

# NMB BANK LIMITED

## INTERIM FINANCIAL STATEMENTS

**As on**  
**Asar End 2081 (July 15, 2024)**  
**(Unaudited)**



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

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

**NMB Bank Limited**  
**Condensed Consolidated Statement of Financial Position**  
As on Quarter Ended Asar 31, 2081 (July 15, 2024)

*NPR in Thousand*

Particulars	Group		NMB	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
<b>Assets</b>				
Cash and cash equivalent	23,515,803	24,711,847	22,570,603	23,958,280
Due from Nepal Rastra Bank	14,734,991	15,086,501	14,710,491	15,059,501
Placement with Bank and Financial Institutions	3,035,765	755,846	3,035,765	755,846
Derivative financial instruments	7,583,922	10,850,079	7,583,922	10,850,079
Other trading assets	-	117,486	-	24,750
Loan and advances to B/FIs	5,988,435	7,116,529	8,212,671	7,116,529
Loans and advances to customers	199,652,559	192,803,782	194,338,841	189,035,400
Investment securities	34,328,802	32,920,880	33,772,796	32,374,915
Current tax assets	141,116	63,370	131,256	44,948
Investment in subsidiaries	-	-	772,488	772,488
Investment in associates	-	-	-	-
Investment property	851,437	697,708	851,437	697,708
Property and equipment	3,186,978	1,874,387	3,070,044	1,752,799
Goodwill and Intangible assets	155,364	183,953	148,628	178,690
Deferred tax assets	435,138	453,511	420,322	448,411
Other assets	5,924,178	4,822,587	5,482,296	4,706,797
<b>Total Assets</b>	<b>299,534,489</b>	<b>292,458,466</b>	<b>295,101,561</b>	<b>287,777,141</b>
<b>Liabilities</b>				
Due to Bank and Financial Institutions	3,154,948	2,737,258	3,163,180	2,737,258
Due to Nepal Rastra Bank	2,948,951	3,285,987	2,948,951	3,285,987
Derivative financial instruments	7,710,800	11,060,345	7,710,800	11,060,345
Deposits from customers	225,000,919	211,559,441	223,942,592	210,304,687
Borrowing	12,719,248	16,381,536	11,552,656	14,814,903
Current Tax Liabilities	42,679	-	-	-
Provisions	13,833	1,631	-	-
Deferred tax liabilities	21,488	10,502	-	-
Other liabilities	5,867,738	5,926,502	4,801,688	5,227,597
Debt securities issued	11,911,942	11,911,942	11,911,942	11,911,942
Subordinated Liabilities	-	-	-	-
<b>Total liabilities</b>	<b>269,392,546</b>	<b>262,875,143</b>	<b>266,031,809</b>	<b>259,342,719</b>
<b>Equity</b>				-
Share capital	18,366,706	18,366,706	18,366,706	18,366,706
Share premium	37,216	37,216	-	-
Retained earnings	703,690	1,612,243	238,965	1,140,830
Reserves	10,557,889	9,064,537	10,464,081	8,926,885
<b>Total equity attributable to equity holders</b>	<b>29,665,502</b>	<b>29,080,703</b>	<b>29,069,752</b>	<b>28,434,421</b>
<b>Non-controlling interest</b>	<b>476,442</b>	<b>502,620</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>30,141,944</b>	<b>29,583,323</b>	<b>29,069,752</b>	<b>28,434,421</b>
<b>Total liabilities and equity</b>	<b>299,534,489</b>	<b>292,458,466</b>	<b>295,101,561</b>	<b>287,777,141</b>

**NMB Bank Limited**  
**Condensed Consolidated Statement of Profit or Loss**  
For the quarter ended Asar 31, 2081 (July 15, 2024)

NPR in Thousand

Particulars	Group				NMB			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest income	6,159,635	26,433,308	6,860,007	27,285,732	6,006,630	25,827,846	6,794,097	26,622,460
Interest expense	4,072,582	18,569,995	5,003,647	18,597,031	4,039,494	18,330,791	4,936,308	18,280,000
<b>Net interest income</b>	<b>2,087,053</b>	<b>7,863,313</b>	<b>1,856,360</b>	<b>8,688,701</b>	<b>1,967,136</b>	<b>7,497,055</b>	<b>1,857,789</b>	<b>8,342,460</b>
Fees and Commission Income	584,499	2,204,183	594,861	2,117,361	520,872	1,985,622	446,174	1,833,473
Fees and commission expense	95,872	311,279	110,095	288,838	95,817	311,224	107,868	286,611
<b>Net fee and commission income</b>	<b>488,627</b>	<b>1,892,904</b>	<b>484,766</b>	<b>1,828,523</b>	<b>425,055</b>	<b>1,674,398</b>	<b>338,306</b>	<b>1,546,862</b>
<b>Net interest, fee and commission income</b>	<b>2,575,679</b>	<b>9,756,216</b>	<b>2,341,126</b>	<b>10,517,224</b>	<b>2,392,191</b>	<b>9,171,453</b>	<b>2,196,095</b>	<b>9,889,321</b>
Net trading income	68,298	274,921	66,747	241,555	68,298	274,921	61,477	236,285
Other operating income	28,197	231,502	2,596	209,794	28,197	231,502	8,075	204,147
<b>Total operating income</b>	<b>2,672,174</b>	<b>10,262,639</b>	<b>2,410,468</b>	<b>10,968,572</b>	<b>2,488,686</b>	<b>9,677,876</b>	<b>2,265,647</b>	<b>10,329,753</b>
Impairment charge/(reversal) for loans and other assets	1,106,278	1,932,170	310,011	1,517,657	1,117,615	1,921,077	269,226	1,453,821
<b>Net operating income</b>	<b>1,565,896</b>	<b>8,330,469</b>	<b>2,100,457</b>	<b>9,450,915</b>	<b>1,371,071</b>	<b>7,756,799</b>	<b>1,996,421</b>	<b>8,875,933</b>
<b>Operating expense</b>				-				
Personnel expenses	743,220	2,945,068	686,766	2,980,387	656,222	2,642,052	615,828	2,689,175
Other operating expenses	456,084	1,436,134	474,781	1,318,835	425,248	1,286,801	450,524	1,192,034
Depreciation & Amortisation	112,994	361,236	112,928	358,138	86,004	321,868	85,300	319,402
<b>Operating Profit</b>	<b>253,597</b>	<b>3,588,030</b>	<b>825,983</b>	<b>4,793,556</b>	<b>203,597</b>	<b>3,506,078</b>	<b>844,769</b>	<b>4,675,322</b>
Non operating income	3,291	3,850	1,444	9,986	2,960	3,442	1,742	9,986
Non operating expense	40,231	166,294	53,001	76,611	40,231	166,294	52,538	76,148
<b>Profit before income tax</b>	<b>216,658</b>	<b>3,425,587</b>	<b>774,426</b>	<b>4,726,931</b>	<b>166,326</b>	<b>3,343,226</b>	<b>793,972</b>	<b>4,609,159</b>
Income tax expense				-				-
Current Tax	114,822	1,081,698	312,425	1,471,330	104,165	1,039,470	302,193	1,434,848
Deferred Tax expense/(Income)	(32,844)	(32,844)	(41,078)	(41,078)	(32,844)	(32,844)	(48,236)	(48,236)
<b>Profit for the period</b>	<b>134,680</b>	<b>2,376,733</b>	<b>503,079</b>	<b>3,296,678</b>	<b>95,004</b>	<b>2,336,599</b>	<b>540,016</b>	<b>3,222,547</b>

