

29<sup>th</sup>

# ANNUAL REPORT 2023/24

**NMB Bank Limited**  
Babarmahal, Kathmandu

# Current Board of Directors



**Manoj Kumar Goyal**  
Chairman  
(On Behalf of Promoter Shareholder)



**Sharmila Sanjiv  
Hardi Prakash**  
Director  
(On Behalf of FMO, Promoter Shareholder)



**Thakur Jang Thapa**  
Director  
(On Behalf of Employees' Provident Fund,  
Promoter Shareholder)



**Uttam Bhlon**  
Director  
(On Behalf of Public Shareholder)



**Harishchandra Subedi**  
Director  
(On Behalf of Public Shareholder)



**Sirish Kumar Murarka**  
Director  
(On Behalf of Public Shareholder)



**Bandana Pathak**  
Independent Director



**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  
.....district .....rural / metro / sub-metro / municipality ward  
number ..... as my/our proxy/authorize to represent and vote on my/our behalf at the 29<sup>th</sup> Annual General Meeting  
being held on Thursday, 9 January, 2025.

**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.*

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## Admission Card

NMB Bank Limited  
Babarmahal, Kathmandu

**Issued to attend the 29<sup>th</sup> 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 29<sup>TH</sup> ANNUAL GENERAL MEETING

The 479th Board Meeting of the Bank held on 13 December 2024, has decided to conduct 29th 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 AGM as per Clause 67 of Company Act, 2006.

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

Date : Thursday, 9 January, 2025  
Venue : Tribhuvan Army Officer's Club, Tundikhel, Kathmandu  
Time : 10:00 A.M.

## 2. Agenda of the Meeting

### A. General Agenda

- i. To approve the annual report of FY 2023/24 presented by the Board of Directors;
- ii. To approve the Auditor's report for FY 2023/24 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 Laghubitta Bittiya Sanstha Limited, and N.M.B. Securities Limited);
- iii. To appoint and decide upon the remuneration of the Auditor for fiscal year 2024/25 in accordance with the Company Act 2006, Clause 111 and Bank and Financial Institution Act 2016, Clause 63, (existing Auditor M/S. S.A.R. Associates, Chartered Accountants is eligible for reappointment);

### B. Special Agenda

- i. To approve the issuance of "NMB 8.25% Perpetual Non-Cumulative Preference Share" amounting NPR 3 Billion with par value of NPR 100 per share as proposed by the Board of Directors;
- ii. To approve the increment in the Bank's authorized capital from the existing NPR 20,000,000,000 (in words: Nepalese Rupees Twenty Billion only) to NPR 25,000,000,000 (Nepalese Rupees Twenty-Five Billion), necessitated by the issuance of Perpetual Non-Cumulative Preference Shares;
- iii. To approve the increment in issued and paid-up capital of the Bank from the existing NPR 18,366,705,959.24 (in words: Rupees Eighteen Billion Three Hundred Sixty-Six Million Seven Hundred Five Thousand Nine Hundred Fifty-Nine and 24/100 only) to NPR 21,366,705,959.24 (in words: Rupees Twenty-One Billion Three Hundred Sixty-Six Million Seven Hundred Five Thousand Nine Hundred Fifty-Nine and 24/100 only) after the issuance of Perpetual Non-Cumulative Preference Shares;
- iv. To add/amend Clauses 5(a.a.)(8), 5(a.a.)(9), 6(a), 6(b), 6(c), 7 and 8(i) of the Memorandum of Association, along with Clauses 7, 8, 9, 25.b, 25.b and 28 of the Articles of Association of the Bank, as required;
- v. To authorize the Board of Directors or provide power of attorney to the designated authority appointed by the Board to execute or facilitate tasks related to amending the Bank's Memorandum of Association and Articles of Association, including record keeping, making minor changes, document certification, registration, and obtaining acknowledgement of the record, along with any additional amendments necessary for the issuance of Perpetual Non-Cumulative Preference Shares.

### C. Miscellaneous

By Order  
Company Secretary



### **Additional Information about AGM**

- i. Share register shall remain closed on 26 December 2024 for the purpose of this AGM. Shareholders registered in the shareholders' register book because of the transactions conducted in Nepal Stock Exchange before 26 December 2024 can participate/cast vote in the AGM;
- ii. The annual summary of financial statement is published herewith for the information of the shareholders. In addition, the annual summary of financial statement and all the proposals to be presented at the AGM are also placed on the Bank's website [www.nmb.com.np](http://www.nmb.com.np);
- iii. Shareholders interested in participating in the AGM are required to bring along one original share certificate or Demat account proof and an identify card with a photograph showing their identity or a copy thereof;
- iv. Shareholders attending the AGM must be present and sign the attendance register at the venue of the meeting. Shareholder attendance register shall be made available from 9:00 A.M. onwards;
- v. 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 commencement of the meeting;
- vi. Only existing shareholder of the Bank entitled to vote shall be nominated proxy;
- vii. In case of minor or physically/mentally challenged shareholders, person registered as their guardian in the shareholder 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 shareholder register book shall attend the AGM,
- viii. Any issue or query raised in the AGM shall be responded by the Chairman or any other dignitaries as permitted by the Chairman,
- ix. If any shareholder has any query regarding the Bank, they are requested to send it in writing to the Bank's registered office at least 7 days before the meeting. However, such query shall not be tabled for discussion as agenda in the AGM,
- x. The shareholders participating in the AGM are requested to carry only the documents related to the meeting and avoid carrying bags or other materials.



# INTRODUCTION

NMB Bank, recognized for its commitment to excellence, has consistently demonstrated its prowess in the banking industry, earning the internationally acclaimed “Bank of the Year” award multiple times in recent years.

As a modern-day institution, the Bank attempts to align its actions with Nepal’s vision of self-reliance focusing its investments on sectors crucial to the country’s socio-economic development. The Bank over the years, through strategic acquisitions and mergers, has expanded its reach emerging as one of the key players in the domestic banking landscape serving over 2 Million customers across the country.

## VISION

“ Building communities through responsible banking, preferred by all stakeholders, enabling customers and clients achieve their financial goals thus contributing towards prosperous Nepal ”

## MISSION

- Helping clients and customer to achieve their financial security
- Strengthening and promoting sustainable socio-economic development by working actively with local and international stakeholders
- Being responsible for bringing about positive environmental and social impacts
- Promoting self-reliance through financial products for real economy
- Creating an innovative climate within the organization, utilizing the skills and potential of staff
- Delivering banking products and services to create a delightful customer experience

The Bank distinguishes itself through its firm commitment to sustainability and customer-centric initiatives largely driven by digitization. NMB today, has become the most preferred choice for international investors seeking impactful opportunities in Nepal; as it continues to preach and practice values-based banking maintaining a high-degree of ESG standards.

Amidst various economic and industry challenges, NMB remains undeterred in its commitment to enhancing resilience, fostering future growth through innovative offerings remaining within regulatory frameworks, and fully serving the shareholders’ interests while ensuring the Bank’s long-term sustainability.

## CORPORATE GOVERNANCE PHILOSOPHY

- Meet expectations of all our stakeholders by creating environment of fairness, transparency and accountability within the organization
- Create and deliver sustainable shareholders’ value
- Committed towards service excellence and responsible banking
- Motivate workforce by inculcating good governance culture
- Strive for high level business ethics guided by intertwining strategic frameworks

## BRAND PROMISE

“ समृद्ध  
नेपालको  
लागि ”

Translated to English as  
“For Prosperous Nepal”

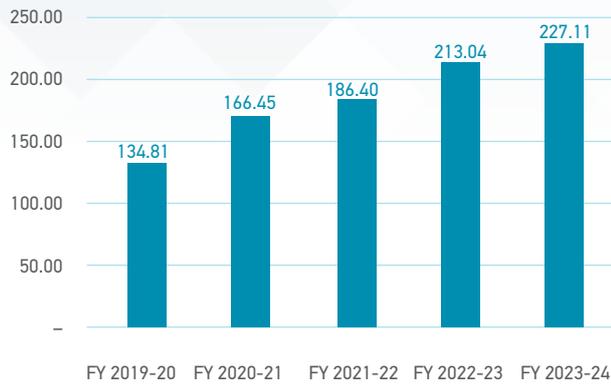
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# Financial Highlights

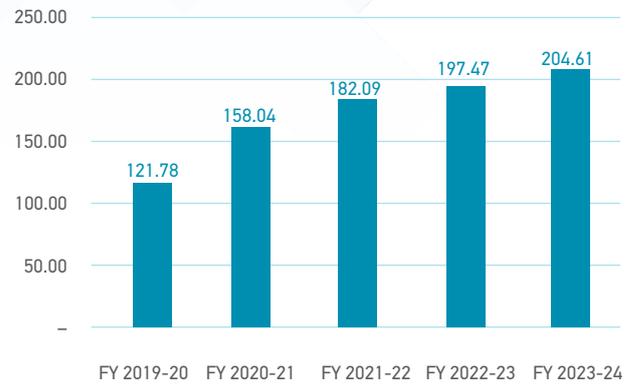
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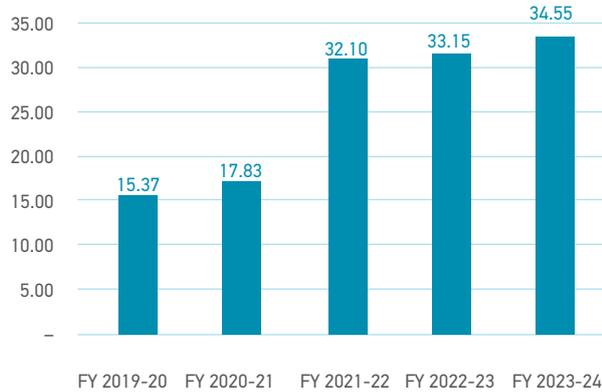
### Deposit (NPR In Billion)



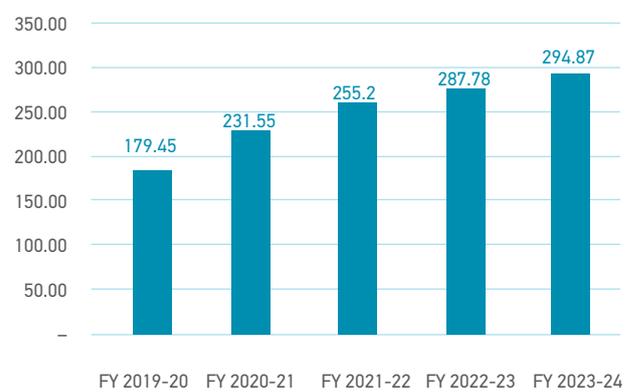
### Loan and Advances (NPR In Billion)



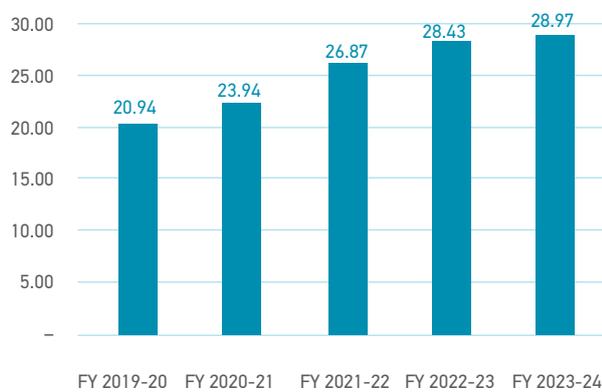
### Investment (NPR In Billion)



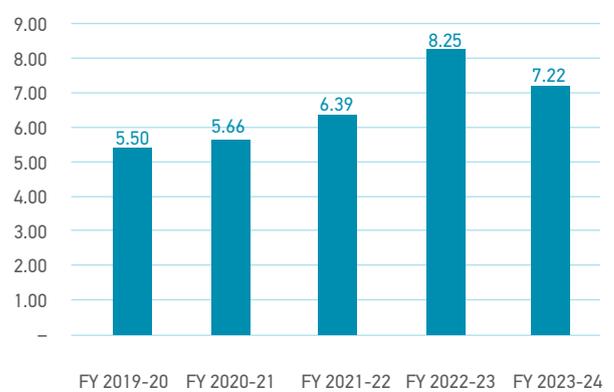
### Total Assets (NPR In Billion)



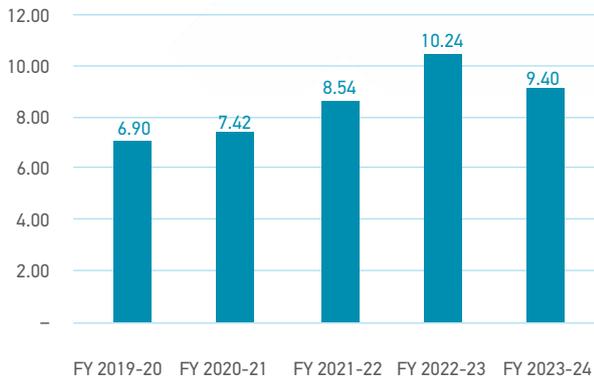
### Total Shareholder's Fund (NPR In Billion)



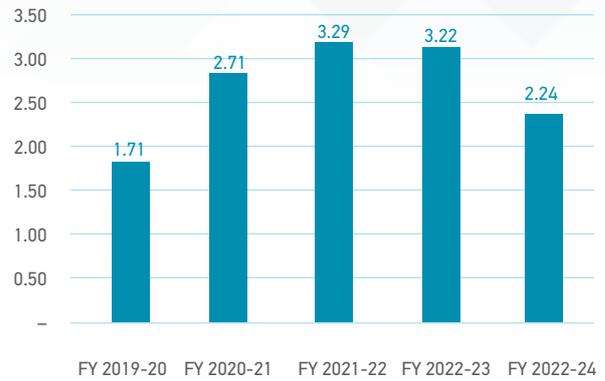
### Net Interest Income (NPR In Billion)



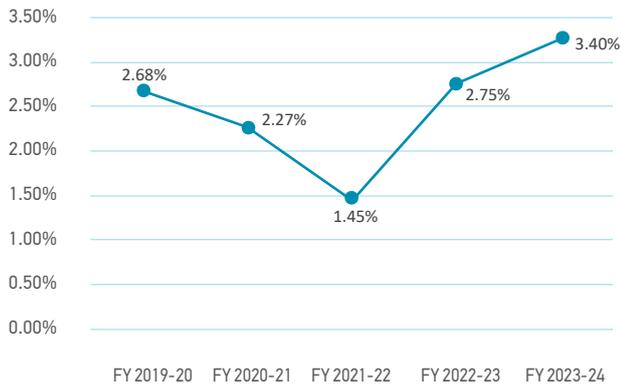
**Total Operating Income (NPR In Billion)**



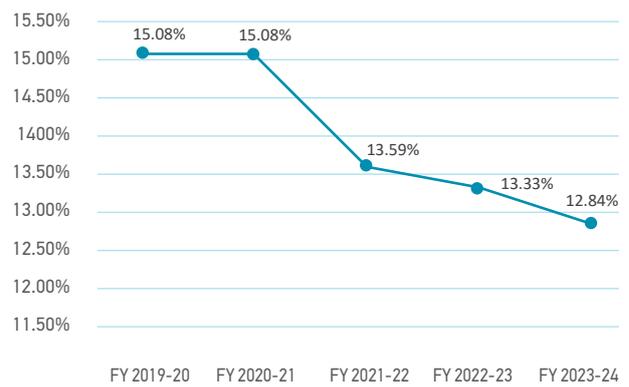
**Net Profit (NPR In Billion)**



**Non Performing Loan (%)**



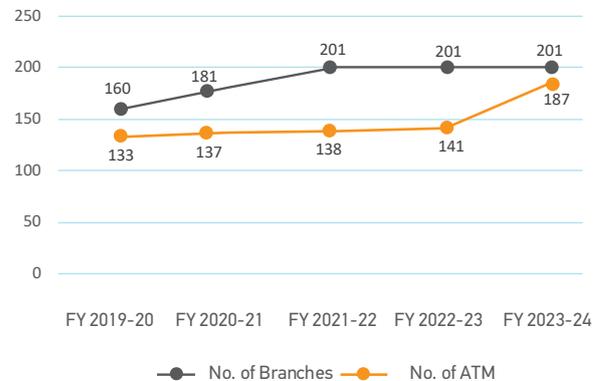
**Capital Adequacy Ratio (%)**



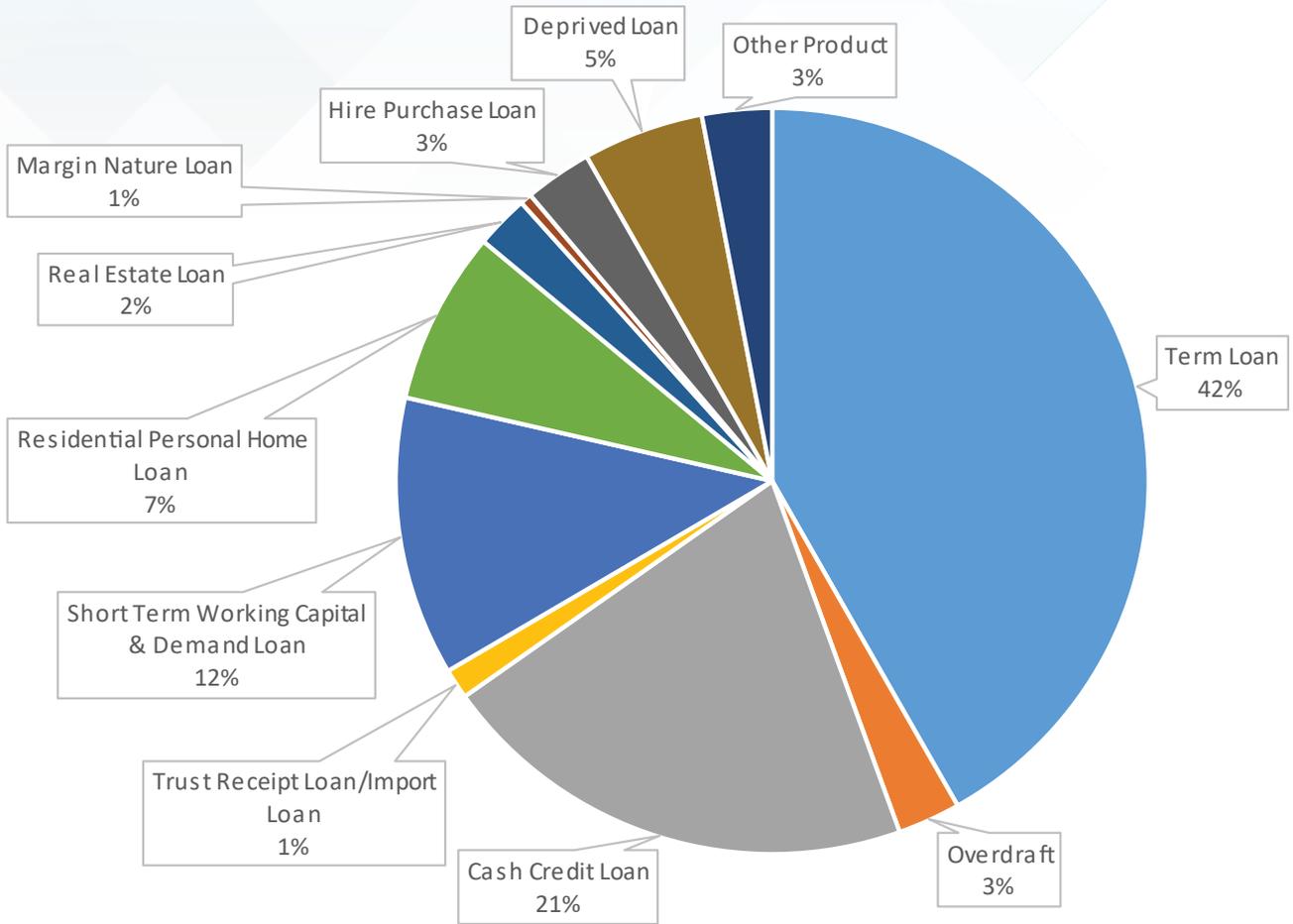
**Return on Assets (%)**



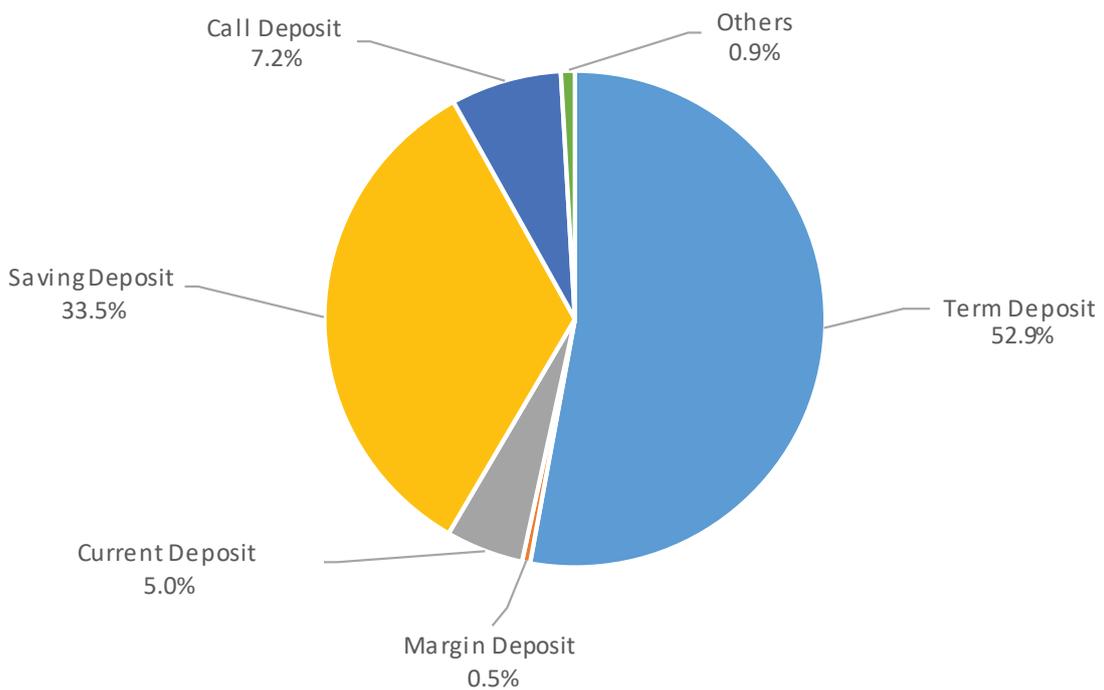
**No. of Branches/ATM**



## Loan Mix FY 2023/24



## Deposit Mix FY 2023-24



# CHAIRMAN'S STATEMENT

Respected shareholders of NMB Bank Limited, representatives from regulatory offices, statutory auditors, legal advisors, members of the NMB Board of Directors, staff, and honored guests, I extend warm greetings to you all on behalf of the Board of Directors and myself to the 29th Annual General Meeting of the Bank.

While improvements were seen in the external sector particularly under growth of foreign currency reserves, the fiscal year 2023/24 faced several challenges such as a decline in internal demand, sluggish growth in the construction sector, and reduced capital expenditure that posed significant difficulties to banks and financial institutions for business growth and loan recovery. The overall market sentiment remains pessimistic, with pressures on government revenue contributing to a lack of economic momentum. The private sector is hesitant to undertake new projects, and the lingering effects of existing challenges indicate a prolonged recovery period, making the Bank's business expansion highly challenging. Additionally, the adverse impact on the financial cooperative sector, the lack of anticipated recovery in the stock market, and the sluggishness in real estate values and transactions further cast uncertainty over loan recoveries.

The Bank was unable to distribute dividends this year due to additional tax burden resulting from the government's direction to treat share premium and differential swap ratios (bargain purchase gain) as profits during past mergers and acquisitions. While we regret our inability to distribute dividends this year, we are confident that the Bank will become stronger and capable of distributing dividends to our shareholders in the years to come.

Respected shareholders, NMB is committed to expanding its banking services across all societal strata. To this end, the Bank has been diversifying its business and formulated strategies to increase lending to productive sectors, promoting employment and creating job opportunities within the country by expanding investments in industries and agriculture. The Bank has also focused on long-term and sustainable business expansion and profit growth by increasing investments in areas such as reducing greenhouse gas emissions.

Guided by the slogan of "Prosperous Nepal," the Bank aims to balance the growth of deposits and lending while improving loan quality and expanding investments in agriculture, renewable energy, small and medium enterprises, and other priority sectors. In alignment with the country's development priorities, the Bank emphasizes environmental conservation while effectively expanding investments in key areas. We assure you that we are moving forward with utmost dedication to achieve the Bank's objectives.

The Bank has prioritized expanding digital banking services and is advancing its initiatives accordingly. We assure you that this will be further enhanced for greater effectiveness.

Finally, I would like to express my sincere gratitude to our esteemed shareholders, regulatory bodies, the media, our valued customers, banks and financial institutions, and other organizations that directly or indirectly support the Bank. I also extend my heartfelt thanks to the members of the Board of Directors and staff for their relentless support to the progress and prosperity of this Bank.

Thank you.

**Manoj Kumar Goyal**  
**Chairman**

Date: 9 January, 2025



# DIRECTOR'S REPORT

## Respected Shareholders,

On behalf of the Board of Directors, I extend a warm welcome and heartfelt greeting to all esteemed shareholders, representatives from various regulatory authorities, representatives from institutional shareholders, auditors, legal advisors, members of the Board Committee, representative from the Bank's share registrar NMB Capital, Bank staff and distinguished attendees for your gracious presence in the 29th Annual General meeting of NMB Bank Limited.

I trust that you have already 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 2023/24. 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 2023/24

**Deposit Collection:** During the review year, the Bank's deposit grew by 6.60% from NPR 213.04 Billion to NPR 227.10 Billion in which the share of institutional deposit remained at 31.14%. 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 5.00%, 52.09%, 33.50%, 7.20%, and 1.40% respectively. The Bank has managed to mobilize institutional deposit within the threshold as prescribed by Nepal Rastra Bank.

**Loans and Advances:** During the fiscal year 2023/24, the Bank grew its risk assets portfolio from NPR 197.05 Billion to NPR 204.60 Billion thereby managing a growth of 3.62% as compared to FY 2022/23. 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	41.8%
2	Overdraft	2.7%
3	Cash Credit	20.7%
4	Trust Receipt/Import Loan	1.3%
5	Demand and Other Working Capital Loan	12.1%
6	Individual Housing Loan	7.5%
7	Real Estate Loan	2.3%
8	Margin Lending	0.5%
9	Hire Purchase Loan	2.9%
10	Marginalized Sector Loan	5.2%
11	Other*	3.0%

\*Other loan includes Education Loan, Credit Card

As per the Unified Directive issued by Nepal Rastra Bank, under the provisions for credit disbursement in designated sectors, the Bank's total credit portfolio during the review period comprised 12.23% in the Energy sector, 11.07% in Agriculture, and 4.68% in Micro, Cottage, Small and Medium Industries.

The growth in deposits and credit investments has remained satisfactory considering the overall economic framework, though the expected growth could not be achieved due to unfavourable investment environment.

**Investment:** The Bank increased its investment by 4.22% from NPR 33.14 Billion to NPR 34.54 Billion during the review fiscal year 2023/24. The Bank's investment includes NPR 2.22 Billion in institutional shares (including investment in subsidiary companies), NPR 29.16 Billion in bonds and treasury bills issued by the Government of Nepal, and NPR 3.16 Billion in Agriculture Bond.

**Operating Expenses:** During the fiscal year 2023/24, Other Operating Expenses (including fee and commission expenses) reached NPR 1.78 Billion i.e. an increment of 4.75% from NPR 1.70 Billion in the previous fiscal year. The staff expenses (excluding bonus) during the review period increased by 4.50% from NPR 2.18 Billion to NPR 2.27 Billion. The increase in operating expenses however, remained within the pre-approved budget.

**Income:** The Total Operating Income of the Bank decreased by 8.17% i.e. from NPR 10.23 Billion to NPR 9.40 Billion in the review year. During this period, the Bank's net profit decreased by 30.35% to NPR 2.24 Billion from NPR 3.22 Billion. The Bank during the review period witnessed a decrease of 12.51% in the Net Interest Income whereby it earned NPR 7.22 Billion as compared to NPR 8.25 Billion in the last fiscal year. Foreign Exchange Income increased by 16.35% to NPR 343.60 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 12.84%; 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 82.51%. Liquidity ratio of 29.01% also remained within the prescribed limit. Base rate of the Bank at the end of the review fiscal year was 8.11%. The Bank has been adhering to the provisions prescribed by regulatory directives.

**Non-Performing Asset (NPA):** During the review year, significant stress was observed in market cash flow along with sluggish economic activity and changes in international scenarios. The heightened market challenges to interest collection and recovery raised the Bank's NPA from 2.75% in the FY 22/23 to 3.40% by the end of the review year. 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 2023/24	Fiscal Year 2022/23	Incremental Volume	Percentage change
1	Total Deposit	227,105,772	213,041,945	14,063,827	6.60%
2	Total Loans and Advances	204,608,308	197,465,913	7,142,395	3.62%
3	Total Investment (Including Subsidiaries)	34,545,284	33,147,402	1,397,882	4.22%
4	Paid-Up Capital	18,366,706	18,366,706	-	0.00%
5	Capital Adequacy Ratio	12.84%	13.33%	(0.49%)	(3.68%)

S.N.	Particulars	Fiscal Year 2023/24	Fiscal Year 2022/23	Incremental Volume	Percentage change
1	Net Interest Income	7,216,743	8,248,404	(1,031,661)	(12.51%)
2	Commission and Discount and Other Operating Income	2,251,219	2,037,619	213,600	10.48%
3	Foreign Exchange Income	343,651	295,357	48,294	16.35%
4	Gross Operating Income	9,399,139	10,235,697	(836,558)	(8.17%)
5	Gross Operating Expenses (including staff expenses)	3,983,627	3,770,048	213,579	5.67%
6	Gross Profit	3,253,098	4,675,322	(1,422,224)	(30.42%)
7	Net Profit	2,244,395	3,222,547	(978,152)	(30.35%)

**Bank's Jurisdiction and Branch Network:** The Bank has been providing banking facilities and services to its customers through 201 branches, 11 extension counters and 187 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 (BLB) services through 11 BLB centres 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 Pasarbesar, 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 restrictive monetary policy adopted to curb inflationary pressures has led to an increase in interest rates, resulting in inflation control to a greater extent, however, this has also led to a decline in credit offtake for banks and financial institutions. Geopolitical tensions, such as those in Russia, Ukraine, and the Middle East, are expected to limit global economic growth. Recent power shifts in Syria and the resulting multilateral imbalances may have complex repercussions in various regions, with the situation remaining uncertain and potentially impacting numerous countries. These circumstances could influence the prices of crude oil, gold, silver, and other commodities, thereby affecting Nepal as well. Additionally, these global factors are likely to influence liquidity flows and interest rates, causing ripples across the global economy.

The International Monetary Fund (IMF) projects moderate improvements in the global economy and advanced economies by 2025, while growth in emerging and developing economies is expected to remain stable. According to IMF forecasts, the global economy, which grew by 3.3% in 2023, is projected to grow by 3.2% in 2024 and 3.3% in 2025. Advanced economies, which expanded by 1.7% in 2023, are expected to grow by 1.7% in 2024 and 1.8% in 2025. Meanwhile, emerging and developing economies are anticipated to grow by 4.3% in both 2024 and 2025, slightly down from 4.4% in 2023. Notably, India and China's economies, which expanded by 8.2% and 5.2% in 2023 respectively, are projected to grow by 7.0% and 5.0% in 2024 and 6.5% and 4.5% in 2025.

Domestically, Nepal's Central Bureau of Statistics has estimated an economic growth of 3.87% for FY 2023/24. Positive contributions to this growth are anticipated from the housing and food services, electricity and gas, and transport and storage sub-sectors. However, the construction and manufacturing sectors are expected to show negative growth. The Government of Nepal has set a target of achieving 6.0% economic growth for FY 2024/25. While the inflationary pressures persisted during the first quarter of FY 2023/24 due to federal, provincial, and local government expenditures and policies, there has been gradual improvement since the second quarter. As of Mid-July 2024, year-on-year consumer inflation was 5.44%, and as per the report of Mid-October 2024, it decreased to 4.82%, remaining within the budgeted projection of 5.5%. In India, stable wholesale and consumer inflation, a decline in import price indices, and weak domestic demand have contributed to lower consumer inflation. By the end of FY 2023/24, the balance of payments surplus stood at NPR 502.49 Billion, while the current account recorded a surplus of NPR 221.34 billion.

Overall, despite improvements in foreign currency reserves, challenges persist due to weakened domestic demand, slow progress in the construction sector, and issues in capital expenditure. These factors are likely to impact the Bank's business expansion and loan recovery. The overall market sentiment remains pessimistic, compounded by pressure on government revenue, lack of readiness in the private sector for new initiatives, and the prolonged effects of existing challenges. Additional hurdles, such as issues in the cooperative sector, sluggish recovery in the stock market, stagnation in real estate values and transactions, are expected to pose significant difficulties in loan recovery efforts.

## **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 2024 for the running fiscal year 2024/25:

<b>S.N.</b>	<b>Particulars</b>	<b>NPR (in Thousand)</b>
1	Total Deposit	249,100,260
2	Total Loans and Advances	216,424,151
3	Total Investment (Including Subsidiaries)	33,599,522

4	Net Interest Income	1,997,934
5	Commission, Discount and other Operating Income	750,155
6	Foreign Exchange Income	112,132
7	Total Operating Income	2,787,473
8	Total Operating Expenses (including staff expenses)	949,839
9	Operating Profit	1,748,681
10	Net Profit	1,145,603
11	Paid Up Capital	18,366,706
12	Reserves and Funds	11,929,856
13	Capital Adequacy Ratio	12.90%

#### Future Plans:

With the slogan “For Prosperous Nepal”, the Bank has been focusing on sustainable banking, increasing its investment in sustainable sectors, and will continue to do so.

- Keeping environmental and social risks in mind, the Bank will prioritize expanding its business in key sectors. Additionally, it will also align its operations and businesses to reduce greenhouse gas emissions and move towards carbon-neutrality.
- Expanding customer-friendly and efficient digital banking services shall continue to remain a top priority for the Bank.
- 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.
- Efforts will be made to achieve balanced growth in deposits and credit investment.
- To manage investment sources, the Bank will proceed, as necessary, to obtain additional foreign currency loans from foreign banks and financial institutions. Similarly, the process of issuing bonds and perpetual non-cumulative preference shares in line with the directives of Nepal Rastra Bank will be advanced.
- The Bank has been conducting various programs under corporate social responsibility, which will continue in the future.
- The performance of the Bank in the running fiscal year considering the overall current market situation seems to be in a positive direction. 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:

During the review year, at the 28th Annual General Meeting held on January 11, 2024, the following individuals were elected to the Board of Directors:

- On behalf of the Promoter Shareholders: Mr. Manoj Kumar Goyal and Mr. Jeevan Kumar Katwal (representing the Employees’ Provident Fund).
- On behalf of the Public Shareholders: Mr. Uttam Bhlon, Mr. Harishchandra Subedi, and Mr. Shirish Kumar Murarka.

Additionally, the tenure of Chairman Mr. Pawan Kumar Golyan and Director Mr. Yogendra Lal Pradhan concluded on 11 January, 2024.

The promoter shareholder FMO, Netherlands, nominated Ms. Sharmila Sanjiv Hardi Prakash to replace Mr. Nico Pijl as its representative on the Board of Directors, effective 12 January, 2024. Consequently, the tenure of Director



Mr. Nico Pill and his alternate Director Mr. Pradeep Raj Pandey ended on 12 January, 2024.

Furthermore, during the current fiscal year, Director Mr. Jeevan Kumar Katwal, who represented the Employees' Provident Fund as a promoter shareholder on the Board, was replaced by Mr. Thakur Jang Thapa as per the decision made in the Board meeting held on 6 December, 2024.

## 6. Significant Issues Affecting Business:

The major risks and challenges that holds the potential to significantly impact the Bank's operations are as follows:

- Impact on business expansion due to issues in the real estate, construction, and industrial sectors.
- Challenges in debt recovery due to current economic, social and political situation
- Contraction in loan disbursement, due to limited business growth opportunities
- Impact on the Bank's income due to contraction observed in the investment sector caused by changes in international politics and conflicts.
- Risks inherent in the credit investments and non-fund-based services provided by the Bank.
- Challenges in managing interest rates on both deposits and loans due to excess liquidity in the market.
- Impacts of the appreciation of the U.S. Dollar observed during the review year, including its effects on various sectors and the potential exchange rate risks during foreign currency transactions.
- Possible risks resulting from changes in economic, monetary and fiscal policies of the nation.
- Impacts on the Nepalese market from global economic and financial sector slowdowns, leading to potential risks for the Bank.

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

Apart from minor discrepancies, there were no significant issues that could materially impact the Bank's business.

## 8. Recommended Amount for Dividend Payment:

Based on the financial statement for the FY 2023/24, no dividend distribution has been recommended.

## 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, NMB Laghubitta Bittiya Sanstha and N.M.B. Securities 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:

The Bank's wholly-owned subsidiary, NMB Capital Ltd., has also been providing share registrar services to the Bank. During the review year, the company was paid NPR 1.075 Million for these services, As of the end of the review year, NMB Capital Ltd. maintained a deposit of NPR 178.9 Million with the Bank. The Bank paid NPR 10.225 Million in interest to NMB Capital Ltd. during the review year.

An employee of the Bank held the position of Deputy Chief Executive Officer at the subsidiary company, NMB Laghubitta Bittiya Sanstha Ltd., during the review year.

As of the fiscal year end (Mid-July 2024), the summary of balances, investments, and loans/borrowings with NMB Capital Ltd., NMB Laghubitta Bittiya Sanstha Ltd., and N.M.B. Securities Ltd. is as follows:

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	178,872	8,232	96,278
3	Loans & Advances	-	2,224,236	-
4	Interest Expenses on Deposit	10,225	-	9,192
5	Loan Interest Income	-	119,055	-

S.N.	Description	NMB Capital Ltd. (NPR in thousands)	NMB Microfinance (NPR in thousands)	N.M.B. Securities Ltd. (NPR in thousands)
6	Office Rental by N.M.B. Securities Ltd.	-	-	1,100
7	Payment of Management Fee to NMB Bank	-	4,148	-
8	Payment against Share Registrar Works of NMB Bank	1,075	-	-
9	Debenture Trustee Fee Payment to NMB Capital	451	-	-
10	NMB Hybrid Fund L-1 Dividend Payment to NMB Bank	22,893	-	-
11	NMB-50 Dividend Payment to NMB Bank	26,553	-	-
12	Dividend Payment by NMB Capital Ltd. to NMB Bank	64,600	-	-

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

During the review fiscal year 2023/24, no additional information was received except for the matters required to be regularly reported as per prevailing laws.

## 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:

During the review year, none of the directors and officials were involved in the trading of the company's shares. The details of their prior share ownership are listed below:

S.N.	Name	Designation	Share Ownership
1.	Mr. Manoj Kumar Goyal	Chairman	63,863
2.	Ms. Sharmila Sanjiv Hardi Prakash (representative of FMO, Netherlands)	Director	-
3.	Mr. Jeevan Kumar Katwal (representative of Employees Provident Fund)	Director	1,535
4.	Mr. Uttam Bhlon	Director	221,971
5.	Mr. Harischandra Subedi	Director	2,850
6.	Mr. Sirish Kumar Murarka	Director	41,145
7.	Ms. Bandana Pathak	Director	-
8.	Mr. Sunil K.C.	Chief Executive Officer	6,595
9.	Mr. Sudesh Upadhyaya	Deputy Chief Executive Officer	5,837
10.	Mr. Govind Ghimire	Deputy Chief Executive Officer	-
11.	Mr. Pramod Kumar Dahal	Chief Officer – Service, Operations and Support, and Company Secretary	406
12.	Mr. Navin Manandhar	Chief Risk Officer	-
13.	Mr. Shreejesh Ghimire	Chief Transformation Officer and International Business	1,715
14.	Dr. Buddhi Kumar Malla	Chief Service Excellence Officer	349
15.	Mr. Roshan Regmi	Chief Information and Digital Officer	-

## 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:

The Board of Directors of the Bank, in accordance with prevailing laws and the directives issued by Nepal Rastra Bank from time to time, has developed and implemented the necessary policies and procedures for risk management. The Board has approved and implemented the business strategies and key policies, and accordingly, the Bank management has been carrying out risk management activities. To ensure the effectiveness of the Bank's internal



control system and to manage potential risks, four committees—Audit Committee, Risk Management Committee, Asset Laundering Prevention Committee, and Human Resources Service Committee—have been established by the Board. These committees engage in detailed discussions on various risks and inform the Board accordingly.

