securities	-	-	-
7	Rent Payment to NMB Bank Ltd.	2,371	-	-
8	Management Fee Payment to NMB Bank	-	3,339	-
9	Share Registrar Fee payment by NMB Bank	1,000	-	-
10	Debenture Trustee Fee payment by NMB Bank	350	-	-
11	Dividend Distribution of NMB Hybrid Fund L - 1 to NMB Bank	32,130	-	-
12	Dividend Distribution of NMB 50 to NMB Bank	37,267	-	-
13	Dividend Distribution by NMB Capital to NMB Bank	40,000	-	-

The intra-group related figures have been excluded for presentation of the financial statement of the Group. The financials of NMB Laghubitta Bittiya Sanstha has been consolidated based on financials submitted to Nepal Rastra Bank for approval.

NMB BANK LIMITED

Disclosure under New Capital Adequacy Framework for the Year Ended Ashadh 2080

Amounts in NPR Thousands

1. Capital Management

a. The bank assesses the impact of the new rules, if any on their capital adequacy through a comprehensive capital planning and optimisation/mitigation process. The capital planning is an integral part of the Bank's medium term strategic planning and annual budget formulation process. Total risk weighted exposures for the projected level of business operations is calculated, the required capital level is projected, and a plan is formulated to maintain the required capital.

The bank has not raised any capital through hybrid capital instruments till Ashadh End 2080.

2. Capital Structure and Capital Adequacy:

2.1. Tier 1 Capital and a breakdown of its Components:

S.No.	Details	Amount
1.	Paid up Equity Share Capital	18,366,706
2.	Share Premium	-
3.	Proposed Bonus Equity Shares	-
4.	Statutory General Reserves	4,961,231
5.	Retained Earnings	1,140,830
6.	Debenture Redemption Reserve and Deferred Tax Reserve	-
7.	Capital Adjustment Reserve	57,326
8.	Deferred Tax Assets	-
9.	Debenture Redemption Reserve	1,156,729
10.	Less: Investment in equity of institutions with financial interest	(610,000)
11.	Less: Intangible Assets	(105,861)
12.	Less: Purchase of land & building in excess of limit and unutilized	(14,173)
	Total Core Capital	24,952,789

2.2. Tier 2 Capital and a breakdown of its Components:

S.No	Details	Amount
1.	Subordinated Term Debt	5,184,505
2.	General Loan Loss Provision	2,445,534
3.	Exchange Equalization Reserve	156,976
4.	Investment Adjustment Reserve	-
5.	Other Reserve	10,000
	Total Supplementary Capital	7,797,015

2.3. Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, and amount rose during the year and amount eligible to be reckoned as capital funds.

The debentures and bonds issued are listed below:

Particulars	Issued Date	Expiry Date (BS)	Rate	Face Value (Mio.)	Redemption Start Year	Redemption End Year	No of Years	Redemption Per Year (Mio.)	Purpose
Energy Bond I -2092/93	20 Jestha 2078	20 Jestha 2093	4.00%	1,500	FY 2078/79	FY 2091/92	14	107.14	For CAR
Energy Bond II - 2093/94	10 Jestha 2079	10 Jestha 2094	4.00%	2,727	NA	NA	NA	NA	For CD
NMB Debenture 2084/85	29 Chaitra 2075	29 Chaitra 2085	10.00%	1,685	FY 2076/77	FY 2084/85	9	187.17	For CAR
NMB Debenture 2087/88	11 Jestha 2078	11 Jestha 2088	8.50%	2,000	FY 2078/79	FY 2086/87	9	222.22	For CAR
NMB Debenture 2089/90	30th Chaitra 2079	29th Chaitra 2089	10.75%	4,000	NA	NA	NA	NA	For CD

To reflect the diminishing value of these instruments as a continuing source of strength, a cumulative discount (amortization) factor of 20% per annum will be applied for capital adequacy computations, during the last 5 years to maturity.

2.4. Deductions from Capital:

Investment in equity shares of fully owned subsidiary company NMB Capital Ltd and N.M.B. Securities Ltd. amounting to NPR 600,000,000 has been deducted from Tier 1 Capital.

Similarly, the amount of deferred tax reserve has been separately credited to Regulatory reserve, which is not considered for the purpose of capital ratios.

Intangible asset has also been deducted as per NRB Directive by NPR 105,861 Thousand. The Purchase of land and building in excess of limit and unutilized amounting to NPR 14,172,950 is also deducted from Capital.

2.5. Total Qualifying Capital:

S.No	Details	Amount
1.	Core Capital (Tier 1)	24,952,789
2.	Supplementary Capital (Tier 2)	7,797,015
	Total Capital Fund	32,749,804

2.6. Capital Adequacy Ratio:

S.No	Details	Percentage
1.	Tier 1 Capital to Total Risk Weighted Exposure	10.15%
2.	Tier 1 and Tier 2 Capital to Total Risk Weighted Exposure	13.33%

2.7. Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments.