**NMB Bank Limited**  
**Consolidated Statement of Other Comprehensive Income**  
For the quarter ended Asar 31, 2081 (July 15, 2024)

NPR in Thousand

Particulars	Group				NMB			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
<b>Profit for the period</b>	<b>134,680</b>	<b>2,376,733</b>	<b>503,079</b>	<b>3,296,678</b>	<b>95,004</b>	<b>2,336,599</b>	<b>540,016</b>	<b>3,222,547</b>
<b>Other comprehensive income</b>								
<b>a) Items that will not be reclassified to profit or loss</b>								
- Gains/(losses) from investments in equity instruments measured at fair value	239,654	274,041	19,149	(149,471)	234,376	274,229	17,934	(148,286)
- Gains/(losses) on revaluation	-	-	-	-	-	-	-	-
- Actuarial gains/(losses) on defined benefit plans	(71,121)	(71,121)	(54,854)	(54,854)	(71,121)	(71,121)	(55,748)	(55,748)
-Income tax relating to above items	(50,560)	(60,876)	10,712	61,297	(48,976)	(60,932)	11,344	61,210
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>	<b>117,973</b>	<b>142,044</b>	<b>(24,994)</b>	<b>(143,027)</b>	<b>114,278</b>	<b>142,176</b>	<b>(26,470)</b>	<b>(142,824)</b>
<b>b) Items that are or may be reclassified to profit or loss</b>								
- Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-
- Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-
- Income tax relating to above items	-	-	-	-	-	-	-	-
<b>Net other comprehensive income that are or may be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>c) Share of other comprehensive income of associate accounted as per equited method</b>								
-	-	-	-	-	-	-	-	-
<b>Other comprehensive income for the period, net of income tax</b>	<b>117,973</b>	<b>142,044</b>	<b>(24,994)</b>	<b>(143,027)</b>	<b>114,278</b>	<b>142,176</b>	<b>(26,470)</b>	<b>(142,824)</b>
<b>Total comprehensive income for the period</b>	<b>252,653</b>	<b>2,518,777</b>	<b>478,085</b>	<b>3,153,651</b>	<b>209,282</b>	<b>2,478,775</b>	<b>513,545</b>	<b>3,079,723</b>
<b>Total comprehensive income attributable to:</b>								
Equity holders of the Bank	244,148	2,544,955	503,834	3,154,928	209,282	2,478,775	513,545	3,079,723
Non-controlling interest	8,504	(26,178)	(25,749)	(1,278)	-	-	-	-
<b>Total</b>	<b>252,653</b>	<b>2,518,777</b>	<b>478,085</b>	<b>3,153,651</b>	<b>209,282</b>	<b>2,478,775</b>	<b>513,545</b>	<b>3,079,723</b>
<b>Earnings per share</b>								
Basic earnings per share		13.08		17.95		12.72		17.55
Annualized Basic earnings per share		13.08		17.95		12.72		17.55
Diluted earnings per share		13.08		17.95		12.72		17.55

**NMB Bank Limited**  
**Condensed Consolidated Statement of cash flows**  
For the period (Shrawan 1, 2080 to Asar 31, 2081) ended Asar 31, 2081

NPR in Thousand

Particulars	Group		NMB	
	Upto This Quarter	Corresponding Previous Year Upto This Quarter	Upto This Quarter	Corresponding Previous Year Upto This Quarter
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest received	22,658,933	23,533,416	22,570,768	22,805,098
Fees and other income received	2,155,877	2,038,193	1,984,145	1,840,654
Dividend received	-	-	-	-
Receipts from other operating activities	210,989	273,042	210,989	262,448
Interest paid	(17,785,614)	(19,271,763)	(17,785,614)	(18,815,188)
Commission and fees paid	(311,224)	(284,654)	(311,224)	(284,654)
Cash payment to employees	(2,252,117)	(2,306,244)	(2,199,368)	(2,064,033)
Other expense paid	(1,624,983)	(1,257,788)	(1,570,016)	(1,103,878)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>3,051,861</b>	<b>2,724,202</b>	<b>2,899,680</b>	<b>2,640,447</b>
<b>(Increase)/Decrease in operating assets</b>				
Due from Nepal Rastra Bank	349,010	(1,312,167)	349,010	(1,312,167)
Placement with bank and financial institutions	(2,279,919)	(209,061)	(2,279,919)	(209,061)
Other trading assets	24,750	(24,750)	24,750	(24,750)
Loan and advances to bank and financial institutions	(1,027,454)	(1,191,986)	(1,027,454)	(1,191,986)
Loans and advances to customers	(6,114,941)	(13,702,695)	(6,114,941)	(14,602,291)
Other assets	(4,260,516)	(343,875)	(3,699,540)	57,779
<b>Total</b>	<b>(13,309,070)</b>	<b>(16,784,534)</b>	<b>(12,748,095)</b>	<b>(17,282,476)</b>
<b>Increase/(Decrease) in operating liabilities</b>				
Due to bank and financial institutions	425,922	1,166,763	425,922	1,166,763
Due to Nepal Rastra Bank	(337,036)	(5,710,379)	(337,036)	(5,710,379)
Deposit from customers	13,896,381	25,029,490	13,637,905	25,475,639
Borrowings	(3,262,247)	1,499,400	(3,262,247)	1,817,503
Other liabilities	(3,367,393)	456,215	(3,853,156)	169,963
<b>Net cash flow from operating activities before tax paid</b>	<b>7,355,627</b>	<b>22,441,489</b>	<b>6,611,388</b>	<b>22,919,489</b>
Income taxes paid	(1,790,355)	(1,428,846)	(1,782,964)	(1,398,846)
<b>Net cash flow from operating activities</b>	<b>(4,691,937)</b>	<b>6,952,310</b>	<b>(5,019,991)</b>	<b>6,878,613</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investment securities	(322,345,340)	(40,817,799)	(322,184,034)	(40,410,128)
Receipts from sale of investment securities	323,270,058	41,210,960	323,270,058	40,882,957
Purchase of property and equipment	(316,848)	(280,628)	(316,608)	(257,496)
Receipt from the sale of property and equipment	26,365	19,386	26,365	19,386
Purchase of intangible assets	(22,493)	(8,836)	(21,019)	(9,047)
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	(241,814)	(405,186)	(241,814)	(405,186)
Receipt from the sale of investment properties	88,085	-	88,085	-
Investment in subsidiaries, associates & joint ventures	-	(400,000)	-	(400,000)
Interest received	2,875,120	2,211,611	2,875,120	2,211,611
Dividend received	67,431	116,114	67,431	116,114
<b>Net cash used in investing activities</b>	<b>3,400,565</b>	<b>1,645,621</b>	<b>3,563,583</b>	<b>1,748,211</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipt from issue of debt securities	-	4,000,000	-	4,000,000
Repayment of debt securities	-	-	-	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	200,000	-	-
Dividends paid	-	(1,515,253)	-	(1,515,253)
Interest paid	-	-	-	-
Other receipt/payment	26,599	41,408	-	-
<b>Net cash from financing activities</b>	<b>26,599</b>	<b>2,726,155</b>	<b>-</b>	<b>2,484,747</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,264,774)</b>	<b>11,324,086</b>	<b>(1,456,407)</b>	<b>11,111,572</b>
Cash and cash equivalents at the beginning of the year	24,711,847	13,328,689	23,958,280	12,787,637
Cash and cash equivalents acquired from the merger	-	-	-	-
Effect of exchange rate fluctuations on cash and cash equivalents held	68,730	59,071	68,730	59,071
<b>Cash and cash equivalents at the end of the year</b>	<b>23,515,803</b>	<b>24,711,847</b>	<b>22,570,603</b>	<b>23,958,280</b>