At the management level, several committees such as the Executive Management Committee, Credit Risk Management Committee, Assets Liability Committee, Human Resources Recruitment Committee, Information Technology Committee, and Corporate are responsible for managing the Bank's risks.

The effectiveness of the Bank's internal control system has been given special importance by the board, and efforts are continuously made to strengthen it. A dedicated Risk Management Department manages all risks, including credit risk, at the management level. This department works independently to control and manage risks effectively and periodically reviews risk management activities. The department also monitors the compliance with prevailing laws, directives issued by Nepal Rastra Bank, and the Bank's policies and procedures, contributing significantly to maintaining institutional governance.

To strengthen risk management and ensure the smooth operation of the Bank, training programs are provided to staff members, enhancing their ability to manage various risks effectively.

### **Risk Management:**

To enhance the efficiency of the Bank's operations through proper risk management and to identify, measure, monitor, manage, control, and report risks, the Bank has implemented a robust risk management framework. The Board of Directors has approved and implemented a Risk Management Policy to address the fundamental and inherent risks in the bank, which include credit risk, operational risk, liquidity risk, market risk, interest rate risk, foreign exchange risk, and other risks. This policy is reviewed annually as part of a continuous improvement process.

The Board of Directors identifies the level of risk the bank is willing to bear and sets the acceptable limits, formulating a risk strategy accordingly. To ensure effective risk management, the Bank categorizes its risks and systematically manages them. In addition to the committees at the management level, the following committees have been formed at the Board level to strengthen the Bank's risk management and internal control systems.

### **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 has been established under the coordination of a Non-Executive Director. The coordinator of the Audit Committee is an ex-officio member of this committee. Additionally, Head of Compliance Department and Chief Operating Officer are members, while Chief Risk Officer serves as the Member Secretary.

The committee convenes to discuss various critical issues, including identified risks by the management-level risk committee, quarterly risk management reports, major changes in directives issued by Nepal Rastra Bank, immediate strategic impacts of changes in monetary policy, capital adequacy, liquidity status, credit-to-deposit ratio, and the Bank's risk appetite.

In each quarter, the committee also reviews potential risks through stress testing and presents its findings to the Board of Directors for review and further action. During the review year, the Risk Management held 8 meetings, incurring meeting allowance amounting to NPR 192,000.

#### **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 Head of Finance Department as members, and Head of Human Resources Department as the Member Secretary. This committee discusses policies related to employee benefits, such as employee regulations, other policies concerning employees, succession planning, salaries, allowances, and organizational structure. During the review year, the committee held 4 meetings, with meeting allowances totalling NPR 96,000.

#### **Assets Laundering Prevention Committee:**

An Assets Laundering Prevention Committee has been formed, led by a Non-Executive Director as the coordinator, another Non-Executive Director, the Head of Compliance Department, and the Chief Risk Officer as the members while Manager AML as the member secretary.

This committee focuses on compliance with AML-related laws, directives issued by Nepal Rastra Bank, and the



Bank's AML policies. It also works on controlling risks that may arise in this area. During the review year, the AML Prevention Committee held 6 meetings, with meeting allowances amounting to NPR 144,000.

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

During the review year, the Bank's management expenses under staff and office operating expenses (excluding staff bonus) amounted to NPR 4.05 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:**

In compliance with the directives of Nepal Rastra Bank, the Bank has constituted an Audit Committee under the coordination of a Non-Executive Director, with another Non-Executive Director as a member and the Head of the Internal Audit Department as the member secretary. The committee is structured as follows:

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

The Audit Committee performs its duties within the framework of the directives issued by Nepal Rastra Bank. The committee reviews and discusses reports received from auditors, providing necessary directions for improvements. It ensures that the identified risk areas from the audit process are addressed in the review reports. Reports from the auditors are discussed and reviewed by the Audit Committee before being submitted to the Board of Directors periodically. The Audit Committee consistently provides recommendations to the Board based on its findings.

During the review year, the Audit Committee held 6 meetings. Meeting allowance for the committee members amounted to NPR 192,000. The member secretary does not receive any meeting allowance.

For all the above-mentioned Board-level committees, an allowance of NPR 16,000 per meeting is provided to the committee members.

#### **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 39 of additional disclosures of this report.

#### **21. Information of Undeclared Dividend by the shareholders:**

As of the Mid-July 2024, the unclaimed dividends by shareholders amounted to NPR 2,311,938.53 at the Bank and NPR 239,744,188.41 at the share registrar, totalling NPR 242,056,126.94. Unclaimed dividends upto the fiscal year 2013/14 have been deposited into the Investor Protection Fund. The Bank publishes notices in daily newspaper annually to inform shareholders about claiming their dividends.

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

During the review year, the Bank purchased a total area of 105.5625 aana (1 aana = 31.79 sq. m.) of land in Ward No. 1, Naxal, Kathmandu Metropolitan City, for the construction of a corporate building. The total purchase price amounted to NPR 1,213,968,750 (in words: Nepali Rupees One Billion Two Hundred Thirteen Million Nine Hundred Sixty-Eight Thousand Seven Hundred Fifty only).

#### **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 NMB Bank, with an investment of NPR 400 Million in capital from the parent company. The company provides various services, including issue management, underwriting, share registrar services, portfolio management, depository services, fund management, investment plans, and institutional advisory services.

As of the end of the fiscal year 2023/24 (mid-July 2024), the company reported a total income of NPR 263,219,562.22 and a net profit after operating expenses and taxes of NPR 92,677,996.31. The company's Board of Directors distributed a 17% cash dividend (including tax) from the fiscal year 2023/24 profit to its shareholders.

During the review year, the company completed the issuance of one Initial Public Offering (IPO) and a debenture. Additionally, it signed agreements to manage IPOs for five more companies. The company has been actively functioning as the Fund Manager and Depository for three investment schemes: 'NMB-50', 'NMB Saral Bachat Fund-E', and 'NMB Sulav Investment Fund-2'. In the running fiscal year, the company has planned and initiated work to manage the public issuance of seven IPOs. Furthermore, it has submitted a revised prospectus for its sixth scheme, the closed end 'NMB Hybrid Fund L-2' to the Securities Board of Nepal for final approval. By the end of the review year, the company was providing share registrar services to 22 companies

<b>NMB Capital Limited</b>		
<b>STATEMENT OF FINANCIAL POSITION</b>		
	<b>15 July 2024 (NPR)</b>	<b>16 July 2023 (NPR)</b>
<b>Assets</b>		
Cash and Cash Equivalents	580,224,707	634,364,167
Investment Securities measured at Fair Value through P/L	202,634,444	92,736,216
Investment in Equity measured at Fair Value through OCI	110,956,489	85,717,517
Investment Securities measured at Amortized Cost	313,868,011	268,247,360
Other Financial Assets	31,963,404	40,306,870
Other Assets	42,200,644	60,904,326
Property, Plant & Equipment	30,033,046	33,055,269
Intangible Assets	592,169	927,649
Current Tax Assets	3,562,784	8,800,839
Deferred Tax Assets		3,774,301
<b>Total Assets</b>	<b>1,316,035,697</b>	<b>1,228,834,515</b>
<b>Liabilities</b>		
Due to Public	441,736,511	422,707,423
Other Financial Liabilities	120,368,216	87,787,070
Other Liabilities	33,705,883	29,900,571
Current Tax Liabilities	-	-
Deferred Tax Liabilities	1,746,781	-
Other Provisions	16,477,294	8,111,157
<b>Total Liabilities</b>	<b>614,034,685</b>	<b>548,506,222</b>
<b>Equity</b>		
Share Capital	400,000,000	400,000,000
Retained Earnings	255,282,907	232,309,114
Other Reserves	46,718,106	48,019,180
<b>Total Equity</b>	<b>702,001,013</b>	<b>680,328,294</b>
<b>Total Liabilities and Equity</b>	<b>1,316,035,697</b>	<b>1,228,834,515</b>

**NMB Capital Limited**  
**STATEMENT OF PROFIT OR LOSS**

	15 July 2024 (NPR)	16 July 2023 (NPR)
<b>Income</b>		
Income from Merchant Banking Activities	72,585,560	62,159,178
Income from Mutual Fund operations	77,090,254	73,785,326
Interest Income	-	-
Other Operational Income	102,352,837	95,527,782
Net gain/(loss) on financial investments Held for Trading	11,190,911	5,269,306
<b>Total Income</b>	<b>263,219,562</b>	<b>236,741,592</b>
<b>Expense</b>		
Personnel Expense	67,571,035	56,889,570
Interest Expense	3,873,031	1,697,197
Depreciation on Property and Equipment	7,396,426	6,160,267
Amortization of Intangible Assets	448,480	486,200
Depreciation on Right of Use Asset	4,960,185	2,066,744
Other Operating Expenses	39,110,089	37,741,336
<b>Total Expenses</b>	<b>123,359,245</b>	<b>105,041,313</b>
<b>Profit Before Tax from Continuing Operations</b>	<b>139,860,318</b>	<b>131,700,280</b>
Income Tax Expense	40,375,406	36,030,597
Deferred Income / (Expense) Tax	(6,806,915)	(4,626,866)
<b>Profit for the Year</b>	<b>92,677,996</b>	<b>91,042,817</b>

**NMB Laghubitta Bittiya Sanstha Ltd.**

NMB Laghubitta Bittiya Sanstha Ltd., a microfinance subsidiary of NMB Bank with 51% ownership, has a paid-up capital of NPR 721,449,149. The institution's head office is located in Ward No. 8, New Road, Pokhara Metropolitan City, Kaski.

As of the end of mid-July 2024, the microfinance institution operated 148 branches and sub-branches across 68 districts. The total loan disbursed amounted to NPR 5.50 Billion, while total deposits stood at NPR 1.33 Billion.

**NMB Laghubitta Bittiya Sanstha Limited.**  
**Balance Sheet**

	15 July 2024 (NPR)	16 July 2023 (NPR)
<b>Assets</b>		
Cash and Cash Equivalent	351,939,429	311,080,707
Statutory Balance and Due from Nepal Rastra Bank	24,500,000	27,000,000
Placement with Bank & Financial Institutions	-	-
Derivative Financial Instruments	-	-
Other Trading Assets	-	-
Loans and Advances to MFIs & Cooperative	-	-
Loans and Advances to Customers	5,316,104,154	4,868,038,781
Investment Securities	2,000,000	52,000,000
Current Tax Assets	3,611,536	2,468,869
Investment Property	-	-
Property and Equipment	103,468,470	81,530,743
Goodwill and Intangible Assets	3,141,442	4,334,933
Deferred Tax Assets	-	-
Other Assets	57,258,024	55,288,176
<b>Total Assets</b>	<b>5,862,023,056</b>	<b>5,401,742,208</b>
<b>Liabilities</b>		
Due to Bank and Financial Institutions	-	-



Due to Nepal Rastra Bank	-	-
Derivative Financial Instruments	-	-
Deposit from Customers	1,333,476,327	1,547,314,809
Borrowings	3,390,827,914	2,685,730,496
Current Tax Liabilities	-	-
Provisions	6,209,231	1,699,054
Deferred Tax Liabilities	749,446	5,129,297
Other Liabilities	193,989,345	165,036,215
Debt Securities Issued	-	-
Subordinated Liabilities	-	-
<b>Total Liabilities</b>	<b>4,925,252,262</b>	<b>4,404,909,871</b>
<b>Equity</b>		
Share Capital	721,449,149	721,449,149
Share Premium	72,972,961	72,972,961
Retained Earnings	(60,648,758)	(5,554,647)
Reserves	202,997,442	207,964,875
<b>Total Equity</b>	<b>936,770,794</b>	<b>996,832,338</b>
<b>Total Liabilities and Equity</b>	<b>5,862,023,056</b>	<b>5,401,742,208</b>

### NMB Laghubitta Bittiya Sanstha Ltd.

#### Profit and Loss Account

	15 July 2024 (NPR)	16 July 2023 (NPR)
Interest Income	646,794,152	793,714,362
Interest Expenses	377,676,989	465,471,758
<b>Net Interest Income</b>	<b>269,117,164</b>	<b>328,242,603</b>
Fee and Commission Income	43,823,788	54,345,461
Fee and Commission Expense	-	1,794,016
<b>Net Fee and Commission Income</b>	<b>43,823,788</b>	<b>52,551,445</b>
<b>Net Interest, Fee, and Commission Income</b>	<b>312,940,952</b>	<b>380,794,048</b>
Net Trading Income	-	-
Other Operating Income	-	-
<b>Total Operating Income</b>	<b>312,940,952</b>	<b>380,794,048</b>
Impairment Charge/(Reversal) for Loans and other Losses	11,093,081	64,731,899
<b>Net Operating Income</b>	<b>301,847,871</b>	<b>316,062,149</b>
Operating Expense		
Personnel Expense	233,002,551	233,531,508
Other Operating Expense	89,222,772	92,532,437
Depreciation & Amortization	30,429,354	31,334,470
<b>Operating Profit</b>	<b>(50,806,806)</b>	<b>(41,336,266)</b>
Non-Operating Income	-	626,220
Non-Operating Expense	4,032,176	-
<b>Profit Before Income Tax</b>	<b>(54,838,982)</b>	<b>(40,710,047)</b>
Income Tax Expense		
Current Tax	-	7,416,267
Previous Year Tax	-	14,269,047
Deferred Tax	4,379,851	1,441,850
<b>Profit for the Year</b>	<b>(50,459,131)</b>	<b>(46,120,976)</b>

NOTE: The balance sheet and profit and loss account of NMB Laghubitta Bittiya Sanstha Ltd. have been prepared as per NFRS and consolidated based on their submission to Nepal Rastra Bank.

## N.M.B. Securities Ltd.

N.M.B. Securities Limited, a wholly-owned subsidiary of NMB Bank, has a paid-up capital of NPR 200 Million. This subsidiary obtained authorization from the Securities Board to operate as a limited securities broker and acquired membership from the Nepal Stock Exchange on 26 August, 2023. The company officially commenced its operations 27 September, 2023.

<b>N.M.B. Securities Limited</b>		
<b>Balance Sheet</b>		
	<b>15 July 2024 (NPR)</b>	<b>16 July 2023 (NPR)</b>
<b>Non-Current Assets</b>		
Property, Plant & Equipment	2,522,027	2,701,790
Intangible Assets	659,167	-
Deferred Tax Asset	-	-
Right to Use	1,007,948	-
<b>Current Assets</b>		
Cash & Cash Equivalents	74,985,263	100,683,180
Other Assets	104,002,012	100,000,000
Current Tax Assets	2,595,032	513,082
Trade Receivables	40,782,170	-
Contract Assets	-	-
<b>Total Assets</b>	<b>226,553,619</b>	<b>203,898,052</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Lease Liability	1,050,859	-
<b>Current Liabilities</b>		
Liabilities & Provisions	717,589	179,002
Trade & Other Payable	18,365,608	2,009,031
Current Tax Liabilities	1,548,288	451,415
Deferred Tax Liability	141,766	62,868
<b>Total Liabilities</b>	<b>21,824,110</b>	<b>2,702,315</b>
<b>Equity</b>		
Share Capital	200,000,000	200,000,000
Retained Earnings	4,729,509	1,195,737
<b>Total Equity</b>	<b>204,729,509</b>	<b>201,195,737</b>
<b>Total Equity &amp; Liabilities</b>	<b>226,553,619</b>	<b>203,898,052</b>

<b>N.M.B. Securities Limited</b>		
<b>Profit and Loss Account</b>		
	<b>15 July 2024 (NPR)</b>	<b>16 July 2023 (NPR)</b>
<b>Income</b>		
Revenue from Operation	10,728,980	-
Other Income	9,491,484	2,420,548
<b>Total Income</b>	<b>20,220,464</b>	<b>2,420,548</b>
Direct Expense	5,352,709	-
Personnel Expense	3,489,491	227,903
Operating Expense	4,028,202	206,615
Depreciation & Amortization	1,537,884	17,007
Interest – Lease Liability	135,123	-
<b>Profit Before Staff Bonus and Tax</b>	<b>15,575,601</b>	<b>809,530</b>
Provision for Staff Bonus	516,096	179,002
Profit Before Income Tax	5,160,958	1,790,020
Income Tax Expense	1,627,186	538,283
Current Tax	1,548,288	451,415
Deferred Tax	78,899	86,868
<b>Profit for the Year</b>	<b>3,533,772</b>	<b>1,251,737</b>



## **(B). Corporate Social Responsibility:**

As per directives issued by Nepal Rastra Bank, the bank allocated funds for corporate social responsibility (CSR) activities, adhering to regulatory guidelines. These funds were utilized in areas such as education, health, environment, financial literacy, customer protection, heritage conservation, and disaster management. To effectively oversee CSR activities, the Bank established a CSR committee led by the Chief Executive Officer (CEO). During the review year, the Bank spent NPR 35.6 Million on CSR initiatives.

## **(C). Human Resources:**

To ensure the successful implementation of future plans and overall growth, the Bank has prioritized the development and management of its employees. Recognizing the competitive environment, the Bank focuses on skill enhancement and effective management to satisfy customers and maintain its market presence. The Bank has conducted various internal and external training programs, with most employees receiving internal training during the review period. Additionally, 63 employees participated in 15 international training sessions and seminars.

By the end of the review period, the Bank had a total workforce of 1,952 employees, comprising 781 women and 1,171 men. Of these, 116 employees have served for over 15 years, 302 for over 10 years, and 757 for over 5 years.

## **(D). Arrangements for Grievance Handling:**

To address customer concerns and complaints, Deputy Chief Executive Officer Mr. Sudesh Upadhyaya, a member of the Bank's management team, has been designated as the Grievance Handling Officer. The Bank has also implemented an online grievance portal on its website. During the review period, the Bank received 1,603 complaints via branch offices, the main office, hotline, and call centre. Except for issues requiring legal resolution (such as loan recovery), all other complaints were addressed promptly.

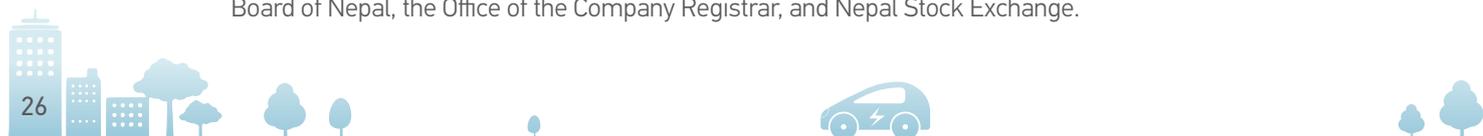
## **(E). Corporate Governance:**

Effective governance is crucial for the development of the banking sector and the overall economy. Banks channel deposits into loans, thereby driving economic growth. Financial stability and operational soundness are at the core of banking activities. Weak governance in banks can lead to sectoral and economic challenges, underscoring the importance of strong governance practices.

At NMB Bank, governance is reinforced by board-level committees such as the Audit Committee, Risk Management Committee, Human Resources Service Committee, and Assets Laundering Prevention Committee. Additionally, the Bank has a dedicated Corporate Governance Committee at the management level, chaired by the CEO, to ensure effective governance practices across the organization.

### **Details regarding the steps taken by the Management to enhance Corporate Governance:**

- Implementation of the policies approved 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 actively operational.
- 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.
- Regular meetings of the Risk Management Committee focus on stress testing, adequacy of policies, and operational risk. Directives issued during these meetings are adhered to by the management.
- To enhance AML measures, the bank emphasizes the customer identification process and regularly discusses AML-related matters in the Assets Laundering Prevention Committee.
- Various internal policies, rules and guidelines have been formulated and implemented to streamline banking operations and minimize operational risks.
- The Bank strictly adheres to directives issued by regulatory bodies such as Nepal Rastra Bank, Securities Board of Nepal, the Office of the Company Registrar, and Nepal Stock Exchange.



- A Corporate Governance Committee has been formed to maintain governance within the bank. Periodic discussions in committee meetings lead to decisions that are subsequently implemented. The CEO holds the primary responsibility for ensuring corporate governance within the Bank.

**(F). Board of Directors Meeting and Conduct:**

In accordance with the provisions of the prevailing laws and the Bank's regulations, the Board of Directors' meetings are held regularly. During the review year, 20 board meetings were conducted. The Chairperson and members of the Board of Directors were provided meeting allowances of NPR 18,000 and NPR 16,000 per meeting, respectively. Additionally, all board members adhered to the code of conduct outlined in Clause 1 of Directive No. 6 of the Unified Directive 2023 issued by Nepal Rastra Bank.

**(G). Management Team:**

The management team of the bank is led by the Chief Executive Officer, Mr. Sunil K.C., who brings extensive banking experience to the role. Supporting Mr. K.C. in the management team are the following key officials currently serving in various capacities

Mr. Sudesh Upadhyaya	Deputy Chief Executive Officer
Mr. Govind Ghimire	Deputy Chief Executive Officer
Mr. Pramod Kumar Dahal	Chief Officer – Services/ Operations/ Support and Company Secretary
Mr. Navin Manandhar	Chief Risk Officer
Mr. Shreejesh Ghimire	Chief Transformation Officer and International Business
Dr. Buddhi Kumar Malla	Chief Service Excellence Officer
Mr. Roshan Regmi	Chief Information and Digital Officer

**Acknowledgment:**

Respected shareholders, representatives of various institutions, auditors, legal advisors, representatives attending this general meeting on behalf of institutional shareholders, Nepal Rastra Bank, Nepal Securities Board, Nepal Stock Exchange Ltd., all stakeholders associated with the bank, valued customers, bank management, and employees, I would like to extend special thanks on behalf of the bank's Board of Directors to all the esteemed individuals present in this prestigious meeting and look forward to your continued support in the days to come.

Thank You.

On behalf of Board of Directors,

Manoj Kumar Goyal

Chairman

Date: Thursday, 9 January, 2025



# ANNEX-15 OF SECURITIES REGISTRATION AND ISSUE REGULATION, 2016

(DETAILS RELATED TO CLAUSE 26.2)

## 1. Director's Report:

Director's report is included in the annual report of FY 2023/24.

## 2. Auditor's Report:

Auditor's report is included in the annual report of FY 2023/24.

## 3. Audited Financial Statements:

Audited financial statements are included in the annual report of FY 2023/24.

## 4. State of Legal Proceedings:

As per the following, if any case has been filed, details such as the filing date, subject matter, the name of the promoter or director involved in the case, and potential legal remedies must be included:

- i. If any lawsuit was filed by or against the organization during the quarterly period:  
In the fiscal year 2023/24, the Bank filed a total of 104 cases related to loan recovery, income tax and matters concerning Bank assets. Additionally, 96 cases were filed against the Bank. Altogether, a total of 200 cases were filed in various courts.
- ii. If any lawsuit was filed by or against the promoter or director of the organization for disobeying the prevailing rules or committing a criminal offense:  
Not in the information of this Bank.
- iii. If any lawsuit has been file against promoter 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	252	217	214	226
Minimum Value	207	193	173	162
Last Value	209	202	177	218
Number of Transactions	11,917	8,481	11,613	13,868
Days of Transactions	61	49	58	61

## 6. Problems and Challenges:

- i. Internal Problems and Challenges: The Bank faces internal challenges such as managing rising expenses relative to income, costs related to infrastructure and technology development, addressing the departure of skilled employees for further studies, overseas opportunities, or positions in other banks, and managing operational risks associated with increasing transactions.
- ii. External Problems and Challenges: The Bank identifies external challenges like fluctuations in liquidity, the rise in foreign exchange rates leading to increased prices of goods and services, challenges in loan recovery and collection, a difficult investment environment, and growing unhealthy competition in the banking sector. These factors could negatively impact the Bank's lending, loan recovery, and overall income.
- iii. Strategies Adopted by Management: The Bank has been enhancing its loan recovery mechanisms through

digitization to make them more effective. Separate employee structures have been managed at the provincial level for monitoring and supervising non-performing loan recovery. Technology has been utilized to disburse some small loans. The focus has shifted towards alternative sources for deposit mobilization. Cost-efficiency measures have been adopted in the Bank's internal operations to achieve set targets. Special attention has been given to improving loan quality and increasing investments in productive sectors, energy, agriculture, and retail. Necessary strategies are being implemented for effective risk management. New technology-based services have been developed in alignment with the times. Additionally, professional development, technical knowledge enhancement, and training programs have been arranged to make the workforce skilled and strong.

## 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 approved 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 actively operational.
- 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. Regular meetings of the Risk Management Committee focus on stress testing, adequacy of policies, and operational risk. Directives issued during these meetings are adhered to by the management.
- v. To enhance AML measures, the bank emphasizes the customer identification process and regularly discusses AML-related matters in the Assets Laundering Prevention Committee.
- vi. Various internal policies, rules and guidelines have been formulated and implemented to streamline banking operations and minimize operational risks.
- vii. The Bank strictly adheres to directives issued by regulatory bodies such as Nepal Rastra Bank, Securities Board of Nepal, the Office of the Company Registrar, and Nepal Stock Exchange.
- viii. A Corporate Governance Committee has been formed to maintain governance within the bank. Periodic discussions in committee meetings lead to decisions that are subsequently implemented. The CEO holds the primary responsibility for ensuring corporate governance within the Bank.



# CEO'S MESSAGE

The fiscal year 2023/24 brought both challenges and opportunities, testing our resilience and reaffirming our commitment to sustainable growth. The year was marked by significant hurdles, including liquidity pressures, a rising NPA portfolio, and constraints on ROE and capital. Additionally, the Bank faced the ongoing challenge of HR attrition in a highly competitive market. Despite these challenges, we adhered to prudent business practices to overcome the complex environment effectively.

The banking sector is undergoing a transformation, with changing dynamics demanding agility and foresight. At NMB, we are aligning with this evolving ecosystem through sustainable business practices and digitization - key strategic pillars for "Banking with Purpose" that ensure our continued relevance and competitive edge.

Despite the volatile environment, the Bank achieved relatively strong financial indicators, even as we opted for low balance sheet growth—a deliberate decision to prioritize risk management and long-term stability. During the fiscal year, the Bank also managed a one-off retrospective tax payment and ensured adequate provisioning to strengthen our financial health.

Our commitment to responsible banking remains unchanged. The Bank has made significant progress in environmental, social, and governance (ESG) initiatives, including green and climate financing and disclosures on our carbon footprint. These efforts have delivered measurable impacts across multiple dimensions. Over 70,000 individuals have benefited directly from our initiatives, while our contributions have supported 90,000 jobs across various sectors. NMB has played a pivotal role in reducing carbon emissions by 915,000 tons, aligning with global climate action goals. Additionally, 25% of the Bank's initiatives directly address critical sustainability challenges, with an economic contribution exceeding USD 625 Million.

NMB endorsed the Fossil Fuel Non-Proliferation Treaty initiative, demonstrating our dedication to advancing climate action, aligning with the Paris Agreement, and actively supporting Nepal's ambition to achieve Net Zero emissions. These efforts were recognized the "Green Bank of the Year 2024" award, presented at the Waste Management & Climate Conference on World Environment Day 2024.

As we move into FY 2024/25, the external sector offers reasons for optimism, with record-high foreign exchange reserves, a favorable balance of payments, stable inflation, and ample liquidity in the system. The recent sovereign rating of BB- by Fitch reflects the country's improving macroeconomic position. Looking ahead, the medium-term outlook presents opportunities in hydropower export, renewable energy, education, tourism, hospitality, and IT - all aligned with our focus segments.

NMB's partnerships with international banks and development finance institutions (DFIs) remain strong. Together, we are exploring innovative instruments such as sustainable and green bonds and blended finance to promote impact-driven growth. We also take pride in our ongoing efforts to create an inclusive and equitable bank under GESI (Gender Equality and Social Inclusion) initiatives. Notably, NMB received a Special Mention Award in the Gender-Inclusive Workplace Category at the 2024 UN Women Asia-Pacific WEPs Awards, becoming the first Nepalese organization recognized under the WEPs framework.

I extend my heartfelt gratitude to our Chairman, Board of Directors, Nepal Rastra Bank, Ministry of Finance, FMO, Employee' Provident Fund, Yong Lian Realty Malaysia, DFIs, and other partners. I am equally grateful to our dedicated staff, loyal customers, and the media for their continuous support and trust. Together, we have overcome challenges and built a strong foundation for a brighter, more sustainable future. Let us continue this journey with renewed purpose and determination.

Thank you.

Sunil K.C.  
CEO



# Becoming the Most Sustainable Bank

## ASPIRATION

Our aspiration of becoming the most Sustainable Bank in Nepal is driven by several objectives:

- Deep rooted belief in responsible banking and contributing to the community.
- Delivering beyond financial profit.
- Transforming sustainable financing into a market differentiator and competitive advantage, overcoming the challenges of being a first mover.
- Establishing business partnerships and opportunities on the international platform.

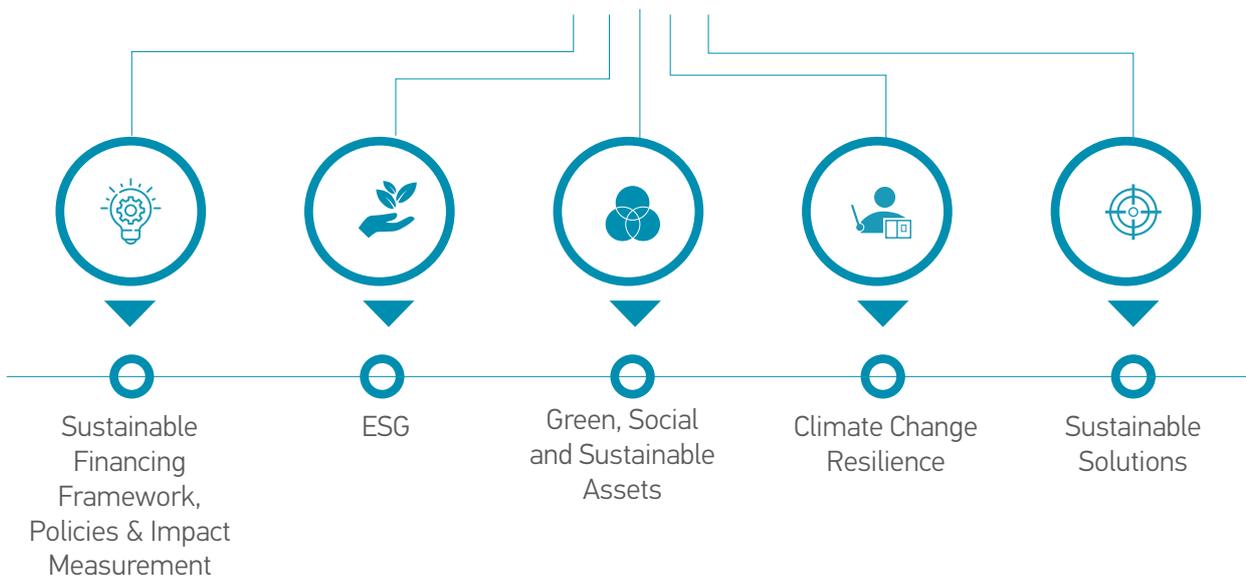
## COMMITMENT

With the commitment to creating purpose beyond profit, Sustainable Banking forms a crucial pillar of NMB's strategic framework. The Bank prioritizes investments and initiatives that promote Sustainable Development, foster Social Welfare, and mitigate Environmental Risks.

Integrating ESG considerations into business activities and investment decisions, supporting community development initiatives and reducing Carbon Footprints are Bank's top priorities.

The Bank, by aligning its banking activities with Sustainability Principles, seeks to contribute positively to society while enhancing the Brand Reputation and long-term viability.

## 5 MAJOR DRIVERS OF OUR SUSTAINABILITY STRATEGY



## OUR KEY INITIATIVES & ACHIEVEMENTS

The Bank is dedicated to becoming the most sustainable financial institution in the country. During the fiscal year, around 60% of its lending portfolio is directed toward real economy sectors, supporting over 150 sustainable projects across hydropower, renewable energy, agriculture, and tourism.

The Bank achieved approximately 63% of its carbon offset target of 10,500 tons by the year 2025, driven by financing new and existing hydropower projects that collectively contributed an additional 100 MW of electricity, bringing the total installed capacity to 571 MW.

The Bank has been fostering inclusivity and equity within its operations by gradually improving gender ratio, with female staff now exceeding 40% of the total workforce, while we target to achieve 50% mix and more women in leadership positions by 2027. NMB stands out as the only bank in Nepal to have disclosed its carbon footprint for the second consecutive year demonstrating its transparency and dedication to mitigating climate change impacts.



The Bank has launched various digital services and products tailored to clients in the Retail, SME, and Agriculture sectors, enhancing service accessibility while indirectly reducing its carbon footprint. In addition, NMB has prioritized automating departmental processes to minimize paper usage, transitioning to electric vehicles, and installing rooftop solar panels at its head office. Furthermore, the Bank has made substantial CSR contributions across diverse sectors of society.

Implementing a robust process for identifying Environmental and Social (E&S) risks, supporting clients in addressing these gaps, and fostering their resilience in adopting sustainable practices, the Bank is progressing toward achieving E&S maturity at Level 4, aligned with the IFC Performance Standards.

## COMMITMENT TO OUR STAKEHOLDERS

At NMB Bank, we believe that Sustainable Success is built on the foundation of strong relationships with our stakeholders. Our commitment to each group is guided by Principles of Transparency, Accountability, and Shared Value Creation:

- **For Our Customers:** We strive to empower our clients with financial solutions that drive sustainable growth. By integrating ESG considerations into our products and services, we aim to support businesses and individuals in making responsible financial decisions.
- **For Our Employees:** Our workforce is our greatest asset. We are dedicated to fostering an inclusive, diverse, and supportive environment where employees can find work-life fit and thrive professionally. Initiatives such as capacity-building programs, health and safety policies reflect our commitment to their well-being.
- **For Our Communities:** As a socially responsible organization, we prioritize contributing to the prosperity of the communities we serve. Through CSR initiatives, financial literacy programs, and community partnerships, we aim to create positive social and economic impact.
- **For Our Investors:** We are committed to delivering long-term value by balancing financial performance with responsible business practices. Our sustainability agenda ensures that we address risks and opportunities associated with environmental and social challenges, ensuring resilient returns for our shareholders.
- **For the Planet:** Recognizing the urgent need to address Climate Change, we actively support Green Financing and implement Eco-friendly practices within our operations. From reducing our carbon footprint to prohibiting lending in strategically avoided sectors and encouraging sustainable practices among clients, we are not only advocating values-based banking but also playing an active part in building a greener and sustainable future.

Our Stakeholder-Centric approach is a testimony to our belief that Sustainable Progress can only be achieved when all voices are valued and included in our journey.

## WAY FORWARD

Our Sustainability theme “Grow, Transition, Transform, and Reduce (negatives)” encompasses the commitment to achieving our aspirations and institutional image through:

- **Grow** sustainably, creating positive impacts on society and the environment
- **Transition** by adopting Renewable Energy sources, implementing environment friendly practices, and supporting our clients towards sustainable practices
- **Transform** by supporting businesses in changing their operations, strategies, or business model to align with Sustainability Goals
- **Reducing negatives** by minimizing negative Environmental and Social impacts, such as reducing our carbon footprint and promoting reuse/recycle initiatives.



## Key Milestones Ahead

- Increase lending towards real economy, directing at least two-third of our loan portfolio to sustainable projects and businesses.
- Achieving higher portfolio mix in energy, agriculture, and MSME sectors.
- Advance our ESMS maturity to level 5 by implementing robust and effective ESRM practices for our clients.
- Align our disclosures with the Task Force on Climate-Related Financial Disclosures and Global Reporting Initiative to enhance transparency and accountability.
- Strategically reduce fossil fuel financing and non-green portfolio.

## COMMITMENT TO THE FUTURE

As we move forward on our sustainability journey, we are committed to building a robust policy and framework environment that drives meaningful change. By integrating Environmental, Social, and Governance (ESG) principles and an Environmental and Social Management System (ESMS) into our core operations, we will ensure that our strategies align with global sustainability standards. Our focus remains on developing Green, Sustainable, and Social products and services that address the pressing challenges of today while creating opportunities for a better tomorrow and building a resilient portfolio.

We aim to strengthen our efforts through innovative financial instruments such as issuing green bonds in international markets and leveraging blended financing models and advisory services. With a resilient climate strategy at the core, we are committed to advancing carbon offset initiatives, facilitating energy efficiency projects, and supporting energy transition efforts. Furthermore, we will explore sustainable solutions like mobilizing and advocating for increased green funding support from the global community while promoting end-to-end digital solutions to drive efficiency and inclusivity.

Aligned with our GESI (Gender Equality and Social Inclusion) commitments, CSR (Corporate Social Responsibility) initiatives, and sustainability vision, we pledge to act as a super catalyst for positive environmental and social transformation.



## Environmental & Social Risk Management

Environmental and Social Risk Management (ESRM) is a top priority for NMB as we aspire to build a resilient lending portfolio and be aligned with values-based banking principles in our pursuit of becoming the most sustainable bank of Nepal. The Bank has an Environmental and Social Management System (ESMS) in place and has progressively enhanced it over the years, successfully embedding it into the organization's culture and credit processes.

The ESMS ensures compliance with both national and international environmental and social (E&S) standards, including the IFC Performance Standards, across all stages of the lending process for applicable loan transactions ranging from credit origination and business appraisal to approvals and ongoing monitoring. Furthermore, our partnership with FMO, a triple-A-rated Dutch Entrepreneurial Development Bank, alongside collaborations with other International financial institutions, has been instrumental in advancing to ESMS. These partnerships have supported the implementation of agreed E&S Action Plans and reinforced the Bank's commitment to meeting international disclosure standards for stakeholders.

To further strengthen the Bank's efforts, we have implemented a robust online system for E&S management, fully integrated with our Loan Processing System within the Business Process Management system. A dedicated core team, consisting of technical experts with relevant academic qualifications and experienced senior staff ensures effective oversight and drives the progress in E&S risk management.

### Measuring financed Emissions

In line with the country's national goals and commitment to the Paris Agreement, we are committed to reducing direct and indirect carbon footprints and exploring carbon-offset opportunities for our clients. Since 2020, the Bank has been collaborating with the Partnership for Carbon Accounting Financials (PCAF) to measure and disclose Greenhouse Gas emissions in the Bank's financed portfolio.

The Bank has voluntarily disclosed carbon emissions in Business Loans and Project Financing portfolios following PCAF standards for the past two years. It is currently preparing the third disclosure for the fiscal year 2023/24.

#### 2023

INDUSTRY	Exposure (USD million)	Scope 1 tCO <sub>2</sub> e	Scope 2 tCO <sub>2</sub> e	Total Scope 1 & 2 tCO <sub>2</sub> e	Climate Impact Intensity tCO <sub>2</sub> e/\$mil
Business Loans	883.7	124,057	38,632	162,689	184.10
Project Finance	229.3	156,475	6,621	163,097	711.90
<b>Grand Total</b>	<b>1,113</b>	<b>280,532</b>	<b>45,253</b>	<b>325,786</b>	<b>292.76</b>

Scope 3: 23,981

(Energy, Mining, Transportation, Construction Building Materials and Industry Activities only)

#### 2022

INDUSTRY	Exposure (USD million)	Scope 1 tCO <sub>2</sub> e	Scope 2 tCO <sub>2</sub> e	Total Scope 1 & 2 tCO <sub>2</sub> e	Climate Impact Intensity tCO <sub>2</sub> e/\$mil
Business Loans	871.3	121,010	3,107	124,117	142.45
Project Finance	192.3	65,310	1,563	66,872	347.82
<b>Grand Total</b>	<b>1,063.6</b>	<b>186,320</b>	<b>4,670</b>	<b>190,989</b>	<b>179.48</b>

## Fossil Fuel Non-Proliferation Treaty Initiative

The Bank has endorsed the Fossil Fuel Non-Proliferation Treaty, a global initiative aimed at promoting international cooperation to accelerate the transition to clean energy for all, halt the expansion of fossil fuels, and phase out existing production. This commitment underscores our dedication to advancing climate action and aligning with the Paris Agreement's objectives and leading advocacy for clean energy transition.