The capital instruments of the Bank include fully paid up Equity Shares and Debenture. Both are non-convertible. The main features of Debenture have been mentioned under S.No 2.3 above.

3. Risk Exposures:

3.1. Risk Weighted Exposures for Credit Risk, Market Risk and Operational Risk:

S.No	Risk Weighted Exposure	Amount
a.	Risk Weighted Exposure for Credit Risk	225,701,586
b.	Risk Weighted Exposure for Operational Risk	11,008,308

S.No	Risk Weighted Exposure	Amount
c.	Risk Weighted Exposure for Market Risk	1,816,655
	Total Risk Weighted Exposures (a+b+c)	238,526,549
	Add: RWE equivalent to reciprocal of capital charge of 3 % of gross income.	2,453,586
	Add : 2% of the total RWE due to Supervisory add up	4,770,531
	Add: 2% of total RWE, Desired level of disclosure requirement has not been achieved.	-
	Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	245,750,666

3.2. Risk Weighted Exposures under each of categories of Credit Risk:

S.No	Particulars	Amount
1.	Claims on government and Central Bank	-
2.	Claims on other Official Entities	-
3.	Claims on Bank	5,836,908
4.	Claims on Domestic Corporate and Securities Firms	119,394,616
5.	Claims on Foreign Corporate	-
6.	Claims on Regulatory Retail Portfolio	17,767,997
7.	Claims fulfilling all criterion of regulatory retail except granularity	-
8.	Claims secured by Residential Properties (including staff)	12,084,809
9.	Claims not fully secured by residential properties	-
10.	Claims secured by Residential Properties (Overdue)	468,956
11.	Claims secured by Commercial Real Estate	392,874
12.	Past Due Claims	7,302,047
13.	High Risk Claims	25,925,749
14.	Lending against securities (bonds & shares)	-
15.	Trust Receipt Loans for Trading Firms	787,082
16.	Investments	1,493,361
17.	Other Assets	5,293,277
18.	Off Balance sheet items	28,953,911
	Total	225,701,586

3.3. Total Risk Weighted Exposure calculation table:

S.No	Particulars	Amount
a.	Risk Weighted Exposure for Credit Risk	225,701,586
b.	Risk Weighted Exposure for Operational Risk	11,008,308
c.	Risk Weighted Exposure for Market Risk	1,816,655
1.	Total Risk Weighted Exposure	238,526,549
	Add: RWE equivalent to reciprocal of capital charge of 3 % of gross income.	2,453,586
	Add : 2% of the total RWE due to Supervisory add up	4,770,531
	Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	245,750,666
2.	Total Core Capital Fund (Tier 1)	24,952,789
3.	Total Capital Fund (Tier 1 & Tier 2)	32,749,804
4.	Total Core Capital to Total Risk Weighted Exposures (%)	10.15%
5.	Total Capital to Total Risk Weighted Exposures (%)	13.33%

3.4. Amount of Non-Performing Assets (NPAs)

S.No	Category	Gross	Provision	Net
1	Restructured/Rescheduled	455,897	84,754	371,143
2	Substandard	1,510,316	365,686	1,144,631
3	Doubtful	1,611,592	790,304	821,288
4	Loss	1,855,755	1,825,290	30,465
	Total	5,433,561	3,066,034	2,367,526

3.5. NPA Ratio

Gross NPA to Gross Advances: 2.75%

Net NPA to Net Advances: 1.24%

3.6. Movement of Non-Performing Assets

S.No	Particulars	Ashadh End 2080	Ashadh End 2079	Movement
1	Restructure/Reschedule Loan	455,897	14,934	440,963
2	Substandard	1,510,316	728,158	782,158
3	Doubtful	1,611,592	337,342	1,274,250
4	Loss	1,855,755	1,560,738	295,017
	Total Non-Performing Loan	5,433,561	2,641,171	2,792,389

3.7. Movement of Loan Loss Provision & Interest Suspense on loans & advances

S.No	Category	Ashadh End 2079	Ashadh End 2080	Movement
1	Pass	2,270,851	2,445,534	174,683
2	Watch List	466,102	646,723	180,622
3	Restructured	1,867	84,754	82,888
4	Substandard	178,595	365,686	187,091
5	Doubtful	233,634	790,304	556,670
6	Loss	1,552,073	1,825,290	273,217
	Total Loan Provision	4,703,121	6,158,292	1,455,171
	Accrued Interest Receivable (including staff)	1,858,840	3,291,919	1,433,079

As per NRB Interest Income Recognition Guideline, the interest amount of NPR. 346.5 Mio. has been reversed and credited to Interest Suspense during the reporting period.

3.8. Eligible Credit Risk Mitigants (CRM) availed

As per the provisions of the New Capital Adequacy Framework, the bank has claimed all the eligible credit risk Mitigants of NPR 17,223,856 thousands for Balance Sheet and Off Balance Sheet exposures and availed benefit thereof.