**NMB Bank Limited**  
**Condensed Consolidated Statement of changes in equity**  
**For the period (Shrawan 1, 2080 to Asar 31, 2081) ended Asar 31, 2081**

NPR in Thousand

Particulars	NMB Attributable to equity holders of the Bank										Non-controlling interest	Total equity
	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair value reserve	Revaluation Reserve	Retained earning	Other reserve	Total		
Balance at Shrawan 1, 2079	18,366,706	-	4,316,721	142,208	1,513,503	254,541	-	1,550,781	726,501	26,870,962	-	26,870,962
Profit for the year	-	-	-	-	-	-	-	3,222,547	-	3,222,547	-	3,222,547
Other comprehensive income	-	-	-	-	-	(103,800)	-	-	(39,024)	(142,824)	-	(142,824)
<b>Total comprehensive income</b>	-	-	-	-	-	<b>53,856</b>	-	<b>3,222,547</b>	<b>(39,024)</b>	<b>3,237,379</b>	-	<b>3,237,379</b>
Transfer to reserves	-	-	644,509	14,768	912,003	-	-	(2,167,245)	545,954	(50,011)	-	(50,011)
Transfer from reserves	-	-	-	-	-	-	-	50,000	(1,000)	49,000	-	49,000
<b>Contribution from and distributions to owner</b>	-	-	-	-	-	-	-	-	-	-	-	-
Share issued/Merger Transfer	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(1,515,253)	-	(1,515,253)	-	(1,515,253)
Goodwill Recognition	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total contributions by and distributions</b>	-	-	-	-	-	-	-	<b>(1,515,253)</b>	-	<b>(1,515,253)</b>	-	<b>(1,515,253)</b>
Balance at Asar end 2080	18,366,706	-	4,961,231	156,976	2,425,506	150,741	-	1,140,830	1,232,431	28,434,421	-	28,434,421
Balance at Asar end 2080	18,366,706	-	4,961,231	156,976	2,425,506	150,741	-	1,140,830	1,232,431	28,434,421	-	28,434,421
Prior Period Adjustments	-	-	-	-	-	-	-	(1,843,444)	-	(1,843,444)	-	(1,843,444)
Adjusted/Restated balance at Shrawan 1, 2080	18,366,706	-	4,961,231	156,976	2,425,506	150,741	-	(702,614)	1,232,431	26,590,977	-	26,590,977
Profit for the period	-	-	-	-	-	-	-	2,336,599	-	2,336,599	-	2,336,599
Other comprehensive income	-	-	-	-	-	191,961	-	-	(49,785)	142,176	-	142,176
<b>Total comprehensive income</b>	-	-	-	-	-	<b>191,961</b>	-	<b>2,336,599</b>	<b>(49,785)</b>	<b>2,478,775</b>	-	<b>2,478,775</b>
Transfer to Reserves	-	-	467,320	17,183	674,636	-	-	(1,395,020)	235,881	(0)	-	(0)
Transfer from Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Merger	-	-	-	-	-	-	-	-	-	-	-	-
<b>Contribution from and distributions to owner</b>	-	-	-	-	-	-	-	-	-	-	-	-
Share issued to merged entity	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares capitalized	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total contributions by and distributions</b>	-	-	-	-	-	-	-	-	-	-	-	-
Balance at Asar End 2081	18,366,706	-	5,428,551	174,159	3,100,142	342,702	-	238,965	1,418,528	29,069,752	-	29,069,752

**NMB Bank Limited**  
**Condensed Consolidated Statement of changes in equity**  
**For the period (Shrawan 1, 2080 to Asar 31, 2081) ended Asar 31, 2081**