Given the Bank's minimal direct exposure to fossil fuel-related activities, we are committed to exploring benchmarks for our overall risk assets portfolio to discourage such business. Additionally, the Bank prioritizes exploring various business opportunities in areas such as adopting low-carbon technologies and renewable energy solutions to offset carbon emissions.

## Gender Equity & Social Inclusion (GESI)

The Bank has consistently dedicated itself to sustainable banking practices, acknowledging the crucial role financial institutions play in fostering equitable and inclusive societies. With the launch of the Gender Equity and Social Inclusion (GESI) Action Plan, we reaffirm our commitment to promoting diversity at workplace, empowering women and marginalized communities, and advancing gender equality both within the organization and beyond through equity and inclusion. The GESI Plan includes a variety of initiatives including attracting and retaining a diverse workforce, promoting women in leadership roles, developing inclusive banking products and investing in community development, all aimed at driving positive social and environmental change.



# HUMAN RESOURCES CAPITAL

NMB Bank recognizes its staff as an equal part partners in its move towards business and service excellence. With sustainability in its core, the Bank has been ensuring that the human resources, like any other resources, are being acquired, allocated, retained and maintained in a sustainable manner. Thus, the focus has always been in creating a performance driven work environment with due attention to the quality of employee experience.

The Bank's current HR strength comprises of selected best talents nurtured with adequate learning and development opportunities and enriched jobs. The teams are all led by visionary team leaders capable of transforming the Bank's vision into action. Additionally, the Bank has been able to create an environment for open communication for knowledge sharing and capacity building.

## I. KEY HR METRICS

As of the fiscal year end 2023/24, the Bank's workforce comprised of 1,952 staff members, with female representation gradually improving, showcasing our commitment to a diverse and inclusive organizational culture.

### a. Gender Mix

Gender	Number of Staff	%
Male	1,171	60%
Female	781	40%
<b>Total</b>	<b>1,952</b>	<b>100%</b>

### b. Service Period Mix

Average Service Tenure: 7 Years

Service Period	Number of Staff	%
Above 15 Years	135	7%
10-15 Years	299	15%
6-10 Years	631	32%
4-6 Years	331	17%
2-4 Years	360	18%
1-2 Years	137	7%
Below 1 Year	59	3%
<b>Total</b>	<b>1,952</b>	<b>100%</b>

### c. Age Mix

Average Age: 34 Years

The age mix highlights a predominantly younger workforce, with 61% under 35 years.

Age Group	Number of Staff	%
Below 25 Years	26	1%
25- 30 Years	505	26%
30-35 Years	684	35%
35-40 Years	457	23%
40-50 Years	243	12%
Above 50 Years	37	2%
<b>Total</b>	<b>1,952</b>	<b>100%</b>

## II. NMB GESI Plan

In line with the commitment of the bank towards sustainable banking practices and in recognition of the integral role that financial institutions play in shaping equitable and inclusive societies, NMB Gender Equity and Social Inclusion (GESI) Plan was launched on March 8, 2024. This plan is a strategic framework that underscores the bank's dedication to promoting diversity, empowering marginalized communities, and advancing gender equality within the bank and beyond through equity and inclusion.

Under GESI plan, multiple activities and initiatives targeted towards promoting and empowering diversity in terms of gender, geographic region, disability, and age are planned focusing on following strategic priorities:

- Workforce Diversity
- Inclusive Banking Ecosystem
- Data Driven Governance
- Leadership Commitment

### Goal to Reach

50:50 Gender Mix by 2027 under NMB GESI Action Plan

### Initiatives under GESI

- Women Leadership Development Program (WLDP)
- Various training and capacity building programs focused on gender and inclusion
- Included "Gender Inclusive Communication" as a part of induction program to new joiners
- Launch of GESI E-learning



# TRAINING & DEVELOPMENT

Type of Trainings	Number of Trainings	Number of Participants
Abroad	15	63
External	109	359
In-house	148	9,200
Special	38	1,544
Grand Total	310	11,166
Above 50 Years	37	2%
<b>Total</b>	<b>1,952</b>	<b>100%</b>

## Major Development Initiatives

- NMB Credit Skill Certification Program: A tailored program upskilling over 500 staff in credit functions via modular learning and certification exams.
- E-learning Platforms:
  - ✓ Skillsoft Percipio: Empowering IT, Digital Banking, and ISO staff with modern technological knowledge.
  - ✓ Knowbe4: Enhancing information security awareness across all staff.

## Empowering Communication and Leadership: NMB Toastmasters Club

Our Toastmasters Club, with 34 active members, continues to build leadership and public speaking capabilities among staff, strengthening interpersonal skills vital for career growth.

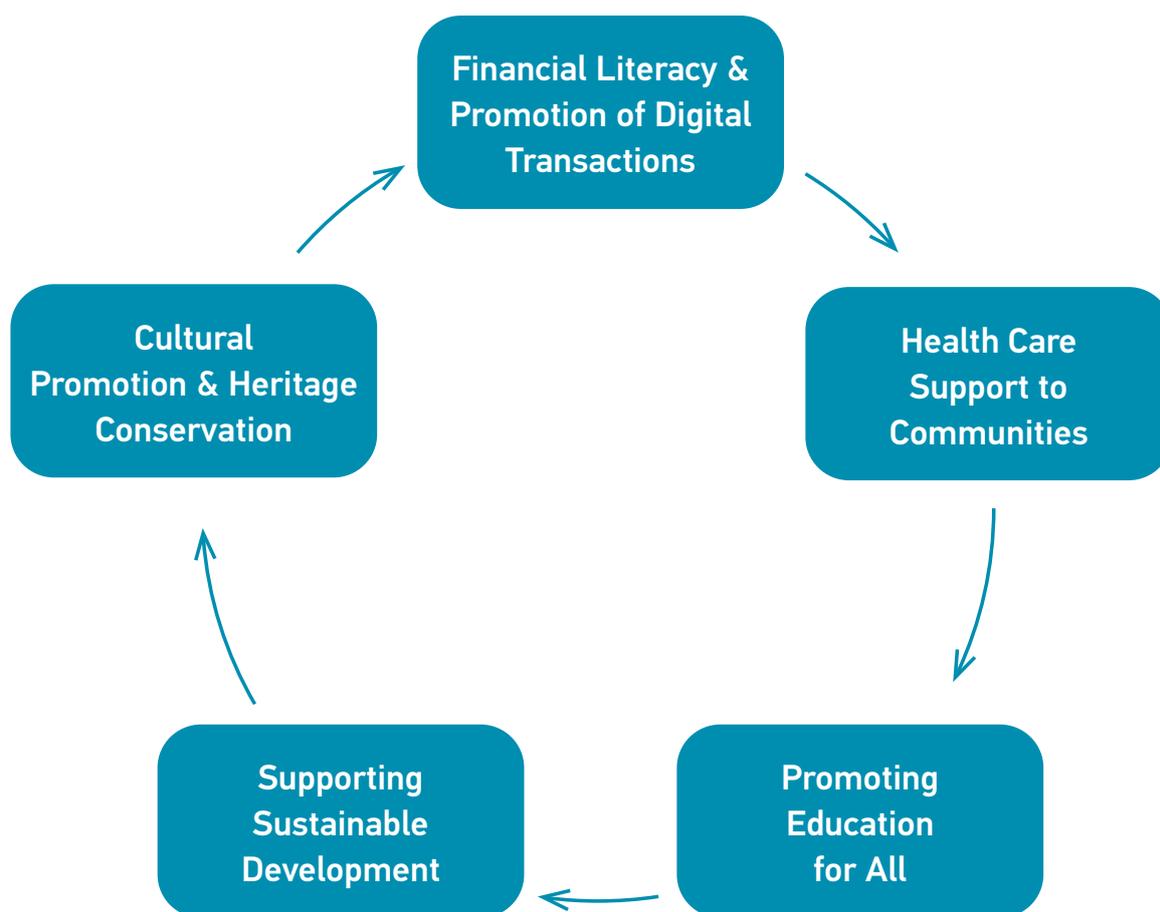
This comprehensive approach underscores the bank's commitment to investing in its human capital, fostering innovation, and driving inclusive growth.



# CORPORATE SOCIAL RESPONSIBILITY (CSR)

NMB Bank regards CSR as a fundamental aspect of its corporate identity. By integrating the core values into its CSR initiatives, the Bank aims to create long-term, sustainable impacts in the regions and communities it serves. Aligned with values-based banking principles, the Bank's CSR plan ensures a commitment to the triple bottom line, focusing on social, environmental, and economic well-being.

## NMB CSR Principle



Areas of CSR Support	Amount (NPR)	Province	Amount (NPR)
Consumer Protection	120,910	Koshi Province	5,009,877
Education	8,507,991	Madhesh Province	3,671,620
Environment	1,382,284	Bagmati Province	8,192,057
Health	10,963,415	Gandaki Province	5,117,984
Heritage	2,687,121	Lumbini Province	3,628,431
Infrastructure	307,000	Karnali Province	6,382,792
Literacy	4,733,735	Sudur Paschim Province	3,578,143
Natural Calamity	6,418,450		
Others	460,000		
<b>Total</b>	<b>35,580,905</b>		<b>35,580,905</b>



# CSR AREAS

## Education

In FY 2023/24, the Bank allocated NPR 8.4 Million of its CSR funds to the education sector, focusing on initiatives that enhance educational opportunities and infrastructure. A total of NPR 1.875 Million, was utilized to award scholarships to 19 economically disadvantaged students, including 13 females and 6 males. These scholarships supported 5 students at the bachelor's level and 14 at the primary and secondary levels, reducing the financial burden on their families and empowering them to achieve their academic goals.

To improve educational infrastructure, the Bank allocated NPR 4.8 Million. This contribution facilitated the promotion of digital learning by providing laptops, projectors, and smart TVs, as well as ensuring access to safe drinking water by installing water purifiers and RO plants. The Bank also prioritized creating child-friendly learning environments by funding the development of tables, chairs, and ceiling fans on school terraces. To encourage extracurricular activities, sound systems, sports equipment, and other related items were distributed. Infrastructure enhancements further included the construction of toilets and the provision of ceiling fans, chairs, benches, and other essential items, benefitting over 30,000 students.

Additionally, NPR 1.73 Million was utilized to distribute school uniforms to 150 students, bags, tracksuits, stationery, and other educational items to over 300 economically disadvantaged students. School meals were also provided to 100 students.

## Health and Sanitation

The Bank allocated NPR 10.4 Million of its CSR funds to the health sector, undertaking several initiatives to improve healthcare facilities, accessibility, and community well-being during the FY 2023/24

The Bank procured a Hyperthermia Unit for Dhulikhel Hospital (Bagmati Province) to support patients requiring hyperthermia therapy as part of its commitment to enhancing healthcare infrastructure. Additionally, funds were provided to Kathmandu Institute of Child Health (KIOCH)-Damak (Koshi Province) for constructing a general ward, ensuring affordable, high-quality services for children. At Bindabasini Prakritik Chikitsa Hospital (Gandaki Province), infrastructure development was funded to enable at least 10 individuals, including children, to access cost-effective healthcare. To improve patient and visitor comfort, 15 units of 3-seater chairs were supplied to Pokhara University Teaching Hospital.

The Bank also organized several blood donation camps at its branches and in collaboration with the Nepal Voluntary Blood Donors Society, collecting over 100 units of blood. Likewise, the Bank conducted a free health check-up in Suddhodhan Gaupalika (Province 5), benefiting over 200 individuals. A dental camp, in partnership with Muskan Dental Home, provided oral healthcare to more than 100 people. Medicines were distributed to Manav Sewa Ashram, supporting over 50 residents, and to Sri Kalidutta Gulma Dailek, aiding another 50 individuals. Additionally, a cervical cancer awareness program educated over 70 women on prevention and early detection, contributing to improved community health.

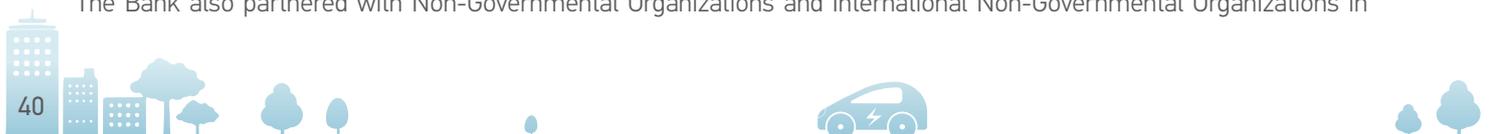
Additionally, the Bank undertook several sanitation initiatives to promote hygiene and access to clean drinking water. Sanitary kits were provided to Children Nepal, benefiting over 100 female children. Water dispensers were installed at Shree Shanti Mahila Samuha and Sana Kishan Krishi, ensuring clean drinking water for more than 200 community members. New toilet facilities were constructed at Shree Pabitra Basic School, improving sanitation for over 150 students. Furthermore, a sanitary vending machine was installed at Shree Jana Jyoti, providing 100 girls with access to menstrual hygiene products.

Other health initiatives included supplying sports equipment to Masuriya Football Academy, benefiting over 50 students by promoting physical fitness and athletic development. The Bank donated rabies and neuter vaccines to SPCA in Nagarjun Municipality, enabling the vaccination of 200 animals and enhancing public health and animal welfare. Moreover, assistive devices were provided through the Karuna Foundation, positively impacting over 70 disabled individuals by improving mobility, independence, and inclusion.

## Financial Literacy and Digital Transactions

In alignment with the central bank directives, the Bank allocated 5% of its CSR budget to each province to support various initiatives aimed at enhancing financial literacy and promoting online transactions. A digital awareness campaign was conducted through online news platforms and national TV, complemented by the production of a short film addressing financial literacy and digital fraud.

The Bank also partnered with Non-Governmental Organizations and International Non-Governmental Organizations in



Province 7 to implement a Financial Literacy Program, furthering its outreach to communities in need of financial education. Additionally, financial supports were made in purchasing computers and providing internet facilities to encourage and support online transactions.

## **Culture and Heritage**

In FY 2023/24, the Bank allocated NPR 2.6 million to promote culture and conserve heritage across the country. The initiatives included organizing heritage awareness programs nationwide, developing ghats (cremation ground), constructing temples, and erecting deity statues. Additionally, the Bank supported the distribution of water to devotees during various jatras (local community festivals)

## **Environmental & Social**

The Bank allocated funds to install over 200 dustbins in municipalities, contributing to enhanced environmental cleanliness. The Bank also supported the Nepal Army's mountain cleaning campaign, ensuring safer and cleaner mountain areas. In collaboration with the Rotary Club of Biratnagar, sewing machines and training were provided to around 30 women in the Mohar community, empowering them economically and boosting their income prospects. Additional training in producing woollen items further expanded their opportunities.

The Bank also allocated funds to purchase medical supplies such as sanitizers and masks for its 58 branches, ensuring the safety of employees and customers. Donations to old age homes and Sewa Ashrams benefited over 40 elderly individuals, improving their living conditions. The installation of a water pump in Pakari, Dipayal, addressed the community's need for clean drinking water. Additionally, funding the installation of speed traffic boards on the Pokhara-Baglung highway improved road safety, helping reduce the risk of major accidents.

## **Disaster Management**

Following the devastating 6.4 Richter scale earthquake that claimed over 150 lives and fully or partially damaged more than 61,000 houses in Jajarkot, NMB provided critical support to affected communities. The Bank distributed 500 blankets and tents to those in need and donated an anesthesia machine to Jajarkot Hospital to enhance its treatment capabilities. Funding was also provided to Bandipur Municipality to support individuals affected by natural calamities, addressing immediate needs through the provision of essential relief items and the enhancement of medical care.



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# CONSOLIDATED FINANCIAL STATEMENTS

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**Independent Auditor's Report**

**To the Shareholders of NMB Bank Limited**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the consolidated financial statements of the NMB Bank Limited (the "Bank") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at Ashadh 31, 2081 (July 15, 2024), and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements presents fairly, in all material respects, the consolidated financial position of the Group as at Ashadh 31, 2081 (July 15, 2024), and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 *Auditors 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 financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 judgement, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. N	Key Audit Matters	Auditor's Response
1.	<p><b>Interest Recognition</b></p> <p>The interest income of the bank has to be recognized on an accrual basis and following the Interest Income Recognition Guidelines 2019 issued by NRB. Though accrual basis of income recognition is prescribed in general, the guidelines require 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 an effect on recognition of interest income by the bank.</p> <p>Other liabilities include excess interest payable to loan customers reversing the interest income which may vary when the bank commences the refund. This</p>	<p>Our audit approach regarding verification of process of interest recognition included:</p> <ol style="list-style-type: none"> <li>Obtaining clear understanding of the process of accrual of interest income on loans and advances in the Core Banking Software of the bank.</li> <li>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.</li> <li>Test check of the interest income booking with manual computation.</li> <li>Test-checked the premium charged on sampled borrowers from the report provided and basis taken by the management to arrive at the excess interest payable.</li> </ol>



	<p>may, in turn, have an effect on the recognition of interest income of the bank. thus, considered them as key audit matters.</p> <p>Thus, we have considered it as a Key Audit Matter.</p>	
2.	<p><b>Investment Valuation, Identification, and Impairment</b></p> <p>Investment of the bank comprises of investment in government bonds, T-bills, development bonds and investment in quoted and unquoted equity instruments. The valuation of the aforesaid securities has been done in compliance with NFRS 9 and NRB Directive no. 8. The investment in the government and NRB bonds and T-bills should be recognized on reporting date on Amortized cost basis whereas other investments in equity instruments, other than those held for trading, should be valued at Fair Value through Other Comprehensive Income.</p> <p>Given the varieties of treatments recommended for valuation of investment based on nature of cash flow, the business model adopted, complexity of calculations and the significance of amount involved in such investments, same has been considered as Key Audit Matter.</p>	<p>Our audit approach regarding verification of process of investment valuation, identification and impairment included:</p> <ol style="list-style-type: none"> <li>Review of the investment of the bank and its valuation having reference to NFRS issued by the Accounting Standard Board of Nepal and NRB Directive 4 read with 8.</li> <li>We assessed the nature of expected cash flow of the investments as well as the business model adopted by the management based on available evidence/circumstances and ensured that classification of investment is commensurate with nature of cash flow and management intention of holding the investment.</li> <li>For the investment valuation that are done at amortized cost, we checked the EIR and amortization schedule on test basis.</li> <li>For the investment valued through OCI for quoted investment, we ensured that fair valuation has been done at the closing transaction rate in NEPSE as on 15.07.2024 and for the unquoted investment the fair value has been taken as the NPR 100.</li> </ol>
3.	<p><b>Impairment of Loans and Advances</b></p> <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"> <li>▪ Amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provisioning; and</li> <li>▪ Amount determined as per para 5.5. of NFRS 9, read with carve out issued by Institute of Chartered Accountants of Nepal dated 18 July 2022, adopting Incurred Loss Model.</li> </ul> <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 NFRS 9 read with carve out issued by Institute of Chartered Accountants of Nepal dated 18 July 2022, 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, the 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 considering 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</p>	<p>Our audit approach regarding verification of impairment of loans and advances included:</p> <ol style="list-style-type: none"> <li>Review of the overdue status of loans and advances by obtaining data from the system and matched the same with the NRB 2.2 report.</li> <li>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.</li> <li>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.</li> <li>Grouping of homogeneous groups 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.</li> </ol>



	<p>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 Matter.</p>	
4.	<p><b>Information Technology General Controls</b></p> <p>IT controls with respect to recording of transactions, generating various reports in compliance with NRB guidelines and other compliances to regulators is an important part of the process. Such reporting is highly dependent on the effective working of Core Banking Software and other allied systems.</p> <p>We have considered this as Key Audit Matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management, shareholders and regulators</p>	<p>Our audit approach regarding Information technology of the bank is based upon the Information Technology Guidelines 2012 issued by NRB and it included:</p> <ol style="list-style-type: none"> <li>Understanding the coding system adopted by the bank for various categories of customers.</li> <li>Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system existing in the bank</li> <li>Checking of the user requirements for any changes in the regulations/ policy of the bank</li> <li>Reviewed the reports generated by the system on sample basis. We verified the interest income and expense booking regarding loan and deposit on test basis with the CBS of the bank.</li> <li>We relied on the IT audit conducted by the bank.</li> <li>We verified the provisioning of the loan and advances based on ageing on the test check basis as on 15.07.2024</li> </ol>

### ***Information Other than Consolidated Financial Statements and Auditor's Report Thereon***

Management is responsible for the other information. The other information comprises the information included in the Management Report, Report of the Director's Report and Chairman's Statement but does not include the consolidated financial statements and our auditor's report thereon. Such information 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 will 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 identified above when it becomes available 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.

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

### ***Responsibility 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 Nepal Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditor's Responsibilities 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 NSAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risk of material misstatement of the 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 purposes of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management,
- Conclude on the appropriateness of the 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 Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and 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 presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## **Report on the requirements of Banks and Financial Institutions Act, 2073 and Company Act, 2063**

We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit; the returns received from the branch offices of the bank, though the statements are independently not audited, were adequate for the purpose of the audit; the consolidated financial statements including the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows including a summary of significant accounting policies and other explanatory notes have been prepared in all material respect in accordance with the provisions of the Company Act, 2063, and they are in agreement with the books of accounts of the Bank; and the accounts and records of the bank are properly maintained in accordance with the prevailing laws.

To the best of our information and according to the explanations given to us, in the course of our audit, we observed that the loans have been written off as specified; the business of the Bank was conducted satisfactorily, and the Bank's transactions were found to be within the scope of its authority. We did not come across cases of accounting related fraud and the cases where the board of directors or any director or any office bearer of the Bank has acted contrary to the provisions of law or caused loss or damage to the Bank or committed any misappropriation of the funds of bank.



Sunir Kumar Dhungel  
Managing Partner

Place: Kathmandu, Nepal  
Date: December 06, 2024

UDIN: 241206CA001093zgUV



# NMB Bank Limited

## Consolidated Statement of Financial Position

As on 31 Asar, 2081 (15 July 2024 )

Particulars	Note	Group		NMB	
		As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
<b>Assets</b>					
Cash and cash equivalent	4.1	23,398,372,753	24,711,846,600	22,570,602,707	23,958,279,935
Due from Nepal Rastra Bank	4.2	14,734,991,269	15,086,500,883	14,710,491,269	15,059,500,883
Placement with Bank and Financial Institutions	4.3	3,035,765,321	755,846,186	3,035,765,321	755,846,186
Derivative financial instruments	4.4	7,583,922,347	10,850,079,131	7,583,922,347	10,850,079,131
Other trading assets	4.5	202,634,444	117,486,216	-	24,750,000
Loan and advances to B/FIs	4.6	5,906,200,260	5,997,431,094	8,130,436,626	7,116,529,163
Loans and advances to customers	4.7	199,620,289,976	192,803,782,475	194,304,185,821	189,035,400,388
Investment securities	4.8	34,258,620,564	32,920,879,704	33,772,796,064	32,374,914,828
Current tax assets	4.9	154,806,741	63,370,306	145,037,389	44,947,624
Investment in subsidiaries	4.10	-	-	772,487,600	772,487,600
Investment in associates	4.11	-	-	-	-
Investment property	4.12	851,436,700	697,707,520	851,436,700	697,707,520
Property and equipment	4.13	3,913,651,778	2,746,943,417	3,758,590,533	2,577,549,081
Goodwill and Intangible assets	4.14	153,021,541	183,953,012	148,628,163	178,689,829
Deferred tax assets	4.15	422,895,272	453,510,601	424,642,054	448,411,030
Other assets	4.16	4,749,226,326	3,951,542,477	4,659,139,126	3,882,047,496
<b>Total Assets</b>		<b>298,985,835,292</b>	<b>291,340,879,622</b>	<b>294,868,161,721</b>	<b>287,777,140,694</b>
	<b>Note</b>	<b>As on 31 Asar 2081</b>	<b>As on 31 Asar 2080</b>	<b>As on 31 Asar 2081</b>	<b>As on 31 Asar 2080</b>
<b>Liabilities</b>					
Due to Bank and Financial Institutions	4.17	3,163,179,932	2,737,257,510	3,163,179,932	2,737,257,510
Due to Nepal Rastra Bank	4.18	2,948,951,134	3,285,987,203	2,948,951,134	3,285,987,203
Derivative financial instruments	4.19	7,710,799,737	11,060,344,567	7,710,799,737	11,060,344,567
Deposits from customers	4.20	225,051,686,864	211,559,440,640	223,942,591,903	210,304,687,147
Borrowing	4.21	12,719,247,849	15,262,437,736	11,552,656,301	14,814,903,379
Current Tax Liabilities	4.9	-	-	-	-
Provisions	4.22	6,209,231	1,630,787	-	-
Deferred tax liabilities	4.15	2,496,226	10,502,497	-	-
Other liabilities	4.23	5,022,882,466	5,561,626,806	4,196,471,161	4,861,210,421
Debt securities issued	4.24	12,382,000,301	12,278,329,070	12,382,000,301	12,278,329,070
Subordinated Liabilities	4.25	-	-	-	-
<b>Total liabilities</b>		<b>269,007,453,741</b>	<b>261,757,556,816</b>	<b>265,896,650,469</b>	<b>259,342,719,296</b>
<b>Equity</b>					
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		318,825,491	1,612,243,465	(93,840,782)	1,140,830,240
Reserves	4.27	10,796,616,202	9,064,536,984	10,698,646,074	8,926,885,198
<b>Total equity attributable to equity holders</b>		<b>29,519,363,863</b>	<b>29,080,702,619</b>	<b>28,971,511,251</b>	<b>28,434,421,397</b>
<b>Non-controlling interest</b>		<b>459,017,689</b>	<b>502,620,187</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>29,978,381,551</b>	<b>29,583,322,806</b>	<b>28,971,511,251</b>	<b>28,434,421,397</b>
<b>Total liabilities and equity</b>		<b>298,985,835,292</b>	<b>291,340,879,622</b>	<b>294,868,161,721</b>	<b>287,777,140,694</b>
<b>Contingent liabilities and commitment</b>	<b>4.28</b>	<b>201,008,217,586</b>	<b>179,738,470,926</b>	<b>201,008,217,586</b>	<b>179,738,470,926</b>
<b>Net Assets Value per share</b>		<b>160.72</b>	<b>158.33</b>	<b>157.74</b>	<b>154.82</b>

As per our attached report of even date

**Sunil K.C.**  
CEO

**Manoj Kumar Goyal**  
Chairman

**Sharmila Sanjiv Hardi Prakash**  
Director

**FCA, Sunir Kumar Dhungel**  
Managing Partner  
For, S.A.R Associates  
Chartered Accountants

**Uttam Bhlon**  
Director

**Harishchandra Subedi**  
Director

**Sirish Kumar Murarka**  
Director

**Bandana Pathak**  
Director

**Sudesh Upadhyaya**  
DCEO

**Mridul Parajuli**  
Chief - Finance & Planning

**Date: 2024 Dec 06**

**Place: NMB Bhawan, Babarmahal, Kathmandu**

# NMB Bank Limited

## Consolidated Statement of Profit or Loss

For the year ended 31 Asar, 2081 (15 July 2024 )

Particulars	Note	Group		NMB	
		Year ended 31 Asar 2081	Year ended 31 Asar 2080	Year ended 31 Asar 2081	Year ended 31 Asar 2080
Interest income	4.29	26,289,301,423	27,285,731,788	25,682,542,888	26,622,460,214
Interest expense	4.30	18,715,264,852	18,691,087,432	18,465,800,355	18,374,056,559
<b>Net interest income</b>		<b>7,574,036,571</b>	<b>8,594,644,356</b>	<b>7,216,742,533</b>	<b>8,248,403,655</b>
Fee and commission income	4.31	2,201,096,412	2,117,360,813	1,987,207,424	1,833,472,617
Fee and commission expense	4.32	311,233,067	288,837,761	311,233,067	286,611,105
<b>Net fee and commission income</b>		<b>1,889,863,345</b>	<b>1,828,523,052</b>	<b>1,675,974,357</b>	<b>1,546,861,512</b>
<b>Net interest, fee and commission income</b>		<b>9,463,899,916</b>	<b>10,423,167,408</b>	<b>8,892,716,890</b>	<b>9,795,265,167</b>
Net trading income	4.33	253,170,157	241,554,736	242,411,149	236,285,430
Other operating income	4.34	203,590,427	209,793,523	264,011,431	204,146,509
<b>Total operating income</b>		<b>9,920,660,500</b>	<b>10,874,515,667</b>	<b>9,399,139,470</b>	<b>10,235,697,106</b>
Impairment charge/(reversal) for loans and other losses	4.35	2,049,059,957	1,517,656,677	2,037,966,876	1,453,820,570
<b>Net operating income</b>		<b>7,871,600,543</b>	<b>9,356,858,990</b>	<b>7,361,172,594</b>	<b>8,781,876,536</b>
<b>Operating expense</b>					
Personnel expenses	4.36	2,939,004,747	2,980,386,533	2,634,448,065	2,689,175,176
Other operating expenses	4.37	1,141,951,635	1,025,415,957	1,015,554,807	900,681,727
Depreciation & Amortisation	4.38	485,012,706	557,500,612	458,071,858	516,698,101
<b>Operating Profit</b>		<b>3,305,631,455</b>	<b>4,793,555,888</b>	<b>3,253,097,865</b>	<b>4,675,321,532</b>
Non operating income	4.39	3,442,011	9,985,780	3,442,011	9,985,780
Non operating expense	4.40	25,022,823	76,610,798	20,990,648	76,148,097
<b>Profit before income tax</b>		<b>3,284,050,643</b>	<b>4,726,930,870</b>	<b>3,235,549,228</b>	<b>4,609,159,215</b>
Income tax expense	4.41				
Current Tax		1,067,653,827	1,471,330,376	1,025,730,134	1,434,847,884
Deferred Tax expense/(Income)		(23,310,546)	(41,077,659)	(34,576,210)	(48,235,961)
<b>Profit for the period</b>		<b>2,239,707,362</b>	<b>3,296,678,153</b>	<b>2,244,395,304</b>	<b>3,222,547,292</b>
<b>Profit attributable to:</b>					
Equity holders of the Bank		2,264,432,336	3,309,455,889	2,244,395,304	3,222,547,292
Non-controlling interest		(24,724,974)	(12,777,736)	-	-
<b>Profit for the period</b>		<b>2,239,707,362</b>	<b>3,296,678,153</b>	<b>2,244,395,304</b>	<b>3,222,547,292</b>
<b>Earnings per share</b>					
Basic earnings per share (BEPS)		12.19	17.95	12.22	17.55
Diluted earnings per share (DEPS)		12.19	17.95	12.22	17.55

As per our attached report of even date

**Sunil K.C.**  
CEO

**Manoj Kumar Goyal**  
Chairman

**Sharmila Sanjiv Hardi Prakash**  
Director

**FCA, Sunir Kumar Dhungel**  
Managing Partner  
For, S.A.R Associates  
Chartered Accountants

**Uttam Bhlon**  
Director

**Harishchandra Subedi**  
Director

**Sirish Kumar Murarka**  
Director

**Bandana Pathak**  
Director

**Sudesh Upadhyaya**  
DCEO

**Mridul Parajuli**  
Chief - Finance & Planning

**Date: 2024 Dec 06**

**Place: NMB Bhawan, Babarmahal, Kathmandu**



# NMB Bank Limited

## Consolidated Statement of Other Comprehensive Income

For the year ended 31 Asar, 2081 (15 July, 2024 )

Particulars	Note	Group		NMB	
		Year ended 31 Asar 2081	Year ended 31 Asar 2080	Year ended 31 Asar 2081	Year ended 31 Asar 2080
<b>Profit for the year</b>		<b>2,239,707,362</b>	<b>3,296,678,153</b>	<b>2,244,395,304</b>	<b>3,222,547,292</b>
<b>Other comprehensive income, net of income tax</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		276,002,309	(149,471,216)	274,229,670	(148,285,926)
- Gains/(losses) on revaluation		-	-	-	-
- Actuarial gains/(losses) on defined benefit plans		(85,804,462)	(54,853,731)	(79,745,712)	(55,748,427)
- Income tax relating to above items		(57,059,354)	61,297,484	(58,345,187)	61,210,306
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>		<b>133,138,493</b>	<b>(143,027,463)</b>	<b>136,138,770</b>	<b>(142,824,047)</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		-	-	-	-
- Reclassify to profit or loss		-	-	-	-
<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>c) Share of other comprehensive income of associate accounted as per equited method</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the period, net of income tax</b>		<b>133,138,493</b>	<b>(143,027,463)</b>	<b>136,138,770</b>	<b>(142,824,047)</b>
<b>Total comprehensive income for the period</b>		<b>2,372,845,855</b>	<b>3,153,650,691</b>	<b>2,380,534,074</b>	<b>3,079,723,246</b>
<b>Total comprehensive income attributable to:</b>					
<b>Equity holders of the Bank</b>		<b>2,397,570,829</b>	<b>3,166,428,427</b>	<b>2,380,534,074</b>	<b>3,079,723,246</b>
<b>Non-controlling interest</b>		<b>(24,724,974)</b>	<b>(12,777,736)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>2,372,845,855</b>	<b>3,153,650,691</b>	<b>2,380,534,074</b>	<b>3,079,723,246</b>

As per our attached report of even date

**Sunil K.C.**  
CEO

**Manoj Kumar Goyal**  
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**Sharmila Sanjiv Hardi Prakash**  
Director

**FCA, Sunir Kumar Dhungel**  
Managing Partner  
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Director

**Bandana Pathak**  
Director

**Sudesh Upadhyaya**  
DCEO

**Mridul Parajuli**  
Chief - Finance & Planning

**Date: 2024 Dec 06**

**Place: NMB Bhawan, Babarmahal, Kathmandu**

# NMB Bank Limited

Consolidated Statement of changes in equity  
For the year ended 31 Asar, 2081 (15 July 2024)

## NMB

### Attributable to equity holders of the Bank

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
<b>Balance at 16 July 2022</b>	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/Restatements	-	-	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Adjusted/Restated balance at 17 July 2022</b>	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
<b>Comprehensive income for the year 2022-23</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Profit for the year</b>	-	-	-	-	-	-	-	3,222,547,292	-	3,222,547,292	-	3,222,547,292
<b>Other comprehensive income, net of tax</b>	-	-	-	-	-	-	-	-	-	-	-	-
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)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	(103,800,148)	-	3,222,547,292	(39,023,899)	3,079,723,246	-	3,079,723,246
<b>Transfer to reserve during the year</b>	-	-	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	-	-	-
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)



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
Exchange Gain/(Loss) (arising from Translating Financial Assets of Foreign Operation)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	191,940,769	-	2,244,395,304	(55,821,998)	2,380,534,074	-	2,380,534,074
<b>Transfer to reserve during the year</b>	-	-	448,879,061	25,309,999	597,108,648	-	-	(1,635,622,105)	564,324,398	-	-	-
General Reserve Fund	-	-	448,879,061	-	-	-	-	(448,879,061)	-	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	25,309,999	-	-	-	(25,309,999)	-	-	-	-
Corporate Social Responsibility Fund	-	-	-	-	-	-	-	13,136,952	(13,136,952)	-	-	-
Customer Protection Fund	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Tax Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Staff Skill Development Fund	-	-	-	-	-	-	-	(10,794,971)	10,794,971	-	-	-
Regulatory Reserve	-	-	-	-	597,108,648	-	-	(597,108,648)	-	-	-	-
NMB Staff Relief Fund	-	-	-	-	-	-	-	-	-	-	-	-
Debtenture Redemption Reserve	-	-	-	-	-	-	-	(566,666,379)	566,666,379	-	-	-
<b>Transfer from reserve during the year</b>	-	-	-	-	-	-	-	-	-	-	-	-
Fair Value Reserve - Sale of Investment	-	-	-	-	-	-	-	-	-	-	-	-
Debtenture Redemption Reserve	-	-	-	-	-	-	-	-	-	-	-	-
NMB Staff Relief Fund	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Social Responsibility Fund	-	-	-	-	-	-	-	-	-	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transactions with owners, directly recognised in equity</b>	-	-	-	-	-	-	-	-	-	-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Dividends to equity holders</b>	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total contributions by and distributions</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at 15 July 2024</b>	18,366,705,959	-	5,410,110,015	182,284,327	3,022,614,353	342,701,754	-	(93,840,782)	1,740,933,625	28,971,511,251	-	28,971,511,251



# NMB Bank Limited

Consolidated Statement of changes in equity  
For the year ended 31 Asar, 2081 (15 July 2024)

## 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
<b>Balance at 15 July 2022</b>	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	751,523,756.5	27,490,386,599	538,470,376	28,028,856,975
Adjustment/Restatement	-	-	902,088	-	-	-	-	(4,276,152)	(3,677,607)	(7,051,671)	(31,186,593)	(38,238,264)
Prior Period Taxes	-	-	-	-	-	-	-	-	-	-	-	-
<b>Adjusted/Restated balance at 16 July 2022</b>	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	27,483,334,926	507,283,784	27,990,618,711
<b>Comprehensive income for the year 2022-23</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Profit for the year</b>	-	-	-	-	-	-	-	3,309,455,889	-	3,309,455,889	(12,777,736)	3,296,678,154
<b>Other comprehensive income, net of tax</b>	-	-	-	-	-	-	-	-	-	-	-	-
Gain/(Loss) from Investment in Equity Instrument measured at Fair Value	-	-	-	-	-	(104,629,951)	-	-	-	(104,629,951)	-	(104,629,951)
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)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	(104,629,951)	-	3,309,455,889	(38,397,612)	3,166,428,427	(12,777,736)	3,153,650,691
<b>Transfer to reserves during the year</b>	-	-	644,509,458	14,767,839	929,685,076	-	-	(2,142,833,411)	594,817,813	2,146,776	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	-	-	-	-	-	-	-	-	-	-	-	-
Regulatory Reserve	-	-	-	-	929,685,076	-	-	(929,685,076)	23,383,628	23,383,628	-	23,383,628
Actuary Adjustment- NMBCL	-	-	-	-	-	-	-	-	w -	-	8,114,139	8,114,139
NMB Staff Relief Fund	-	-	-	-	-	-	-	(1,010,565)	(626,287)	(1,010,565)	-	(626,287)
Staff Skill Development Fund	-	-	-	-	-	-	-	(5,394,094)	5,394,094	-	-	-
Debenture Redemption Reserve	-	-	-	-	-	-	-	(566,666,379)	566,666,379	-	-	-
<b>Transfer from reserves during the year</b>	-	-	-	-	-	-	-	50,000,000	(50,000,000)	-	-	-
Fair Value Reserve - Sale of Investment	-	-	-	-	-	-	-	-	-	-	-	-
Fair Value Adjustment NMBCL	-	-	-	-	-	-	-	-	-	-	-	-