4. Compliance with external requirement

The bank is subject to compliance requirement under NRB Directive No.1/077 which has stipulated a minimum Total Capital Adequacy Ratio (CAR) of 11.00%. The Bank complied with this requirement at all times during the reporting period. The compliance position at the reporting date is given below:

Capital Parameter	Requirement	NMB Bank
Minimum Common Equity Capital Ratio	4.50%	7.65%
Capital Conversation Buffer	2.50%	2.50%
Minimum common equity plus capital conservation buffer	7.00%	10.15%
Minimum Tier 1 Capital (Excluding conservation buffer)	6.00%	7.65%
Minimum Total Capital (Excluding conservation buffer)	8.50%	10.83%
Minimum Total Capital (including conservation buffer)	11.00%	13.33%
Leverage Ratio	4.00%	7.57%

5. Summary of the Bank's internal approach to assess the adequacy of its capital to support current and future activities:

The bank follows Internal Capital Adequacy Assessment Process (ICAAP) and Risk Management Guideline while taking decision on any business. It has always taken note of ICAAP and has taken steps accordingly in ensuring soundness of capital position and sustainability of the business.

Risk management is essential for well-being of the overall banking business. Credit, Market and Operational Risk are managed independently at NMB Bank. Credit Risk Department reviews risk related to credit prior to disbursement of all loans, it is independent of a loan approver. Credit Risk Management Committee meets once a month to review credit portfolio risk. Market risk is closely monitored all time and managed through ALCO. Operational Risk Committee which meets once each month is a platform to assess/monitor operational risk identified vides various units, branches. Effective implementation of process/controls is periodically reviewed by an Operational Risk Unit. Operational Risk Unit also carries out assurance reviews of the units to evaluate control weakness, recommends robust controls around the risk areas and monitors execution of control in an ongoing basis.

Audit Committee is formed as per the 'Terms of Reference' prescribed by NRB with 3 members. The Coordinator of the committee is one of the Non-Executive Directors with Head Internal Audit as its secretary. The committee reviews internal/external/NRB audit reports, recommends stringent control process and escalates the significant audit findings and observations to the attention of the Board. The Committee also reviews quarterly unaudited financial reports of the Bank with recommendation to the Board. The committee selects and recommends External Auditor to the Board based on financial and technical evaluations. The Audit Committee is committed towards maintaining robust control system hence monitors closure of risk issues raised by Internal/External/NRB auditors.

Risk Management Committee with view of ensuring better risk management in the bank and in line of NRB's requirement is formed with 5 members, two board members, Chief Operating Officer, Credit Risk Officer as Secretary and Head Legal and Compliance are the members of the committee chaired by Non-Executive Director. The committee reviews high risk issues escalated by operational and credit risk committees (management level), deliberates on the risks and recommends to the Board if required. Stress testing/Capital adequacy is also reviewed at the committee with recommendation to the Board. Revised/new NRB directives, Monetary Policy with material impact on the Bank are also reviewed for its implications.

Latest Debenture Issue - Projected vs Actual of Statement of Profit or Loss

NPR in Thousand

Particulars	Projected FY 2022-23	Actual FY 2022-23	Variance (%) FY 2022-23	Reasons for Variance (for more than 20% only)
Interest income	24,582,331	26,622,460	8%	
Interest expense	16,560,339	18,280,000	9%	
Net interest income	8,021,992	8,342,460	4%	
Fees and Commission Income	1,916,194	1,833,473	-5%	
Fees and commission expense	227,918	286,611	20%	
Net fee and commission income	1,688,276	1,546,862	-9%	
Net interest, fee and commission income	9,710,268	9,889,321	2%	
Net trading income	274,360	236,285	-16%	
Other operating income	362,623	204,147	-78%	Due to decrease in sale of assets and Dividend Income
Total operating income	10,347,251	10,329,753	0%	
Impairment charge/(reversal) for loans and other losses	193,742	1,453,821	87%	Due to increase in NPL
Net operating income	10,153,509	8,875,933	-14%	
Operating expense	-	-		
Personnel expenses	2,891,164	2,689,175	-8%	
Other operating expenses	1,219,241	1,192,034	-2%	
Depreciation & Amortisation	320,210	319,402	0%	
Operating Profit	5,722,893	4,675,322	-22%	
Non operating income	-	9,986	100%	Due to recovery of written off loan
Non operating expense	15,761	76,148	79%	Due to Additional Loan Written off
Profit before income tax	5,707,132	4,609,159	-24%	
Income tax expense	-	-		
Current Tax	1,716,530	1,434,848	-20%	
Deferred Tax expense/(Income)	(21,000)	(48,236)	56%	Due to increase in Deferred Tax Assets
Profit for the period	4,011,602	3,222,547	-24%	
Other Comprehensive Income	(76,245)	(142,824)	47%	Majorly Due to Change in price of shares
Total Comprehensive Income	3,935,357	3,079,723	-28%	Due to above reasons