Group Attributable to equity holders of the Group												
Particulars	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair value reserve	Revaluation Reserve	Retained earning	Other reserve	Total	Non-controlling interest	Total equity
Balance at Shrawan 1, 2079	18,366,706	37,216	4,378,508	142,208	1,542,189	262,131	-	2,009,905	751,524	27,490,387	538,470	28,028,857
Adjustment/Restatement	-	-	902	-	-	-	-	(4,276)	(3,678)	(7,052)	(31,187)	(38,238)
Balance at Shrawan 1, 2078	18,366,706	37,216	4,379,410	142,208	1,542,189	262,131	-	2,005,628	747,847	27,483,335	507,284	27,990,619
Profit for the year	-	-	-	-	-	53,855.99	-	3,309,456	-	3,363,312	(12,778)	3,350,534
Other comprehensive income	-	-	-	-	-	(104,630)	-	-	(38,398)	(143,027)	-	(143,027)
<b>Total comprehensive income</b>	-	-	-	-	-	<b>(104,630)</b>	-	<b>3,309,456</b>	<b>(38,398)</b>	<b>3,220,284</b>	<b>(12,778)</b>	<b>3,207,507</b>
Transfer to reserves	-	-	644,509	14,768	929,685	-	-	(2,162,033)	594,818	21,747	8,114	29,861
Transfer from reserves	-	-	-	-	-	-	-	50,000	(50,000)	-	-	-
<b>Contribution from and distributions to owner</b>	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Merger	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill Recognition	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	(33,449)	-	(33,449)	-	(33,449)
Cash dividend paid	-	-	-	-	-	-	-	(1,557,359)	-	(1,557,359)	-	(1,557,359)
<b>Total contributions by and distributions</b>	-	-	-	-	-	-	-	<b>(1,590,808)</b>	-	<b>(1,590,808)</b>	-	<b>(1,590,808)</b>
Balance at Asar end 2080	18,366,706	37,216	5,023,919	156,976	2,471,874	157,502	-	1,612,243	1,254,267	29,134,559	502,620	29,637,179
Balance at Asar end 2080	18,366,706	37,216	5,023,919	156,976	2,471,874	157,502	-	1,612,243	1,254,617	29,081,053	502,620	29,637,179
Adjustments	-	-	-	-	-	-	-	(1,843,444)	-	(1,843,444)	-	(1,843,444)
<b>Adjusted/Restated balance at Shrawan 1, 2080</b>	<b>18,366,706</b>	<b>37,216</b>	<b>5,023,919</b>	<b>156,976</b>	<b>2,471,874</b>	<b>157,502</b>	<b>-</b>	<b>(231,201)</b>	<b>1,254,617</b>	<b>27,237,609</b>	<b>502,620</b>	<b>27,740,229</b>
Profit for the period	-	-	-	-	-	-	-	2,402,911	-	2,402,911	(26,178)	2,376,733
Other comprehensive income	-	-	-	-	-	191,829	-	-	(49,785)	142,044	-	142,044
<b>Total comprehensive income</b>	-	-	-	-	-	<b>191,829</b>	-	<b>2,402,911</b>	<b>(49,785)</b>	<b>2,544,955</b>	<b>(26,178)</b>	<b>2,518,777</b>
Transfer to Reserves	-	-	467,320	17,183	674,636	-	-	(1,395,020)	235,881	(0)	-	(0)
Transfer from Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Merger	-	-	-	-	-	-	-	-	-	-	-	-
<b>Contribution from and distributions to owner</b>	-	-	-	-	-	-	-	-	-	-	-	-
Share issued to merged entity	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(68,000)	-	(68,000)	-	(68,000)
Others	-	-	-	-	-	-	-	(5,000)	(44,062)	(49,062)	-	(49,062)
<b>Total contributions by and distributions</b>	-	-	-	-	-	-	-	<b>(73,000)</b>	<b>(44,062)</b>	<b>(117,062)</b>	-	<b>(117,062)</b>
Balance at Asar End 2081	18,366,706	37,216	5,491,239	174,159	3,146,510	349,331	-	703,690	1,396,651	29,665,502	476,442	30,141,944

**Ratios as per NRB Directives**

Particulars	Group				NMB			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Capital fund to RWA		12.89%		13.43%		12.82%		13.33%
Non performing loan (NPL) to toal loan		3.35%		2.92%		3.27%		2.75%
Total loan loss provision to Total NPL (As per NRB Directives)		118.14%		107.97%		120.79%		113.34%
Cost of Funds (YTD)		7.36%		8.37%		7.31%		8.31%
CD Ratio - Average of the Month		83.91%		83.46%		83.91%		83.46%
Base Rate - Average for the quarter		8.42%		10.37%		8.42%		10.37%
Average Interest Spread (Calculated as per NRB Directives)- Last Month of Quarter		3.99%		3.99%		3.99%		3.99%
<b>Additional Informations:</b>								
Return on Equity (Annualized)		8.18%		11.71%		8.13%		11.65%
Return on Assets (Annualized)		0.81%		1.20%		0.80%		1.19%
PE Ratio (Annualized)		17.14		12.88		17.14		12.88
Net-Worth per share (NPR)		161.52		158.48		158.27		154.82
Assets per share (NPR)		1,628.26		1,591.20		1,606.72		1,566.84
Liquidity Ratio (NLA)		29.01%		29.85%		29.01%		29.85%



**Statement of Distributable Profit/Loss (As per NRB Regulations)**  
**For the Quarter Ended Asar 31, 2081**

Particulars	Current Year Upto This Qtr YTD	Previous Year Corresponding Qtr YTD
<b>Net Profit or Loss as per Statement of profit or loss</b>	<b>2,336,599</b>	<b>3,222,547</b>
<b>1. Appropriations</b>		-
a. General Reserve	(467,320)	(644,509)
b. Capital (Debenture) Redemption Reserve **	(237,301)	(566,666)
c. Exchange Fluctuation Fund	(17,183)	(14,768)
d. Corporate Social Responsibility Fund	12,215	(22,894)
e. Employees Training Fund	(10,795)	(5,394)
f. Other	-	48,989
<b>Profit or Loss Before Regulatory adjustment</b>	<b>1,616,215</b>	<b>2,017,305</b>
<b>Regulatory Adjustment</b>		
a. Interest receivable (-)/previous accrued interest received (+) *	(495,158)	(509,464)
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 (+)	(96,849)	(253,604)
e. Deferred tax assets recognised (-)/ reversal (+)	(32,844)	(109,911)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	(49,785)	(39,024)
i. Other	-	-
<b>Net Profit for the quarter ended Asar End, 2081 available for distribution</b>	<b>941,579</b>	<b>1,105,302</b>
<b>Opening Retained Earning as on Shrawan 1, 2080</b>	<b>1,140,830</b>	<b>1,550,781</b>
Adjustment (+/-)		
Payment of Tax on Premium of FPO and Swap Surplus/Bargain Purchase Gain due to Merger and Acquisitions	(1,843,444)	-
<b>Distribution:</b>		
Bonus shares issued	-	-
Cash Dividend Paid	-	(1,515,253)
<b>Total Distributable profit or (loss) as on quarter ended Asar End, 2081</b>	<b>238,965</b>	<b>1,140,830</b>
<b>Annualised Distributable Profit/Loss per share</b>	<b>1.30</b>	<b>6.21</b>

\* As per NRB Notice dated Shrawan 14, 2081, the interest dues outstanding as on Asar End 2081 which are collected until Shrawan End, 2081 is not required to be transferred to Regulatory Reserve. Such dues amounting NPR 296.9 million collected until Shrawan 19, 2081 has not been transferred to regulatory reserve. Any further collection until Shrawan End 2081 could impact the amount to be transferred to the Regulatory Reserve

\*\* As per NRB Directive No (16)(5), Debenture Redemption Reserve amounting NPR 329.3 million has not been created for debentures having remaining maturity greater than 5 years. Such amount is allowed only for distribution of bonus shares. Distributions are subject to the approval of NMB Board, Nepal Rastra Bank (NRB) and Annual General Meeting of the bank.