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
Other Reserve NMBCL	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Social Responsibility Fund	-	-	-	-	-	-	-	-	-	-	-	-
Customer Protection Fund	-	-	-	-	-	-	-	-	-	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	50,000,000	(50,000,000)	-	-	-
<b>Transactions with owners, directly recognised in equity</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Dividends to equity holders</b>	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	133,449,006	-	133,449,006	-	(33,449,006)
Cash dividend paid	-	-	-	-	-	-	-	(1,557,358,505)	-	(1,557,358,505)	-	(1,557,358,505)
<b>Total contributions by and distributions</b>	-	-	-	-	-	-	-	(1,590,807,511)	-	(1,590,807,511)	-	(1,590,807,511)
<b>Balance at 16 July 2023</b>	18,366,705,959	37,216,210	5,023,919,100	156,976,329	2,471,873,634	157,501,570	-	1,612,243,445	1,254,246,351	29,080,702,619	502,620,187	29,583,322,806
<b>Balance at 16 July 2023</b>	18,366,705,959	37,216,210	5,023,919,100	156,976,329	2,471,873,634	157,501,570	-	1,612,243,445	1,254,246,351	29,080,702,619	502,620,187	29,583,322,806
Adjustment/Restatement	-	-	-	-	-	(5,731,568)	-	(1,834,374,328)	(42,773,727)	(1,882,879,622)	(16,426,684)	(1,899,306,307)
Prior Period Taxes	-	-	-	-	-	-	-	-	-	-	-	-
<b>Adjusted/Restated balance at 17 July 2023</b>	18,366,705,959	37,216,210	5,023,919,100	156,976,329	2,471,873,634	151,770,002	-	(222,130,883)	1,211,472,624	27,197,822,996	486,193,503	27,684,016,500
<b>Comprehensive income for the year 2023-24</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Profit for the year</b>	-	-	-	-	-	-	-	2,244,432,336	-	2,244,432,336	(24,726,974)	2,239,707,362
<b>Other comprehensive income, net of tax</b>	-	-	-	-	-	-	-	-	-	-	-	-
Gain/(Loss) from Investment in Equity Instrument measured at Fair Value	-	-	-	-	-	193,201,616	-	-	-	193,201,616	-	193,201,616
Gain/(Loss) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial Gain/(Loss) on defined benefit plans	-	-	-	-	-	-	-	-	(60,063,123)	(60,063,123)	-	(60,063,123)
Gain/(Loss) on Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Gain/(Loss) (arising from translating Financial Assets of Foreign Operation)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	193,201,616	-	2,244,432,336	(60,063,123)	2,397,570,829	(24,726,974)	2,372,843,855
<b>Transfer to reserve during the year</b>	-	-	448,879,061	25,309,999	602,611,077	-	-	(1,655,475,983)	570,645,883	(8,023,943)	(2,650,840)	(10,680,803)
General Reserve Fund	-	-	448,879,061	-	-	-	-	(448,879,061)	-	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	25,309,999	-	-	-	(25,309,999)	-	-	-	-
Customer Protection Fund	-	-	-	-	-	-	-	(696,394)	696,394	-	669,085	669,085
Corporate Social Responsibility Fund	-	-	-	-	-	-	-	21,115	(12,292,203)	(12,271,088)	(20,287)	(12,271,375)

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
Regulatory Reserve	-	-	-	-	602,611,077	-	-	(602,611,077)	-	-	(3,617,709)	(3,617,709)
Actuary Adjustment- NMBCL	-	-	-	-	-	-	-	-	4,241,125	4,241,125	-	4,241,125
NMB Staff Relief Fund	-	-	-	-	-	-	-	-	-	-	-	-
Staff Skill Development Fund	-	-	-	-	-	-	-	(11,334,188)	11,334,188	-	518,071	518,071
Debtenture Redemption Reserve	-	-	-	-	-	-	-	(566,666,379)	566,666,379	-	-	-
<b>Transfer from reserve during the year</b>	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(68,000,000)	-	(68,000,000)	-	(68,000,000)
<b>Total contributions by and distributions</b>	-	-	-	-	-	-	-	<b>(68,000,000)</b>	-	<b>(68,000,000)</b>	-	<b>(68,000,000)</b>
<b>Balance at 15 July 2024</b>	<b>18,366,705,989</b>	<b>37,216,210</b>	<b>5,472,798,161</b>	<b>182,286,327</b>	<b>3,074,464,711</b>	<b>344,971,619</b>	<b>-</b>	<b>318,825,491</b>	<b>1,722,075,384</b>	<b>29,519,363,863</b>	<b>459,017,689</b>	<b>29,978,381,551</b>

As per our attached report of even date

**Sunil K.C.**  
CEO

**Manoj Kumar Goyal**  
Chairman

**Sharmila Sanjiv Hardi Prakash**  
Director

**FCA, Sunir Kumar Dhungel**  
Managing Partner  
For, S.A.R Associates  
Chartered Accountants

**Uttam Bhlon**  
Director

**Harishchandra Subedi**  
Director

**Sirish Kumar Murarka**  
Director

**Bandana Pathak**  
Director

**Sudesh Upadhyaya**  
DCEO

**Mridul Parajuli**  
Chief – Finance & Planning

**Date: 2024 Dec 06**

**Place: NMB Bhawan, Babarmahal, Kathmandu**

**NMB Bank Limited**  
**Consolidated Statement of Cash Flows**  
For the year ended 31 Asar, 2081 (15 July, 2024 )

Particulars	Group		NMB	
	Year ended 31 Asar 2081	Year ended 31 Asar 2080	Year ended 31 Asar 2081	Year ended 31 Asar 2080
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest received	22,658,933,244	23,533,415,636	22,570,768,334	22,805,098,433
Fees and other income received	2,155,877,024	2,038,193,416	1,984,145,010	1,840,653,913
Dividend received	-	-	-	-
Receipts from other operating activities	210,988,830	273,041,872	210,988,830	262,447,783
Interest paid	(17,785,614,488)	(19,271,763,316)	(17,785,614,488)	(18,815,188,171)
Commission and fees paid	(311,223,796)	(284,654,056)	(311,223,796)	(284,654,056)
Cash payment to employees	(2,252,116,625)	(2,306,243,652)	(2,199,368,347)	(2,064,033,021)
Other expense paid	(1,624,983,022)	(1,257,787,925)	(1,570,015,697)	(1,103,878,368)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>3,051,861,167</b>	<b>2,724,201,974</b>	<b>2,899,679,846</b>	<b>2,640,446,514</b>
<b>(Increase)/Decrease in operating assets</b>	-		-	
Due from Nepal Rastra Bank	349,009,614	(1,312,167,203)	349,009,614	(1,312,167,203)
Placement with bank and financial institutions	(2,279,919,135)	(209,061,000)	(2,279,919,135)	(209,061,000)
Other trading assets	24,750,000	(24,750,000)	24,750,000	(24,750,000)
Loan and advances to bank and financial institutions	(1,027,454,030)	(1,191,985,976)	(1,027,454,030)	(1,191,985,976)
Loans and advances to customers	(6,114,941,086)	(13,702,695,070)	(6,114,941,086)	(14,602,290,616)
Other assets	(4,260,515,677)	(343,875,170)	(3,699,540,000)	57,778,780
<b>Total</b>	<b>(13,309,070,314)</b>	<b>(16,784,534,418)</b>	<b>(12,748,094,637)</b>	<b>(17,282,476,014)</b>
<b>Increase/(Decrease) in operating liabilities</b>	-		-	
Due to bank and financial institutions	425,922,475	1,166,762,512	425,922,475	1,166,762,512
Due to Nepal Rastra Bank	(337,036,069)	(5,710,379,325)	(337,036,069)	(5,710,379,325)
Deposit from customers	13,896,380,948	25,029,490,266	13,637,904,703	25,475,639,343
Borrowings	(3,262,247,078)	1,499,400,435	(3,262,247,078)	1,817,503,379
Other liabilities	(2,406,897,783)	456,214,769	(2,775,229,756)	169,963,183
<b>Net cash flow from operating activities before tax paid</b>	<b>8,316,122,493</b>	<b>22,441,488,655</b>	<b>7,689,314,275</b>	<b>22,919,489,092</b>
Income taxes paid	(2,900,791,146)	(1,428,846,104)	(2,893,400,146)	(1,398,846,104)
<b>Net cash flow from operating activities</b>	<b>(4,841,877,800)</b>	<b>6,952,310,107</b>	<b>(5,052,500,663)</b>	<b>6,878,613,488</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	-		-	
Purchase of investment securities	(322,345,340,015)	(40,817,799,493)	(322,184,034,347)	(40,410,128,200)
Receipts from sale of investment securities	323,270,057,540	41,210,959,951	323,270,057,540	40,882,957,491
Purchase of property and equipment	(316,847,236)	(280,628,202)	(316,608,202)	(257,495,869)
Receipt from the sale of property and equipment	26,365,000	19,385,746	26,365,000	19,385,746
Purchase of intangible assets	(22,492,730)	(8,835,881)	(21,019,000)	(9,047,260)
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	(241,814,000)	(405,186,000)	(241,814,000)	(405,186,000)
Receipt from the sale of investment properties	88,085,000	-	88,085,000	-
Investment in subsidiaries, associates & joint ventures	-	(400,000,000)	-	(400,000,000)
Interest received	2,875,120,480	2,211,611,462	2,875,120,480	2,211,611,462
Dividend received	67,430,968	116,113,909	67,430,968	116,113,909
<b>Net cash used in investing activities</b>	<b>3,400,565,008</b>	<b>1,645,621,492</b>	<b>3,563,583,440</b>	<b>1,748,211,279</b>



Particulars	Group		NMB	
	Year ended 31 Asar 2081	Year ended 31 Asar 2080	Year ended 31 Asar 2081	Year ended 31 Asar 2080
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	-	-	-	-
Receipt from issue of debt securities	-	4,000,000,000	-	4,000,000,000
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)	-	(1,515,253,242)
Interest paid	-	-	-	-
Other receipt/payment	26,598,951	41,407,835	-	-
<b>Net cash from financing activities</b>	<b>26,598,951</b>	<b>2,726,154,594</b>	<b>-</b>	<b>2,484,746,758</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,414,713,841)</b>	<b>11,324,086,193</b>	<b>(1,488,917,222)</b>	<b>11,111,571,525</b>
Cash and cash equivalents at the beginning of the year	24,711,846,600	13,328,689,050	23,958,279,935	12,787,637,052
Cash and cash equivalents acquired from the merger	-	-	-	-
Effect of exchange rate fluctuations on cash and cash equivalents held	101,239,994	59,071,357	101,239,994	59,071,357
<b>Cash and cash equivalents at the end of the year</b>	<b>23,398,372,753</b>	<b>24,711,846,600</b>	<b>22,570,602,707</b>	<b>23,958,279,935</b>

As per our attached report of even date

**Sunil K.C.**  
CEO

**Manoj Kumar Goyal**  
Chairman

**Sharmila Sanjiv Hardi Prakash**  
Director

**FCA, Sunir Kumar Dhungel**  
Managing Partner  
For, S.A.R Associates  
Chartered Accountants

**Uttam Bhlon**  
Director

**Harishchandra Subedi**  
Director

**Sirish Kumar Murarka**  
Director

**Bandana Pathak**  
Director

**Sudesh Upadhyaya**  
DCEO

**Mridul Parajuli**  
Chief - Finance & Planning

**Date: 2024 Dec 06**

**Place: NMB Bhawan, Babarmahal, Kathmandu**

# NMB Bank Limited

## Statement of distributable profit or loss

For the year ended 31 Asar, 2081 (15 July, 2024 ) (As per NRB Regulation)

Particulars	As on 31 Asar 2081	As on 31 Asar 2080
<b>Net Profit or Loss as per Statement of profit or loss</b>	<b>2,244,395,304</b>	<b>3,222,547,292</b>
<b>1. Appropriations:</b>		
a. General Reserve	(448,879,061)	(644,509,458)
b. Capital (Debenture) Redemption Reserve	(566,666,379)	(566,666,379)
c. Exchange Fluctuation Fund	(25,309,999)	(14,767,839)
d. Corporate Social Responsibility Fund	13,136,952	(22,893,736)
e. Employees' Training Fund	(10,794,971)	(5,394,094)
f. Other	-	48,989,435
<b>Profit or (Loss) before regulatory adjustment</b>	<b>1,205,881,847</b>	<b>2,017,305,221</b>
<b>Regulatory Adjustment:</b>		
a. Interest receivable (-)/previous accrued interest received (+)	(409,861,056)	(509,464,247)
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 (+)	(96,849,383)	(253,603,980)
e. Deferred tax assets recognised (-)/ reversal (+)	(34,576,210)	(109,910,979)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	(55,821,998)	(39,023,899)
i. Other	-	-
<b>Net Profit for the year ended Asar 31, 2081 available for distribution</b>	<b>608,773,199</b>	<b>1,105,302,115</b>
<b>Opening Retained Earning as on Sawan 1, 2080</b>	<b>1,140,830,240</b>	<b>1,550,781,367</b>
Adjustment (+/-)	-	-
Payment of Tax on Premium of FPO and Swap Surplus/Bargain Purchase Gain due to Merger and Acquisitions	(1,843,444,221)	-
<b>Distribution:</b>		
Bonus shares issued	-	-
Cash Dividend Paid	-	(1,515,253,242)
<b>Total Distributable profit or (loss) as on year ended Asar 31,2081</b>	<b>(93,840,782)</b>	<b>1,140,830,240</b>
<b>Annualised Distributable Profit/Loss per share</b>	<b>(0.51)</b>	<b>6.21</b>



# NMB Bank Limited

## Notes to Consolidated Financial Statements

### For the year ended 31 Asar, 2081

#### Cash and cash equivalent

4.1

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Cash in hand	5,013,166,263	4,840,262,621	5,006,769,438	4,838,527,230
Balances with B/FIs	2,489,290,933	3,617,881,489	1,979,322,539	2,990,111,397
Money at call and short notice	690,335,249	608,745,559	378,930,423	484,684,376
Other	15,205,580,307	15,644,956,932	15,205,580,307	15,644,956,932
<b>Total</b>	<b>23,398,372,753</b>	<b>24,711,846,600</b>	<b>22,570,602,707</b>	<b>23,958,279,935</b>

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 on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Statutory balances with NRB	11,412,187,743	11,569,721,798	11,387,687,743	11,542,721,798
Securities purchased under resale agreement	-	-	-	-
Other deposit and receivable from NRB	3,322,803,526	3,516,779,085	3,322,803,526	3,516,779,085
<b>Total</b>	<b>14,734,991,269</b>	<b>15,086,500,883</b>	<b>14,710,491,269</b>	<b>15,059,500,883</b>

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 on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Placement with domestic B/FIs	-	-	-	-
Placement with foreign B/FIs	3,035,765,321	755,846,186	3,035,765,321	755,846,186
Less: Allowances for impairment	-	-	-	-
<b>Total</b>	<b>3,035,765,321</b>	<b>755,846,186</b>	<b>3,035,765,321</b>	<b>755,846,186</b>

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 on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
<b>Held for trading</b>				
Interest rate swap	-	-	-	-
Currency swap	1,848,038,195	1,068,697,938	1,848,038,195	1,068,697,938
Forward exchange contract	5,314,528,361	9,309,635,318	5,314,528,361	9,309,635,318
Others	421,355,791	471,745,875	421,355,791	471,745,875
<b>Held for risk management</b>				
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>7,583,922,347</b>	<b>10,850,079,131</b>	<b>7,583,922,347</b>	<b>10,850,079,131</b>

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 on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Treasury bills	-	-	-	-
Government bonds	-	24,750,000	-	24,750,000
NRB Bonds	-	-	-	-
Domestic Corporate bonds	-	-	-	-
Equities	202,634,444	92,736,216	-	-
Other	-	-	-	-
<b>Total</b>	<b>202,634,444</b>	<b>117,486,216</b>	<b>-</b>	<b>24,750,000</b>
Pledged	-	-	-	-
Non-pledged	202,634,444	117,486,216	-	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 on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Loans to microfinance institutions	6,004,343,938	6,090,396,509	8,228,580,304	7,209,494,579
Other	-	-	-	-
Less: Allowances for impairment	98,143,678	92,965,415	98,143,678	92,965,415
<b>Total</b>	<b>5,906,200,260</b>	<b>5,997,431,094</b>	<b>8,130,436,626</b>	<b>7,116,529,163</b>

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 on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Balance at Sawan 1	92,965,415	77,469,598	92,965,415	77,469,598
Impairment loss for the year:	-	-	-	-
Charge for the year	5,178,263	15,495,818	5,178,263	15,495,818
Recoveries/reversal	-	-	-	-
Amount written off	-	-	-	-
Transfer from Merger	-	-	-	-
<b>Balance at Asar end</b>	<b>98,143,678</b>	<b>92,965,415</b>	<b>98,143,678</b>	<b>92,965,415</b>

## Loans and advances to customers

4.7

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Loan and advances measured at amortized cost	207,953,543,908	199,092,258,922	202,402,300,877	195,100,726,831
Less: Impairment allowances				
Collective impairment	3,948,991,863	2,999,291,974	3,901,360,275	2,999,291,974
Individual impairment	4,384,262,069	3,289,184,473	4,196,754,781	3,066,034,469
<b>Net amount</b>	<b>199,620,289,976</b>	<b>192,803,782,475</b>	<b>194,304,185,821</b>	<b>189,035,400,388</b>
Loan and advances measured at FVTPL	-	-	-	-
<b>Total</b>	<b>199,620,289,976</b>	<b>192,803,782,475</b>	<b>194,304,185,821</b>	<b>189,035,400,388</b>

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 on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
<b>Product</b>				
Term loans	85,564,302,083	72,456,770,623	85,564,302,083	72,456,770,623
Overdraft	48,004,782,065	52,246,727,889	48,004,782,065	52,246,727,889
Trust receipt/Import loans	2,541,417,599	2,475,584,938	2,541,417,599	2,475,584,938
Demand and other working capital loans	24,733,525,996	26,289,722,096	24,733,525,996	26,289,722,096
Personal residential loans	15,273,495,871	14,051,229,092	15,273,495,871	14,051,229,092
Real estate loans	4,788,470,313	5,217,784,805	4,788,470,313	5,217,784,805
Margin lending loans	980,836,607	1,433,456,554	980,836,607	1,433,456,554
Hire purchase loans	5,849,295,262	5,683,589,657	5,849,295,262	5,683,589,657
Deprived sector loans	7,866,226,934	7,106,245,068	2,364,200,384	3,263,658,704
Bills purchased	97,132,750	-	97,132,750	-
Staff loans	2,360,866,674	2,296,786,948	2,355,286,136	2,291,595,764
Other	6,232,209,355	7,196,202,840	6,232,209,355	7,196,202,840
<b>Sub total</b>	<b>204,292,561,509</b>	<b>196,454,100,511</b>	<b>198,784,954,422</b>	<b>192,606,322,963</b>
Interest receivable	3,660,982,398	2,638,158,411	3,617,346,455	2,494,403,868
<b>Grand total</b>	<b>207,953,543,908</b>	<b>199,092,258,922</b>	<b>202,402,300,877</b>	<b>195,100,726,831</b>

#### 4.7.2: Analysis of loan and advances - By Currency

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Nepalese rupee	204,359,748,501	195,193,920,315	198,808,505,470	191,202,388,225
Indian rupee	-	-	-	-
United State dollar	3,586,969,319	3,887,620,239	3,586,969,319	3,887,620,239
Great Britain pound	-	-	-	-
Euro	6,826,088	10,718,368	6,826,088	10,718,367
Japanese yen	-	-	-	-
Chinese yuan	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>207,953,543,908</b>	<b>199,092,258,922</b>	<b>202,402,300,877</b>	<b>195,100,726,831</b>

#### 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 on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
<b>Secured</b>				
Movable/immovable assets	205,608,085,203	195,947,707,359	201,366,687,351	193,558,671,369
Gold and silver	1,157,449	2,449,813	1,157,449	2,449,813
Guarantee of domestic B/FIs	-	-	-	-
Government guarantee	87,066,674	87,066,674	87,066,674	87,066,674
Guarantee of international rated bank	-	-	-	-
Collateral of export document	-	-	-	-
Collateral of fixed deposit receipt	947,389,402	1,452,538,974	947,389,403	1,452,538,974
Collateral of Government securities	-	-	-	-
Counter guarantee	-	-	-	-
Personal guarantee	-	-	-	-
Other collateral	1,304,264,6412	1,602,496,101	-	-
<b>Subtotal</b>	<b>207,947,963,369</b>	<b>199,092,258,922</b>	<b>202,402,300,877</b>	<b>195,100,726,831</b>
Unsecured	5,580,538	-	-	-
<b>Grand Total</b>	<b>207,953,543,908</b>	<b>199,092,258,922</b>	<b>202,402,300,877</b>	<b>195,100,726,831</b>

#### 4.7.4: Allowances for impairment

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Specific allowances for impairment				
Balance at Sawan 1	3,289,184,473	2,104,726,691	3,066,034,469	1,966,168,262
Impairment loss for the year:	-	-	-	-
Charge for the year	1,095,077,596	1,184,457,782	1,130,720,312	1,099,866,207
Recoveries/(reversal) during the year	-	-	-	-
Write-offs	-	-	-	-
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement (Transfer from Merger and Acquisitions)	-	-	-	-
<b>Balance at Asar end</b>	<b>4,384,262,069</b>	<b>3,289,184,473</b>	<b>4,196,754,781</b>	<b>3,066,034,469</b>
Collective allowances for impairment	-	-	-	-
<b>Balance at Sawan 1</b>	<b>3,014,787,792</b>	<b>2,680,238,896</b>	<b>2,999,291,974</b>	<b>2,659,483,429</b>
Impairment loss for the year:	-	-	-	-
Charge/(reversal) for the year	934,204,071	319,053,079	902,068,300	339,808,545
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement (Transfer from Merger and Acquisitions)	-	-	-	-
<b>Balance at Asar end</b>	<b>3,948,991,863</b>	<b>2,999,291,974</b>	<b>3,901,360,275</b>	<b>2,999,291,974</b>
<b>Total allowances for impairment</b>	<b>8,333,253,932</b>	<b>6,288,476,447</b>	<b>8,098,115,055</b>	<b>6,065,326,443</b>

#### Investment securities

4.8

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Investment securities measured at amortized cost	32,701,262,807	31,528,371,379	32,328,394,796	31,070,124,019
Investment in equity measured at FVTOCI	1,557,357,757	1,392,508,325	1,444,401,268	1,304,790,808
<b>Total</b>	<b>34,258,620,564</b>	<b>32,920,879,704</b>	<b>33,772,796,064</b>	<b>32,374,914,828</b>

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 on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Debt securities	3,167,848,435	2,403,117,509	3,167,848,435	2,403,117,509
Government bonds	18,520,852,685	20,778,004,074	18,520,852,685	20,778,004,074
Government treasury bills	10,639,693,676	7,221,519,974	10,639,693,676	7,221,519,974
Nepal Rastra Bank bonds	-	-	-	-
Nepal Rastra Bank deposits instruments	-	-	-	-
Other Investments	372,868,011	1,125,729,822	-	667,482,462
Less: specific allowances for impairment	-	-	-	-
<b>Total</b>	<b>32,701,262,807</b>	<b>31,528,371,379</b>	<b>32,328,394,796</b>	<b>31,070,124,019</b>

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 on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Equity instruments				
Quoted equity securities	1,497,055,366	1,340,047,025	1,386,098,877	1,254,329,508
Unquoted equity securities	60,302,391	52,461,300	58,302,391	50,461,300
<b>Total</b>	<b>1,557,357,757</b>	<b>1,392,508,325</b>	<b>1,444,401,268</b>	<b>1,304,790,808</b>



# NMB Bank Limited

## Notes to Consolidated Financial Statements

### For the year ended 31 Asar 2081

#### 4.8.3: Information relating to investment in equities

Particulars	Group				NMB			
	As on 31 Asar 2081		As on 31 Asar 2080		As on 31 Asar 2081		As on 31 Asar 2080	
	Cost	Fair Value						
<b>Investment in quoted equity - Units of NMB Only</b>								
NMB Hybrid Fund-1 (152,619,210 Units)	-	-	162,619,210	175,466,128	-	-	152,619,210	164,676,128
Citizen Mutual Fund-1 (57,605 Units)	576,048	555,312	576,048	540,335	576,048	555,312	576,048	540,335
NIBL Samridhhi Fund II (500,000 Units)	5,000,000	4,125,000	5,000,000	4,555,000	5,000,000	4,125,000	5,000,000	4,555,000
Sunrise Mutual Fund-I (0 Units)	-	-	1,000,000	968,000	-	-	-	-
Sunrise BlueChip Fund (2,000,000 Units)	20,000,000	16,540,000	20,000,000	15,700,000	20,000,000	16,540,000	20,000,000	15,700,000
Prabhu Select Fund (1,000,000 Units)	10,500,000	10,270,500	10,500,000	9,345,000	10,000,000	9,790,000	10,000,000	8,850,000
Kumari Equity Fund (500,000 Units)	5,000,000	4,830,000	5,000,000	5,085,000	5,000,000	4,830,000	5,000,000	5,085,000
Kumari Sunaulo Lagani (0 Units)	2,000,000	2,368,000	2,000,000	2,000,000	-	-	-	-
NMB 50 (17,701,670 Units)	189,516,700	190,274,767	189,516,700	198,992,535	177,016,700	177,724,767	177,016,700	185,867,535
RBB Mutual Fund-1 (2,000,000 Units)	20,500,000	16,795,000	20,500,000	16,660,000	20,000,000	16,320,000	20,000,000	16,160,000
Mega Mutual Fund-1 (436,340 Units)	4,363,400	3,368,545	4,363,400	3,486,357	4,363,400	3,368,545	4,363,400	3,486,357
NMB Saral Bachat Fund -E (29,927,189 Units)	300,000,003	344,246,011	300,000,003	305,000,806	279,999,996	291,490,821	279,999,996	284,906,839
Kumari Dhanabridhhi Yojana (300,000 Units)	5,000,000	4,835,000	5,000,000	5,020,000	3,000,000	2,901,000	3,000,000	3,012,000
Global Ime Balance Fund I (300,000 Units)	5,000,000	4,550,000	5,000,000	4,670,000	3,000,000	2,730,000	3,000,000	2,802,000
Nmb Sulav Investment Fund II (17,094,000 Units)	183,189,800	184,288,939	183,189,800	183,006,610	170,940,000	171,965,640	170,940,000	170,769,060
Sanima Growth Fund (300,000 Units)	4,000,000	4,056,000	4,000,000	3,996,000	3,000,000	3,042,000	3,000,000	2,997,000
NIBL Growth Fund (500,000 Units)	7,000,000	7,448,000	7,000,000	7,448,000	5,000,000	5,320,000	5,000,000	5,320,000
Sunrise Focused Equity Fund (5,000,000 Units)	51,000,000	42,024,000	51,000,000	49,368,000	50,000,000	41,200,000	50,000,000	48,400,000
RBB Mutual Fund-2 (500,000 Units)	5,000,000	4,750,000	5,000,000	5,000,000	5,000,000	4,750,000	5,000,000	5,000,000
Citizens Super 30 (300,000 Units)	3,000,000	3,000,000	-	-	3,000,000	3,000,000	-	-
Laxmi Value Fund – II (500,000 Units)	5,000,000	4,620,000	-	-	5,000,000	4,620,000	-	-
Himalayan 80-20 (1,000,000 Units)	12,500,000	12,487,500	-	-	10,000,000	9,990,000	-	-
NIBL Stable Fund (100,000 Units)	1,000,000	1,000,000	-	-	-	-	-	-
Siddhartha Investment Growth Scheme 3 (300,000 Units)	5,000,000	4,725,000	5,000,000	5,000,000	3,000,000	2,835,000	3,000,000	3,000,000
NIC Asia Flexi Cap Fund (0 Units)	1,000,000	925,000	1,000,000	1,017,000	-	-	-	-
Nepal Warehousing Company Ltd. (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
Api Power Company Ltd. (0 Units)	-	-	-	985	-	-	-	985
Barun Hydro Power Company Limited (1 Units)	-	296	-	249	-	296	-	249

Particulars	Group				NMB			
	As on 31 Asar 2081		As on 31 Asar 2080		As on 31 Asar 2081		As on 31 Asar 2080	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Sanima Mai Hydro Power Limited (1 Units)	-	340	-	-	-	340	-	-
CEDB Hydro Fund Ltd. - Promoter Shares (133,080 Units)	10,000,000	154,239,720	10,000,000	11,989,200	10,000,000	154,239,720	10,000,000	11,989,200
Shiva Shree Hydropower Ltd - Promoter Shares (100,000 Units)	10,000,000	17,900,000	10,000,000	18,260,000	10,000,000	17,900,000	10,000,000	18,260,000
Ngadi Group Power Limited (2 Units)	-	682	-	468	-	682	-	468
Ridi Power Company Limited (28 Units)	-	5,334	-	-	-	5,334	-	-
Chilime Hydro Power Company Limited (1 Units)	-	465	-	537	-	465	-	537
Sagarmatha Lumbini Insurance Company Limited (57,306 Units)	4,016,713	15,472,620	4,016,713	40,629,954	4,016,713	15,472,620	4,016,713	40,629,954
Siddhartha Premier Insurance Co. Ltd. (0 Units)	-	-	-	81,743	-	-	-	81,743
Prabhu Insurance Company Limited (0 Units)	-	-	-	8,217	-	-	-	8,217
NLG Insurance Company Limited (8 Units)	-	1,408	-	1,408	-	1,408	-	1,408
Prudential insurance Co. Ltd (0 Units)	-	-	-	97,440	-	-	-	97,440
IGI Prudential Insurance Co. Ltd. (180 Units)	-	100,440	-	6,720	-	100,440	-	6,720
National Life Insurance Co. Ltd. (1 Units)	-	595	-	645	-	595	-	645
Nepal Insurance Co. Ltd. (1 Units)	-	880	-	820	-	880	-	820
Prabhu Mahalaxmi Life Insurance LTD (750,000 Units)	75,000,000	206,550,000	75,000,000	75,000,000	75,000,000	206,550,000	75,000,000	75,000,000
Mero Micro Finance Bittiya Sanstha Ltd. (79,303 Units)	3,177,643	55,512,100	436	5,288	3,177,643	55,512,100	436	5,288
NIC Asia Laghubittya Sanstha Ltd. - Promoter Shares (64,860 Units)	5,375,000	32,702,412	5,375,000	32,702,412	5,375,000	32,702,412	5,375,000	32,702,412
Mero Microfinance Bittiya Sanstha Ltd. Promoter Shares (471,013 Units)	18,872,635	106,448,938	22,049,841	124,369,608	18,872,635	106,448,938	22,049,841	124,369,608
Nerudu Mirmire Laghubittya Bittya Sanstha Limited (44 Units)	-	31,689	-	31,196	-	31,689	-	31,196
Global IME Laghubittya Bittiya Sanstha Ltd. (1 Units)	-	1,365	-	1,061	-	1,365	-	1,061
Vijaya laghubittya Bittiya Sanstha Ltd. (7 Units)	-	7,280	-	4,991	-	7,280	-	4,991
Janautthan Samudayic Laghubittya Bittiya Sanstha Limited (0 Units)	-	-	-	1,020	-	-	-	1,020
Laxmi laghubittya bittya sanstha (2 Units)	-	2,448	-	1,786	-	2,448	-	1,786
National Micro Finance Bittya Sanstha LTD. (5 Units)	-	7,045	-	5,464	-	7,045	-	5,464
Mithila Laghubittya Bittya sanstha Ltd. (10 Units)	-	13,791	-	1,044	-	13,791	-	1,044
Suryodaya Womi Laghubittya Bittiya Sanstha Limited (1 Units)	-	945	-	-	-	945	-	-
Samudayak Laghubittya Bittaya Sanstha Ltd. (0 Units)	11,000,000	15,972,000	11,000,000	14,520,000	-	-	-	-
<b>Total</b>	<b>1,002,587,941</b>	<b>1,497,055,366</b>	<b>1,144,707,151</b>	<b>1,340,047,025</b>	<b>929,338,134</b>	<b>1,386,098,877</b>	<b>1,063,957,344</b>	<b>1,254,329,508</b>



Particulars	Group				NMB			
	As on 31 Asar 2081		As on 31 Asar 2080		As on 31 Asar 2081		As on 31 Asar 2080	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
<b>Investment in unquoted equity - Units of NMB Only</b>								
Nepal Stock Exchange Limited (1,432 Units)	5,000	143,200	5,000	143,200	5,000	143,200	5,000	143,200
Nepal Clearing House Limited (353,536 Units)	5,268,200	35,353,691	5,268,200	27,512,600	5,268,200	35,353,691	5,268,200	27,512,600
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 Finsoft Company Ltd. (0 Units)	2,000,000	2,000,000	2,000,000	2,000,000	-	-	-	-
Nepal Power Exchange Limited (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
<b>Total</b>	<b>27,489,200</b>	<b>60,302,391</b>	<b>27,489,200</b>	<b>52,461,300</b>	<b>25,489,200</b>	<b>58,302,391</b>	<b>25,489,200</b>	<b>50,461,300</b>
<b>Grand Total</b>	<b>1,030,077,141</b>	<b>1,557,357,757</b>	<b>1,172,196,351</b>	<b>1,392,508,325</b>	<b>954,827,334</b>	<b>1,444,401,268</b>	<b>1,089,446,544</b>	<b>1,304,790,808</b>

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 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

## Notes to Consolidated Financial Statements

For the year ended 31 Asar, 2081

### Current tax assets

4.9

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

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
<b>Current tax assets</b>				
Current year income tax assets	1,167,163,818	1,448,772,979	1,125,819,899	1,399,048,957
Tax assets of prior periods	53,748,463	85,057,444	44,947,624	80,328,906
<b>Total Current tax Assets</b>	<b>1,220,912,281</b>	<b>1,533,830,423</b>	<b>1,170,767,523</b>	<b>1,479,377,863</b>
<b>Current tax liabilities</b>				
Current year income tax liabilities	1,067,653,828	1,470,460,116	1,025,730,134	1,434,430,239
Tax liabilities of prior periods	-	-	-	-
<b>Total Current tax Liabilities</b>	<b>1,067,653,828</b>	<b>1,470,460,116</b>	<b>1,025,730,134</b>	<b>1,434,430,239</b>

The movement of Advance tax as of Asar end 2081 is given below:

Particulars	Amount (NPR)
A. Advance Income Tax carried forward from previous year	44,947,624
B. Advance Tax Instalments FY 2080/81	1,110,000,000
C. Tax Withheld by Withholder FY 2080/81	15,819,899
D. Deposit for tax cases	-
E. Provision for Income tax for FY 2080/81	1,025,730,134
F. Tax Audit Adjustments after year end	-
<b>Net Advance Tax Asset/(Liability) (A+B+C-D-E-F)</b>	<b>145,037,389</b>

### Investment in subsidiaries

4.10

Particulars	NMB	
	As on 31 Asar 2081	As on 31 Asar 2080
Investment in quoted subsidiaries	172,487,600	172,487,600
Investment in unquoted subsidiaries	600,000,000	600,000,000
<b>Total investment</b>	<b>772,487,600</b>	<b>772,487,600</b>
Less: Impairment allowances	-	-
<b>Net carrying amount</b>	<b>772,487,600</b>	<b>772,487,600</b>

#### 4.10.1: Investment in quoted subsidiaries

Particulars	NMB			
	As on 31 Asar 2081		As on 31 Asar 2080	
	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
<b>Total</b>	<b>172,487,600</b>	<b>172,487,600</b>	<b>172,487,600</b>	<b>172,487,600</b>

#### 4.10.2: Investment in Unquoted Subsidiaries

Particulars	NMB			
	As on 31 Asar 2081		As on 31 Asar 2080	
	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	400,000,000	400,000,000
N.M.B. Securities Limited 2,000,000 Ordinary Shares of Rs 100 each fully paid up	200,000,000	200,000,000	200,000,000	200,000,000
<b>Total</b>	<b>600,000,000</b>	<b>600,000,000</b>	<b>600,000,000</b>	<b>600,000,000</b>



#### 4.10.3: Information relating to subsidiaries of the Bank

Particulars	NMB	
	Percentage of ownership held by the Bank	
	As on 31 Asar 2081	As on 31 Asar 2080
NMB Capital Limited	100%	100%
N.M.B. Securities Limited	100%	100%
NMB Laghubitta Bittiya Sanstha Limited	51%	51%

#### 4.10.4: Non controlling interest of the subsidiaries

Particulars	NMB	
	As on 31 Asar 2081	As on 31 Asar 2080
Equity interest held by NCI (%)	49%	49%
Profit/(loss) allocated during the year	(24,724,974)	(12,777,736)
Accumulated balances of NCI as on year end	459,017,689	502,620,187
Dividend paid to NCI	-	-

#### Investment in associates

The Bank do not have any investment in associates as of fiscal year end 2081.

4.11

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Investment in quoted associates	-	-	-	-
Investment in unquoted associates	-	-	-	-
<b>Total investment</b>	-	-	-	-
Less: Impairment allowances	-	-	-	-
Net carrying amount	-	-	-	-

#### 4.11.1: Investment in quoted associates

Particulars	As on 31 Asar 2080		As on 32 Asar 2079	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
	Cost	Fair Value	Fair Value	Cost
.....Ltd. ....shares of Rs. .....each	-	-	-	-
.....Ltd. ....shares of Rs. .....each	-	-	-	-
.....	-	-	-	-
<b>Total</b>	-	-	-	-

#### 4.11.2: Investment in unquoted associates

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
	Cost	Fair Value	Fair Value	Cost
.....Ltd. ....shares of Rs. .....each	-	-	-	-
.....Ltd. ....shares of Rs. .....each	-	-	-	-
.....	-	-	-	-
<b>Total</b>	-	-	-	-

#### 4.11.3: Information relating to associates of the Bank

Particulars	Group		NMB	
	Percentage of ownership held by the Bank		Percentage of ownership held by the Bank	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
.....Ltd.	-	-	-	-
.....Ltd.	-	-	-	-
.....Ltd.	-	-	-	-
.....Ltd.	-	-	-	-
.....	-	-	-	-

#### 4.11.4: Equity value of associates

Particulars	Group	
	As on 31 Asar 2081	As on 31 Asar 2080
.....Ltd.	-	-
.....Ltd.	-	-
.....	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

#### Investment properties

4.12

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
<b>Investment properties measured at fair value</b>				
Balance as on Sawan 1	697,707,520	295,161,520	697,707,520	295,161,520
Addition/disposal during the year	153,729,180	402,546,000	153,729,180	402,546,000
Net changes in fair value during the year	-	-	-	-
Transfer from Merger	-	-	-	-
<b>Net amount</b>	<b>851,436,700</b>	<b>697,707,520</b>	<b>851,436,700</b>	<b>697,707,520</b>
<b>Investment properties measured at cost</b>				
Balance as on Sawan 1	-	-	-	-
Addition/disposal during the year	-	-	-	-
Adjustment/transfer	-	-	-	-
Accumulated depreciation	-	-	-	-
Accumulated impairment loss	-	-	-	-
<b>Net amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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.

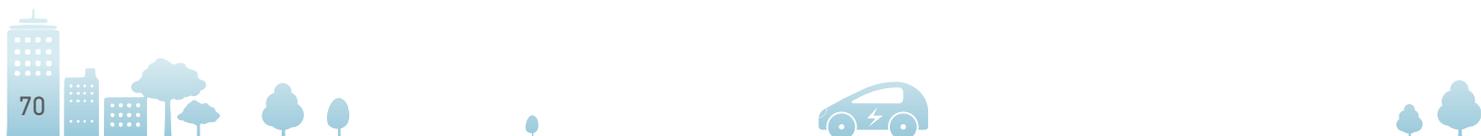
Non banking assets are initially recognized at fair value, since it is not intended for owner-occupied use; depreciation charge is not raised.