Latest Debenture Issue - Projected vs Actual of Statement of Financial Position

NPR in Thousand

Particulars	Projected FY 2022-23	Actual FY 2022-23	Variance (%) FY 2022-23	Reasons for Variance (for more than 20% only)
Cash and cash equivalent	15,618,020	23,958,280	35%	Due to increase in short term investments
Due from Nepal Rastra Bank	14,037,382	15,059,501	7%	
Placement with Bank and Financial Institutions	13,183,295	755,846	-1644%	Majorly due to increase in short term investments
Derivative financial instruments	5,406,054	10,850,079	50%	Due to increase in derivatives position
Other trading assets	-	24,750	-100%	As a Market Maker, bond has been traded
Loan and advances to B/FIs	6,524,714	7,116,529	8%	
Loans and advances to customers	207,949,495	189,035,400	-10%	
Investment securities	30,297,284	32,374,915	6%	
Current tax assets	50,000	44,948	-11%	
Investment in subsidiaries	572,488	772,488	26%	Due to investment in NMB Securities
Investment in associates	-	-		
Investment property	97,942	697,708	86%	Due to increase in NBA booking
Property and equipment	1,782,055	1,752,799	-2%	
Goodwill and Intangible assets	271,574	178,690	-52%	No Additional Software Purchase as projected
Deferred tax assets	359,965	448,411	20%	
Other assets	3,968,869	4,706,797	16%	
Total Assets	300,119,138	287,777,141	-4%	
Liabilities				
Due to Bank and Financial Institutions	2,795,046	2,737,258	-2%	
Due to Nepal Rastra Bank	7,146,735	3,285,987	-117%	Decrease in Borrowing from NRB
Derivative financial instruments	5,464,595	11,060,345	51%	Due to increase in derivatives position
Deposits from customers	213,395,954	210,304,687	-1%	
Borrowing	23,035,530	14,814,903	-55%	Due to less off shore borrowings
Current Tax Liabilities	-	-		
Provisions	-	-		
Deferred tax liabilities	-	-		
Other liabilities	3,786,114	5,227,597	28%	Due to booking of Lease and Other Liability
Debt securities issued	15,127,854	11,911,942	-27%	Due to less debenture issue
Subordinated Liabilities	-	-		
Total liabilities	270,751,827	259,342,719	-4%	
Equity				
Share capital	18,366,706	18,366,706	0%	
Share premium	-	-		
Retained earnings	2,645,755	1,140,830	-132%	Due to change in profit and regulatory appropriations
Reserves	8,354,849	8,926,885	6%	
Total equity attributable to equity holders	29,367,311	28,434,421	-3%	
Total liabilities and equity	300,119,138	287,777,141	-4%	

Horizontal Analysis

Statement of Financial Position

Amount in Rs.

Particulars	16-Jul-23 (Ashadh 31, 2080)	2023 Vs 2022	16-Jul-22 (Ashadh 32, 2079)	2022 Vs 2021	15-Jul-21 (Ashadh 31, 2078)
Assets					
Cash and cash equivalent	23,958,279,935	87%	12,787,637,052	-8%	13,887,370,526
Due from Nepal Rastra Bank	15,059,500,883	10%	13,747,313,630	-28%	19,218,505,528
Placement with Bank and Financial Institutions	755,846,186	-80%	3,782,288,743	39%	2,717,148,715
Derivative financial instruments	10,850,079,131	105%	5,293,773,328	-69%	17,161,392,134
Other trading assets	24,750,000	100%	-	-100%	2,660,000
Loan and advances to B/FIs	7,116,529,163	20%	5,920,094,816	14%	5,194,470,677
Loans and advances to customers	189,035,400,388	8%	174,948,356,284	16%	151,014,123,921
Investment securities	32,374,914,828	2%	31,724,846,753	82%	17,453,562,933
Current tax assets	44,947,624	-19%	55,328,905		92,745,534
Investment in subsidiaries	772,487,600	107%	372,487,600	0%	372,487,600
Investment in associates	-		-		-
Investment property	697,707,520	136%	295,161,520	201%	97,942,260
Property and equipment	1,752,799,263	-1%	1,764,130,341	1%	1,741,914,965
Goodwill and Intangible assets	178,689,829	-21%	226,513,150	101%	112,540,746
Deferred tax assets	448,411,030	32%	338,964,764	36%	249,009,565
Other assets	4,706,797,314	21%	3,893,713,394	75%	2,230,983,328
Total Assets	287,777,140,694	13%	255,150,610,280	10%	231,546,858,432
Liabilities					
Due to Bank and Financial Institutions	2,737,257,510	31%	2,082,436,338	6%	1,964,515,728
Due to Nepal Rastra Bank	3,285,987,203	-63%	8,996,366,529	18%	7,597,982,045
Derivative financial instruments	11,060,344,567	107%	5,351,098,092	-69%	17,127,036,376
Deposits from customers	210,304,687,147	14%	184,817,106,463	12%	164,489,285,837
Borrowing	14,814,903,379	14%	12,997,400,000	75%	7,443,810,000
Current Tax Liabilities	-		-		-
Provisions	-		-		-
Deferred tax liabilities	-		-		-
Other liabilities	5,227,597,491	-12%	5,907,387,378	60%	3,686,459,641
Debt securities issued	11,911,942,000	47%	8,127,853,522	54%	5,293,994,350
Subordinated Liabilities	-		-		-
Total liabilities	259,342,719,296	14%	228,279,648,322	10%	207,603,083,977
Equity					
Share capital	18,366,705,959	0%	18,366,705,959	12%	16,325,960,853
Share premium	-		-	-	-
Retained earnings	1,140,830,240	-26%	1,550,781,367	-38%	2,515,343,348
Reserves	8,926,885,198	28%	6,953,474,633	36%	5,102,470,254
Total equity attributable to equity holders	28,434,421,397	6%	26,870,961,958	12%	23,943,774,455
Non-controlling interest					
Total equity	28,434,421,397	6%	26,870,961,958	12%	23,943,774,455
Total liabilities and equity	287,777,140,694	13%	255,150,610,280	10%	231,546,858,432