# **NMB BANK LIMITED**

## **Notes to Interim Financial Statements**

**For the interim period ended 31 Asar, 2081**

### **1. General Information**

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

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

### **1.2 Subsidiary:**

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

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

### **2. Basis of preparation**

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

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

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

The Condensed Consolidated Interim Financial Statements comprise of:

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

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

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

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

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

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

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect the amount of the investor's returns

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

## **5. Materiality and Aggregation**

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

## **6. Business Combination**

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

## **7. Foreign Exchange Transactions**

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

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

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

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

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

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

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

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

The significant judgments made by Management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 Asar 2080.

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

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

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

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

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

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

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

### **Determination of fair value**

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

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

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

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

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

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

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

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

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

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

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

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

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

## **13. Offsetting**

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

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

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

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

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

## **15. Impairment**

### **Impairment of financial assets**

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

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

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

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

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

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

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

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

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

For the purpose of collective assessment of impairment bank has categorized



assets in to four broad products as follows:

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

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

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

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

## **17. Grant**

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

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

These are classified as financial liabilities measured at amortized cost.

## **19. Revenue recognition**

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

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

**a. Net interest income**

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

**b. Fees and commission income**

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

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

**c. Dividend Income**

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

**d. Net Trading Gain**

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

**20. Discounting**

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

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

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

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

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

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

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

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

## 23. Investment property

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

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

## 24. Retirement Benefits

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

### a. *Provident fund*

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

### b. *Gratuity*

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

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

**c. *Accumulated sick leave***

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

**d. *Accumulated home leave***

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

## **25. Operating Lease**

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

## **26. Income Tax**

**a. Current Income Tax**

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

**b. Deferred Tax**

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

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

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

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

As per NRB Directive No (16)(5), Debenture Redemption Reserve amounting NPR 329.3 million has not been created for debentures having remaining maturity greater than 5 years. Such amount is allowed only for distribution of bonus shares. Distributions are subject to the approval of NMB Board, Nepal Rastra Bank (NRB) and Annual General Meeting of the bank.

## **28. Stationery**

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

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

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

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

## **30. Earnings Per Share**

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

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

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

The financial statements are presented in Nepalese Rupees, rounded off to the nearest thousand. Previous year's figures have been reclassified wherever necessary in order to facilitate comparison. The figures reported in interim financial report are subject to change upon otherwise instructions of statutory auditor and/or regulatory authorities.

## 32. Segment Information

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

### a. Information about reporting segment:

NPR in Mio.

Particulars	Retail		SME & MSME		Corporate		Deprived		Treasury		Others		Total	
	Asar End 2081	Asar End 2080	Asar End 2081	Asar End 2080	Asar End 2081	Asar End 2080	Asar End 2081	Asar End 2080	Asar End 2081	Asar End 2080	Asar End 2081	Asar End 2080	Asar End 2081	Asar End 2080
Revenues from external customers	5,776	5,934	7,157	8,201	11,012	10,458	1,091	1,257	3,071	2,573	(261)	425	27,846	28,848
Intersegment revenues/(Expenses)	7,036	4,766	(3,857)	(2,938)	(1,025)	(1,003)	(683)	(555)	1,663	1,298	(3,134)	(1,568)	-	-
Segment profit/(loss) before tax	1,943	(1,605)	1,053	3,220	2,581	3,489	199	499	1,333	1,413	(3,765)	(2,407)	3,343	4,609
Segment assets	38,894	37,695	57,708	57,415	92,849	82,706	10,422	10,596	70,600	19,551	24,629	79,814	295,102	287,777
Segment liabilities	138,584	127,482	4,945	4,050	75,364	61,737	1,072	513	23,465	36,780	51,673	57,215	295,102	287,777

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

NPR in Mio

<b>Particulars</b>	<b>Asar End 2081</b>	<b>Asar End 2080</b>
Total Profit before tax for reportable segments	3,343	4,609
Profit before tax for other segments		
Elimination of intersegment profit		
Elimination of discontinued operation		
Unallocated amount:		
-Other Corporate Expenses	-	-
Profit before tax	3,343	4,609

### 33.Related Party Disclosures

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

The Board of Directors has been paid meeting fees of NPR 1,654,000 during the interim period. There were 20 Board Meeting conducted during the interim period.

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

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

<b>Board Level Committees</b>	<b>No of Meetings</b>	<b>Meeting Allowance (NPR)</b>
Audit Committee	6	192,000
Risk Management Committee	8	192,000
Human Resource Service Committee	4	96,000
Assets Laundering Prevention Committee	6	144,000
Other Committee	4	112,000

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 1,008,000

The members of the Board as on interim period ended *Asar 31 2081* are:

- |      |                             |   |
|------|-----------------------------|---|
| i)   | Mr. Manoj Kumar Goyal       | Chairman (Represents Group – Promoter Shareholder)    |
| ii)  | Mrs. Sharmila Hardi Prakash | Member (Representative from FMO)                      |
| iii) | Mr. Jeevan Kumar Katwal     | Member (Representative from Employees Provident Fund) |
| iv)  | Mr. Harischandra Subedi     | Member (Represents Group – Public Shareholder)        |
| v)   | Mr. Uttam Bhlon             | Member (Represents Group – Public Shareholder)        |
| vi)  | Mr. Sirish Kumar Murarka    | Member (Represents Group – Public                     |



Vii) Mrs. Bandana Pathak

Shareholder)  
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.