The details of Non-Banking Assets as of Asar end, 2081 are as follows:

Party's Name	Date NBA is assumed	Amount (NPR)
1. Siddhi Sai Prakash Construction Pvt. Ltd.	10-Apr-23	109,153,000
2. Shree Shanti Galla Bhandar/Bhaju Ram Kalwar Jaiswal	27-Dec-23	107,996,040
3. Shree Baidhnath Rice Mill	8-Jul-24	47,520,000
4. Om Krishna Traders/Om Krishna Sunchandi Pasal	25-Jul-21	45,482,114
5. East Travels (Nepal) Pvt. Ltd	15-Jul-22	36,696,000
6. Dhananjay Traders And Suppliers	13-Jan-23	32,885,000
7. EZI 2 Wear	10-Jul-23	27,412,870
8. Siddhi Stores	16-Jul-23	27,061,014
9. Phutkeyar Industries Pvt. Ltd	10-Jul-23	25,862,000
10. Sunita Suppliers & Bhupendra P Pokhrel	15-Mar-23	25,165,000
11. Srijana Ojha	15-Jul-24	23,675,506
12. Renuka Sakya	12-Jul-24	22,650,362
13. M Majuwa Trade Concern Pvt Ltd	16-Jul-23	21,996,725
14. Sinesh Suppliers	13-Apr-22	21,658,000
15. Naya Rk Suppliers	3-Jul-24	19,993,194
16. Concept International	13-Apr-22	16,738,000
17. Galaxy Dental And Surgical Pvt. Ltd.	12-Jul-23	15,823,000
18. Factory Outlet And Clothing Store	18-Jun-18	15,530,000
19. Ankita Impex	3-Apr-18	13,936,000



Party's Name	Date NBA is assumed	Amount (NPR)
20. S.N.B. Traders Pvt. Ltd.	14-Jan-23	12,700,000
21. Poudel Traders/Kamal Noodles Udhyog	13-Apr-22	11,454,000
22. Jalka Devi Foods	13-Jul-23	11,000,000
23. Srijana Fancy	7-Dec-21	10,517,004
24. China Hygienic Meat Pro & Sup Pvt. Ltd	15-Jul-18	9,242,000
25. Sangita Hardware Traders	13-Apr-22	9,007,000
26. Gobind Kumar Agarawal/Maa Sanjeevani Traders	13-Apr-22	7,782,000
27. Amar General Suppliers	16-Jul-23	7,115,000
28. Om Shree Hansabahini Fancy Store	5-Jan-22	7,053,559
29. Sister'S Fashion Collection	13-Jan-21	6,883,878
30. Mamata Kumari Poddar	5-Jan-22	6,744,388
31. Mega Intl Tours & Travels Pvt.Ltd	26-May-23	6,250,000
32. Swargdwari Khadhya Udhyog	8-Jul-24	6,080,000
33. Bandana Kewat Madira Pasal/Maan Bahadur Kewat	11-May-22	6,066,698
34. Bibisa Hardware And Suppliers	13-Apr-23	6,040,000
35. Gorakh Prasad Nisadh	15-Jul-23	5,978,708
36. Sharada Upreti	16-Jul-23	5,778,986
37. Mangolian Fancy Store	5-Apr-23	5,532,927
38. Basnet Stores	14-Jul-23	4,728,000
39. Guna Suppliers	17-Mar-20	4,508,880
40. Nabin Shrestha	12-Jun-23	4,310,000
41. S.N.B. Traders Pvt. Ltd	13-Apr-23	4,053,000
42. Tej Bahadur Rokaya	13-Apr-22	3,902,675
43. Chij Kumar Shrestha	16-Jul-23	3,839,247
44. Evergreen	8-Feb-19	3,745,000
45. Lokendra Agrovat	16-Jul-23	3,034,029
46. Gadh Devi Traders	11-Jul-23	2,816,612
47. Jalthal Live Stock Pvt. Ltd	9-Apr-18	2,200,000
48. Manakamana Kanwhise	15-Jul-23	2,055,000
49. Ganga Lawati	4-Apr-23	2,026,453
50. Prasiddha Gahana Griha	24-Mar-23	1,726,000
51. Manamaya Kirana Pasal	4-May-22	1,645,000
52. Babu Rai	9-Jan-19	1,574,853
53. Nirmala Cosmetic And Gift Center	11-Jul-23	1,314,056
54. RN Electronics And Electronic Center	11-Jul-23	1,292,003
55. Radha Cosmetic	15-Jul-23	1,190,000
56. Baija Nath Sah (BNS)	19-Jul-21	1,115,000
57. Kamdhenu Mahila Dugdha Utpadak SSL	16-Nov-17	785,000
58. Sakina Khatun Hajam	27-Feb-23	649,920
59. Chandrakala Limbang	2-Jan-19	466,000
<b>Total</b>		<b>851,436,700</b>



**NMB Bank Limited**  
**Notes to Consolidated Financial Statements**  
For the year ended 31 Asar 2081

**Property and Equipment**

**Group**

**4.13**

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Right-Of Use Assets	Equipment & Others	Total
<b>Cost</b>										
<b>As on Sawan 1, 2079</b>	842,152,545	190,610,152	465,141,141	349,883,032	561,523,764	200,664,977	516,997,681	1,252,299,489	229,899,238	4,609,172,020
<b>Addition during the Year</b>								-		-
Acquisition	-	1,677,590	56,465,905	29,656,722	94,853,000	19,293,246	83,936,670	-	6,368,175	292,251,310
Capitalization	-	-	-	-	-	-	-	-	-	-
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
<b>Balance as on Asar end 2080</b>	842,152,545	192,287,742	625,216,806	362,934,087	618,005,964	218,446,160	595,952,736	1,252,299,489	222,433,142	4,929,728,672
<b>Addition during the Year</b>								-		
Acquisition	1,278,454,095	4,079,205	47,766,624	16,993,380	124,400,100	12,458,972	115,263,291	-	6,679,442	1,606,095,109
Capitalization	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	(15,526,818)	(10,965,237)	(64,256,825)	(4,866,448)	(14,023,489)	-	(9,268,625)	(118,907,442)
Adjustment/Revaluation										-
<b>Balance as on Asar end 2081</b>	2,120,606,640	196,366,947	657,456,612	368,962,230	678,149,239	226,038,685	697,192,539	1,252,299,489	219,843,959	6,416,916,340
<b>Depreciation and Impairment</b>										
As on Sawan 1, 2079	-	63,982,663	262,857,580	246,516,796	329,664,265	136,154,446	329,608,986	179,876,278	171,804,117	1,720,465,132
Depreciation charge for the Year	-	4,497,244	64,038,231	37,797,215	91,768,651	19,247,586	63,246,477	199,866,416	19,221,948	499,683,769
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)	14,874	4,364,833	-	(4,385,181)	32,872,579
<b>As on Asar end 2080</b>	-	68,479,908	357,071,599	267,871,828	390,026,967	154,114,418	384,000,911	379,742,695	181,476,929	2,182,785,255
Depreciation charge for the Year	-	4,556,547	47,138,309	36,123,783	93,687,211	18,985,011	69,215,999	141,609,714	20,841,574	432,158,147
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(13,451,668)	(10,849,896)	(60,678,018)	(4,681,091)	(12,950,479)	-	(9,067,688)	(111,678,841)
Adjustment	-	-								-
<b>As on Asar end 2081</b>	-	73,036,455	390,758,240	293,145,715	423,036,159	168,418,338	440,266,431	521,352,408	193,250,815	2,503,264,561
<b>Net Book Value</b>										
<b>As on Asar end 2079</b>	842,152,545	126,627,489	202,283,561	103,366,236	231,859,499	64,510,531	187,388,695	1,072,423,211	58,095,122	2,888,706,889
<b>As on Asar end 2080</b>	842,152,545	123,807,835	268,145,207	95,062,259	227,978,996	64,331,742	211,951,825	872,556,795	40,956,213	2,746,943,417
<b>As on Asar end 2081</b>	2,120,606,640	123,330,492	266,698,372	75,816,516	255,113,079	57,620,346	256,926,108	730,947,081	26,593,145	3,913,651,778



NMB

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Right-Of Use Assets	Equipment & Others	Total
<b>Cost</b>										
<b>As on Sawan 1, 2079</b>	<b>842,152,545</b>	<b>190,610,152</b>	<b>455,829,744</b>	<b>309,917,257</b>	<b>524,352,394</b>	<b>169,025,145</b>	<b>516,997,681</b>	<b>1,201,921,795</b>	<b>222,617,926</b>	<b>4,433,424,638</b>
Addition during the Year										
Acquisition	-	1,677,590	38,676,307	22,482,348	94,853,000	12,282,353	83,563,370	-	6,360,900	259,895,869
Capitalization	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-
<b>Balance as on Asar end 2080</b>	<b>842,152,545</b>	<b>192,287,742</b>	<b>490,702,460</b>	<b>315,862,238</b>	<b>580,834,394</b>	<b>179,824,582</b>	<b>586,989,255</b>	<b>1,201,921,795</b>	<b>223,814,146</b>	<b>4,614,389,157</b>
Addition during the Year										
Acquisition	1,278,454,095	4,079,205	43,799,279	14,335,960	124,400,100	9,695,282	113,612,456	-	6,679,442	1,595,055,820
Capitalization	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	(15,526,818)	(10,881,317)	(64,207,788)	(4,814,753)	(14,002,803)	-	(9,268,625)	(118,702,105)
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-
<b>Balance as on Asar end 2081</b>	<b>2,120,606,640</b>	<b>196,366,947</b>	<b>518,974,920</b>	<b>319,316,881</b>	<b>641,026,707</b>	<b>184,705,111</b>	<b>686,598,908</b>	<b>1,201,921,795</b>	<b>221,224,964</b>	<b>6,090,742,872</b>
<b>Depreciation and Impairment</b>										
<b>As on Sawan 1, 2079</b>	<b>-</b>	<b>63,982,663</b>	<b>256,150,967</b>	<b>224,787,154</b>	<b>307,445,902</b>	<b>116,035,824</b>	<b>329,608,986</b>	<b>179,876,278</b>	<b>169,361,007</b>	<b>1,647,248,781</b>
Depreciation charge for the Year		4,497,244	40,824,247	32,068,318	87,813,952	16,034,980	62,142,385	197,295,699	19,150,694	459,827,520
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/Acquisition										
<b>As on Asar end 2080</b>	<b>-</b>	<b>68,479,908</b>	<b>294,351,754</b>	<b>240,334,482</b>	<b>363,853,906</b>	<b>130,768,315</b>	<b>378,531,986</b>	<b>377,171,977</b>	<b>183,347,747</b>	<b>2,036,840,076</b>
Depreciation charge for the Year		4,556,547	45,890,028	30,481,123	89,477,899	16,147,016	68,274,995	136,244,184	15,919,309	406,991,104
Impairment for the year		-	-	-	-	-	-	-	-	-
Disposals		-	(13,451,668)	(10,849,896)	(60,678,018)	(4,681,091)	(12,950,479)	-	(9,067,688)	(111,678,841)
Adjustment										
<b>As on Asar end 2081</b>	<b>-</b>	<b>73,036,455</b>	<b>326,790,115</b>	<b>259,965,710</b>	<b>392,653,787</b>	<b>142,234,240</b>	<b>433,856,503</b>	<b>513,416,162</b>	<b>190,199,368</b>	<b>2,332,152,339</b>
<b>Capital Work in Progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>										
<b>As on Asar end 2079</b>	<b>842,152,545</b>	<b>126,627,489</b>	<b>199,678,776</b>	<b>85,130,103</b>	<b>216,906,493</b>	<b>52,989,321</b>	<b>187,388,695</b>	<b>1,022,045,517</b>	<b>53,256,918</b>	<b>2,786,175,857</b>
<b>As on Asar end 2080</b>	<b>842,152,545</b>	<b>123,807,835</b>	<b>196,350,705</b>	<b>75,527,755</b>	<b>216,980,488</b>	<b>49,056,267</b>	<b>208,457,269</b>	<b>824,749,818</b>	<b>40,466,399</b>	<b>2,577,549,081</b>
<b>As on Asar end 2081</b>	<b>2,120,606,640</b>	<b>123,330,492</b>	<b>192,184,806</b>	<b>59,351,171</b>	<b>248,372,920</b>	<b>42,470,871</b>	<b>252,742,405</b>	<b>688,505,633</b>	<b>31,025,596</b>	<b>3,758,590,533</b>

## Goodwill and Intangible Assets

## Group

4.14

Particulars	Goodwill	Software		Other	Total
		Purchased	Developed		
<b>Cost</b>					
As on Sawan 1, 2079	72,829,139.00	362,352,551	-	-	435,181,690
Addition during the Year	-	-	-	-	-
Acquisition	-	10,222,460	-	-	10,222,460
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
<b>Balance as on Asar end 2080</b>	<b>72,829,139</b>	<b>372,575,011</b>	<b>-</b>	<b>-</b>	<b>445,404,150</b>
					-
Addition during the Year					-
Acquisition	-	21,923,088	-	-	21,923,088
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
<b>Balance as on Asar end 2081</b>	<b>72,829,139</b>	<b>394,498,099</b>	<b>-</b>	<b>-</b>	<b>467,327,238</b>
					-
Amortization and Impairment					-
As on Sawan 1, 2079	-	203,130,322	-	-	203,130,322
Amortization charge for the Year	-	58,320,816	-	-	58,320,816
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Acquisition	-	-	-	-	-
<b>As on Asar end 2080</b>	<b>-</b>	<b>261,451,138</b>	<b>-</b>	<b>-</b>	<b>261,451,138</b>
					-
Amortization charge for the Year	-	52,854,559	-	-	52,854,559
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Acquisition	-	-	-	-	-
<b>As on Asar end 2081</b>	<b>-</b>	<b>314,305,697</b>	<b>-</b>	<b>-</b>	<b>314,305,697</b>
					-
<b>Net Book Value</b>					
<b>As on Asar end 2079</b>	<b>72,829,139</b>	<b>159,222,228</b>	<b>-</b>	<b>-</b>	<b>232,051,367</b>
<b>As on Asar end 2080</b>	<b>72,829,139</b>	<b>111,123,873</b>	<b>-</b>	<b>-</b>	<b>183,953,012</b>
<b>As on Asar end 2081</b>	<b>72,829,139</b>	<b>80,192,402</b>	<b>-</b>	<b>-</b>	<b>153,021,541</b>



NMB

Particulars	Goodwill	Software		Other	Total
		Purchased	Developed		
<b>Cost</b>					
<b>As on Sawan 1, 2079</b>	<b>72,829,139</b>	<b>352,892,544</b>	-	-	<b>425,721,683</b>
Addition during the Year					
Acquisition	-	9,047,260	-	-	9,047,260
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/ Revaluation	-	-	-	-	-
<b>Balance as on Asar end 2080</b>	<b>72,829,139</b>	<b>361,939,804</b>	-	-	<b>434,768,943</b>
<b>Addition during the Year</b>					
Acquisition	-	21,019,088	-	-	21,019,088
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/ Revaluation	-	-	-	-	-
<b>Balance as on Asar end 2081</b>	<b>72,829,139</b>	<b>382,958,892</b>	-	-	<b>455,788,031</b>
<b>Amortization and Impairment</b>					
As on Sawan 1, 2079	-	199,208,533	-	-	199,208,533
Amortization charge for the Year	-	56,870,581	-	-	56,870,581
Impairment for the year	-	-	-	-	56,870,581
Disposals	-	-	-	-	-
Acquisition	-	-	-	-	-
<b>As on Asar end 2080</b>	-	<b>256,079,114</b>	-	-	<b>256,079,114</b>
<b>Amortization charge for the Year</b>		51,080,755			51,080,755
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Acquisition	-	-	-	-	-
<b>As on Asar end 2081</b>	-	<b>307,159,868</b>	-	-	<b>307,159,868</b>
<b>Net Book Value</b>					
<b>As on Asar end 2079</b>	<b>72,829,139</b>	<b>153,684,011</b>	-	-	<b>226,513,150</b>
<b>As on Asar end 2080</b>	<b>72,829,139</b>	<b>105,860,690</b>	-	-	<b>178,689,829</b>
<b>As on Asar end 2081</b>	<b>72,829,139</b>	<b>75,799,024</b>	-	-	<b>148,628,163</b>

# NMB Bank Limited

## Notes to Consolidated Financial Statements

For the year ended 31 Asar 2081

### 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		
	Year ended 31 Asar 2081			Year ended 31 Asar 2081		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
<b>Deferred tax on temporary differences on following items</b>						
Loan and Advance to B/FIs	29,443,103	29,443,103	-	29,443,103	29,443,103	-
Loans and advances to customers	2,429,434,517	2,442,539,278	(13,104,761)	2,429,434,517	2,429,434,517	-
Investment properties	-	-	-	-	-	-
Investment securities	-	151,970,680	(151,970,680)	-	146,872,180	(146,872,180)
Property & equipment	368,926,648	348,753,723	20,018,285	352,566,376	307,583,185	44,983,191
Employees' defined benefit plan	436,363,021	-	436,363,021	421,641,014	-	421,641,014
Lease liabilities	279,324,987	218,952,151	60,385,709	241,129,231	206,551,690	34,577,541
Provisions	1,663,301	-	1,663,301	1,663,301	-	1,663,301
Other temporary differences	-	-	-	-	-	-
<b>Deferred tax on temporary differences</b>	<b>3,545,155,577</b>	<b>3,191,658,936</b>	<b>353,354,875</b>	<b>3,475,877,542</b>	<b>3,119,884,675</b>	<b>355,992,867</b>
<b>Deferred tax on carry forward of unused tax losses</b>	<b>68,649,187</b>	<b>-</b>	<b>68,649,187</b>	<b>68,649,187</b>	<b>-</b>	<b>68,649,187</b>
Deferred tax due to changes in tax rate			-			-
<b>Net Deferred tax asset/(liabilities) as on 31 Asar 2081</b>			<b>422,004,061</b>			<b>424,642,054</b>
Recognised in profit or loss			482,487,754			483,451,954
Recognised in other comprehensive income			(60,483,693)			(58,809,901)
Recognised directly in equity			-			-
Deferred tax (asset)/liabilities as on Sawan 01, 2080			(443,008,104)			(448,411,030)
<b>Origination/(Reversal) during the year</b>			<b>21,004,043</b>			<b>(23,768,977)</b>
<b>Deferred tax expense/(income) recognised in profit or loss</b>			<b>(23,310,546)</b>			<b>(34,576,210)</b>
<b>Deferred tax expense/(income) recognised in other comprehensive income</b>			<b>57,059,354</b>			<b>58,345,187</b>
<b>Deferred tax expense/(income) recognised in directly in equity</b>			<b>5,373,201</b>			<b>-</b>



Particulars	Group			NMB		
	Year ended 31 Asar 2080			Year ended 31 Asar 2080		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
<b>Deferred tax on temporary differences on following items</b>						
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	-	-	-	-	-	-
<b>Deferred tax on temporary differences</b>	<b>2,872,703,359</b>	<b>2,529,553,422</b>	<b>343,149,937</b>	<b>2,813,020,868</b>	<b>2,464,468,005</b>	<b>348,552,864</b>
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			-			-
<b>Net Deferred tax asset/(liabilities) as on 31 Asar 2080</b>			<b>443,008,104</b>			<b>448,411,030</b>
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 01 Sawan 2079			(325,067,719)			(338,964,764)
<b>Origination/(Reversal) during the year</b>			<b>117,940,385</b>			<b>109,446,266</b>
<b>Deferred tax expense/(income) recognised in profit or loss</b>			<b>(41,077,659)</b>			<b>(48,235,961)</b>
<b>Deferred tax expense/(income) recognised in other comprehensive income</b>			<b>(61,297,484)</b>			<b>(61,210,306)</b>
<b>Deferred tax expense/(income) recognised in directly in equity</b>			<b>(15,565,242)</b>			<b>-</b>



**NMB Bank Limited**  
**Notes to Consolidated Financial Statements**  
For the year ended 31 Asar 2081

**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 on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Assets held for sale	-	-	-	-
Other non banking assets	-	-	-	-
Bills receivable	-	-	-	-
Accounts receivable	848,647,951	816,498,169	809,952,494	761,453,746
Accrued income	30,288,111	6,562,760	30,288,111	6,562,760
Prepayments and deposit	314,082,789	483,264,815	312,352,330	469,838,337
Income tax deposit	205,184,260	176,563,265	205,184,260	176,563,265
Deferred employee expenditure	2,712,032,626	2,398,065,703	2,711,046,171	2,397,041,622
Others:				
Advance Gold and Silver	452,384,352	-	452,384,352	-
Stock of Stationery	52,101,950	70,587,766	52,101,950	70,587,766
Fuel Stock	-	-	-	-
Gold Markup	85,829,459	-	85,829,459	-
Others	48,674,828	-	-	-
<b>Total</b>	<b>4,749,226,326</b>	<b>3,951,542,477</b>	<b>4,659,139,126</b>	<b>3,882,047,496</b>

The provision outstanding as of Asar end 2081 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. However, deposit of capital merchant finance amounting NPR 1,038,544 has been received after the reporting date.

**Due to Bank and Financial Institutions**

4.17

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Money market deposits	-	-	-	-
Interbank borrowing	-	-	-	-
Other deposits from BFIs	-	-	-	-
Settlement and clearing accounts	-	-	-	-
Other deposits from BFIs	3,163,179,932	2,737,257,510	3,163,179,932	2,737,257,510
<b>Total</b>	<b>3,163,179,932</b>	<b>2,737,257,510</b>	<b>3,163,179,932</b>	<b>2,737,257,510</b>

**Due to Nepal Rastra Bank**

4.18

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Refinance from NRB	-	-	-	-
Standing Liquidity Facility	-	-	-	-
Lender of last report facility from NRB	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Other payable to NRB	2,948,951,134	3,285,987,203	2,948,951,134	3,285,987,203
<b>Total</b>	<b>2,948,951,134</b>	<b>3,285,987,203</b>	<b>2,948,951,134</b>	<b>3,285,987,203</b>

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



# NMB Bank Limited

## Notes to Consolidated Financial Statements

For the year ended 31 Asar 2081

### Derivative financial instruments

4.19

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
<b>Held for trading</b>				
Interest rate swap	-	-	-	-
Currency swap	1,857,063,602	1,090,876,310	1,857,063,602	1,090,876,310
Forward exchange contract	5,431,481,019	9,498,377,920	5,431,481,019	9,498,377,920
Others	422,255,117	471,090,337	422,255,117	471,090,337
<b>Held for risk management</b>	-	-	-	-
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>7,710,799,737</b>	<b>11,060,344,567</b>	<b>7,710,799,737</b>	<b>11,060,344,567</b>

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 on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
<b>Institutions customers:</b>				
Term deposits	55,423,192,546	48,414,402,474	55,423,192,546	48,414,402,474
Call deposits	13,642,844,624	12,091,065,155	13,867,225,989	12,383,626,472
Current deposits	10,258,387,597	12,124,262,057	10,258,387,597	12,124,262,057
Other	4,048,768,762	4,143,076,471	4,048,768,762	4,143,076,471
<b>Individual customers:</b>				
Term deposits	64,184,814,101	78,618,279,848	64,184,814,101	78,618,279,848
Saving deposits	76,641,014,011	55,558,767,289	75,307,537,684	54,011,452,479
Current deposits	770,667,694	571,525,357	770,667,694	571,525,357
Other	81,997,530	38,061,989	81,997,530	38,061,989
<b>Total</b>	<b>225,051,686,864</b>	<b>211,559,440,640</b>	<b>223,942,591,903</b>	<b>210,304,687,147</b>

#### 4.20.1: Currency wise analysis of deposit from customers

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Nepalese rupee	221,706,918,791	208,937,351,981	220,597,823,830	207,682,598,489
Indian rupee	-	-	-	-
United State dollar	3,064,556,407	2,357,085,907	3,064,556,407	2,357,085,907
Great Britain pound	11,222,660	12,114,378	11,222,660	12,114,378
Euro	52,445,319	31,692,227	52,445,319	31,692,227
Japenese yen	-	-	-	-
Chinese yuan	212,188,953	211,902,705	212,188,953	211,902,705
Other	4,354,734	9,293,441	4,354,734	9,293,441
<b>Total</b>	<b>225,051,686,865</b>	<b>211,559,440,640</b>	<b>223,942,591,903</b>	<b>210,304,687,147</b>

## Borrowing

4.21

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
<b>Domestic Borrowing</b>				
Nepal Government	-	-	-	-
Other Institutions	1,166,591,548	447,534,357	-	-
Other	-	-	-	-
<b>Sub total</b>	<b>1,166,591,548</b>	<b>447,534,357</b>	-	-
<b>Foreign Borrowing</b>				
Foreign Bank and Financial Institutions	11,552,656,301	14,814,903,379	11,552,656,301	14,814,903,379
Multilateral Development Banks	-	-	-	-
Other Institutions	-	-	-	-
<b>Sub total</b>	<b>11,552,656,301</b>	<b>14,814,903,379</b>	<b>11,552,656,301</b>	<b>14,814,903,379</b>
<b>Total</b>	<b>12,719,247,849</b>	<b>15,262,437,736</b>	<b>11,552,656,301</b>	<b>14,814,903,379</b>

## Provisions

4.22

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Provisions for redundancy	-	-	-	-
Provision for restructuring	-	-	-	-
Pending legal issues and tax litigation	-	-	-	-
Onerous contracts	-	-	-	-
Other	6,209,231	1,630,787	-	-
<b>Total</b>	<b>6,209,231</b>	<b>1,630,787</b>	-	-

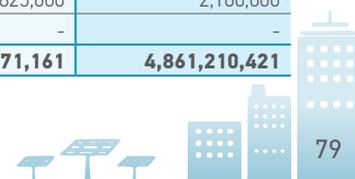
## 4.22.1: Movement in provision

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Balance at Sawan 1	1,630,787	1,600,016	-	-
Provisions made during the year	4,510,177	30,771	-	-
Provisions used during the year	68,267	-	-	-
Provisions reversed during the year	-	-	-	-
Unwind of discount	-	-	-	-
<b>Balance at Asar end</b>	<b>6,209,231</b>	<b>1,630,787</b>	-	-

## Other liabilities

4.23

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Liability for employees defined benefit obligations	208,645,939	167,622,272	194,977,316	158,073,801
Liability for long-service leave	607,974,300	521,359,284	572,546,644	490,421,596
Short-term employee benefits	281,543	266,034	-	-
Bills payable	14,877,993	26,141,876	14,877,993	26,141,876
Creditors and accruals	1,873,126,352	2,673,496,664	1,261,157,208	2,126,553,410
Interest payable on deposit	638,370,355	151,943,093	638,370,355	151,943,093
Interest payable on borrowing	178,045,017	215,738,075	161,687,009	195,186,320
Liabilities on deferred grant income	-	-	-	-
Unpaid Dividend	2,337,801	2,341,451	2,311,938	2,315,588
Liabilities under Finance Lease	887,237,276	997,140,463	803,764,104	929,323,909
Employee bonus payable	376,725,785	528,078,086	359,505,470	512,128,802
<b>Others:</b>	-	-	-	-
TDS Payable	184,470,065	267,066,757	184,448,123	267,022,025
Audit Fee Payable	2,874,250	2,119,735	2,825,000	2,100,000
Others	47,915,789	8,313,017	-	-
<b>Total</b>	<b>5,022,882,466</b>	<b>5,561,626,806</b>	<b>4,196,471,161</b>	<b>4,861,210,421</b>



#### 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 on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Present value of unfunded obligations	591,154,055	523,463,276	586,328,615	504,655,851
Present value of funded obligations	1,059,933,302	822,765,485	1,020,351,554	809,020,499
Total present value of obligations	1,651,087,357	1,346,228,761	1,606,680,169	1,313,676,350
Fair value of plan assets	839,644,756	665,652,026	825,374,238	650,946,698
Present value of net obligations	788,734,016	665,653,474	781,305,931	662,729,652
Recognised liability for defined benefit obligations	1,651,087,357	1,346,228,761	1,606,680,169	1,313,676,350

#### 4.23.2: Plan assets

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Plan assets comprise	-	-	-	-
Equity securities	-	-	-	-
Government bonds	-	-	-	-
Bank deposit	14,270,518	14,705,328		
Other	825,374,238	650,946,698	825,374,238	650,946,698
<b>Total</b>	<b>839,644,756</b>	<b>665,652,026</b>	<b>825,374,238</b>	<b>650,946,698</b>

#### 4.23.3: Movement in the present value of defined benefit obligations

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Defined benefit obligations at Sawan 1	1,346,228,761	1,104,689,147	1,313,676,350	1,076,204,470
Actuarial losses	118,625,924	81,464,433	118,116,309	79,814,084
Benefits paid by the plan	(142,170,064)	(110,395,118)	(136,616,282)	(105,993,916)
Current service costs and interest	328,402,736	270,470,299	311,503,792	263,651,712
Defined benefit obligations at Asar end	1,651,087,357	1,346,228,761	1,606,680,169	1,313,676,350

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 on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Fair value of plan assets at Sawan 1	665,652,026	533,154,703	650,946,698	527,981,363
Contributions paid into the plan	196,950,826	134,481,269	194,977,316	125,618,519
Benefits paid during the year	(54,869,410)	(39,383,428)	(50,787,170)	(38,927,777)
Actuarial (losses) gains	(7,462,054)	9,902,856	(7,748,915)	9,150,262
Expected return on plan assets	39,373,368	27,496,626	37,986,309	27,124,331
<b>Fair value of plan assets at Asar end</b>	<b>839,644,756</b>	<b>665,652,026</b>	<b>825,374,238</b>	<b>650,946,698</b>

#### 4.23.5: Amount recognised in profit or loss

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Current service costs	220,360,139	197,128,263	208,317,124	190,027,346
Interest on obligation	123,848,447	91,570,772	119,641,937	89,367,104
Expected return on plan assets	(39,373,368)	(27,496,626)	(37,986,309)	(27,124,331)
<b>Total</b>	<b>304,835,218</b>	<b>261,202,409</b>	<b>289,972,752</b>	<b>252,270,119</b>

#### 4.23.6: Amount recognised in other comprehensive income

Particulars	Group		NMB	
	As at 31 Asar 2081	As at 31 Asar 2080	As at 31 Asar 2081	As at 31 Asar 2080
Actuarial (gain)/loss	60,063,123	38,397,612	55,821,998	39,023,899
<b>Total</b>	<b>60,063,123</b>	<b>38,397,612</b>	<b>55,821,998</b>	<b>39,023,899</b>

#### 4.23.7: Actuarial assumptions

Particulars	Group		NMB	
	As at 31 Asar 2081	As at 31 Asar 2080	As at 31 Asar 2081	As at 31 Asar 2080
Discount rate	8.00%	10.00%	8.00%	10.00%
Expected return on plan asset	9.00%	9.00%	8.00%	10.00%
Future salary increase	7.30%	8.75%	7.30%	8.75%
Withdrawal rate	13.00%	16.00%	13.00%	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 on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Debt securities issued designated as at fair value through profit or loss	-	-	-	-
Debt securities issued at amortised cost	12,382,000,301	12,278,329,070	12,382,000,301	12,278,329,070
<b>Total</b>	<b>12,382,000,301</b>	<b>12,278,329,070</b>	<b>12,382,000,301</b>	<b>12,278,329,070</b>

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 on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Redeemable preference shares	-	-	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Share capital

4.26

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
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)	-	-	-	-
<b>Total</b>	<b>18,366,705,959</b>	<b>18,366,705,959</b>	<b>18,366,705,959</b>	<b>18,366,705,959</b>



#### 4.26.1: Ordinary shares

Particulars	NMB	
	As on 31 Asar 2081	As on 31 Asar 2080
<b>Authorized Capital</b>		
200,000,000 Ordinary share of Rs. 100 each	20,000,000,000	20,000,000,000
Issued capital		
<b>183,667,060 Ordinary share of Rs. 100 each</b>	<b>18,366,705,959</b>	<b>18,366,705,959</b>
<b>Subscribed and paid up capital</b>		
183,667,060 Ordinary share of Rs. 100 each	18,366,705,959	18,366,705,959
<b>Total</b>	<b>18,366,705,959</b>	<b>18,366,705,959</b>

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 Asar end 2081. Fraction share usually come from issue of bonus share and split of share also.

#### 4.26.2: Ordinary share ownership

Particulars	NMB			
	As on 31 Asar 2081		As on 31 Asar 2080	
	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 intitutions	-	-	-	-
Other Institutions	11.74	2,155,949,159	11.21	2,059,824,353
Public	70.35	12,921,815,435	70.88	13,017,940,241
Other	-	-	-	-
Foreign ownership	17.91	3,288,941,365	17.91	3,288,941,365
<b>Total</b>	<b>100.00</b>	<b>18,366,705,959</b>	<b>100.00</b>	<b>18,366,705,959</b>

The details of shareholders holding shares above 0.5% as of Asar end 2081 are given below:

Shareholder's Name	Share Units	% holding
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	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 on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Statutory general reserve	5,472,798,161	5,023,919,100	5,410,110,015	4,961,230,955
Exchange equalisation reserve	182,286,327	156,976,329	182,286,327	156,976,329
Corporate social responsibility reserve	50,629,882	62,922,085	44,409,583	57,546,535
Capital redemption reserve	-	-	-	-
Regulatory reserve	3,074,484,711	2,471,873,634	3,022,614,353	2,425,505,705
Investment adjustment reserve	-	-	-	-
Capital reserve	-	-	-	-
Assets revaluation reserve	-	-	-	-
Fair value reserve	344,971,619	157,501,570	342,701,754	150,740,985
Dividend equalisation reserve	-	-	-	-
Debenture redemption reserve	1,723,395,040	1,156,728,661	1,723,395,040	1,156,728,661
Actuarial gain	(207,637,697)	(152,481,652)	(205,478,652)	(149,656,654)
Special reserve	-	-	-	-
<b>Other reserves:</b>	-	-	-	-
- Deferred Tax Reserve	-	-	-	-
-Capital Adjustment Fund	57,326,449	57,326,449	57,326,449	57,326,449
Staff Skill Development Fund	40,416,328	29,082,140	38,452,067	27,657,096
-NMB Staff Relief Fund	10,000,000	10,000,000	10,000,000	10,000,000
Others	47,945,383	90,688,668	72,829,139	72,829,139
<b>Total</b>	<b>10,796,616,202</b>	<b>9,064,536,984</b>	<b>10,698,646,074</b>	<b>8,926,885,198</b>

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 assists 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 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 on 31 Asar 2081 (A)	As on 31 Asar 2080 (B)	Transfer to Regulatory Reserve (FY 2080/81) (A-B)
Accrued Interest on Loans and Advances recognized as Income	1,797,278,625	1,387,417,570	409,861,056
Provision of Non - Banking Assets (Investment Property)	536,405,121	439,555,738	96,849,383
Deferred Tax Assets	483,451,954	448,875,744	34,576,210
Actuary Losses	205,478,652	149,656,654	55,821,998
<b>Total</b>	<b>3,022,614,353</b>	<b>2,425,505,705</b>	<b>597,108,648</b>

The bank has considered interest received up to Sawan End 2081 amounting NPR. 432.3 Mio. as an income to Regulatory Reserve as per NRB Notice.



# NMB Bank Limited

## Notes to Consolidated Financial Statements

For the year ended 31 Asar 2081

### Contingent liabilities and commitments

4.28

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Contingent liabilities	84,812,978,536	67,261,224,076	84,812,978,536	67,261,224,076
Undrawn and undisbursed facilities	114,779,933,555	111,052,835,718	114,779,933,555	111,052,835,718
Capital commitment	25,812,260	93,632,160	25,812,260	93,632,160
Lease Commitment	803,764,105	929,323,909	803,764,105	929,323,909
Litigation	585,729,130	401,455,064	585,729,130	401,455,064
<b>Total</b>	<b>201,008,217,586</b>	<b>179,738,470,926</b>	<b>201,008,217,586</b>	<b>179,738,470,926</b>

#### 4.28.1: Contingent liabilities

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Acceptance and documentary credit	38,369,335,614	29,204,688,542	38,369,335,614	29,204,688,542
Bills for collection	1,617,470,440	1,697,986,052	1,617,470,440	1,697,986,052
Forward exchange contracts	-	-	-	-
Guarantees	44,826,172,481	36,358,549,481	44,826,172,481	36,358,549,481
Underwriting commitment	-	-	-	-
Other commitments	-	-	-	-
<b>Total</b>	<b>84,812,978,536</b>	<b>67,261,224,076</b>	<b>84,812,978,536</b>	<b>67,261,224,076</b>

#### 4.28.2: Undrawn and undisbursed facilities

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Undisbursed amount of loans	8,343,134,978	5,207,015,364	8,343,134,978	5,207,015,364
Undrawn limits of overdrafts	11,178,068,148	11,946,603,547	11,178,068,148	11,946,603,547
Undrawn limits of credit cards	656,803,777	914,411,110	656,803,777	914,411,110
Undrawn limits of letter of credit	50,967,868,290	50,275,579,793	50,967,868,290	50,275,579,793
Undrawn limits of guarantee	43,634,058,362	42,709,225,904	43,634,058,362	42,709,225,904
<b>Total</b>	<b>114,779,933,555</b>	<b>111,052,835,718</b>	<b>114,779,933,555</b>	<b>111,052,835,718</b>

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 on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Capital commitments in relation to Property and Equipment				
Approved and contracted for	18,459,757	68,442,410	18,459,757	68,442,410
Approved but not contracted for	-	18,325,300	-	18,325,300.00
Sub total	18,459,757	86,767,710	18,459,757	86,767,710
Capital commitments in relation to Intangible assets				
Approved and contracted for	7,352,503	1,214,450	7,352,503	1,214,450
Approved but not contracted for	-	5,650,000	-	5,650,000
Sub total	7,352,503	6,864,450	7,352,503	6,864,450
<b>Total</b>	<b>25,812,260</b>	<b>93,632,160</b>	<b>25,812,260</b>	<b>93,632,160</b>

#### 4.28.4: Lease commitments

Particulars	Group		NMB	
	As on 31 Asar 2081	As on 31 Asar 2080	As on 31 Asar 2081	As on 31 Asar 2080
Operating lease commitments				
Future minimum lease payments under non cancellable operating lease, where the bank is lessee				
Not later than 1 year	148,799,937	207,280,107	148,799,937	207,280,107
Later than 1 year but not later than 5 years	464,373,282	521,286,583	464,373,282	521,286,583
Later than 5 years	190,590,886	200,757,219	190,590,886	200,757,219
<b>Sub total</b>	<b>803,764,105</b>	<b>929,323,909</b>	<b>803,764,105</b>	<b>929,323,909</b>

#### 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	-	-	-	-
<b>Sub total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand total</b>	<b>803,764,105</b>	<b>929,323,909</b>	<b>803,764,105</b>	<b>929,323,909</b>



# NMB Bank Limited

## Notes to financial Statements

For the year ended 31 Asar 2081

### 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	41,340,871
FY 2064-65	Appealed to Supreme Court on 2071-09-24 for which the final decision is pending	34,615,131
FY 2066-67	Appealed to Supreme Court against the decision of RT for which the final decision is pending	45,485,221
FY 2067-68	Appealed to Supreme Court against the decision of RT for which the final decision is pending	8,962,660
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 Supreme Court against the decision of RT for which the final decision is pending	23,147,825
FY 2070-71	Appealed to Supreme Court against the decision of RT for which the final decision is pending	4,982,475
FY 2071-72	Appealed to Supreme Court against the decision of RT for which the final decision is pending	7,475,620
FY 2072-73	Appealed to Supreme Court against the decision of RT for which the final decision is pending	17,668,713
FY 2073-74	Appealed to IRD against the decision of LTO on 2078-06-05 for which the final decision is pending	49,648,011
FY 2074-75	Appealed to IRD against the decision of LTO on 2079-04-18 for which the final decision is pending	116,518,574
FY 2075-76	Appealed to IRD against the decision of LTO on 2080-06-02 for which the final decision is pending	52,892,928
<b>Total</b>		<b>408,629,206</b>

#### 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	6,512,895
FY 2066-67	Appealed to Revenue Tribunal against the decision of IRD on 2076-05-19 for which the final decision is pending	28,179,694
FY 2067-68	Appealed to Supreme Court against the decision of RT for which the final decision is pending	11,494,543
FY 2068-69	Appealed to Supreme Court against the decision of RT for which the final decision is pending	5,596,940
FY 2069-70	Appealed to Revenue Tribunal against the decision of IRD on 2076-05-19 for which the final decision is pending	5,304,410
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
<b>Total</b>		<b>65,510,036</b>

#### 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
<b>Total</b>		<b>5,659,272</b>

#### Erstwhile Bhrikuti Development Bank Limited

FY 2071-72	Appealed to IRD for Administrative Review on 2076-04-07 for which final decision is pending	363,204
<b>Total</b>		<b>363,204</b>

#### Erstwhile OM Development Bank Limited

FY 2072-73	Appealed to Revenue Tribunal against the decision of IRD for which the final decision is pending	20,841,596
FY 2073-74	Appealed to IRD for Administrative review on 2078-09-08 for which decision is pending	2,644,270
FY 2074-75	Appealed to IRD for Administrative review on 2079-06-26 for which decision is pending	8,400,468
FY 2075-76	Appealed to IRD for Administrative review on 2080-09-17 for which decision is pending	70,394,246
<b>Total</b>		<b>102,280,580</b>

#### Erstwhile Kanchan Development Bank Limited

FY 2074-75	Appealed to IRD for Administrative review on 2079-05-07 for which decision is pending	1,225,186
FY 2075-76	Appealed to IRD for Administrative review on 2080-05-04 for which decision is pending	749,193
<b>Total</b>		<b>1,974,379</b>

#### Erstwhile OM Finance Limited

FY 2072-73	Appealed to Revenue Tribunal against the decision of IRD	1,312,453
<b>Grand Total</b>		<b>585,729,130</b>

Since decisions for these cases are pending, disputed tax amount of NPR 585,729,130 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 2080/81, self-Assessment Returns filed by NMB Bank Ltd. for FY 2077/78 to 2079/80 and Erstwhile Kanchan Development Bank Limited for 2077/78 are yet to be reassessed by Large Tax Payers Office/Medium Taxpayers Office.