Horizontal Analysis

Statement of Profit or Loss

Amount in Rs.

Particulars	16-Jul-23 (Ashadh 31, 2080)	2023 Vs 2022	16-Jul-22 (Ashadh 32, 2079)	2022 Vs 2021	15-Jul-21 (Ashadh 31, 2078)
Interest income	26,622,460,214	39%	19,168,862,594	37%	13,983,693,533
Interest expense	18,280,000,292	43%	12,781,322,752	54%	8,323,034,232
Net interest income	8,342,459,922	31%	6,387,539,842	13%	5,660,659,301
Fees and Commission Income	1,833,472,617	9%	1,689,472,559	43%	1,177,641,945
Fees and commission expense	286,611,105	33%	216,241,035	57%	138,024,766
Net fee and commission income	1,546,861,512	5%	1,473,231,524	42%	1,039,617,179
Net interest, fee and commission income	9,889,321,434	26%	7,860,771,366	17%	6,700,276,480
Net trading income	236,285,430	-13%	272,406,509	-25%	364,108,314
Other operating income	204,146,509	-50%	406,766,685	16%	351,973,665
Total operating income	10,329,753,373	21%	8,539,944,560	15%	7,416,358,459
Impairment charge/(reversal) for loans and other losses	1,453,820,570	-4005%	(37,225,724)	-110%	382,410,393
Net operating income	8,875,932,803	3%	8,577,170,284	22%	7,033,948,066
Operating expense					
Personnel expenses	2,689,175,176	6%	2,539,345,989	22%	2,089,704,278
Other operating expenses	1,192,033,693	10%	1,087,916,122	27%	853,748,763
Depreciation & Amortisation	319,402,402	10%	290,521,503	8%	269,478,145
Operating Profit	4,675,321,533	0%	4,659,386,670	22%	3,821,016,879
Non operating income	9,985,780	276%	2,656,853	-93%	39,071,786
Non operating expense	76,148,097	63%	46,755,749	207%	15,212,626
Profit before income tax	4,609,159,216	0%	4,615,287,774	20%	3,844,876,039
Income tax expense					
Current Tax	1,434,847,884	0%	1,435,199,261	21%	1,185,623,109
Deferred Tax expense/(Income)	(48,235,961)	-57%	(111,005,657)	114%	(51,820,778)
Profit for the period	3,222,547,292	-2%	3,291,094,170	21%	2,711,073,708

Vertical Analysis

Statement of Financial Position

Amount in Rs.