<b>S.No</b>	<b>Particulars</b>	<b>Amount</b>
A	Short Term Employee Benefits	68,535,863
B	Post-Employment Benefits	Nil
C	Other Long Term Benefits	Nil
D	Termination Benefits (Gratuity and Sick Leave Encashment)	Nil
E	Share Based Payment	Nil
	<b>Total of Key Management Personnel Compensation</b>	<b>68,535,863</b>

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

<b>Particulars</b>	<b>Basic Salary</b>	<b>Provident Fund</b>	<b>Allowance</b>	<b>Bonus &amp; Welfare</b>	<b>Other Perquisites</b>	<b>Total Income</b>
C.E.O	9,000,000	900,000	8,500,000	5,713,725	45,000	24,158,725

Key management personnel are also provided with the following benefits:

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

Existing members of Executive Committee includes:

Mr. Sunil KC	Chief Executive Officer
Mr. 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 and Subsidy Loans

### **(d) Transaction with Subsidiaries**

The intra-group related figures have been excluded for presentation of the financial statement of the Group. The Bank owns three subsidiary companies, NMB Capital Limited, NMB Securities Limited and NMB Laghubitta Bittiya Sanstha Limited. NMB

Capital and NMB Securities Limited are wholly owned subsidiary whereas the Bank owns fifty-one percent of the total shares of NMB Laghubitta Bittiye Sanstha. The Related party transactions of subsidiaries are as follows:

Amount in Thousand

<b>S No</b>	<b>Particulars</b>	<b>NMB Capital</b>	<b>NMB Laghubita Bittiya Sanstha</b>	<b>NMB Securities</b>
1	Investment by NMB Bank Ltd.	400,000	172,488	200,000
2	Deposits in NMB Bank Ltd.	178,872	8,232	96,278
3	Borrowing from NMB Bank Ltd.	-	2,224,236	-
4	Interest Payment by NMB Bank Ltd.	10,225	-	9,192
5	Interest Payment to NMB Bank Ltd.	-	119,055	-
6	Rent Payment to NMB Bank Ltd.	-	-	1,100
7	Share Registrar Fee payment by NMB Bank	1,075	-	-
8	Debenture Trustee Fee payment by NMB Bank	451	-	-
9	Management Fee Payment to NMB Bank	-	4,148	-
10	Dividend Distribution of NMB Hybrid Fund L - 1 to NMB Bank	22,893	-	-
11	Dividend Distribution of NMB 50 to NMB Bank	26,553	-	-
12	Dividend Distribution receivable from NMB Capital to NMB Bank	64,600	-	-

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

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

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

None

#### **36.Events after interim period**

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

However, the bank had filed Writ Petition at the Supreme Court on 2080/05/29 jointly with Other Banks against the provisions of Section 26 and 27 of the Finance Act 2080. The Supreme Court decision dated 2080/08/28, rejected/dismissed the appeal and therefore, the bank has paid NPR. 1.84 billion Tax on premium of FPO and Swap Surplus / Bargain Purchase Gain from Retained Earnings (RE). The full written verdict on the said case is yet to be received and hence could affect the accounting treatment.

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

None

# NMB BANK LIMITED

## Interim Financial Report FY 2080/81

### Condensed Consolidated Statement of Financial Position

As on Quarter Ended Asadh 31, 2081 (July 15, 2024)

NPR in Thousand

Particulars	Group		NMB	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
<b>Assets</b>				
Cash and cash equivalent	23,515,803	24,711,847	22,570,603	23,958,280
Due from Nepal Rastra Bank	14,734,491	15,086,501	14,710,491	15,059,501
Placement with Bank and Financial Institutions	3,035,765	755,846	3,035,765	755,846
Derivative financial instruments	7,583,922	10,850,079	7,583,922	10,850,079
Other trading assets	-	117,486	-	24,750
Loan and advances to B/FIs	5,988,435	7,116,529	8,212,671	7,116,529
Loans and advances to customers	199,652,559	192,803,782	194,338,841	189,035,400
Investment securities	34,328,802	32,920,880	33,772,796	32,374,915
Current tax assets	141,116	63,370	131,256	44,948
Investment in subsidiaries	-	-	772,488	772,488
Investment in associates	-	-	-	-
Investment property	851,437	697,708	851,437	697,708
Property and equipment	3,186,978	1,874,387	3,070,044	1,752,799
Goodwill and Intangible assets	155,364	183,953	148,628	178,690
Deferred tax assets	435,138	453,511	420,322	448,411
Other assets	5,924,178	4,822,587	5,482,296	4,706,797
<b>Total Assets</b>	<b>299,534,489</b>	<b>292,458,466</b>	<b>295,101,561</b>	<b>287,777,141</b>
<b>Liabilities</b>				
Due to Bank and Financial Institutions	3,154,948	2,737,258	3,163,180	2,737,258
Due to Nepal Rastra Bank	2,948,951	3,285,987	2,948,951	3,285,987
Derivative financial instruments	7,710,800	11,060,345	7,710,800	11,060,345
Deposits from customers	225,000,919	211,559,441	223,942,592	210,304,687
Borrowing	12,719,248	16,381,536	11,552,656	14,814,903
Current Tax Liabilities	42,679	-	-	-
Provisions	13,833	1,631	-	-
Deferred tax liabilities	21,488	10,502	-	-
Other liabilities	5,867,738	5,926,502	4,801,688	5,227,597
Debt securities issued	11,911,942	11,911,942	11,911,942	11,911,942
Subordinated Liabilities	-	-	-	-
<b>Total liabilities</b>	<b>269,392,546</b>	<b>262,875,143</b>	<b>266,031,809</b>	<b>259,342,719</b>
<b>Equity</b>				
Share capital	18,366,706	18,366,706	18,366,706	18,366,706
Share premium	37,216	37,216	-	-
Retained earnings	703,690	1,612,243	238,965	1,140,830
Reserves	10,557,889	9,064,537	10,464,081	8,926,885
<b>Total equity attributable to equity holders</b>	<b>29,665,502</b>	<b>29,080,703</b>	<b>29,069,752</b>	<b>28,434,421</b>
<b>Non-controlling interest</b>	<b>476,442</b>	<b>502,620</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>30,141,944</b>	<b>29,583,323</b>	<b>29,069,752</b>	<b>28,434,421</b>
<b>Total liabilities and equity</b>	<b>299,534,489</b>	<b>292,458,466</b>	<b>295,101,561</b>	<b>287,777,141</b>

### Condensed Consolidated Statement of Profit or Loss

For the quarter ended Asadh 31, 2081 (July 15, 2024)