2. 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 Asar 2081

4.29

### Interest income

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 BFIs, loan and advances to staff, etc. Details presented as follows:

Particulars	Group		NMB	
	Year ended 31 Asar 2081	Year ended 31 Asar 2080	Year ended 31 Asar 2081	Year ended 31 Asar 2080
Cash and cash equivalent	166,557,989	55,657,054	158,472,131	44,617,461
Due from Nepal Rastra Bank	-	-	-	-
Placement with bank and financial institutions	460,541,331	194,332,909	381,487,101	194,332,909
Loan and advances to bank and financial institutions	647,548,550	634,797,665	766,603,381	767,634,546
Loans and advances to customers	22,608,188,989	23,978,541,504	21,965,377,661	23,180,116,511
Investment securities	2,128,072,026	2,129,683,072	2,132,641,980	2,143,039,204
Loan and advances to staff	276,816,637	290,446,214	276,816,637	290,446,214
Other	1,575,901	2,273,369	1,143,998	2,273,369
<b>Total interest income</b>	<b>26,289,301,423</b>	<b>27,285,731,788</b>	<b>25,682,542,888</b>	<b>26,622,460,214</b>

As per NRB Interest Income Recognition Guideline, the interest amount of NPR. 226,816,885 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 Asar 2081	Year ended 31 Asar 2080	Year ended 31 Asar 2081	Year ended 31 Asar 2080
Due to bank and financial institutions	19,338,456	42,152,512	19,338,456	42,117,359
Due to Nepal Rastra Bank	1,230,137	123,255,914	1,230,137	123,255,914
Deposits from customers	15,913,008,227	16,094,208,076	15,946,555,722	16,127,946,431
Borrowing	1,698,870,936	1,717,948,874	1,426,118,892	1,367,214,799
Debt securities issued	937,547,980	619,465,788	937,547,980	619,465,788
Subordinated liabilities	-	-	-	-
Other	145,269,117	94,056,267	135,009,168	94,056,267
<b>Total interest expense</b>	<b>18,715,264,852</b>	<b>18,691,087,432</b>	<b>18,465,800,355</b>	<b>18,374,056,559</b>

### Fees and Commission Income

4.31

Particulars	Group		NMB	
	Year ended 31 Asar 2081	Year ended 31 Asar 2080	Year ended 31 Asar 2081	Year ended 31 Asar 2080
Loan administration fees	565,685,633	617,331,177	380,792,481	365,516,769
Service fees	-	-	-	-
Consortium fees	50,438,670	46,714,953	50,438,670	46,714,953
Commitment fees	3,082,271	4,055,513	3,082,271	4,055,513
DD/TT/Swift fees	66,357,370	48,509,899	66,357,370	48,509,899
Credit card/ATM issuance and renewal fees	267,085,969	204,709,959	267,085,969	204,709,959
Prepayment and swap fees	33,297,080	8,638,099	33,297,080	8,638,099
Investment banking fees	-	-	-	-
Asset management fees	-	-	-	-
Brokerage fees	12,769,799	1,463,547	-	-
Remittance fees	44,016,187	48,960,744	44,016,187	48,960,744
Commission on letter of credit	145,865,866	133,653,489	145,865,866	133,653,489
Commission on guarantee contracts issued	447,381,715	490,024,341	447,381,715	490,024,341
Commission on share underwriting/issue	-	-	-	-
Locker rental	11,491,526	8,171,850	11,491,526	8,171,850
<b>Other fees and commission income:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Bills Purchase and Discount	-	-	-	-
Collection Fee	9,993,384	6,853,142	9,993,384	6,853,142
Agency Commission	21,265,512	12,432,594	21,265,512	12,432,594
Others	522,365,428	485,841,506	506,139,392	455,231,265
<b>Total fees and Commission Income</b>	<b>2,201,096,412</b>	<b>2,117,360,813</b>	<b>1,987,207,424</b>	<b>1,833,472,617</b>



## Fees and commission expense

4.32

Particulars	Group		NMB	
	Year ended 31 Asar 2081	Year ended 31 Asar 2080	Year ended 31 Asar 2081	Year ended 31 Asar 2080
ATM management fees	79,175,015	78,157,396	79,175,015	78,157,396
VISA/Master card fees	145,755,096	126,028,372	145,755,096	126,028,372
Guarantee commission	-	-	-	-
Brokerage	-	-	-	-
DD/TT/Swift fees	11,858,772	10,287,830	11,858,772	10,287,830
Remittance fees and commission	-	482,927	-	-
Other fees and commission expense	74,444,184	73,881,235	74,444,184	72,137,507
<b>Total fees and Commission Expense</b>	<b>311,233,067</b>	<b>288,837,761</b>	<b>311,233,067</b>	<b>286,611,105</b>

## Net trading income

4.33

Particulars	Group		NMB	
	Year ended 31 Asar 2081	Year ended 31 Asar 2080	Year ended 31 Asar 2081	Year ended 31 Asar 2080
Changes in fair value of trading assets	10,759,009	5,269,306	-	-
Gain/loss on disposal of trading assets	-	-	-	-
Interest income on trading assets	-	-	-	-
Dividend income on trading assets	-	-	-	-
Gain/loss foreign exchange transaction	242,411,149	236,285,430	242,411,149	236,285,430
Other	-	-	-	-
<b>Net trading income</b>	<b>253,170,157</b>	<b>241,554,736</b>	<b>242,411,149</b>	<b>236,285,430</b>

## Other operating income

4.34

Particulars	Group		NMB	
	Year ended 31 Asar 2081	Year ended 31 Asar 2080	Year ended 31 Asar 2081	Year ended 31 Asar 2080
Foreign exchange revaluation gain	101,239,994	59,071,357	101,239,994	59,071,357
Gain/loss on sale of investment securities	6,164,828	54,039	6,164,828	54,039
Fair value gain/loss on investment properties	-	-	-	-
Dividend on equity instruments	58,235,351	121,760,924	118,656,355	116,113,909
Gain/loss on sale of property and equipment	19,523,117	10,690,621	19,523,117	10,690,621
Gain/loss on sale of investment property	3,401,428	2,040,008	3,401,428	2,040,008
Operating lease income	1,100,160	2,370,671	1,100,160	2,370,671
Gain/loss on sale of gold and silver	13,925,549	13,805,903	13,925,549	13,805,903
Other	-	-	-	-
<b>Total</b>	<b>203,590,427</b>	<b>209,793,523</b>	<b>264,011,431</b>	<b>204,146,509</b>

## Impairment charge/(reversal) for loan and other losses

4.35

Particulars	Group		NMB	
	Year ended 31 Asar 2081	Year ended 31 Asar 2080	Year ended 31 Asar 2081	Year ended 31 Asar 2080
Impairment charge/(reversal) on loan and advances to B/FIs	5,178,263	15,495,818	5,178,263	15,495,818
Impairment charge/(reversal) on loan and advances to customer	2,043,881,694	1,503,510,859	2,032,788,613	1,439,674,752
Impairment charge/(reversal) on financial Investment	-	-	-	-
Impairment charge/(reversal) on placement with banks and financial institutions	-	(1,350,000)	-	(1,350,000)
Impairment charge/(reversal) on property and equipment	-	-	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-	-	-
Impairment charge/(reversal) on investment properties	-	-	-	-
<b>Total</b>	<b>2,049,059,957</b>	<b>1,517,656,677</b>	<b>2,037,966,876</b>	<b>1,453,820,570</b>

## Personnel Expense

4.36

Particulars	Group		NMB	
	Year ended 31 Asar 2081	Year ended 31 Asar 2080	Year ended 31 Asar 2081	Year ended 31 Asar 2080
Salary	978,705,553	932,171,707	868,746,397	819,923,667
Allowances	880,929,429	814,172,935	760,097,682	709,871,645
Gratuity expense	124,790,306	112,498,663	115,231,604	102,325,374
Provident fund	95,603,171	90,707,161	84,993,274	80,085,567
Uniform	-	-	-	-
Training & development expense	47,904,927	47,500,264	40,850,037	41,744,143
<b>Leave encashment</b>	<b>296,365,864</b>	<b>281,241,963</b>	<b>279,253,109</b>	<b>261,564,122</b>
- Sick Leave Expenses (As per actuary)	105,648,218	104,431,816	91,470,714	86,740,592
-Leave Fare Expenses	120,581,177	112,938,326	119,019,380	111,619,376
-Home Leave Expenses (As per actuary)	70,136,469	63,871,821	68,763,015	63,204,154
Medical	-	-	-	-
Insurance	1,751,390	3,999,420	-	-
Employees incentive	-	-	-	-
Cash-settled share-based payments	-	-	-	-
Pension expense	-	-	-	-
Finance expense under NFRS	76,345,571	111,118,217	76,175,462	110,989,364
Other expenses related to staff	61,046,934	60,038,355	49,595,031	50,542,493
<b>Subtotal</b>	<b>2,563,443,146</b>	<b>2,453,448,687</b>	<b>2,274,942,595</b>	<b>2,177,046,374</b>
Employees bonus	375,561,601	526,937,846	359,505,470	512,128,802
<b>Grand total</b>	<b>2,939,004,747</b>	<b>2,980,386,533</b>	<b>2,634,448,065</b>	<b>2,689,175,176</b>

## Other operating expense

4.37

Particulars	Group		NMB	
	Year ended 31 Asar 2081	Year ended 31 Asar 2080	Year ended 31 Asar 2081	Year ended 31 Asar 2080
Directors' fee	4,643,121	3,430,912	2,390,000	1,914,000
Directors' expense	8,364,588	8,551,742	7,806,583	8,081,473
Auditors' remuneration	3,543,560	3,063,194	2,825,000	2,100,000
Other audit related expense	414,771	3,363,078	67,160	83,631
Professional and legal expense	4,852,281	8,260,958	4,842,308	8,061,858
Office administration expense	947,935,696	872,403,029	877,398,385	812,417,759
Operating lease expense	14,281,507	15,461,191	14,098,784	13,802,325
Operating expense of investment properties	-	-	-	-
Corporate social responsibility expense	35,641,821	9,765,509	35,580,905	9,331,737
Onerous lease provisions	-	-	-	-
<b>Others</b>	<b>122,274,290</b>	<b>101,116,344</b>	<b>70,545,681</b>	<b>44,888,943</b>
<b>Total</b>	<b>1,141,951,635</b>	<b>1,025,415,957</b>	<b>1,015,554,807</b>	<b>900,681,727</b>



#### 4.37.1 Office administration expense

Water and Electricity	63,336,270	58,961,446	60,766,248	56,727,093
<b>Repair and Maintenance</b>				
(a) Building	984,176	1,033,023	950,276	748,309
(b) Vehicles	8,527,386	9,369,239	8,297,679	9,018,818
(c) Computer and Accessories	1,511,199	1,361,196	1,511,199	1,361,196
(d) Office Equipment and Furniture	6,970,739	6,984,805	6,878,602	6,310,859
(e) Others	7,414,713	6,574,363	7,289,065	6,520,733
Insurance	62,522,770	48,349,317	61,942,691	47,873,504
Postage, Telex, Telephone, Fax	58,853,457	57,900,092	56,106,864	55,017,433
Printing and Stationery	69,410,242	54,518,571	66,071,945	50,972,632
Newspaper, Books and Journals	193,596	85,401	190,607	54,572
Advertisements	62,194,162	68,853,946	60,470,004	67,532,386
Donations	28,779	59,500	-	-
Security Expense	154,285,107	127,941,689	153,051,982	127,240,100
Deposit and loan guarantee premium	77,697,481	67,909,206	77,697,481	67,909,206
Travelling Allowances and Expenses	57,386,262	65,031,294	24,382,176	37,204,832
Entertainment	-	-	-	-
Annual general meeting Expenses	4,071,204	2,616,411	3,334,693	2,110,233
<b>Others</b>	<b>312,548,152</b>	<b>294,853,527</b>	<b>288,456,871</b>	<b>275,815,854</b>
Business Promotion	23,565,941	21,599,276	23,565,941	21,599,276
Membership Fee	25,352,431	17,810,093	15,778,884	16,845,380
Bank Charges and Commission	461,086	268,585	292,240	260,340
Rates and Taxes	11,851,361	10,946,085	11,851,361	10,946,085
IS Audit-Compliance Expenses	20,504,006	20,468,742	20,504,006	20,468,742
DMAT Expenses	6,624,023	8,377,558	-	-
Issue And Surveillance Expenses	7,971,765	18,465,490	2,565,141	10,275,238
Merger Expenses	-	-	-	-
Office Expenses	100,991,040	88,646,281	99,887,784	87,953,409
Vehicle fuel	47,596,851	50,223,491	47,414,856	50,030,735
Outsource Staff Expenses	67,629,648	58,047,927	66,596,659	57,436,648
<b>Total</b>	<b>947,935,696</b>	<b>872,403,029</b>	<b>877,398,385</b>	<b>812,417,759</b>

#### 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 Asar 2081	Year ended 31 Asar 2080	Year ended 31 Asar 2081	Year ended 31 Asar 2080
Depreciation on property and equipment	432,158,147	499,179,795	406,991,104	459,827,520
Depreciation on investment property	-	-	-	-
Amortisation of intangible assets	52,854,559	58,320,817	51,080,755	56,870,581
<b>Total</b>	<b>485,012,706</b>	<b>557,500,612</b>	<b>458,071,858</b>	<b>516,698,101</b>

#### 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 Asar 2081	Year ended 31 Asar 2080	Year ended 31 Asar 2080	Year ended 31 Asar 2080
Recovery of loan written off	3,442,011	9,985,780	3,442,011	9,985,780
Other income	-	-	-	-
<b>Total</b>	<b>3,442,011</b>	<b>9,985,780</b>	<b>3,442,011</b>	<b>9,985,780</b>

#### 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 Asar 2081	Year ended 31 Asar 2080	Year ended 31 Asar 2080	Year ended 31 Asar 2080
Loan written off	20,990,648	76,148,097	20,990,648	76,148,097
Redundancy provision	-	-	-	-
Expense of restructuring	-	-	-	-
Other expense	4,032,176	462,701	-	-
<b>Total</b>	<b>25,022,823</b>	<b>76,610,798</b>	<b>20,990,648</b>	<b>76,148,097</b>

## Income tax expense

4.41

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

Particulars	Group		NMB	
	Year ended 31 Asar 2081	Year ended 31 Asar 2080	Year ended 31 Asar 2081	Year ended 31 Asar 2080
Current tax expense	1,067,653,827	1,471,330,376	1,025,730,134	1,434,847,884
Current year	1,067,635,192	1,470,911,531	1,025,730,134	1,434,430,239
Adjustments for prior years	18,635	418,845	-	417,645
Deferred tax expense	(23,310,546)	(41,077,659)	(34,576,210)	(48,235,961)
Origination and reversal of temporary differences	(23,310,546)	(41,077,659)	(34,576,210)	(48,235,961)
Changes in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
<b>Total income tax expense</b>	<b>1,044,343,281</b>	<b>1,430,252,717</b>	<b>991,153,924</b>	<b>1,386,611,923</b>

### 4.41.1: Reconciliation of tax expense and accounting profit

Particulars	Group		NMB	
	Year ended 31 Asar 2081	Year ended 31 Asar 2080	Year ended 31 Asar 2081	Year ended 31 Asar 2080
<b>Profit before tax</b>	<b>3,284,050,643</b>	<b>4,726,930,871</b>	<b>3,235,549,228</b>	<b>4,609,159,216</b>
Tax amount at tax rate of 30%	997,719,456	1,422,732,544	970,664,768	1,382,747,765
Add: Tax effect of expenses that are not deductible for tax purpose	983,880,359	828,142,570	949,002,378	828,142,570
Less: Tax effect on exempt income	-	-	-	-
<b>Add/less: Tax effect on other items</b>	<b>937,256,535</b>	<b>820,622,398</b>	<b>928,513,223</b>	<b>824,278,412</b>
Less: Tax effect of expenses allowed/Income that are not allowed for tax purpose	906,047,555	789,413,418	897,304,242.96	793,069,432
Less: Tax effect of carried forward losses	31,208,980	31,208,980	31,208,980	31,208,980
<b>Total income tax expense</b>	<b>1,044,343,281</b>	<b>1,430,252,717</b>	<b>991,153,923</b>	<b>1,386,611,923</b>
<b>Effective tax rate</b>	<b>31.80%</b>	<b>30.26%</b>	<b>30.63%</b>	<b>30.08%</b>



# NMB Bank Limited

## Unaudited Financial Results (Quarterly)

Fourth Quarter ended of Fiscal Year 2023-24 (FY 2080/2081)

Rs. in '000'

Statement of Financial Position	This Quarter Ending	Immediate Previous Year Ending(Audited)
<b>Assets</b>		
Cash and cash equivalent	22,570,603	23,958,280
Due from Nepal Rastra Bank	14,710,491	15,059,501
Placement with Bank and Financial Institutions	3,035,765	755,846
Derivative financial instruments	7,583,922	10,850,079
Other trading assets	-	24,750
Loan and advances to B/FIs	8,212,671	7,116,529
Loans and advances to customers	194,338,841	189,035,400
Investment securities	33,772,796	32,374,915
Current tax assets	131,256	44,948
Investment in subsidiaries	772,488	772,488
Investment in associates	-	-
Investment property	851,437	697,708
Property and equipment	3,070,044	1,752,799
Goodwill and Intangible assets	148,628	178,690
Deferred tax assets	420,322	448,411
Other assets	5,482,296	4,706,797
<b>Total Assets</b>	<b>295,101,561</b>	<b>287,777,141</b>
<b>Liabilities</b>		
Due to Bank and Financial Institutions	3,163,180	2,737,258
Due to Nepal Rastra Bank	2,948,951	3,285,987
Derivative financial instruments	7,710,800	11,060,345
Deposits from customers	223,942,592	210,304,687
Borrowing	11,552,656	14,814,903
Current Tax Liabilities	-	-
Provisions	-	-
Deferred tax liabilities	-	-
Other liabilities	4,801,688	5,227,597
Debt securities issued	11,911,942	11,911,942
Subordinated Liabilities	-	-
<b>Total liabilities</b>	<b>266,031,809</b>	<b>259,342,719</b>
<b>Equity</b>		
Share capital	18,366,706	18,366,706
Share premium	-	-
Retained earnings	238,965	1,140,830
Reserves	10,464,081	8,926,885
<b>Total equity attributable to equity holders</b>	<b>29,069,752</b>	<b>28,434,421</b>
Non-controlling interest	-	-
<b>Total equity</b>	<b>29,069,752</b>	<b>28,434,421</b>
<b>Total liabilities and equity</b>	<b>295,101,561</b>	<b>287,777,141</b>

Statement of Profit or Loss	Up to this Quarter	Up to Corresponding Previous Year Quarter (Audited)
Interest income	25,827,846	26,622,460
Interest expense	18,330,791	18,280,000
<b>Net interest income</b>	<b>7,497,055</b>	<b>8,342,460</b>
Fees and Commission Income	1,985,622	1,833,473
Fees and commission expense	311,224	286,611
<b>Net fee and commission income</b>	<b>1,674,398</b>	<b>1,546,862</b>
<b>Net interest, fee and commission income</b>	<b>9,171,453</b>	<b>9,889,321</b>
Net trading income	274,921	236,285
Other operating income	231,502	204,147
<b>Total operating income</b>	<b>9,677,876</b>	<b>10,329,753</b>
Impairment charge/(reversal) for loans and other losses	1,921,077	1,453,821
<b>Net operating income</b>	<b>7,756,799</b>	<b>8,875,933</b>
<b>Operating expense</b>		
Personnel expenses	2,642,052	2,689,175
Other operating expenses	1,286,801	1,192,034
Depreciation & Amortisation	321,868	319,402
<b>Operating Profit</b>	<b>3,506,078</b>	<b>4,675,322</b>
Non operating income	3,442	9,986
Non operating expense	166,294	76,148
<b>Profit before income tax</b>	<b>3,343,226</b>	<b>4,609,159</b>
Income tax expense		
Current Tax	1,039,470	1,434,848
Deferred Tax expense/(Income)	(32,844)	(48,236)
<b>Profit for the period</b>	<b>2,336,599</b>	<b>3,222,547</b>

#### Statement of Comprehensive Income

Profit/Loss for the period	2,336,599	3,222,547
Other Comprehensive Income	142,176	(142,824)
<b>Total Comprehensive Income</b>	<b>2,478,775</b>	<b>3,079,723</b>

**Statement of Distributable Profit/Loss**  
For the Quarter Ended Asar 31, 2081 (July 15, 2024)  
(As per NRB Regulations)

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	-	-



Particulars	Current Year Upto This Qtr YTD	Previous Year Corresponding Qtr YTD
<b>Net Profit for the quarter ended Asar 31, 2081 available for distribution</b>	<b>941,579</b>	<b>1,105,302</b>
<b>Opening Retained Earning as on Sawan 1, 2080</b>	<b>1,140,830</b>	<b>1,550,781</b>
Adjustment (+/-)		-
Payment of Tax on Premium of FPO and Swap Surplus Gain due to Merger and Acquisitions as per the Supreme Court decision	(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 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>

Ratios	Upto This Quarter (YTD)	Up to Corresponding Previous Year Quarter
Capital fund to RWA	12.82%	13.33%
Non performing loan (NPL) to total loan	3.27%	2.75%
Total loan loss provision to Total NPL (As per NRB Directives)	120.79%	113.34%
Cost of Funds LCY (YTD)	7.31%	8.31%
CD Ratio - Average of the Month	83.91%	83.46%
Base Rate -Average for the quarter	8.42%	10.37%
Average Interest Spread (Calculated as per NRB Directives)- Last Month of Quarter	3.99%	3.99%
<b>Additional Informations:</b>		
Return on Equity (Annualized)	8.13%	11.65%
Return on Assets (Annualized)	0.80%	1.19%
PE Ratio (Annualized)	17.14	12.88
Net-Worth per share (NPR)	158.27	154.82
Assets per share (NPR)	1,606.72	1,566.84
Liquidity Ratio (NLA)	29.01%	29.85%



# NMB Bank Limited

## Comparison of Unaudited and Audited Financial Statements as of FY 2023-2024 (FY 2080/81)

Rs. in '000'

Statement of Financial Position	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
<b>Assets</b>					
Cash and cash equivalent	22,570,603	22,570,603	-	-	
Due from Nepal Rastra Bank	14,710,491	14,710,491	-	-	
Placement with Bank and Financial Institutions	3,035,765	3,035,765	-	-	
Derivative financial instruments	7,583,922	7,583,922	-	-	
Other trading assets	-	-	-	-	
Loan and advances to B/FIs	8,212,671	8,130,437	(82,235)	-1.00%	Due to reclassification
Loans and advances to customers	194,338,841	194,304,186	(34,656)	-0.02%	Due to reclassification and additional impairment charges
Investment securities	33,772,796	33,772,796	-	-	
Current tax assets	131,256	145,037	13,781	10.50%	Due to adjustment of Tax Expenses
Investment in subsidiaries	772,488	772,488	-	-	
Investment in associates	-	-	-	-	
Investment property	851,437	851,437	-	-	
Property and equipment	3,070,044	3,758,591	688,546	22.43%	Due to adjustment of Fixed Assets and Right of Use of Assets (RoU)
Goodwill and Intangible assets	148,628	148,628	-	0.00%	
Deferred tax assets	420,322	424,642	4,320	1.03%	Due to fair value adjustment
Other assets	5,482,296	4,659,139	(823,157)	-15.01%	Due to reclassification of RoU
<b>Total Assets</b>	<b>295,101,561</b>	<b>294,868,162</b>	<b>(233,400)</b>	<b>-0.08%</b>	
<b>Liabilities</b>					
Due to Bank and Financial Institutions	3,163,180	3,163,180	-	-	
Due to Nepal Rastra Bank	2,948,951	2,948,951	-	-	
Derivative financial instruments	7,710,800	7,710,800	-	-	
Deposits from customers	223,942,592	223,942,592	-	-	
Borrowing	11,552,656	11,552,656	-	-	
Current Tax Liabilities	-	-	-	-	
Provisions	-	-	-	-	
Deferred tax liabilities	-	-	-	-	
Other liabilities	4,801,688	4,196,471	(605,217)	-12.60%	Due to reclassification
Debt securities issued	11,911,942	12,382,000	470,058	3.95%	Due to reclassification
Subordinated Liabilities	-	-	-	-	
<b>Total liabilities</b>	<b>266,031,809</b>	<b>265,896,650</b>	<b>(135,159)</b>	<b>-0.05%</b>	
<b>Equity</b>					
Share capital	18,366,706	18,366,706	-	-	
Share premium	-	-	-	-	
Retained earnings	238,965	(93,841)	(332,806)	-139.27%	Due to change in profit, receipt of additional Int. Income upto Sawan End 81 and appropriation of Debenture Redemption Reserve
Reserves	10,464,081	10,698,646	234,565	2.24%	Due to change in profit and appropriation of Debenture Redemption Reserve
<b>Total equity attributable to equity holders</b>	<b>29,069,752</b>	<b>28,971,511</b>	<b>(98,241)</b>	<b>-0.34%</b>	
<b>Non-controlling interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total equity</b>	<b>29,069,752</b>	<b>28,971,511</b>	<b>(98,241)</b>	<b>-0.34%</b>	
<b>Total liabilities and equity</b>	<b>295,101,561</b>	<b>294,868,162</b>	<b>(233,400)</b>	<b>-0.08%</b>	



Particulars	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
Interest income	25,827,846	25,682,543	(145,303)	-1%	Due to reclassification
Interest expense	18,330,791	18,465,800	135,009	1%	Due to reclassification of Lease Expenses
<b>Net interest income</b>	<b>7,497,055</b>	<b>7,216,743</b>	<b>(280,312)</b>	<b>-4%</b>	
Fees and Commission Income	1,985,622	1,987,207	1,586	0%	Due to booking of commission
Fees and commission expense	311,224	311,233	9	0%	Due to booking of cost
<b>Net fee and commission income</b>	<b>1,674,398</b>	<b>1,675,974</b>	<b>1,576</b>	<b>0%</b>	
<b>Net interest, fee and commission income</b>	<b>9,171,453</b>	<b>8,892,717</b>	<b>(278,736)</b>	<b>-3%</b>	
Net trading income	274,921	242,411	(32,510)	-12%	Due to reclassification
Other operating income	231,502	264,011	32,510	14%	Due to reclassification
<b>Total operating income</b>	<b>9,677,876</b>	<b>9,399,139</b>	<b>(278,736)</b>	<b>-3%</b>	
Impairment charge/(reversal) for loans and other losses	1,921,077	2,037,967	116,890	6%	Due to adjustment of LLP on Loans and Advances
<b>Net operating income</b>	<b>7,756,799</b>	<b>7,361,173</b>	<b>(395,626)</b>	<b>-5%</b>	
<b>Operating expense</b>					
Personnel expenses	2,642,052	2,634,448	(7,604)	0%	Due to adjustment of Staff Bonus
Other operating expenses	1,286,801	1,015,555	(271,247)	-21%	Due to reclassification of Lease Expenses and adjustment of Cost
Depreciation & Amortisation	321,868	458,072	136,204	42%	Due to reclassification of Lease Expenses
<b>Operating Profit</b>	<b>3,506,078</b>	<b>3,253,098</b>	<b>(252,980)</b>	<b>-7%</b>	
Non operating income	3,442	3,442	-	0%	
Non operating expense	166,294	20,991	(145,303)	-87%	Due to reclassification
<b>Profit before income tax</b>	<b>3,343,226</b>	<b>3,235,549</b>	<b>(107,677)</b>	<b>-3%</b>	
<b>Income tax expense</b>					
Current Tax	1,039,470	1,025,730	(13,740)	-1%	Due to change in profit
Deferred Tax expense/(Income)	(32,844)	(34,576)	(1,732)	5%	Due to change in profit
<b>Profit for the period</b>	<b>2,336,599</b>	<b>2,244,395</b>	<b>(92,204)</b>	<b>-4%</b>	
Other Comprehensive Income	142,176	136,139	(6,037)	-4%	
<b>Total Comprehensive Income</b>	<b>2,478,775</b>	<b>2,380,534</b>	<b>(98,241)</b>	<b>-4%</b>	
<b>Distributable Profit</b>					
Opening Retained Earnings	1,140,830	1,140,830	-	0%	
Adjustment: Payment of Tax on Premium of FPO and Swap Surplus Gain due to Merger and Acquisitions as per the Supreme Court decision dated 2080/08/28	(1,843,444)	(1,843,444)	-	0%	
Net profit/(loss) as per profit or loss	2,336,599	2,244,395	(92,204)	-4%	As mentioned above
Add/Less: Regulatory adjustments as per NRB Directive	(1,395,020)	(1,635,622)	(240,602)	-17%	Due to change in profit, collection of interest overdue upto Sawan end 2081 along with adjustment of Debenture Redemption Reserve
<b>Profit/(loss) after regulatory adjustments</b>	<b>238,965</b>	<b>(93,841)</b>	<b>(332,806)</b>	<b>-139%</b>	<b>Due to reasons mentioned above</b>

# SIGNIFICANT ACCOUNTING POLICIES TO CONSOLIDATED FINANCIAL STATEMENTS

**Financial Year 17 July 2023 to 15 July 2024 (1 Sawan 2080 to 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:

- 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 15, 2024.

**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 (SOI) 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 Asar 2081	15 July 2024
Consolidated Statement of Profit/Loss	1 Sawan 2080 to 31 Asar,2081	17 July 2023 to 15 July 2024
Consolidated Statement of Other Comprehensive Income	1 Sawan 2080 to 31 Asar,2081	17 July 2023 to 15 July 2024
Consolidated Statement of Cash flow	1 Sawan 2080 to 31 Asar,2081	17 July 2023 to 15 July 2024
Consolidated Statement of Changes in Equity	1 Sawan 2080 to 31 Asar,2081	17 July 2023 to 15 July 2024

The consolidated financial statements of the group for the year ended 15 July 2024 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 cash basis.



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	On cash basis

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**

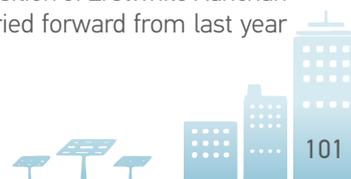
Financial instruments are recognised in the statement of financial position on a settlement date basis, except for derivative instruments, which are recognized on a trade date basis.

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:

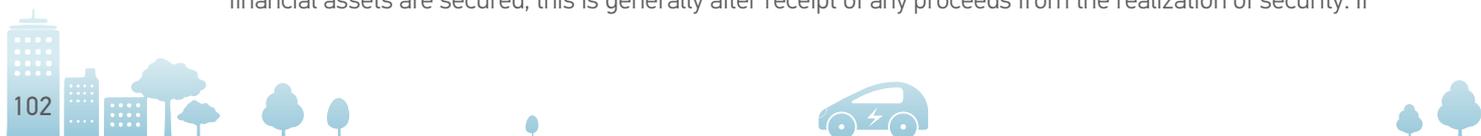
- a significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- Where observable data indicate that there is a 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**

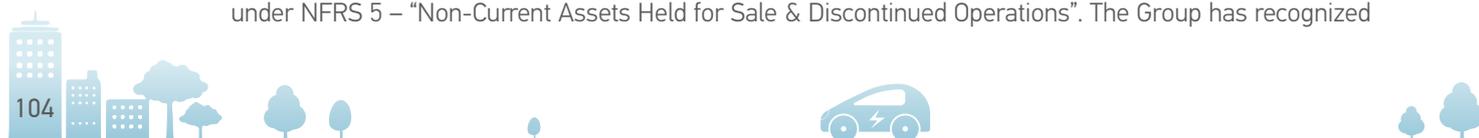
- a. Property, plant and equipment and Intangible assets (software) are stated at cost less accumulated depreciation (Cost Model)
- b. Land is not depreciated. Depreciation of others is charged to Statement of Profit and Loss on Straight Line method over the useful life of those assets. The estimated 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**

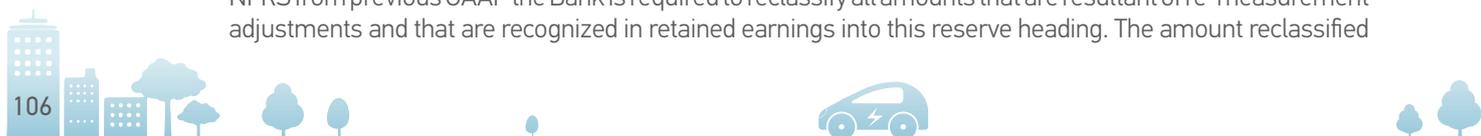
The Bank is required to maintain balance in this reserve heading which is calculated at fixed percentages of the cost of equity investments that are not held for trading. Changes in this reserve requirement are reclassified to retained earnings.

#### **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.

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 of FY 2080/81. The full written verdict on the said case is yet to be received and may affect the accounting treatment.

### **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.



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# ADDITIONAL DISCLOSURES

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# NMB BANK LIMITED

## ADDITIONAL DISCLOSURES - FINANCIAL YEAR

17 July 2023 to 15 July 2024  
(1 Sawan 2080 to 31 Asar 2081)

### 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 448.8 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 25.31 million has been transferred to Exchange Fluctuation Reserve.

### 4. Exchange Fluctuation Income

The Bank earned a total exchange fluctuation income of NPR 344 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. There is no amount in this reserve.

### 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 15 July 2024 is NPR 1,723 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. 22,443,953/- 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 2080/81	2,244,395,304
B.	1% of net profit appropriated to CSR fund	22,443,953
C.	Opening CSR fund	57,546,535
D.	CSR expense incurred for FY 2080/81	35,580,905
E.	Closing CSR Reserve FY 2080/81 (B)	44,409,583
F.	Net Movement (E-C)	(13,136,952)

The province-wise details of CSR cost is:

NPR in Thousand

Provinces	FY 2080/81
Koshi	5,010
Madhesh	3,672
Bagmati	8,192
Gandaki	5,118
Lumbini	3,628
Karnali	6,383
Sudur Paschim	3,578
<b>Total</b>	<b>35,581</b>

The sectoral CSR cost details are:

Provinces	FY 2080/81
Consumer Protection	121
Education	8,508
Environment	1,382
Health	10,963
Heritage	2,687
Infrastructure	307
Literacy	4,734
Natural Calamity	6,418
Others	460
<b>Total</b>	<b>35,581</b>

## 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 2079/80	1,721,500,254
B.	3% of the above to be expensed in FY 2080/81	51,645,008
C.	Training Expenses for FY 2080/81	40,850,037
D.	Excess/(Shortfall) (C-B)	(10,794,971)
E.	Opening SSDF Reserve	27,657,096
F.	Net Movement (-D)	10,794,971

## 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	448,411,030	-	149,656,654	-	-	2,425,505,705
2081	1,797,278,625	-	-	536,405,121	483,451,954	-	205,478,652	-	-	3,022,614,353

The movement of Regulatory Reserve for FY 80/81 is as below:

Particulars	As on 31 Asar 2081 (A)	As on 31 Asar 2080 (B)	Transfer to Regulatory Reserve (FY 2080/81) (A-B)
Accrued Interest on Loans and Advances recognized as Income	1,797,278,625	1,387,417,570	409,861,056
Provision of Non - Banking Assets (Investment Property)	536,405,121	439,555,738	96,849,383
Deferred Tax Assets	483,451,954	448,875,744	34,576,210
Actuary Losses	205,478,652	149,656,654	55,821,998
<b>Total</b>	<b>3,022,614,353</b>	<b>2,425,505,705</b>	<b>597,108,648</b>

## 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. 2.71 Bio. While remaining staff loan is presented under Schedule 4.7. The related interest income due to differential rate amounting NPR. 76.2 Mio. has been presented under Interest Income and finance expenses under NFRS in personnel expenses.