Particulars	16-Jul-23 (Ashadh 31, 2080)	%	16-Jul-22 (Ashadh 32, 2079)	%	15-Jul-21 (Ashadh 31, 2078)	%
Assets						
Cash and cash equivalent	23,958,279,935	8%	12,787,637,052	5%	13,887,370,526	6%
Due from Nepal Rastra Bank	15,059,500,883	5%	13,747,313,630	5%	19,218,505,528	8%
Placement with Bank and Financial Institutions	755,846,186	0%	3,782,288,743	1%	2,717,148,715	1%
Derivative financial instruments	10,850,079,131	4%	5,293,773,328	2%	17,161,392,134	7%
Other trading assets	24,750,000	0%	-	0%	2,660,000	0%
Loan and advances to B/FIs	7,116,529,163	2%	5,920,094,816	2%	5,194,470,677	2%
Loans and advances to customers	189,035,400,388	66%	174,948,356,284	69%	151,014,123,921	65%
Investment securities	32,374,914,828	11%	31,724,846,753	12%	17,453,562,933	8%
Current tax assets	44,947,624	0%	55,328,905	0%	92,745,534	0%
Investment in subsidiaries	772,487,600	0%	372,487,600	0%	372,487,600	0%
Investment in associates	-	0%	-	0%	-	0%
Investment property	697,707,520	0%	295,161,520	0%	97,942,260	0%
Property and equipment	1,752,799,263	1%	1,764,130,341	1%	1,741,914,965	1%
Goodwill and Intangible assets	178,689,829	0%	226,513,150	0%	112,540,746	0%
Deferred tax assets	448,411,030	0%	338,964,764	0%	249,009,565	0%
Other assets	4,706,797,314	2%	3,893,713,394	2%	2,230,983,328	1%
Total Assets	287,777,140,694	100%	255,150,610,280	100%	231,546,858,432	100%
Liabilities						
Due to Bank and Financial Institutions	2,737,257,510	1%	2,082,436,338	1%	1,964,515,728	1%
Due to Nepal Rastra Bank	3,285,987,203	1%	8,996,366,529	4%	7,597,982,045	3%
Derivative financial instruments	11,060,344,567	4%	5,351,098,092	2%	17,127,036,376	7%
Deposits from customers	210,304,687,147	73%	184,817,106,463	72%	164,489,285,837	71%
Borrowing	14,814,903,379	5%	12,997,400,000	5%	7,443,810,000	3%
Current Tax Liabilities	-	0%	-	0%	-	0%
Provisions	-	0%	-	0%	-	0%
Deferred tax liabilities	-	0%	-	0%	-	0%
Other liabilities	5,227,597,491	2%	5,907,387,378	2%	3,686,459,641	2%
Debt securities issued	11,911,942,000	4%	8,127,853,522	3%	5,293,994,350	2%
Subordinated Liabilities	-		-		-	
Total liabilities	259,342,719,296	90%	228,279,648,322	89%	207,603,083,977	90%
Equity						
Share capital	18,366,705,959	6%	18,366,705,959	7%	16,325,960,853	7%
Share premium	-	0%	-	0%	-	0%
Retained earnings	1,140,830,240	0%	1,550,781,367	1%	2,515,343,348	1%
Reserves	8,926,885,198	3%	6,953,474,633	3%	5,102,470,254	2%
Total equity attributable to equity holders	28,434,421,397	10%	26,870,961,958	11%	23,943,774,455	10%
Non-controlling interest						
Total equity	28,434,421,397	10%	26,870,961,958	11%	23,943,774,455	10%
Total liabilities and equity	287,777,140,694	100%	255,150,610,280	100%	231,546,858,432	100%

Vertical Analysis

Statement of Profit or Loss

Amount in Rs.

Particulars	16-Jul-23 (Ashadh 31, 2080)	%	16-Jul-22 (Ashadh 32, 2079)	%	15-Jul-21 (Ashadh 31, 2078)	%
Interest income	26,622,460,214	100%	19,168,862,594	100%	13,983,693,533	100%
Interest expense	18,280,000,292	69%	12,781,322,752	67%	8,323,034,232	60%
Net interest income	8,342,459,922	31%	6,387,539,842	33%	5,660,659,301	40%
Fees and Commission Income	1,833,472,617	7%	1,689,472,559	9%	1,177,641,945	8%
Fees and commission expense	286,611,105	1%	216,241,035	1%	138,024,766	1%
Net fee and commission income	1,546,861,512	6%	1,473,231,524	8%	1,039,617,179	7%
Net interest, fee and commission income	9,889,321,434	37%	7,860,771,366	41%	6,700,276,480	48%
Net trading income	236,285,430	1%	272,406,509	1%	364,108,314	3%
Other operating income	204,146,509	1%	406,766,685	2%	351,973,665	3%
Total operating income	10,329,753,373	39%	8,539,944,560	45%	7,416,358,459	53%
Impairment charge/(reversal) for loans and other losses	1,453,820,570	5%	(37,225,724)	0%	382,410,393	3%
Net operating income	8,875,932,803	33%	8,577,170,284	45%	7,033,948,066	50%
Operating expense						
Personnel expenses	2,689,175,176	10%	2,539,345,989	13%	2,089,704,278	15%
Other operating expenses	1,192,033,693	4%	1,087,916,122	6%	853,748,763	6%
Depreciation & Amortisation	319,402,402	1%	290,521,503	2%	269,478,145	2%
Operating Profit	4,675,321,533	18%	4,659,386,670	24%	3,821,016,879	27%
Non operating income	9,985,780	0%	2,656,853	0%	39,071,786	0%
Non operating expense	76,148,097	0%	46,755,749	0%	15,212,626	0%
Profit before income tax	4,609,159,216	17%	4,615,287,774	24%	3,844,876,039	27%
Income tax expense				0%		
Current Tax	1,434,847,884	5%	1,435,199,261	7%	1,185,623,109	8%
Deferred Tax expense/(Income)	(48,235,961)	0%	(111,005,657)	-1%	(51,820,778)	0%
Profit for the period	3,222,547,292	12%	3,291,094,170	17%	2,711,073,708	19%