NPR in Thousand

Particulars	Group				NMB			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest income	6,159,635	26,433,308	6,860,007	27,285,732	6,006,630	25,827,846	6,794,097	26,622,460
Interest expense	4,072,582	18,569,995	5,003,647	18,597,031	4,039,494	18,330,791	4,936,308	18,280,000
<b>Net interest income</b>	<b>2,087,053</b>	<b>7,863,313</b>	<b>1,856,360</b>	<b>8,688,701</b>	<b>1,967,136</b>	<b>7,497,055</b>	<b>1,857,789</b>	<b>8,342,460</b>
Fees and Commission Income	584,499	2,204,183	594,861	2,117,361	520,872	1,985,622	446,174	1,833,473
Fees and commission expense	95,872	311,279	110,095	288,838	95,817	311,224	107,868	286,611
<b>Net fee and commission income</b>	<b>488,627</b>	<b>1,892,904</b>	<b>484,766</b>	<b>1,828,523</b>	<b>425,055</b>	<b>1,674,398</b>	<b>338,306</b>	<b>1,546,862</b>
<b>Net interest, fee and commission income</b>	<b>2,575,679</b>	<b>9,756,216</b>	<b>2,341,126</b>	<b>10,517,224</b>	<b>2,392,191</b>	<b>9,171,453</b>	<b>2,196,095</b>	<b>9,889,321</b>
Net trading income	68,298	274,921	66,747	241,555	68,298	274,921	61,477	236,285
Other operating income	28,197	231,502	2,596	209,794	28,197	231,502	8,075	204,147
<b>Total operating income</b>	<b>2,672,174</b>	<b>10,262,639</b>	<b>2,410,468</b>	<b>10,968,572</b>	<b>2,488,686</b>	<b>9,677,876</b>	<b>2,265,647</b>	<b>10,329,753</b>
Impairment charge/(reversal) for loans and other losses	1,106,278	1,932,170	310,011	1,517,657	1,117,615	1,921,077	269,226	1,453,821
<b>Net operating income</b>	<b>1,565,896</b>	<b>8,330,469</b>	<b>2,100,457</b>	<b>9,450,915</b>	<b>1,371,071</b>	<b>7,756,799</b>	<b>1,996,421</b>	<b>8,875,933</b>
<b>Operating expense</b>								
Personnel expenses	743,220	2,945,068	686,766	2,980,387	656,222	2,642,052	615,828	2,689,175
Other operating expenses	456,084	1,436,134	474,781	1,318,835	425,248	1,286,801	450,524	1,192,034
Depreciation & Amortisation	112,994	361,236	112,928	358,138	86,004	321,868	85,300	319,402
<b>Operating Profit</b>	<b>253,597</b>	<b>3,588,030</b>	<b>825,983</b>	<b>4,793,556</b>	<b>203,597</b>	<b>3,506,078</b>	<b>844,769</b>	<b>4,675,322</b>
Non operating income	3,291	3,850	1,444	9,986	2,960	3,442	1,742	9,986
Non operating expense	40,231	166,294	53,001	76,611	40,231	166,294	52,538	76,148
<b>Profit before income tax</b>	<b>216,658</b>	<b>3,425,587</b>	<b>774,426</b>	<b>4,726,931</b>	<b>166,326</b>	<b>3,343,226</b>	<b>793,972</b>	<b>4,609,159</b>
Income tax expense								
Current Tax	114,822	1,081,698	312,425	1,471,330	104,165	1,039,470	302,193	1,434,848
Deferred Tax expense/(Income)	(32,844)	(32,844)	(41,078)	(41,078)	(32,844)	(32,844)	(48,236)	(48,236)
<b>Profit for the period</b>	<b>134,680</b>	<b>2,376,733</b>	<b>503,079</b>	<b>3,296,678</b>	<b>95,004</b>	<b>2,336,599</b>	<b>540,016</b>	<b>3,222,547</b>

#### Condensed Consolidated Statement of Comprehensive Income

Profit/Loss for the period	134,680	2,376,733	503,079	3,296,678	95,004	2,336,599	540,016	3,222,547
Other Comprehensive Income	117,973	142,044	(24,994)	(143,027)	114,278	142,176	(26,470)	(142,824)
<b>Total Comprehensive Income</b>	<b>252,653</b>	<b>2,518,777</b>	<b>478,085</b>	<b>3,153,651</b>	<b>209,282</b>	<b>2,478,775</b>	<b>513,545</b>	<b>3,079,723</b>

#### Earnings per Share

Basic earnings per share	-	13.08	-	17.95	-	12.72	-	17.55
Diluted earnings per share	-	13.08	-	17.95	-	12.72	-	17.55

#### Total comprehensive income attributable to:

Equity holders of the Bank	244,148	2,544,955	503,834	3,154,928	209,282	2,478,775	513,545	3,079,723
Non-controlling interest	8,504	(26,178)	(25,749)	(1,278)	-	-	-	-
<b>Total</b>	<b>252,653</b>	<b>2,518,777</b>	<b>478,085</b>	<b>3,153,651</b>	<b>209,282</b>	<b>2,478,775</b>	<b>513,545</b>	<b>3,079,723</b>

#### Ratios as per NRB Directives

Ratios	Group				NMB			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Capital fund to RWA		12.89%		13.43%		12.82%		13.33%
Non performing loan (NPL) to toal loan		3.35%		2.92%		3.27%		2.75%
Total loan loss provision to Total NPL (As per NRB Directives)		118,14%		107.97%		120.79%		113.34%
Cost of Funds (YTD)		7.36%		8.37%		7.31%		8.31%
CD Ratio - Average of the Month		83.91%		83.46%		83.91%		83.46%
Base Rate -Average for the quarter		8.42%		10.37%		8.42%		10.37%
Average Interest Spread (Calculated as per NRB Directives)- Last Month of Quarter		3.99%		3.99%		3.99%		3.99%
<b>Additional Informations:</b>								
Return on Equity (Annualized)		8.18%		11.71%		8.13%		11.65%
Return on Assets (Annualized)		0.81%		1.20%		0.80%		1.19%
PE Ratio (Annualized)		17.14		12.88		17.14		12.88
Net-Worth per share (NPR)		161.52		158.48		158.27		154.82
Assets per share (NPR)		1,628.26		1,591.20		1,606.72		1,566.84
Liquidity Ratio (NLA)		29.01%		29.85%		29.01%		29.85%