## 11. Event after reporting period

None

## 12. Unpaid Dividend

As on the balance sheet date, unpaid dividends amounts to NPR 2,311,938 and unpaid dividend at Share Registrar NMB Capital is NPR. 239,744,188 totalling NPR. 242,056,126. 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 Asar 2081	YE Asar 2080
Weighted average no. of equity shares outstanding (Restated)	183,667,060	183,667,060
Net profit	2,244,395,304	3,222,547,292
Basic earnings per share	12.22	17.55
Nominal value per share	100	100

#### 14. Disclosure related to Loans

Particulars	As of Asar End 2081	
	No. of Customers	Amount(NRs.)
Accrued Interest Received after Asar end 2081 till Sawan End 2081	7,412	432,327,759
Additional 0.2% Loan Loss Provision created on Pass Loan Portfolio	43,381	362,406,052
Extension of moratorium period of loan provided to Industry or Project Under Construction (HydroPower)	1	65,832,533
Restructured/Rescheduled Loan with % Loan Loss Provision	3,472	1,648,158,501
Enhancement of working Capital Loan by 20% to COVID affected borrowers	NA	NA
Enhancement of Term Loan by 10% to COVID affected borrowers	NA	NA
Expiry Date of Additional 20% Working Capital Loan (COVID Loan) extended for up to 1 year with 5% provisioning.	NA	NA
Expiry Date of Additional 10% Term Loan (COVID Loan) extended for up to 1 year with 5% provisioning.	NA	NA
Time Extension provided for repayment of Principal and Interest for up to two years as per Clause 41 of NRB Directives 2	NA	NA

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

Particulars	As of Asar End 2081	
	No. of Customers	Amount(NRs.)
Refinance Loan	-	-
Business Continuity Loan	-	-

Particulars	As of Asar End 2081	
	No. of Customers	Amount(NRs.)
Subsidized Loan	5,907	6,401,003,923

#### 15. Principal Indicators

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

	Particulars	Indicators	FY 2076/77	FY 2077/78	FY 2078/79	FY 2079/80	FY 2080/81
1	Percent of Net Profit/Gross Income	Percent	11.94	17.45	15.25	11.74	8.59
2	Earnings Per Share (Restated for previous years)	Rs.	11.18	14.76	17.92	17.55	12.22
3	Market Value Per Share	Rs.	397	440	261	226	218
4	Price Earnings Ratio	Ratio	31.45	26.41	14.57	12.88	17.84
5	Dividend (including bonus) on Share Capital	Percent	16.20	15.80	8.25	-	-
6	Cash Dividend on Share Capital	Percent	3.20	3.30	8.25	-	-
7	Interest Income/Loan & Advances	Percent	10.95	8.16	9.55	11.98	10.92
8	Staff Expenses/Total Operating Expenses	Percent	58.32	65.04	64.82	64.02	64.13
9	Interest Expenses on Total Deposit and Borrowing	Percent	6.30	4.64	6.26	8.01	7.62
10	Exchange Gain/Total Assets	Percent	0.27	0.20	0.13	0.10	0.12
11	Staff Bonus/Total Staff Expenses	Percent	19.65	25.70	25.30	23.52	15.80
12	Net Profit/Loan and Advances	Percent	1.38	1.68	1.77	1.59	1.07
13	Net Profit/Total Assets	Ratio	0.95	1.17	1.29	1.12	0.76

	Particulars	Indicators	FY 2076/77	FY 2077/78	FY 2078/79	FY 2079/80	FY 2080/81
14	CD Ratio (Average for the last month of FY)	Percent	86.66	89.76	87.75	83.46	83.91
15	CD Ratio (As on Last Day of the FY)	Percent	86.39	86.51	85.55	82.36	82.51
16	Total Operating Expenses/Total Assets	Percent	1.57	1.39	1.54	1.46	1.39
17	<b>Adequacy of Capital Fund on Risk Weighted Assets</b>						
	a) Core Capital	Percent	13.00	11.42	10.36	10.15	9.72
	b) Supplementary Capital	Percent	2.08	3.66	3.23	3.17	3.12
	c) Total Capital Fund	Percent	15.08	15.08	13.59	13.33	12.84
18	Liquidity (CRR)	Ratio	5.93	5.66	5.33	5.63	4.47
19	Non-performing credit/Total credit	Percent	2.68	2.27	1.45	2.75	3.40
20	Base Rate (Average for the last quarter of FY)	Percent	9.29	6.99	9.38	10.37	8.42
21	Interest Spread as per NRB (Last Month of the FY)	Percent	4.05	3.09	4.05	3.99	3.99
22	Return on total assets	Percent	1.09	1.32	1.35	1.19	0.77
23	Return on Equity	Percent	8.94	12.08	12.95	11.65	7.82
24	Average Yield (YTD)	Percent	10.67	8.71	9.00	11.80	10.32
25	Book Net Worth Per Share	Rs.	150.06	146.66	146.30	154.82	157.74
26	Total Shares	Nos. in '000	139,510	163,260	183,667	183,667	183,667
27	Total Staff	Number	1,654	1,744	1,961	1,980	1,952
28	No of Branches	Number	160	181	201	201	201
29	No of ATMs	Number	133	137	138	141	187

## 16. Loans and Advances Written Off

The Bank has written off loans and advances (except Interest) amounting to NPR 20.99 million the details of which is as follows:

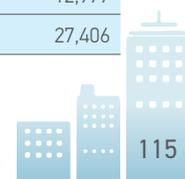
S.No	Name of Clients	Facility	Date of Written off	Principal
1	Manakamana Kanwhise	Overdraft Loan	14-Jan-24	603,283
2	Prasiddha Gahana Griha	Overdraft Loan	14-Jan-24	-
3	Jalka Devi Foods	Overdraft Loan	14-Jan-24	2,156,130
4	Basnet Stores	Overdraft Loan	14-Jan-24	502,245
5	Amar General Suppliers	Overdraft Loan	14-Jan-24	330,917
6	Siddhi Stores	Overdraft Loan	14-Jan-24	5,213,171
7	Galaxy Dental And Surgical Pvt. Ltd.	Overdraft Loan	14-Jan-24	4,148,697
8	Radha Cosmetic	Overdraft Loan	14-Jan-24	381,953
9	Radha Kunwar	Term Loan	14-Jan-24	7,656
10	Maiti B.K.	Term Loan	14-Jan-24	112,481
11	Parbati Sarki	Term Loan	14-Jan-24	49,493
12	Som Maya Gurung	Term Loan	14-Jan-24	74,120
13	Mina Kumari Thapa Magar	Term Loan	14-Jan-24	45,330
14	Hum Kumari Gurung	Term Loan	14-Jan-24	35,170
15	Saraswati Sharma	Term Loan	14-Jan-24	14,139
16	Hira Rana Magar	Term Loan	14-Jan-24	20,166
17	Purnimaya Kunwar	Term Loan	14-Jan-24	22,386
18	Maya Pun	Term Loan	14-Jan-24	32,505
19	Bimala Gurung	Term Loan	14-Jan-24	49,391
20	Jeevan Khati	Term Loan	14-Jan-24	80,873
21	Mahabir Sahi Samundri	Term Loan	14-Jan-24	9,078



S.No	Name of Clients	Facility	Date of Written off	Principal
22	Yub Raj Thapa	Term Loan	14-Jan-24	82,765
23	Som Bahadur Gurung	Term Loan	14-Jan-24	103,426
24	Padam Kumari Gurung	Term Loan	14-Jan-24	60,738
25	Chitra Maya Dura	Term Loan	14-Jan-24	64,778
26	Sabitra Devi Pandit Chhetri	Term Loan	14-Jan-24	98,730
27	Saraswoti Darai	Term Loan	14-Jan-24	47,308
28	Suk Maya Gurung	Term Loan	14-Jan-24	111,120
29	Manu Gurung	Term Loan	14-Jan-24	75,787
30	Man Kumari Gurung	Term Loan	14-Jan-24	100,802
31	Sashi Kala Gurung	Term Loan	14-Jan-24	86,392
32	Bishnukalli Gurung	Term Loan	14-Jan-24	110,399
33	Som Maya Gurung	Term Loan	14-Jan-24	102,734
34	Chandrakali Gurung	Term Loan	14-Jan-24	92,569
35	Netra Prasad Bhandari	Term Loan	14-Jan-24	71,442
36	Padma Gurung	Term Loan	14-Jan-24	19,810
37	Punam Dhakal	Term Loan	14-Jan-24	36,781
38	Ranju Gautam	Term Loan	14-Jan-24	12,056
39	Gyan Bahdur Thapa	Term Loan	14-Jan-24	137,609
40	Rita Fagami Pun	Term Loan	14-Jan-24	67,260
41	Sarita Baniya	Term Loan	14-Jan-24	137,853
42	Deu Raj Bhujel	Term Loan	14-Jan-24	109,101
43	Govinda Ghale	Term Loan	14-Jan-24	158,443
44	Jhalak Bahadur K.C.	Term Loan	14-Jan-24	130,802
45	Indra Maya Gurung	Term Loan	14-Jan-24	17,202
46	Puja Bhandari	Term Loan	14-Jan-24	22,689
47	Khadka Bahadur Gurung	Term Loan	14-Jan-24	19,896
48	Basanta Raj Tiwari Sharma	Term Loan	14-Jan-24	37,205
49	Dhan Maya Gurung	Term Loan	14-Jan-24	20,676
50	Susila B.K	Term Loan	14-Jan-24	43,555
51	Nilam Kaini	Term Loan	14-Jan-24	68,151
52	Gomati Lawad	Term Loan	14-Jan-24	91,545
53	Bhawana Tamrakar	Term Loan	14-Jan-24	95,678
54	Shree Shanti Galla Bhandar	Overdraft Loan	12-Apr-24	592,715
55	Gita Kamar	Term Loan Micro Finance	20-May-24	99,741
56	Maya Kumari Gurung	Term Loan Micro Finance	20-May-24	76,296
57	Kamala B.K	Term Loan Micro Finance	20-May-24	1,000
58	Menisha Shahi	Term Loan Micro Finance	20-May-24	130,032
59	Ujeli Tamang	Term Loan Micro Finance	20-May-24	9,949
60	Amrit Tamang	Term Loan Micro Finance	20-May-24	50,705
61	Sabitri Gurung	Term Loan Micro Finance	20-May-24	134,210
62	Kamala Bishwokarma	Term Loan Micro Finance	20-May-24	29,960
63	Tej Kumari Gurung	Term Loan Micro Finance	20-May-24	34,325
64	Shanti Nepali	Term Loan Micro Finance	20-May-24	78,173
65	Til Maya Ale Magar	Term Loan Micro Finance	20-May-24	11,229
66	Shova Bista	Term Loan Micro Finance	20-May-24	27,515
67	Manu Bk	Term Loan Micro Finance	20-May-24	13,839
68	Rita Thapa Magar	Term Loan Micro Finance	20-May-24	58,004



S.No	Name of Clients	Facility	Date of Written off	Principal
69	Aasman Gurung	Term Loan Micro Finance	20-May-24	59,881
70	Bina Kumari Shrestha	Term Loan Micro Finance	20-May-24	34,673
71	Laxmi Kami	Term Loan Micro Finance	20-May-24	13,000
72	Setu Chunaro Kami	Term Loan Micro Finance	20-May-24	10,558
73	Lalita Damai	Term Loan Micro Finance	20-May-24	45,528
74	Laxmi Sharki	Term Loan Micro Finance	20-May-24	16,360
75	Mina Damai	Term Loan Micro Finance	20-May-24	24,299
76	Bindu Devi Kami	Term Loan Micro Finance	20-May-24	17,771
77	Shanti Damai	Term Loan Micro Finance	20-May-24	11,630
78	Chadani Auji	Term Loan Micro Finance	20-May-24	10,082
79	Ujeli Wod	Term Loan Micro Finance	20-May-24	6,631
80	Rama Ghimire	Term Loan Micro Finance	15-Jul-24	31,644
81	Sapana Shahi	Term Loan Micro Finance	15-Jul-24	83,376
82	Bishnu Maya B.K	Term Loan Micro Finance	15-Jul-24	143,743
83	Amrita Kami	Term Loan Micro Finance	15-Jul-24	141,699
84	Sita B.K	Term Loan Micro Finance	15-Jul-24	97,514
85	Januka Kumari Adhikari	Term Loan Micro Finance	15-Jul-24	63,831
86	Basir Miya Hajam	Term Loan Micro Finance	15-Jul-24	132,489
87	Rita Kumari B.K.	Term Loan Micro Finance	15-Jul-24	70,081
88	Subash Tamang	Term Loan Micro Finance	15-Jul-24	11,798
89	Bimala Devkota	Term Loan Micro Finance	15-Jul-24	25,570
90	Binda Kumari K.C	Term Loan Micro Finance	15-Jul-24	13,857
91	Jeevan Bahadur Shakya	Term Loan Micro Finance	15-Jul-24	59,646
92	Devi Kumari Thakuri	Term Loan Micro Finance	15-Jul-24	72,712
93	Muhammad Hayat Hussain	Term Loan Micro Finance	15-Jul-24	153,492
94	Durga Devi B.K.	Term Loan Micro Finance	15-Jul-24	96,998
95	Maiya Tamang	Term Loan Micro Finance	15-Jul-24	17,501
96	Lila Basnet	Term Loan Micro Finance	15-Jul-24	44,499
97	Nani Maya Gurung	Term Loan Micro Finance	15-Jul-24	73,345
98	Shanta Basnet Jhagad	Term Loan Micro Finance	15-Jul-24	9,023
99	Apsara Shrestha	Term Loan Micro Finance	15-Jul-24	20,186
100	Laxmi Kami	Term Loan Micro Finance	15-Jul-24	37,890
101	Sarshoti Tamota	Term Loan Micro Finance	15-Jul-24	83,970
102	Chandra Devi Tamata	Term Loan Micro Finance	15-Jul-24	17,466
103	Sunita Tamrakar B	Term Loan Micro Finance	15-Jul-24	87,884
104	Saru Devi Thapa Magar	Term Loan Micro Finance	15-Jul-24	31,353
105	Shailendra Khadka	Credit Card	15-Jul-24	26,932
106	Kanchhi Maya Lama	Credit Card	15-Jul-24	5,191
107	Pundari Thaiba	Credit Card	15-Jul-24	88,220
108	Pramila Thaiba	Credit Card	15-Jul-24	102,492
109	Shiv Kumar Shrestha	Credit Card	15-Jul-24	44,360
110	Suchit Prasad Shrestha	Credit Card	15-Jul-24	61,240
111	Regan Budhathoki	Credit Card	15-Jul-24	78,191
112	Sushant Kumar Sah	Credit Card	15-Jul-24	30,892
113	Ajendra Singh	Credit Card	15-Jul-24	52,156
114	Shorez Raj Onta	Credit Card	15-Jul-24	12,977
115	Sarina Adhikari	Credit Card	15-Jul-24	27,406



S.No	Name of Clients	Facility	Date of Written off	Principal
116	Shambhu Man Shrestha	Credit Card	15-Jul-24	23,550
117	Suresh Ramtel	Credit Card	15-Jul-24	10,961
118	Ashish Prasad Gorkhali	Credit Card	15-Jul-24	72,227
119	Shiv Kumar Adhikari	Credit Card	15-Jul-24	17,058
120	Achutam Rijal	Credit Card	15-Jul-24	27,406
121	Punarshing Rai	Credit Card	15-Jul-24	66,795
122	Sandesh Nyachhyon	Credit Card	15-Jul-24	3,509
123	Ram Bahadur Bhattarai	Credit Card	15-Jul-24	1,965
124	Hom Bdr Karki	Credit Card	15-Jul-24	17,000
125	Ishwor Bikash Shrestha	Credit Card	15-Jul-24	51,689
126	Hasan Saphi	Credit Card	15-Jul-24	79,678
127	Sundarkala Devi Sah	Credit Card	15-Jul-24	24,987
128	Mrigendra Keshar Joshi	Credit Card	15-Jul-24	18,531
129	Satish Kumar Sharma	Credit Card	15-Jul-24	61,999
130	Khadga Bahadur Karki	Credit Card	15-Jul-24	29,392
131	Sudip Bhandari	Credit Card	15-Jul-24	70,689
132	Devendra Humagain	Credit Card	15-Jul-24	52,789
133	Binita Sotang	Credit Card	15-Jul-24	102,416
134	Bhupendra Prasad Pokhrel	Credit Card	15-Jul-24	2,542
135	Yogaraj Nepal	Credit Card	15-Jul-24	42,077
136	Ashik Lama	Credit Card	15-Jul-24	79,594
137	Ranjan Dahal	Credit Card	15-Jul-24	59,584
	<b>Total</b>			<b>20,990,648</b>

## 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 2081	FY End 2080	Increase/(Decrease)
Term deposits	120,074	127,492	(7,418)
Call deposits	16,249	14,466	1,783
Current deposits	11,399	12,981	(1,582)
Saving deposits	76,150	55,256	20,894
Other	3,234	2,847	387
<b>Total</b>	<b>227,106</b>	<b>213,042</b>	<b>14,064</b>

## 19. Classification of Loan

The classifications of loans and advances along with Loan Loss Provision for fiscal year 2080/81 is given below:

Amount in millions

Particulars	Loans & Advances					Bills Purchased/ Discounted			FYE 2081
	Domestic			Foreign	Total	Domestic	Foreign	Total	
	Deprived Sector		Other						
	Insured	Uninsured							
	1	2	3	4	5=1+2+3+4	6	7	8=6+7	
<b>1 Performing Loan and Advances</b>	<b>1,578</b>	<b>8,649</b>	<b>183,610</b>	<b>3,714</b>	<b>197,550</b>	<b>97</b>	<b>-</b>	<b>97</b>	<b>197,647</b>
1.1 Pass Loan	1,469	8,615	167,408	3,691	181,183	18	-	18	181,201
1.1.1 Pass Loan (other than Restructured/ Rescheduled Covid Related)	1,469	8,615	167,408	3,691	181,183	18	-	18	181,201
1.1.2 Pass Loan (Restructured/ Rescheduled Covid Related)					-	-	-	-	-
<b>1.2 Watch List</b>	<b>109</b>	<b>34</b>	<b>16,202</b>	<b>23</b>	<b>16,367</b>	<b>79</b>	<b>-</b>	<b>79</b>	<b>16,447</b>
<b>2 Non-Performing Loan and Advances</b>	<b>185</b>	<b>131</b>	<b>6,584</b>	<b>61</b>	<b>6,961</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,961</b>
2.1 Restructured / Rescheduled	-	-	398	-	398	-	-	-	398
2.2 Sub-standard	84	13	2,247	-	2,344	-	-	-	2,344
2.3 Doubtful	51	20	1,262	-	1,333	-	-	-	1,333
2.4 Loss	51	98	2,677	61	2,886	-	-	-	2,886
<b>3 Total Loan and Advances (1+2)</b>	<b>1,763</b>	<b>8,780</b>	<b>190,194</b>	<b>3,775</b>	<b>204,511</b>	<b>97</b>	<b>-</b>	<b>97</b>	<b>204,608</b>
<b>4 Total Loan Loss Provision</b>	<b>38</b>	<b>200</b>	<b>7,837</b>	<b>117</b>	<b>8,192</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>8,196</b>
4.1 Pass	18	103	2,009	44	2,174	0	-	0	2,174
4.2 Watch List	5	2	810	1	818	4	-	4	822
4.3 Restructured / Rescheduled	-	-	50	-	50	-	-	-	50
4.3.1 Restructured / Rescheduled Covid Related	-	-	-	-	-	-	-	-	-
4.3.2 Restructured / Rescheduled Others	-	-	50	-	50	-	-	-	50
4.4 Sub-standard	21	3	562	-	586	-	-	-	586
4.5 Doubtful	25	10	631	-	666	-	-	-	666
4.6 Loss	51	98	2,677	61	2,886	-	-	-	2,886
4.7 Additional	(82)	(17)	1,099	11	1,011	-	-	-	1,011
4.8 SOL exceed	-	-	-	-	-	-	-	-	-
4.9 PG & Third party collateral	-	-	-	-	-	-	-	-	-
<b>Net Loan (3-4)</b>	<b>1,724</b>	<b>8,581</b>	<b>182,357</b>	<b>3,657</b>	<b>196,319</b>	<b>93</b>	<b>-</b>	<b>93</b>	<b>196,412</b>

## 20. Concentration of Borrowing and Deposits

### A. Concentration of Borrowings

Particulars	FY End 2081	FY End 2080
Borrowings from ten largest lenders	11,552,656,301	14,814,903,379
Percentage of Borrowings from ten largest lenders to total depositors	5.09%	6.95%

### B. Concentration of Credit exposures

Particulars	FY End 2081	FY End 2080
<b>Total exposures to twenty largest borrowers:</b>		



Particulars	FY End 2081	FY End 2080
a. As per group (related party)	32,135,821,822	29,507,138,547
b. As per individual customer	16,353,252,803	23,299,951,191
<b>Percentage of exposures to twenty largest borrowers to Total Loans and Advances:</b>		
a. As per group (related party)	15.71%	14.94%
b. As per individual customer	7.99%	11.80%

### C. Concentration of Deposits

Particulars	FY End 2081	FY End 2080
Total deposits from twenty largest depositors		
a. Group-wise	52,316,673,509	41,378,283,735
b. As per individual customer	52,316,673,509	41,378,283,735
<b>Percentage of deposits from twenty largest depositors to Total Deposits</b>		
a. Group-wise	23.04%	19.42%
b. As per individual customer	23.04%	19.42%

## 21. Agency Account

Particular	Less than 1 Year	More than 1 year less than 3 years	More than 3 years	Total
Agency Accounts	1,070,745,691	152,408	588,306	1,071,486,405
Inter branch	-	-	-	-

## 22. Capitalization of Interest

During the fiscal year, the Bank has recognised interest income of NPR 606,204,688 from capitalization of interest during moratorium period of ten separate projects with financial closure being before 2079/10/26. These capitalizations have been approved/mandated by the NRB.

S.No.	Name of Borrower	NRB Approval Date (Y/M/D)	Interest Capitalization for Fiscal Year 2080/81
1	Hilton Hydro Energy Limited	2079.04.12	50,922,937
2	Kabeli Hydropower Company Limited	As per NRB Circular	76,399,749
3	Snow Rivers Limited	2079.04.12	65,747,087
4	Madame Kholā Hydropower Limited	As per NRB Circular	56,873,296
5	Siuri Nyadi Power Ltd.	2079.09.25	60,856,324
6	Peoples Energy Limited	2079.09.28	18,873,266
7	Sanima Middle Tamor Hydro Power Limited	2077.03.31	60,965,518
8	Vision Lumbini Urja Company Limited	2078.12.20	115,153,591
9	Mewa Developers Limited	NA	13,147,091
10	Barahi Sedi Limited	2079.09.25	87,265,830
	<b>Total</b>		<b>606,204,688</b>

## 23. 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
<b>Assets</b>							
1	Cash Balance	16,394	-	-	-	-	16,394
2	Balance with Banks & FIs	2,359	-	-	-	-	2,359
3	Investment in Foreign Banks	6,641	334	-	-	-	6,975
4	Call Money	-	-	-	-	-	-
5	Government Securities	13,438	4,912	800	4,304	16,585	40,039
6	Nepal Rastra Bank Bonds	-	-	-	-	-	-
7	Inter Bank & FI Lending	-	-	-	-	-	-
8	Loans & Advances	44,986	19,085	10,311	6,918	123,309	204,608
9	Interest Receivable	3,438	-	-	-	-	3,438
10	Reverse Repo	-	-	-	-	-	-
11	Receivables from other Institutions under Commitment	-	-	-	-	-	-

S. N.	Particulars	1-90 Days	91-180 Days	181-270 Days	271-365 Days	Over 1 Year	Total Amount
12	Payment to be made for facilities under s.no 20,21 & 22	1,723	-	-	-	3,107	4,830
13	Others	1,266	-	-	-	3,830	5,096
	<b>Total Assets (A)</b>	<b>90,245</b>	<b>24,331</b>	<b>11,111</b>	<b>11,222</b>	<b>146,831</b>	<b>283,740</b>
<b>Liabilities</b>							
14	Current Deposits	12,588	-	-	-	-	12,588
15	Saving Deposits	94,445	-	-	-	-	94,445
16	Fixed Deposits	29,053	34,923	11,911	23,006	21,182	120,074
17	Debentures	-	-	-	-	11,912	11,912
18	Borrowings:	-	-	803	1,338	9,413	11,553
	(a) Call/Short Notice	-	-	-	-	-	-
	(b) Inter-bank/Financial Institutions	-	-	803	1,338	9,413	11,553
	(c) Refinance	-	-	-	-	-	-
	(d) Others	-	-	-	-	-	-
19	Other Liabilities and Provisions	1,593	-	-	-	-	1,593
	(a) Sundry Creditors	100	-	-	-	-	100
	(b) Bills Payable	15	-	-	-	-	15
	(c) Interest Payable	1,270	-	-	-	-	1,270
	(d) Provisions	23	-	-	-	-	23
	(e) Others	184	-	-	-	-	184
20	Payable to other institutions under Commitment	-	-	-	-	-	-
21	Unutilized Approved Facilities	-	-	-	-	-	-
22	Letter of Credit/Guarantee (Net of Margin)	-	-	-	-	-	-
23	Repo	-	-	-	-	-	-
24	Payment to be made for facilities under S.No 11	-	-	-	-	-	-
25	Others	-	-	-	-	-	-
	<b>Total Liabilities (B)</b>	<b>137,678</b>	<b>34,923</b>	<b>12,714</b>	<b>24,343</b>	<b>42,506</b>	<b>252,163</b>
	<b>Net Financial Assets (A-B)</b>	<b>(47,432)</b>	<b>(10,591)</b>	<b>(1,603)</b>	<b>(13,121)</b>	<b>104,325</b>	<b>31,577</b>
	<b>Cumulative Net Financial Assets</b>	<b>(47,432)</b>	<b>(58,024)</b>	<b>(59,626)</b>	<b>(72,748)</b>	<b>31,577</b>	<b>-</b>

## 24. Borrowing by the Bank against the collateral of own assets

Borrowing by the Bank against the collateral of own asset is NIL as on Asar end 2081.

## 25. 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 balance 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.

## 26. Capital Construction

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

## 27. 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 Asar 2081	Year ended 31 Asar 2080
a. Individual Impairment	2,488,547,097	2,700,382,303
b. Collective Impairment	1,462,052,733	287,240,790
<b>Total</b>	<b>3,950,599,830</b>	<b>2,987,623,093</b>

## 28. 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 Asar 2081	Year ended 31 Asar 2080
a. Impairment on Loan as per Para 5 of Carve Out	3,950,599,830	2,987,623,093
b. Loan Loss Provision as per NRB	8,196,258,733	6,158,291,859
Higher of a and b	8,196,258,733	6,158,291,859

### (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.

## 29. 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.

## 30. Tax on Further Public Offering (FPO) and Merger and Acquisition related

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 had required the Entities to deposit the tax by Mangshir End 2080 in order to avoid interest and fine.

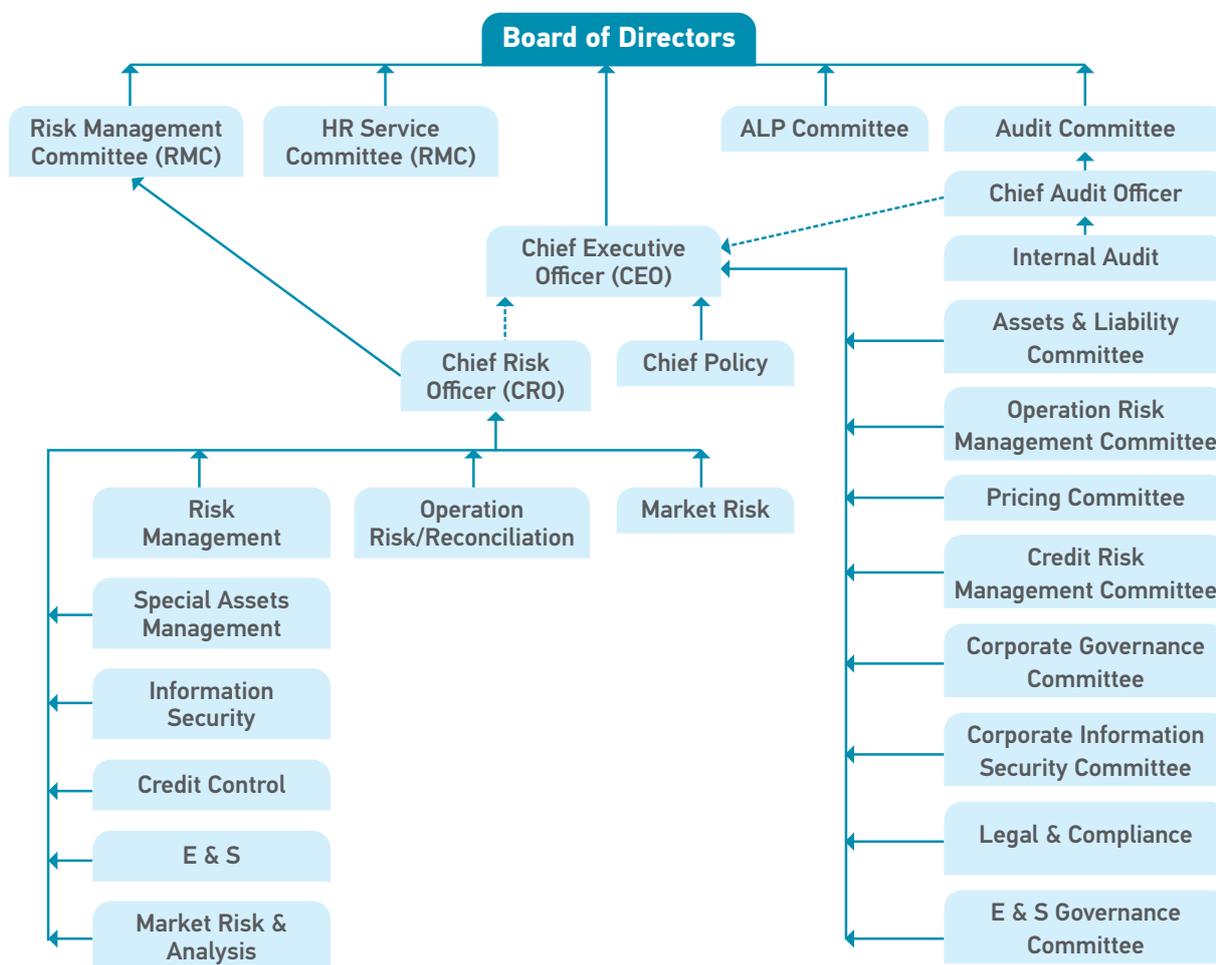
The bank had filed Writ Petition at the Supreme Court on 2080/05/29 jointly with Other Banks against the provisions of Section 26 and 27 of the Finance Act 2080. The Supreme Court decision dated 2080/08/28, rejected/dismitted the appeal and therefore, the bank has paid NPR. 1.84 billion Tax on premium of FPO and Swap Surplus / Bargain Purchase Gain from retained earnings of FY 2080/81. The full written verdict on the said case is yet to be received and may affect the accounting treatment. The tax amount has been adjusted in prior period tax expenses under schedule 4.41 since this is related to taxes paid for prior period event.

### 31. 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, 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, Operation Risk Management Committee, E&S (Environmental & Social) Governance Committee, Credit Recovery Committee, Corporate Information Security Committee, Pricing Committee, Legal and Compliance 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 AuditThe 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 fulfil 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 Guideline and various other credit related documents in place provide a 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 Counterparty Risk, Integrated Risk Management Department (Credit Risk), Credit Administration Department, Special Assets Management Department as well as various Business Units.

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 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.

### **Operational Risk Management:**

Operational risk is the risk of negative impacts 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.

Operational Risk Management Committee meets on a regular 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 Operation 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 the Board through RMC. Apart from that, Operational Risk Department conducts branch/ department visits to monitor/ review the branches and departments and also to train/ create awareness on operational risk.

### **Liquidity Risk Management :**

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 Management and Liquidity Contingency Plan Policy governs liquidity risk management and is managed by ALCO too. In accordance with that policy, the Bank maintains a liquid portfolio of marketable securities as a liquidity buffer.

### **E&S Risk Management:**

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 Bank is 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 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 has made Carbon Footprint Disclosure in FY 2021-22 and FY 2022-2023 on its financed portfolio based on PCAF standards (Partnership for Carbon Accounting Financials) and is in process to make disclosure in FY 2023-24.

#### **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

### **32. 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 on		As on	
		As on 31 Asar 2081		As on 31 Asar 2080	
		Carrying Value	Fair value	Carrying Value	Fair value
<b>FVTPL</b>					
Other trading assets	3	-	-	24,750,000	24,750,000
Derivative financial instruments	1	7,583,922,347	7,583,922,347	10,850,079,131	10,850,079,131
<b>Subtotal</b>		<b>7,583,922,347</b>	<b>7,583,922,347</b>	<b>10,874,829,131</b>	<b>10,874,829,131</b>
<b>FVTOCI</b>					
Quoted Equities	1	1,386,098,877	1,386,098,877	1,254,329,508	1,254,329,508
Unquoted Equities	3	58,302,391	58,302,391	70,461,300	70,461,300
<b>Subtotal</b>		<b>1,444,401,268</b>	<b>1,444,401,268</b>	<b>1,324,790,808</b>	<b>1,324,790,808</b>
<b>Grand-Total</b>		<b>9,028,323,615</b>	<b>9,028,323,615</b>	<b>12,199,619,939</b>	<b>12,199,619,939</b>
<b>Amortized cost</b>					
Cash and cash equivalent	3	22,570,602,707	22,570,602,707	23,958,279,935	23,958,279,935
Due from Nepal Rastra Bank	3	14,710,491,269	14,710,491,269	15,059,500,883	15,059,500,883
Placement with BFI's	3	3,035,765,321	3,035,765,321	755,846,186	755,846,186
Loan and advances to B/FIs	3	8,130,436,626	8,130,436,626	7,116,529,163	7,116,529,163
Loans and advances to customers	3	194,304,185,821	194,304,185,821	189,035,400,388	189,035,400,388
Investment securities (except equity instruments)	3	32,328,394,796	32,328,394,796	31,070,124,019	31,070,124,019
<b>Subtotal</b>		<b>275,079,876,540</b>	<b>275,079,876,540</b>	<b>266,995,680,574</b>	<b>266,995,680,574</b>
<b>Total of Financial Assets</b>		<b>284,108,200,155</b>	<b>284,108,200,155</b>	<b>279,195,300,513</b>	<b>279,195,300,513</b>
<b>FVTPL/FVTOCI</b>					
Liability for employees DBO	3	194,977,316	194,977,316	158,073,801	158,073,801
<b>Subtotal</b>		<b>194,977,316</b>	<b>194,977,316</b>	<b>158,073,801</b>	<b>158,073,801</b>
<b>Amortized cost</b>					
Due to Bank and Financial Institutions	3	3,163,179,932	3,163,179,932	2,737,257,510	2,737,257,510
Due to Nepal Rastra Bank	3	2,948,951,134	2,948,951,134	3,285,987,203	3,285,987,203
Deposits from customers	3	223,942,591,903	223,942,591,903	210,304,687,147	210,304,687,147
Borrowing	3	11,552,656,301	11,552,656,301	14,814,903,379	14,814,903,379
Other liabilities	3	2,440,734,973	2,440,734,973	3,016,369,090	3,016,369,090
Debt securities issued	3	12,382,000,301	12,382,000,301	12,278,329,070	12,278,329,070
<b>Subtotal</b>		<b>256,430,114,544</b>	<b>256,430,114,544</b>	<b>246,437,533,399</b>	<b>246,437,533,399</b>
<b>FVTPL</b>					
Derivative financial instruments	1	7,710,799,737	7,710,799,737	11,060,344,567	11,060,344,567
<b>Subtotal</b>		<b>7,710,799,737</b>	<b>7,710,799,737</b>	<b>11,060,344,567</b>	<b>11,060,344,567</b>
<b>Total of Financial Liabilities</b>		<b>264,335,891,597</b>	<b>264,335,891,597</b>	<b>257,655,951,767</b>	<b>257,655,951,767</b>



### 33. Capital Adequacy

The capital adequacy status as of 15 July 2024 is given below:

#### NMB Bank Limited Capital Adequacy Table 2081 Asar End (15 July 2024)

Amount in thousands

1.1 Risk Weighted Exposures		2081 Asar End	2080 Asar End
a	Risk Weighted Exposure for Credit Risk	233,660,906	225,701,586
b	Risk Weighted Exposure for Operational Risk	12,670,206	11,008,308
c	Risk Weighted Exposure for Market Risk	523,675	1,816,655
<b>Total Risk Weighted Exposures (a+b+c)</b>		<b>246,854,787</b>	<b>238,526,549</b>
<b>Adjustments under Pillar II</b>			
	Add : RWE equivalent to reciprocal of capital charge of 3 % of gross income.	3,034,013	2,453,586
	Add : 2% of the the total RWE due to Supervisory add up	4,937,096	4,770,531
	Add: 2% of total RWE, Desired level of disclosure requirement has not been achieved.	-	-
<b>Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)</b>		<b>254,825,896</b>	<b>245,750,666</b>
<b>1.2 Capital</b>			
<b>Tier 1 Capital (Core Capital) (CET1 +AT1)</b>		<b>24,763,725</b>	<b>24,952,789</b>
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	5,410,110	4,961,231
f	Retained Earnings	(93,841)	1,140,830
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	1,723,395	1,156,729
n	Less: Goodwill	-	-
o	Less: Intangible Assets	(75,799)	(105,861)
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)	(610,000)
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	-	-
<b>Adjustments under Pillar II</b>		-	-
	Less : Shortfall in Provision (6.4 a 1)	-	-
	Less : Loans and Facilities extended to Related Parties and Restricted lending (6.4 a 2)	-	-
<b>Supplementary Capital (Tier II)</b>		<b>7,960,652</b>	<b>7,797,015</b>
a	Cumulative and/or Redeemable Preference Share	-	-
b	Subordinated Term Debt	4,847,604	5,184,505
c	Hybrid Capital Instruments	-	-
d	General loan loss provision	2,920,761	2,445,534
e	Exchange Equalization Reserve	182,286	156,976
f	Investment Adjustment Reserve	-	-
g	Assets Revaluation Reserve	-	-
<b>h</b>	<b>Other Reserves</b>	<b>10,000</b>	<b>10,000</b>
<b>Total Capital Fund (Tier I and Tier II)</b>		<b>32,724,377</b>	<b>32,749,804</b>
<b>1.3 Capital Adequacy Ratios</b>			
Common Equity Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)		9.72	10.15
	Tier 1 Capital to Total Risk Weighted Exposures	9.72	10.15
	Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	12.84	13.33

# NMB Bank Limited

31 Asar 2081

## Market Risk Exposures

Amount in thousands

S.No.	Currency	2081 Asar End			2080 Asar End Relevant Open Position
		Open Position (FCY)	Open Position (NPR)	Relevant Open Position	
1	INR	(669,735.4)	(1,072,078.9)	1,072,079	3,919,732
2	USD	63.0	8,431.3	8,431	5,577
3	GBP	(13.1)	(2,273.0)	2,273	5,834
4	CHF	4.2	623.8	624	3,083
5	EUR	13.4	1,949.5	1,950	5,481
6	JPY	63.5	53.7	54	6,254
7	SEK	1.0	12.6	13	13
8	DKK	12.4	241.6	242	306
9	HKD	28.9	495.8	496	1,094
10	AUD	276.0	25,025.0	25,025	5,497
11	SGD	13.4	1,334.3	1,334	2,949
12	KRW	1,163.0	112.5	113	27
13	AED	177.1	6,448.9	6,449	21,280
14	MYR	48.9	1,400.2	1,400	475
15	THB	124.4	459.7	460	437
16	QAR	46.5	1,705.7	1,706	6,493
17	CNY	(2.9)	(53.5)	53	29
18	CAD	(250.4)	(24,542.7)	24,543	5,447
19	SAR	109.5	3,904.2	3,904	6,627
20	KWD	2.3	1,001.9	1,002	382
21	BHD	0.2	54.3	54	21
<b>Total Open Position (a)</b>				<b>1,152,203</b>	<b>3,997,037</b>
<b>Fixed Percentage (b)</b>				<b>5%</b>	<b>5%</b>
<b>Capital Charge for Market Risk [c=(a×b)]</b>				<b>57,610</b>	<b>199,852</b>
<b>Risk Weight (reciprocal of capital requirement of 10%) in times (d)</b>				<b>9.09</b>	<b>9.09</b>
<b>Equivalent Risk Weight Exposure [e=(c×d)]</b>				<b>523,675</b>	<b>1,816,655</b>



# NMB Bank Limited

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## Operation Risk Exposures

Amount in thousands

Particulars	Years before 2081 Asar End		
	2077/078	2078/79	2079/80
Net Interest Income	5,660,659	6,387,540	8,342,460
Commission and Discount Income	1,177,642	1,689,473	1,833,473
Other Operating Income	351,974	406,767	204,147
Exchange Fluctuation Income	364,108	272,407	236,285
Addition/Deduction in Interest Suspense during the period	199,643	241,195	509,464
Gross income (a)	7,754,026	8,997,381	11,125,829
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	1,163,104	1,349,607	1,668,874
Capital Requirement for operational risk (d) (average of c)			1,393,862
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			9.09
Equivalent Risk Weight Exposure [f=(d×e)]			12,670,206
<b>Adjustments under Pillar II</b>			
<b>If Gross Income for all the last three years is negative (6.4 a 8)</b>			
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)			
<b>Equivalent Risk Weight Exposure (h= f + g)</b>			<b>12,670,206</b>



# NMB Bank Limited

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Amount in thousands

## Eligible Credit Risk Mitigants

Credit Exposures	Deposits with Bank	Deposits with other Banks/FI	Gold	Govt. & NRB Securities	G'tee of 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										
Claims on Foreign government and Central Bank (ECA -2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA -3)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA-4-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA -7)	-	-	-	-	-	-	-	-	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Claims on Domestic Public Sector Entities	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	-	-	-	-	-	-
Claims on domestic banks that meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-
Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
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-)	-	-	-	-	-	-	-	-	615,381	615,381
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)	-	-	-	-	-	-	-	-	-	-
Claims on Domestic Corporates (Unrated)	518	-	-	-	-	-	-	-	-	518



Credit Exposures	Deposits with Bank	Deposits with other Banks/FI	Gold	Govt. & NRB Securities	G'tee of 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 0-1)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	363,633	-	-	-	-	-	-	5,614,560	-	5,978,194
foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	360,145	-	-	-	-	-	-	-	-	360,145
foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	17,514	17,514
foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	6,956,675	6,956,675
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	30,631	-	-	-	-	-	-	-	-	30,631
Financial Guarantee	290	-	-	-	-	-	-	-	-	290
Acceptances and Endorsements	219,030	-	-	-	-	-	-	-	-	219,030
Unpaid portion of Partly paid shares and Securities	-	-	-	-	-	-	-	-	-	-
Irrevocable Credit commitments(Short Term)	-	-	-	-	-	-	-	-	-	-
Irrevocable Credit commitments(Long Term)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement*	-	-	-	-	-	-	-	-	-	-
Other Contingent Liabilities	-	-	-	-	-	-	-	-	-	-
Unpaid Guarantee Claims	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,253,626</b>	-	-	-	-	-	-	<b>5,614,560</b>	<b>6,974,189</b>	<b>13,842,375</b>
<b>Total Credit Risk Exposure</b>	<b>2,191,552</b>	-	<b>690</b>	-	-	-	-	<b>5,614,560</b>	<b>7,589,569</b>	<b>15,396,372</b>

# NMB Bank Limited

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## Credit Risk Exposures

Amount in thousands

Assets	2081 Asar End						Previous FY	
	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Net Value	Risk Weighted Exposures
Balance Sheet Exposures	(a)	(b)	(c)	(d=a-b-c)	(e)	(f=d*e)		
Cash Balance	5,006,769	-	-	5,006,769	0%	-	4,838,527	-
Balance With Nepal Rastra Bank	11,387,688	-	-	11,387,688	0%	-	11,542,722	-
Gold	452,384	-	-	452,384	0%	-	(634)	-
Investment in Nepalese Government Securities	40,038,762	-	-	40,038,762	0%	-	36,685,448	-
All Claims on Government of Nepal	3,279,969	-	-	3,279,969	0%	-	3,602,289	-
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)	-	-	-	-	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	20%	-	-	-
Claims on Foreign Government and Central Bank (ECA -4-6)	-	-	-	-	50%	-	-	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	100%	-	-	-
Claims On BIS, IMF, ECB, EC and on Multilateral Development Banks (MDB's) recognized by the framework	-	-	-	-	0%	-	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-	-	-
Claims on Domestic Public Sector Entities	-	-	-	-	20%	-	-	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	50%	-	-	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	100%	-	-	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	150%	-	-	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	20%	2,672,894	12,393,085	2,478,617
Claims on domestic banks that meet capital adequacy requirements	13,364,468	-	-	13,364,468	20%	-	-	-
Claims on domestic banks that do not meet capital adequacy requirements	1,039	-	-	1,039	100%	1,039	1,039	1,039
Claims on foreign bank (ECA Rating 0-1)	2,646,111	-	-	2,646,111	20%	529,222	3,875,589	775,118
Claims on foreign bank (ECA Rating 2)	2,401,352	-	-	2,401,352	50%	1,200,676	2,031,227	1,015,614
Claims on foreign bank (ECA Rating 3-6)	515,483	-	-	515,483	100%	515,483	1,352,824	1,352,824
Claims on foreign bank (ECA Rating 7)	-	-	-	-	150%	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above regulatory capital requirement	1,689,816	-	-	1,689,816	20%	337,963	1,068,482	213,696
Claims on Domestic Corporates (Credit rating score equivalent to AAA)	-	-	-	-	50%	-	-	-
Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)	-	-	-	-	70%	-	2,014	1,410