Amendment to the Memorandum of Association of the Bank presented as a Special Agenda in the 28th Annual General Meeting

Article/Section	Existing Arrangement	Proposed Arrangement	Justification to the Amendment
Clause 6 added after Clause 5 under Section 5.1.1	Not Available	(6) To conduct all banking transactions through digital means including information technology service, digital payment service, digital payment service provider, wallet management service, digital bank by itself/by establishing subsidiary company.	With the advancement of information technology, it is imperative to expand the scope of banking transactions.
Clause 7 added following Clause 6 under Section 5.1.1	Not Available	(7) To expand the business by bringing in investment/equity through foreign banks and financial institutions.	Capital required to funnel further growth and make the Bank stronger and more capable.



नेपाल राष्ट्र बैंक

बैंक सुपरिवेक्षण विभाग

दरवारमार्ग, काठमाडौं ।
फोन नं.: ४४१९८०५, ७
फ्याक्स नं.: ४४१०१५९
Site: www.nrb.org.np
Email: bsd@nrb.org.np
पोष्ट बक्स: ७३

प.सं: बै.सु.वि./अफसाइट/एजिएम/१००/२०८०-८१

मिति: २०८०/०८/२१

एनएमबि बैंक लिमिटेड
बबरमहल, काठमाडौं ।

विषय: वित्तीय विवरण प्रकाशन सम्बन्धमा ।

महाशय,

त्यस बैंकबाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातका आधारमा यस बैंकद्वारा जारी गरिएको एकीकृत निर्देशन नं.४/०८० को बुँदा नं.१(भू) मा भएको व्यवस्था बमोजिम आ.व. २०७९/८० को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गर्ने प्रयोजनार्थ देहायका निर्देशन सहित सार्वजनिक गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउँदछु ।

१. लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरु पूर्ण रूपले सुधार गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिने व्यवस्था मिलाउन ।
उपरोक्त निर्देशनलाई त्यस बैंकको वार्षिक प्रतिवेदनका छुट्टै पानामा प्रकाशित गर्नुहुन ।



भवदीय,

(चक्र बहादुर बस्नेत)
सहायक निर्देशक

बोधार्थ:

१. नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।
२. बैंक सुपरिवेक्षण विभाग, प्रतिवेदन कार्यान्वयन इकाई, एनएमबि बैंक लिमिटेड ।

Reply to the Instructions received from Nepal Rastra Bank

1. All the remarks mentioned in the audit report have been rectified by giving priority and arrangements shall be made to prevent the recurrence of such incidents

Executive Management Group



Sunil K.C.
Chief Executive Officer



Sudesh Upadhyaya
Deputy Chief Executive Officer



Govind Ghimire
Deputy Chief Executive Officer



Pramod Kumar Dahal
Chief Operating Officer
and Company Secretary



Navin Manandhar
Chief Risk Officer



Shreejesh Ghimire
Chief Investment Officer



Dr. Buddhi Kumar Malla
Chief Officer MSME, Microfinance
and Subsidy Loan



Roshan Regmi
Chief Officer Retail Banking



Puspa Aryal
Head Trade Finance

Total Branch Network

Koshi Province

Dharan, Sunsari
Biratnagar, Morang
Birtamod, Jhapa
Urlabari, Morang
Belbari, Morang
Tarahara, Sunsari
Pathari, Morang
Dudhe, Jhapa
Letang, Morang
Kerabari, Morang
Kanchanbari, Morang
Madhumalla, Morang
Chandragadhi, Jhapa
Ithari, Sunsari
Kerkha, Jhapa
Phidim, Panchthar
Katari, Udayapur
Taplejung, Taplejung
Salleri, Solukhumbu
Damak, Jhapa
Gaighat, Udayapur
Ilam, Ilam
Bhojpur, Bhojpur
Chulachuli, Ilam
Dhulabari, Jhapa
Gothgaun, Morang
Mahendra Chowk, Morang
Tanki Sinuwari, Morang
Jhumka, Sunasari
Inaruwa, Sunasari

Madhesh Province

Birgunj, Parsa
Janakpur, Dhanusa
Lahan, Siraha
Nijgadh, Bara
Golbazar, Siraha
Bardibas, Mahottari
Bateshwar, Dhanusa
Surunga, Saptari
Sakhuwan, Siraha
Nawarajpur, Siraha
Aurahi, Siraha
Bishrampur, Bara
Pachrauta, Bara
Mahottari, Mahottari
Sonama, Mahottari
Hanshapur, Dhanusa
Tilathi, Saptari
Kalaiya, Bara
Malangwa, Sarlahi
Garuda, Rautahat
Jeetpur Simra, Bara
Mirchaiya, Siraha
Siraha, Siraha
Lalbandi, Sarlahi
Harion, Sarlahi
Barahathwa, Sarlahi
Chandrapur, Rautahat