#### Notes to Unaudited Financial Highlight

- Above figures are subject to change from Supervisory Authority and/or External Audit.
- Above financial highlight is prepared as per Nepal Financial Reporting Standards (NFRS), directives issued by Nepal Rastra Bank (NRB), carve out issued by the Institute of Chartered Accountants of Nepal (ICAN) and other regulatory provisions.
- The figures of previous periods have been regrouped/rearranged wherever necessary.
- Loans and Advances is presented along with accrued interest, staff loan (net off staff loan prepayment benefit) and net off impairment charges.
- Personnel Expenses include staff bonus as per Bonus Act, 2030 and amortization of prepaid staff loan granted at subsidized rate as per Bank's policy.
- Group represents NMB Bank Limited (NMB) and its subsidiaries NMB Capital Limited, N.M.B. Securities Limited and NMB Laghubitta Bittiya Sanstha Limited.
- The intra-group related figures have been excluded for presentation of the financial statements of the Group.
- As per NRB Directive No (16)(5), Debenture Redemption Reserve amounting NPR 329.3 million has not been created for debentures having remaining maturity greater than 5 years. Such amount is allowed only for distribution of bonus shares. Distributions are subject to the approval of NMB Board, Nepal Rastra Bank (NRB) and Annual General Meeting of the bank.
- The bank had filed Writ Petition at the Supreme Court on 2080/05/29 jointly with Other Banks against the provisions of Section 26 and 27 of the Finance Act 2080. The Supreme Court decision dated 2080/08/28, rejected/dismitted the appeal and therefore, the bank has paid NPR. 1.84 billion Tax on premium of FPO and Swap Surplus / Bargain Purchase Gain from Retained Earnings (RE). The full written verdict on the said case is yet to be received and hence could affect the accounting treatment.
- The detailed Interim Report has been published in bank's website www.nmb.com.np at the Investor Relation Section.

### Statement of Distributable Profit/Loss (As per NRB Regulations)

For the Quarter Ended Asadh 31, 2081 (July 15, 2024)

NPR In Thousand

Particulars	Current Year Upto This Qtr YTD	Previous Year Corresponding Qtr YTD
<b>Net Profit or Loss as per Statement of profit or loss</b>	<b>2,336,599</b>	<b>3,222,547</b>
<b>1. Appropriations</b>		<b>-</b>
a. General Reserve	(467,320)	(644,509)
b. Capital (Debenture) Redemption Reserve	(237,301)	(566,666)
c. Exchange Fluctuation Fund	(17,183)	(14,768)
d. Corporate Social Responsibility Fund	12,215	(22,894)
e. Employees Training Fund	(10,795)	(5,394)
f. Other	-	48,989
<b>Profit or (Loss) before regulatory adjustment</b>	<b>1,616,215</b>	<b>2,017,305</b>
<b>Regulatory Adjustment:</b>		
a. Interest receivable (-)/previous accrued interest received (+) *	(495,158)	(509,464)
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 (+)	(96,849)	(253,604)
e. Deferred tax assets recognised (-)/ reversal (+)	(32,844)	(109,911)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	(49,785)	(39,024)
i. Other	-	-
<b>Net Profit for the quarter ended Asadh 31, 2081 available for distribution</b>	<b>941,579</b>	<b>1,105,302</b>
<b>Opening Retained Earning as on Shrawan 1, 2080</b>	<b>1,140,830</b>	<b>1,550,781</b>
Adjustment (+/-)		
Payment of Tax on Premium of Further Public Offering (FPO) and Swap Surplus/Bargain Purchase Gain due to Merger and Acquisitions	(1,843,444)	-
<b>Distribution:</b>		
Bonus shares issued	-	-
Cash Dividend Paid	-	(1,515,253)
<b>Total Distributable profit or (loss) as on quarter ended Asadh 31, 2081</b>	<b>238,965</b>	<b>1,140,830</b>
<b>Annualised Distributable Profit/Loss per share</b>	<b>1.30</b>	<b>6.21</b>

\*As per NRB Notice dated Shrawan 14, 2081, the interest dues outstanding as on Asar End 2081 which are collected until Shrawan End, 2081 is not required to be transferred to Regulatory Reserve. Such dues amounting NPR 296.9 million collected until Shrawan 19, 2081 has not been transferred to regulatory reserve. Any further collection until Shrawan End 2081 could impact the amount to be transferred to the Regulatory Reserve.

#### Related Party Disclosures

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

NPR 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.	178,872	8,232	96,278
3	Borrowing from NMB Bank Ltd.	-	2,224,236	-
4	Interest Payment by NMB Bank Ltd.	10,225	-	9,192
5	Interest Payment to NMB Bank Ltd.	-	119,055	-
6	Rent Payment to NMB Bank Ltd.	-	-	1,100
7	Share Registrar Fee payment by NMB Bank	1,075	-	-
8	Debenture Trustee Fee payment by NMB Bank	451	-	-
9	Management Fee Payment to NMB Bank	-	4,148	-
10	Dividend Distribution of NMB Hybrid Fund L - 1 to NMB Bank	22,893	-	-
11	Dividend Distribution of NMB 50 to NMB Bank	26,553	-	-
12	Dividend Distribution from NMB Capital to NMB Bank	64,600	-	-

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

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

##### 1. Management Analysis

- The Bank, up to this quarter of FY 2023/24, posted a net profit of NPR 2.33 Billion.
- Deposit from customers and loans and advances to customers of the Bank (Net) stood at NPR 223.9 Billion and NPR 194.3 Billion respectively as at the end of the quarter.
- As on quarter end, Capital Adequacy Ratio stands at 12.82% while Tier 1 ratio stands at 9.70%. NPA level has increased to 3.27% from 2.86% as compared to previous quarter.
- The Bank has strong independent Risk and Control functions as well as policies in place that do not promote excessive risk taking.

##### 2. Details of Legal Action

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

The bank had filed Writ Petition at the Supreme Court on 2080/05/29 jointly with Other Banks against the provisions of Section 26 and 27 of the Finance Act 2080. The Supreme Court decision dated 2080/08/28, rejected/dismitted the appeal and therefore, the bank has paid NPR. 1.84 billion Tax on premium of FPO and Swap Surplus / Bargain Purchase Gain from Retained Earnings (RE). The full written verdict on the said case is yet to be received and hence could affect the accounting treatment.

No other material cases except for regular cases of debt recovery.

- Case relating to disobedience of the prevailing laws or commission of the criminal offence filed by or against the Promoters or Directors of the Institution**  
No such information has been received by the Bank.
- Case relating to the commission of financial crime filed against any Promoter or Director**  
No such information has been received by the Bank.

##### 3. Analysis of Share Transaction

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