Bagmati Province

Babarmahal, Kathmandu
Banepa, Kavrepalanchok
Putalisadak, Kathmandu
Lubhu, Lalitpur
Thaiba, Lalitpur
Thamel, Kathmandu
Newroad, Kathmandu
Kumaripati, Lalitpur
Chabahil, Kathmandu
Kirne, Dolakha
Manthali, Ramechhap
Kantipath, Kathmandu
Buddhachok, Bharatpur, Chitwan
Dhunche, Rasuwa
Bhaktapur, Bhaktapur
Kalanki, Kathmandu
Basundhara, Kathmandu
Sitapaila, Kathmandu
Thapathali, Kathmandu
Naxal, Kathmandu
Teku, Kathmandu
Pulchowk, Lalitpur
Timure, Rasuwa
Hetauda, Makwanpur
Galchi, Dhading
Tinkune, Kathmandu
Kapan, Kathmandu
Lions Chowk, Chitwan
Bharatpur, Chitwan
Baghdarbar, Kathmandu
Maharajgunj, Kathmandu
Golmadi, Bhaktapur
Boudha, Kathmandu
Mainroad, Chitwan
Parsa, Chitwan
Tandi, Chitwan
Chanauli, Chitwan
Gangabu, Kathmandu
Satdobato, Lalitpur
Baneshwor, Kathmandu
Gwarko, Lalitpur
Balkhu, Kathmandu
Battar, Nuwakot
Gatthaghar, Bhaktapur
Budhanilkantha, Kathmandu
Naikap, Kathmandu
Nakkhu, Lalitpur
Balaju, Kathmandu
Furtichowk, Chitwan
Bhandara, Chitwan
Khusibu, Kathmandu

Gandaki Province

Pokhara, Kaski
Waling, Syangja
Burtibang, Baglung
Beni, Myagdi
Kawasoti, Nawalparasi East
Sardi Bagaicha, Nawalparasi East
Chipledhunga Pokhara, Kaski
Bagar, Kaski
Amarsinghchowk, Kaski
Hemja, Kaski
Bhimad, Tanahu
Bhotewodar, Lamjung
Safa Sadak Damauli, Tanahu
Nagdanda, Kaski
Turture, Tanahu
Manang, Manang
Shishuwa, Kaski
Baglung, Baglung
Lamachaur Branch, Kaski
Bandipur Branch, Tanahu
Kushmishera Branch, Baglung
Besishahar Branch, Lamjung
Rambazar Branch, Kaski
Bhairabtole Branch, Kaski
Jomsom Branch, Mustang
Galyang Branch, Syangja
Lakeside Branch, Kaski
Lekhnath Branch, Kaski
Bank Road, Gorkha
Aarughat, Gorkha
Dumre, Tanahu
Dulegaunda, Tanahu
Aabukhareni, Tanahu
Manakamana, Gorkha
Birauta, Kaski
Zero Kilometer, Kaski
Gaidakot, Nawalparasi East
Chauthe, Kaski

Lumbini Province

Butwal, Rupandehi
Nepalgunj, Banke
Traffic Chowk - Butwal, Rupandehi
Manigram, Rupandehi
Jeetpur, Kapilbastu
Pharsatikar, Rupandehi
Sunawal, Rupandehi
Murgiya, Rupandehi
Chandrauta, Kapilbastu
Thutipipal, Rupandehi
Chutrabesi, Arghakhanchi
Bhalwari, Rupandehi
Charnumber, Rupandehi
Gorusinge, Kapilbastu
Aryabhanjyang, Palpa
Tamghas, Gulmi
Drivertole, Rupandehi
Bangai, Kapilbastu
Bhairahawa, Rupandehi
Palpa, Palpa
Kohalpur, Banke
Tulsipur, Dang
Kudiya Tribeni Susta, Nawalparasi West
Mayadevi Pakadi, Kapilbastu
Lamahi, Dang
Bardaghat, Nawalparasi West
Madichour, Rolpa
Devinagar, Rupandehi
Ramgram, Nawalparasi West
Taulihawa, Kapilbastu
Ghorahi, Dang
Karkado, Banke

Karnali Province

Dailekh, Dailekh
Birendranagar, Surkhet
Naumule, Dailekh

Sudurpashchim Province

Dhangadi Chauraha, Kailali
Dipayal, Doti
Lamki, Kailali
Masuriya, Kailali
Mahendranagar, Kanchanpur
K. I. Singh, Doti
Beldandi, Kanchanpur
Attariya, Kailali
Jhalari, Kanchanpur
Dhangadhi Mainroad, Kailali
Punarbash, Kanchanpur
Dadeldhura, Dadeldhura
Daijee, Kanchanpur
Belauri, Kanchanpur
Sukhad, Kailali
Bauniya, Kailali
Tikapur, Kailali
Gulariya, Kanchanpur
Phulbari, Kailali
Baitadi, Baitadi