Assets	2081 Asar End							Previous FY	
	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Net Value	Risk Weighted Exposures	
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)	3,231,951	-	615,381	2,616,571	80%	2,093,257	1,638,223	1,310,578	
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)	31,325,801	-	-	31,325,801	100%	31,325,801	24,640,364	24,640,364	
Claims on Domestic Corporates (Unrated)	73,739,190	-	518	73,738,673	100%	73,738,673	93,442,264	93,442,264	
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)	45,073,445	-	16,146	45,057,298	75%	33,792,974	23,690,662	17,767,997	
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-	-	-	
Claims secured by residential properties	17,742,137	-	-	17,742,137	60%	10,645,282	17,244,406	10,346,644	
Claims not fully secured by residential properties	-	-	-	-	150%	-	-	-	
Claims secured by residential properties (Overdue)	580,361	162,251	-	418,110	100%	418,110	468,956	468,956	
Claims secured by Commercial real estate	154,461	-	-	154,461	100%	154,461	392,874	392,874	
Past due claims (except for claim secured by residential properties)	8,768,343	5,361,495	-	3,406,847	150%	5,110,271	4,868,031	7,302,047	
High Risk claims	10,969,930	-	921,952	10,047,978	150%	15,071,967	17,283,832	25,925,749	
Real Estate loans for land acquisition and development (Other than mentioned in Capital Adequacy framework 2015-point 3.3(j)(1)(k))	804,581	-	-	804,581	125%	1,005,726	-	-	
Lending against Shares (above Rs.5 Million)	804,850	-	-	804,850	125%	1,006,063	-	-	
Lending against Shares (upto Rs.5 Million)	168,862	-	-	168,862	100%	168,862	-	-	
Lending against Shares (upto Rs.2.5 Million)	-	-	-	-	100%	-	78,682	78,682	
Trust Receipt Loans for Trading Firms	750,017	-	-	750,017	120%	900,020	655,901	787,082	
Personal Hirepurchase/Personal Auto Loans	2,228,672	-	-	2,228,672	100%	2,228,672	-	-	
Investments in equity and other capital instruments of institutions listed in stock exchange	811,826	-	-	811,826	100%	811,826	926,445	926,445	
Investments in equity and other capital instruments of institutions not listed in the stock exchange	305,489	-	-	305,489	150%	458,234	325,489	488,234	
Staff loan secured by residential property	3,723,878	-	-	3,723,878	50%	1,861,939	3,476,331	1,738,165	
Interest Receivable/claim on government securities	322,898	-	-	322,898	0%	-	568,266	-	
Cash in transit and other cash items in the process of collection	-	-	-	-	20%	-	-	-	
Other Assets (as per attachment)	18,186,102	11,775,514	-	6,410,587	100%	6,410,587	5,293,277	5,293,277	
<b>TOTAL</b>	<b>300,476,634</b>	<b>17,299,260</b>	<b>1,553,997</b>	<b>281,623,377</b>		<b>192,460,001</b>	<b>272,386,618</b>	<b>196,747,676</b>	
<b>Off Balance Sheet Exposures</b>									
Revocable Commitments	-	-	-	-	0%	-	-	-	
Bills Under Collection	1,617,470	-	-	1,617,470	0%	-	1,697,986	-	
Forward Exchange Contract Liabilities	7,710,800	-	-	7,710,800	10%	771,080	11,060,345	1,106,034	
LC Commitments With Original Maturity Upto 6 months domestic counterparty	10,234,916	-	279,897	9,955,019	20%	1,991,004	5,357,088	1,071,418	



## 34. 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	5,776	7,157	11,012	1,091	3,017	(21)	28,033
b	Intersegment revenues	7,036	(3,857)	(1,025)	(683)	1,663	(3,134)	-
c	Net Revenue	(1,259)	11,014	12,037	1,775	1,354	3,113	28,033
d	Interest Revenue	4,734	6,900	10,385	1,086	2,674	(230)	25,548
e	Interest Expense	10,187	77	5,652	15	2,384	15	18,331
f	Net Interest Revenue (b)	(5,453)	6,822	4,732	1,071	290	(245)	7,217
g	Depreciation and amortization	60	90	143	16	110	39	458
h	Segment profit/(loss)	1,937	900	2,512	187	1,236	(3,537)	3,236
i	Entity's interest in the profit or loss of associates accounted for using equity method - Not Applicable							
j	Other material items	-	-	-	-	-	-	-
k	OCI Items – Non Cash	-	-	-	-	-	136	136
l	Impairment of assets	1,138	4,064	2,747	247	-	-	8,196
m	Segment assets	38,894	57,708	92,849	10,422	70,600	24,396	294,868
n	Segment liabilities	138,584	4,945	75,364	1,072	23,465	51,439	294,868

### (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	28,033
Other Revenues	-
Elimination of intersegment revenues	-
Entity's Revenues	28,033

**b. Profit or Loss**

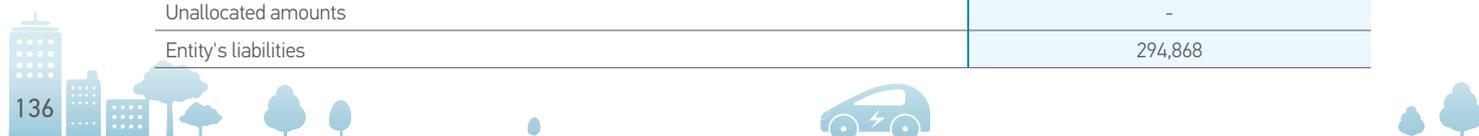
Particulars	Amount
Total profit or loss for reportable segments	3,236
Other profit or loss	-
Elimination of intersegment profits	-
Unallocated amounts	-
Profit before income tax	3,236

**c. Assets**

Particulars	Amount
Total assets for reportable segments	294,868
Other assets	-
Unallocated amounts	-
Entity's assets	294,868

**d. Liabilities**

Particulars	Amount
Total liabilities for reportable segments	294,868
Other liabilities	-
Unallocated amounts	-
Entity's liabilities	294,868



#### e. Information about products and services

Particulars	NPR in Mio. (Fees and Commission Income)
Retail Banking	1,042
Corporate, SME & Institutional	884
Treasury	409
Trade Finance	53
Others	-
<b>Total</b>	<b>2,394</b>

#### f. Information about geographical areas

	Particulars	Revenue (NPR in Mio.)
<b>a</b>	<b>Domestic</b>	<b>28,033</b>
	- Koshi	3,538
	- Madhesh	1,926
	- Bagmati	15,910
	- Gandaki	2,077
	- Lumbini	3,155
	- Karnali and Sudur Paschim	1,427
<b>b</b>	<b>Foreign</b>	<b>-</b>
	<b>Total (a+b)</b>	<b>28,033</b>

#### 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

#### 35. 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.

#### 36. Merger and acquisition

No Merger and Acquisition has been carried out during the FY 2081.

#### 37. 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.

#### 38. 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.

#### 39. 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 period. There were 20 Board Meeting conducted during the fiscal year.

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



and NPR. 16,000 respectively per meeting thereafter.

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

Board Level Committees	No of Meetings	Meeting Allowance (NPR)
Audit Committee	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 1,008,000.00

The members of the Board as on interim period ended Asar end 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 Shareholder)        |
| vii). Mrs. 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	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:

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

Apart from details mentioned above, Key management personnel are also provided with the following benefits:

- Benefits as per the Employee Terms of Service By-laws,
- Bonus to staff as per the Bonus Act,
- Vehicle Fuel Expenses and other facilities as per the Bank's Staff Vehicle Scheme.

#### The members of Executive Committee as on Asar end 2081 includes:

- |                        |   |
|------------------------|---|
| Mr. Sunil K.C.         | Chief Executive Officer   |
| Mr. Sudesh Upadhyaya   | Deputy Chief Executive Officer                                      |
| Mr. Govind Ghimire     | Deputy Chief Executive Officer                                      |
| Mr. Pramod Kumar Dahal | Chief Officer – Services/ Operations/ Support and Company Secretary |
| Mr. Navin Manandhar    | Chief Risk Officer  |
| Mr. Shreejesh Ghimire  | Chief Transformation Officer and International Business             |
| Dr. Buddhi Kumar Malla | Chief Service Excellence Officer                                    |
| Mr. Roshan Regmi       | Chief Information and Digital Officer                               |

#### (d). Transaction with Subsidiaries

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

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.





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# BASEL DISCLOSURES

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# NMB BANK LIMITED

## Disclosure under New Capital Adequacy Framework for the Year Ended Asar 2081

### 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 Asar End 2081.**

#### 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	5,410,110
5.	Retained Earnings	(93,841)
6.	Debenture Redemption Reserve and Deferred Tax Reserve	-
7.	Capital Adjustment Reserve	57,326
8.	Deferred Tax Assets	-
9.	Debenture Redemption Reserve	1,723,395
10.	Less: Investment in equity of institutions with financial interest	(610,000)
11.	Less: Intangible Assets	(75,799)
12.	Less: Purchase of land & building in excess of limit and unutilized	(14,173)
	<b>Total Core Capital</b>	<b>24,763,725</b>

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

S.No	Details	Amount
1.	Subordinated Term Debt	4,847,604
2.	General Loan Loss Provision	2,920,761
3.	Exchange Equalization Reserve	182,286
4.	Investment Adjustment Reserve	-
5.	Other Reserve	10,000
	<b>Total Supplementary Capital</b>	<b>7,960,652</b>

##### 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. along with financial interest amounting to NPR 610,000,000 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 75,799 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)	24,763,725
2.	Supplementary Capital (Tier 2)	7,960,652
	<b>Total Capital Fund</b>	<b>32,724,377</b>

#### 2.6. Capital Adequacy Ratio:

S.No	Details	Percentage
1.	Tier 1 Capital to Total Risk Weighted Exposure	9.72%
2.	Tier 1 and Tier 2 Capital to Total Risk Weighted Exposure	12.84%

#### 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	233,660,906
b.	Risk Weighted Exposure for Operational Risk	12,670,206
c.	Risk Weighted Exposure for Market Risk	523,675
	<b>Total Risk Weighted Exposures (a+b+c)</b>	<b>246,854,787</b>
	Add: RWE equivalent to reciprocal of capital charge of 3 % of gross income.	3,034,013
	Add : 2% of the total RWE due to Supervisory add up	4,937,096
	Add: 2% of total RWE, Desired level of disclosure requirement has not been achieved.	-
	<b>Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)</b>	<b>254,825,896</b>

#### 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	5,257,276
4.	Claims on Domestic Corporate and Securities Firms	107,157,730
5.	Claims on Foreign Corporate	-
6.	Claims on Regulatory Retail Portfolio	33,792,974

S.No	Particulars	Amount
7.	Claims fulfilling all criterion of regulatory retail except granularity	-
8.	Claims secured by Residential Properties (including staff)	10,645,282
9.	Claims not fully secured by residential properties	-
10.	Claims secured by Residential Properties (Overdue)	418,110
11.	Claims secured by Commercial Real Estate	154,461
12.	Past Due Claims	5,110,271
13.	High Risk Claims	15,071,967
14.	Real Estate loans for land acquisition and development (Other than mentioned in Capital Adequacy framework 2015-point 3.3(j)(1)(k))	1,005,726
15.	Lending against Shares(above Rs.5 Million)	1,006,063
16.	Lending against Shares(upto Rs.5 Million)	168,862
17.	Trust Receipt Loans for Trading Firms	900,020
18.	Personal Hirepurchase/Personal Auto Loans	2,228,672
19.	Investments	1,270,060
20.	Other Assets	8,272,527
21.	Off Balance sheet items	41,200,905
	<b>Total</b>	<b>233,660,906</b>

### 3.3. Total Risk Weighted Exposure calculation table:

S.No	Particulars	Amount
a.	Risk Weighted Exposure for Credit Risk	233,660,906
b.	Risk Weighted Exposure for Operational Risk	12,670,206
c.	Risk Weighted Exposure for Market Risk	523,675
<b>1.</b>	<b>Total Risk Weighted Exposure</b>	<b>246,854,787</b>
	Add: RWE equivalent to reciprocal of capital charge of 3 % of gross income.	3,034,013
	Add : 2% of the total RWE due to Supervisory add up	4,937,096
	<b>Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)</b>	<b>254,825,896</b>
<b>2.</b>	<b>Total Core Capital Fund (Tier 1)</b>	<b>24,763,725</b>
<b>3.</b>	<b>Total Capital Fund ( Tier 1 &amp; Tier 2)</b>	<b>32,724,377</b>
<b>4.</b>	<b>Total Core Capital to Total Risk Weighted Exposures (%)</b>	<b>9.72%</b>
<b>5.</b>	<b>Total Capital to Total Risk Weighted Exposures (%)</b>	<b>12.84%</b>

### Amount of Non-Performing Assets (NPAs)

S.No	Category	Gross	Provision	Net
1.	Restructured/Rescheduled	398,397	49,800	348,598
2.	Substandard	2,343,590	671,620	1,671,970
3.	Doubtful	1,332,756	642,120	690,636
4.	Loss	2,886,116	2,833,216	52,900
	<b>Total</b>	<b>6,960,859</b>	<b>4,196,755</b>	<b>2,764,104</b>

### 3.4. NPA Ratio

Gross NPA to Gross Advances: 3.40%

Net NPA to Net Advances: 1.41%



### 3.5. Movement of Non-Performing Assets

S.No	Particulars	Asar End 2081	Asar End 2080	Movement
1	Restructure/Reschedule Loan	398,397	455,897	(57,500)
2	Substandard	2,343,590	1,510,316	833,274
3	Doubtful	1,332,756	1,611,592	(278,836)
4	Loss	2,886,116	1,855,755	1,030,361
	<b>Total Non-Performing Loan</b>	<b>6,960,859</b>	<b>5,433,561</b>	<b>1,527,299</b>

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

S.No	Category	Asar End 2080	Asar End 2081	Movement
1	Pass	2,445,534	2,365,912	(79,622)
2	Watch List	646,723	1,633,592	986,869
3	Restructured	84,754	49,800	(34,954)
4	Substandard	365,686	671,620	305,934
5	Doubtful	790,304	642,120	(148,184)
6	Loss	1,825,290	2,833,216	1,007,926
	<b>Total Loan Provision</b>	<b>6,158,292</b>	<b>8,196,259</b>	<b>2,037,967</b>
	<b>Accrued Interest Receivable (including staff)</b>	<b>3,027,024</b>	<b>4,251,174</b>	<b>1,224,150</b>

As per NRB Interest Income Recognition Guideline, the interest amount of NPR. 432.3 Mio. has been reversed and credited to Interest Suspense during the reporting period.

### 3.7. 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 15,396,372 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 11.50%. 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%	6.72%
Capital Conservation Buffer (Comprised of Common Equity)	2.50%	2.50%
Counter Cyclical Buffer	0.50%	0.50%
Minimum common equity Tier 1 ratio plus capital conservation buffer and Counter Cyclical Buffer	7.50%	9.72%
Minimum Tier 1 Capital (Excluding conservation buffer and Countercyclical buffer)	6.00%	6.72%
Minimum Total Capital (MTC) Excluding conservation buffer and Countercyclical buffer)	8.50%	9.84%
Minimum Total Capital (including conservation and countercyclical buffer)	11.50%	12.84%

## 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, Chief 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 2023-24	Actual FY 2023-24	Variance (%) FY 2023-24	Reasons for Variance (for more than 20% only)
Interest income	33,298,024	25,682,543	-30%	Due to low demand of loan in market
Interest expense	22,941,018	18,465,800	-24%	Decrease in deposit collection
<b>Net interest income</b>	<b>10,357,006</b>	<b>7,216,743</b>	<b>-44%</b>	
Fee and commission income	2,586,862	1,987,207	-30%	Due to low demand of loan in market
Fee and commission expense	252,989	311,233	19%	
<b>Net fee and commission income</b>	<b>2,333,873</b>	<b>1,675,974</b>	<b>-39%</b>	
<b>Net interest, fee and commission income</b>	<b>12,690,879</b>	<b>8,892,717</b>	<b>-43%</b>	
Net trading income	411,814	242,411	-70%	Deu to decrease in derivatives position
Other operating income	446,026	264,011	-69%	Due to decrease in sale of assets and Dividend Income
<b>Total operating income</b>	<b>13,548,720</b>	<b>9,399,139</b>	<b>-44%</b>	
Impairment charge/(reversal) for loans and other losses	772,422	2,037,967	62%	Due to increase in NPL
<b>Net operating income</b>	<b>12,776,297</b>	<b>7,361,173</b>	<b>-74%</b>	
Operating expense	-	-		
Personnel expenses	3,452,202	2,634,448	-31%	Due to Change in number of Staff & Staff Bonus
Other operating expenses	1,353,357	1,015,555	-33%	Less operating expenses as compared with forecast
Depreciation & Amortisation	336,221	458,072	27%	Recognition of Right of Use Assets in PPE
<b>Operating Profit</b>	<b>7,634,517</b>	<b>3,253,098</b>	<b>-135%</b>	
Non operating income	101,346	3,442	-2844%	Due to lower recovery of written off loan
Non operating expense	-	20,991	100%	Due to Additional Loan Written off
<b>Profit before income tax</b>	<b>7,735,863</b>	<b>3,235,549</b>	<b>-139%</b>	
Income tax expense	-	-		
Current Tax	2,320,759	1,025,730	-126%	Due to decrease in Profit
Deferred Tax expense/(Income)	(47,935)	(34,576)	-39%	Origination of Deferred Tax Assets due to gratuity
<b>Profit for the period</b>	<b>5,463,039</b>	<b>2,244,395</b>	<b>-143%</b>	

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

NPR in Thousand

Particulars	Projected FY 2023-24	Actual FY 2023-24	Variance (%) FY 2023-24	Reasons for Variance (for more than 20% only)
Cash and cash equivalent	25,917,816	22,570,603	-15%	
Due from Nepal Rastra Bank	14,213,411	14,710,491	3%	
Placement with Bank and Financial Institutions	13,465,154	3,035,765	-344%	Majorly due to decrease in FCY placements
Derivative financial instruments	17,299,374	7,583,922	-128%	Due to decrease in derivatives position
Other trading assets	-	-		
Loan and advances to B/FIs	7,503,421	8,130,437	8%	
Loans and advances to customers	270,683,120	194,304,186	-39%	Due to low demand of loan in market
Investment securities	39,386,470	33,772,796	-17%	
Current tax assets	100,000	145,037	31%	Due to Decrease in Profit
Investment in subsidiaries	572,488	772,488	26%	Due to investment in NMB Securities
Investment in associates	-	-		
Investment property	55,000	851,437	94%	Due to increase in NBA booking
Property and equipment	2,049,363	3,758,591	45%	Due to purchase of land
Goodwill and Intangible assets	312,311	148,628	-110%	No Additional Software Purchase as projected
Deferred tax assets	407,899	424,642	4%	
Other assets	8,082,207	4,659,139	-73%	Due to less increase in business as compared with expected
<b>Total Assets</b>	<b>400,048,032</b>	<b>294,868,162</b>	<b>-36%</b>	
<b>Liabilities</b>				
Due to Bank and Financial Institutions	3,633,560	3,163,180	-15%	
Due to Nepal Rastra Bank	7,231,638	2,948,951	-145%	Due to Decrease in Borrowing from NRB
Derivative financial instruments	17,143,679	7,710,800	-122%	Due to decrease in derivatives position
Deposits from customers	275,053,934	223,942,592	-23%	Decrease in deposit collection as compared with projected collection
Borrowing	32,254,100	11,552,656	-179%	Due to less off shore borrowings
Current Tax Liabilities	-	-		
Provisions	-	-		
Deferred tax liabilities	-	-		
Other liabilities	8,507,586	4,196,471	-103%	Less Growth in business as compared with projected growth
Debt securities issued	22,127,854	12,382,000	-79%	Due to less debenture issue
Subordinated Liabilities	-	-		
<b>Total liabilities</b>	<b>365,952,351</b>	<b>265,896,650</b>	<b>-38%</b>	
<b>Equity</b>				
Share capital	20,019,709	18,366,706	-9%	
Share premium	-	-		
Retained earnings	3,508,686	(93,841)	3839%	Due to change in profit and regulatory appropriations and Payment of FPO/BG Tax
Reserves	10,567,286	10,698,646	1%	
<b>Total equity attributable to equity holders</b>	<b>34,095,681</b>	<b>28,971,511</b>	<b>-18%</b>	
<b>Total liabilities and equity</b>	<b>400,048,032</b>	<b>294,868,162</b>	<b>-36%</b>	<b>Due to above mentioned reasons</b>



## Horizontal Analysis

### Statement of Financial Position

Amount in Rs.

Particulars	15-Jul-24 (Asar 31, 2081)	2023 Vs 2022	16-Jul-23 (Asar 31, 2080)	2022 Vs 2021	16-Jul-22 (Asar 32, 2079)
<b>Assets</b>					
Cash and cash equivalent	22,570,602,707	-6%	23,958,279,935	87%	12,787,637,052
Due from Nepal Rastra Bank	14,710,491,269	-2%	15,059,500,883	10%	13,747,313,630
Placement with Bank and Financial Institutions	3,035,765,321	302%	755,846,186	-80%	3,782,288,743
Derivative financial instruments	7,583,922,347	-30%	10,850,079,131	105%	5,293,773,328
Other trading assets	-	100%	24,750,000	-	-
Loan and advances to B/Fls	8,130,436,626	14%	7,116,529,163	20%	5,920,094,816
Loans and advances to customers	194,304,185,821	3%	189,035,400,388	8%	174,948,356,284
Investment securities	33,772,796,064	4%	32,374,914,828	2%	31,724,846,753
Current tax assets	145,037,389	223%	44,947,624		55,328,905
Investment in subsidiaries	772,487,600	0%	772,487,600	107%	372,487,600
Investment in associates	-		-		-
Investment property	851,436,700	22%	697,707,520	136%	295,161,520
Property and equipment	3,758,590,533	46%	2,577,549,081	46%	1,764,130,341
Goodwill and Intangible assets	148,628,163	-17%	178,689,829	-21%	226,513,150
Deferred tax assets	424,642,054	-5%	448,411,030	32%	338,964,764
Other assets	4,659,139,126	20%	3,882,047,496	0%	3,893,713,394
<b>Total Assets</b>	<b>294,868,161,721</b>	<b>2%</b>	<b>287,777,140,694</b>	<b>13%</b>	<b>255,150,610,280</b>
<b>Liabilities</b>					
Due to Bank and Financial Institutions	3,163,179,932	16%	2,737,257,510	31%	2,082,436,338
Due to Nepal Rastra Bank	2,948,951,134	-10%	3,285,987,203	-63%	8,996,366,529
Derivative financial instruments	7,710,799,737	-30%	11,060,344,567	107%	5,351,098,092
Deposits from customers	223,942,591,903	6%	210,304,687,147	14%	184,817,106,463
Borrowing	11,552,656,301	-22%	14,814,903,379	14%	12,997,400,000
Current Tax Liabilities	-		-		-
Provisions	-		-		-
Deferred tax liabilities	-		-		-
Other liabilities	4,196,471,161	-14%	4,861,210,421	-18%	5,907,387,378
Debt securities issued	12,382,000,301	1%	12,278,329,070	51%	8,127,853,522
Subordinated Liabilities	-		-		-
<b>Total Liabilities</b>	<b>265,896,650,469</b>	<b>3%</b>	<b>259,342,719,296</b>	<b>14%</b>	<b>228,279,648,322</b>
<b>Equity</b>					
Share capital	18,366,705,959	0%	18,366,705,959	0%	18,366,705,959
Share premium	-		-		-
Retained earnings	(93,840,782)	-108%	1,140,830,240	-26%	1,550,781,367
Reserves	10,698,646,074	20%	8,926,885,198	28%	6,953,474,633
<b>Total equity attributable to equity holders</b>	<b>28,971,511,251</b>	<b>2%</b>	<b>28,434,421,397</b>	<b>6%</b>	<b>26,870,961,958</b>
Non-controlling interest					
<b>Total equity</b>	<b>28,971,511,251</b>	<b>2%</b>	<b>28,434,421,397</b>	<b>6%</b>	<b>26,870,961,958</b>
<b>Total liabilities and equity</b>	<b>294,868,161,721</b>	<b>2%</b>	<b>287,777,140,694</b>	<b>13%</b>	<b>255,150,610,280</b>

## Horizontal Analysis

### Statement of Profit or Loss

Amount in Rs.

Particulars	15-Jul-24 (Asar 31, 2081)	2023 Vs 2022	16-Jul-23 (Asar 31, 2080)	2022 Vs 2021	FY 2020-21 (Asar 31, 2079)
Interest income	25,682,542,888	-4%	26,622,460,214	39%	19,168,862,594
Interest expense	18,465,800,355	0%	18,374,056,559	44%	12,781,322,752
<b>Net interest income</b>	<b>7,216,742,533</b>	<b>-13%</b>	<b>8,248,403,655</b>	<b>29%</b>	<b>6,387,539,842</b>
Fee and commission income	1,987,207,424	8%	1,833,472,617	9%	1,689,472,559
Fee and commission expense	311,233,067	9%	286,611,105	33%	216,241,035
<b>Net fee and commission income</b>	<b>1,675,974,357</b>	<b>8%</b>	<b>1,546,861,512</b>	<b>5%</b>	<b>1,473,231,524</b>
<b>Net interest, fee and commission income</b>	<b>8,892,716,890</b>	<b>-9%</b>	<b>9,795,265,167</b>	<b>25%</b>	<b>7,860,771,366</b>
Net trading income	242,411,149	3%	236,285,430	-13%	272,406,509
Other operating income	264,011,431	29%	204,146,509	-50%	406,766,685
<b>Total operating income</b>	<b>9,399,139,470</b>	<b>-8%</b>	<b>10,235,697,106</b>	<b>20%</b>	<b>8,539,944,560</b>
Impairment charge/(reversal) for loans and other losses	2,037,966,876	40%	1,453,820,570	-4005%	(37,225,724)
<b>Net operating income</b>	<b>7,361,172,594</b>	<b>-16%</b>	<b>8,781,876,536</b>	<b>2%</b>	<b>8,577,170,284</b>
<b>Operating expense</b>					
Personnel expenses	2,634,448,065	-2%	2,689,175,176	6%	2,539,345,989
Other operating expenses	1,015,554,807	13%	900,681,727	-17%	1,087,916,122
Depreciation & Amortisation	458,071,858	-11%	516,698,101	78%	290,521,503
<b>Operating Profit</b>	<b>3,253,097,865</b>	<b>-30%</b>	<b>4,675,321,532</b>	<b>0%</b>	<b>4,659,386,670</b>
Non operating income	3,442,011	-66%	9,985,780	276%	2,656,853
Non operating expense	20,990,648	-72%	76,148,097	63%	46,755,749
<b>Profit before income tax</b>	<b>3,235,549,228</b>	<b>-30%</b>	<b>4,609,159,215</b>	<b>0%</b>	<b>4,615,287,774</b>
<b>Income tax expense</b>					
Current Tax	1,025,730,134	-29%	1,434,847,884	0%	1,435,199,261
Deferred Tax expense/(Income)	(34,576,210)	-28%	(48,235,961)	-57%	(111,005,657)
<b>Profit for the period</b>	<b>2,244,395,304</b>	<b>-30%</b>	<b>3,222,547,292</b>	<b>-2%</b>	<b>3,291,094,170</b>



## Vertical Analysis

### Statement of Financial Position

Amount in Rs.

Particulars	15-Jul-24 (Asar 31, 2081)	%	16-Jul-23 (Asar 31, 2080)	%	16-Jul-22 (Asar 32, 2079)	%
<b>Assets</b>						
Cash and cash equivalent	22,570,602,707	8%	23,958,279,935	8%	12,787,637,052	5%
Due from Nepal Rastra Bank	14,710,491,269	5%	15,059,500,883	5%	13,747,313,630	5%
Placement with Bank and Financial Institutions	3,035,765,321	1%	755,846,186	0%	3,782,288,743	1%
Derivative financial instruments	7,583,922,347	3%	10,850,079,131	4%	5,293,773,328	2%
Other trading assets	-	0%	24,750,000	0%	-	0%
Loan and advances to B/Fls	8,130,436,626	3%	7,116,529,163	2%	5,920,094,816	2%
Loans and advances to customers	194,304,185,821	66%	189,035,400,388	66%	174,948,356,284	69%
Investment securities	33,772,796,064	11%	32,374,914,828	11%	31,724,846,753	12%
Current tax assets	145,037,389	0%	44,947,624	0%	55,328,905	0%
Investment in subsidiaries	772,487,600	0%	772,487,600	0%	372,487,600	0%
Investment in associates	-	0%	-	0%	-	0%
Investment property	851,436,700	0%	697,707,520	0%	295,161,520	0%
Property and equipment	3,758,590,533	1%	2,577,549,081	1%	1,764,130,341	1%
Goodwill and Intangible assets	148,628,163	0%	178,689,829	0%	226,513,150	0%
Deferred tax assets	424,642,054	0%	448,411,030	0%	338,964,764	0%
Other assets	4,659,139,126	2%	3,882,047,496	1%	3,893,713,394	2%
<b>Total Assets</b>	<b>294,868,161,721</b>	<b>100.00%</b>	<b>287,777,140,694</b>	<b>100%</b>	<b>255,150,610,280</b>	<b>100%</b>
<b>Liabilities</b>						
Due to Bank and Financial Institutions	3,163,179,932	1%	2,737,257,510	1%	2,082,436,338	1%
Due to Nepal Rastra Bank	2,948,951,134	1%	3,285,987,203	1%	8,996,366,529	4%
Derivative financial instruments	7,710,799,737	3%	11,060,344,567	4%	5,351,098,092	2%
Deposits from customers	223,942,591,903	76%	210,304,687,147	73%	184,817,106,463	72%
Borrowing	11,552,656,301	4%	14,814,903,379	5%	12,997,400,000	5%
Current Tax Liabilities	-	0%	-	0%	-	0%
Provisions	-	0%	-	0%	-	0%
Deferred tax liabilities	-	0%	-	0%	-	0%
Other liabilities	4,196,471,161	1%	4,861,210,421	2%	5,907,387,378	2%
Debt securities issued	12,382,000,301	4%	12,278,329,070	4%	8,127,853,522	3%
Subordinated Liabilities	-		-		-	
<b>Total Liabilities</b>	<b>265,896,650,469</b>	<b>90%</b>	<b>259,342,719,296</b>	<b>90%</b>	<b>228,279,648,322</b>	<b>89%</b>
<b>Equity</b>						
Share capital	18,366,705,959	6%	18,366,705,959	6%	18,366,705,959	7%
Share premium	-	0%	-	0%	-	0%
Retained earnings	(93,840,782)	0%	1,140,830,240	0%	1,550,781,367	1%
Reserves	10,698,646,074	4%	8,926,885,198	3%	6,953,474,633	3%
<b>Total equity attributable to equity holders</b>	<b>28,971,511,251</b>	<b>10%</b>	<b>28,434,421,397</b>	<b>10%</b>	<b>26,870,961,958</b>	<b>11%</b>
Non-controlling interest						
<b>Total equity</b>	<b>28,971,511,251</b>	<b>10%</b>	<b>28,434,421,397</b>	<b>10%</b>	<b>26,870,961,958</b>	<b>11%</b>
<b>Total liabilities and equity</b>	<b>294,868,161,721</b>	<b>100%</b>	<b>287,777,140,694</b>	<b>100%</b>	<b>255,150,610,280</b>	<b>100%</b>

## Vertical Analysis

### Statement of Profit or Loss

Amount in Rs.

Particulars	15-Jul-24 (Asar 31, 2081)	%	16-Jul-23 (Asar 31, 2080)	%	16-Jul-22 (Asar 32, 2079)	%
Interest income	25,682,542,888	100%	26,622,460,214	100%	19,168,862,594	100%
Interest expense	18,465,800,355	72%	18,374,056,559	69%	12,781,322,752	67%
<b>Net interest income</b>	<b>7,216,742,533</b>	<b>28%</b>	<b>8,248,403,655</b>	<b>31%</b>	<b>6,387,539,842</b>	<b>33%</b>
Fee and commission income	1,987,207,424	8%	1,833,472,617	7%	1,689,472,559	9%
Fee and commission expense	311,233,067	1%	286,611,105	1%	216,241,035	1%
<b>Net fee and commission income</b>	<b>1,675,974,357</b>	<b>7%</b>	<b>1,546,861,512</b>	<b>6%</b>	<b>1,473,231,524</b>	<b>8%</b>
<b>Net interest, fee and commission income</b>	<b>8,892,716,890</b>	<b>35%</b>	<b>9,795,265,167</b>	<b>37%</b>	<b>7,860,771,366</b>	<b>41%</b>
Net trading income	242,411,149	1%	236,285,430	1%	272,406,509	1%
Other operating income	264,011,431	1%	204,146,509	1%	406,766,685	2%
<b>Total operating income</b>	<b>9,399,139,470</b>	<b>37%</b>	<b>10,235,697,106</b>	<b>38%</b>	<b>8,539,944,560</b>	<b>45%</b>
Impairment charge/(reversal) for loans and other losses	2,037,966,876	8%	1,453,820,570	5%	(37,225,724)	0%
<b>Net operating income</b>	<b>7,361,172,594</b>	<b>29%</b>	<b>8,781,876,536</b>	<b>33%</b>	<b>8,577,170,284</b>	<b>45%</b>
<b>Operating expense</b>						
Personnel expenses	2,634,448,065	10%	2,689,175,176	10%	2,539,345,989	13%
Other operating expenses	1,015,554,807	4%	900,681,727	3%	1,087,916,122	6%
Depreciation & Amortisation	458,071,858	2%	516,698,101	2%	290,521,503	2%
<b>Operating Profit</b>	<b>3,253,097,865</b>	<b>13%</b>	<b>4,675,321,532</b>	<b>18%</b>	<b>4,659,386,670</b>	<b>24%</b>
Non operating income	3,442,011	0%	9,985,780	0%	2,656,853	0%
Non operating expense	20,990,648	0%	76,148,097	0%	46,755,749	0%
<b>Profit before income tax</b>	<b>3,235,549,228</b>	<b>13%</b>	<b>4,609,159,215</b>	<b>17%</b>	<b>4,615,287,774</b>	<b>24%</b>
Income tax expense				0%		
Current Tax	1,025,730,134	4%	1,434,847,884	5%	1,435,199,261	7%
Deferred Tax expense/(Income)	(34,576,210)	0%	(48,235,961)	0%	(111,005,657)	-1%
<b>Profit for the period</b>	<b>2,244,395,304</b>	<b>9%</b>	<b>3,222,547,292</b>	<b>12%</b>	<b>3,291,094,170</b>	<b>17%</b>



## AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF THE BANK PRESENTED AS A SPECIAL RESOLUTION IN THE 29<sup>TH</sup> AGM

Article/ Section	Existing Arrangement	Proposed Arrangement	Justification to the Amendment
On the MOA Side			
5(a.a)(8)	N/A	Provide advisory services to foreign companies and other organizations	To provide advisory services to foreign companies and other organizations
5(a.a)(9)	N/A	Carry out the issuance, sale, distribution, and all related activities of green bonds, debentures, and other financial instruments in domestic or foreign currency in foreign markets, with the approval of regulatory bodies	To issue financial instruments in foreign markets
6(a)	The authorized capital of the Bank will be NPR 20,000,000,000/- (in words: Nepalese Rupees Twenty Billion only). This capital has been divided into 200,000,000/- (in words: Two Hundred Million) shares with the par value of NPR 100 per share	The authorized capital of the Bank will be NPR 25,000,000,000/- (in words: Nepalese Rupees Twenty-Five Billion only). This capital has been divided into 250,000,000/- (in words: Two Hundred Fifty Million) shares with the face value of NPR 100 per share	As per the proposal made on 29th Annual General Meeting of the Bank to issue Perpetual Non-Cumulative Preference Share
6(b)	The issued capital of the Bank will be NPR 18,366,705,959.24 (in words: Eighteen Billion Three Hundred Sixty-Six Million Seven Hundred Five Thousand Nine Hundred Fifty-Nine and 24/100 only). This capital has been divided into 183,667,059.59 (in words: One Hundred Eighty-Three Million Six Hundred Sixty-Seven Thousand Fifty-Nine and 59/100) units of shares with the par value of NPR 100 per share.	The issued capital of the Bank will be NPR 21,366,705,959.24 (in words: Twenty-One Billion Three Hundred Sixty-Six Million Seven Hundred Five Thousand Nine Hundred Fifty-Nine and 24/100 only). This capital has been divided into 183,667,059.59 (in words: One Hundred Eighty-Three Million Six Hundred Sixty-Seven Thousand Fifty-Nine and 59/100) units of ordinary shares, and 30,000,000 (in words: Thirty Million) units of preference shares at a par value of NPR 100 per share, totaling 213,667,059.59 (in words: Two-Hundred Thirteen Million Six Hundred Sixty-Seven Thousand Fifty-Nine and 59/100) shares.	
6(c)	The paid-up capital of the Bank will be NPR 18,366,705,959.24 (in words: Eighteen Billion Three Hundred Sixty-Six Million Seven Hundred Five Thousand Nine Hundred Fifty-Nine and 24/100 only).	The paid-up capital of the Bank will be NPR 21,366,705,959.24 (in words: Twenty-One Billion Three Hundred Sixty-Six Million Seven Hundred Five Thousand Nine Hundred Fifty-Nine and 24/100 only). This capital has been divided into 183,667,059.59 (in words: One Hundred Eighty-Three Million Six Hundred Sixty-Seven Thousand Fifty-Nine and 59/100) units of ordinary shares, and 30,000,000 (in words: Thirty Million) units of preference shares at a par value of NPR 100 per share.	
7	<b>Types of Shares of the Bank:</b> As there is currently no provision for any type of shares other than ordinary shares, the Bank's shares will be limited to ordinary shares only. If preference shares are to be issued, they can be issued only after making the necessary amendments to the Memorandum of Association and Articles of Association, complying with prevailing laws, and obtaining approval from Nepal Rastra Bank	<b>Type of Shares of the Bank:</b> The type of shares of the Bank will be as follows: 1. Ordinary Shares (with voting rights)a. a. Promoters (51 percent) b. General (49 percent) 2. Preference Shares (without voting rights)	
8(i)	N/A	Preference shares issued by the Bank shall be in accordance with the prevailing laws, rules, and directives prescribed by regulatory bodies from time to time.	

## AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE BANK PRESENTED AS A SPECIAL RESOLUTION IN THE 29<sup>TH</sup> AGM

Article/ Section	Existing Arrangement	Proposed Arrangement	Justification to the Amendment
7	<p><b>The classification of shares, along with the rights, privileges, and restrictions of the shareholders associated with them, if different types of shares are to be issued:</b></p> <p>Currently, there is no provision for any type of shares other than ordinary shares. The group structure of ordinary shares shall be as specified in Clause 6 of the Memorandum of Association.</p>	<p><b>The classification of shares, along with the rights, privileges, and restrictions of the shareholders associated with them, if different types of shares are to be issued:</b></p> <p>The type of shares of the Bank and the rights and privileges of the shareholders shall be as per Clause 7 of the Memorandum of Association.</p> <p>Other matters, including the rights of preference shareholders, shall be as determined by the General Meeting.</p>	As per the proposal made on 29th Annual General Meeting of the Bank to issue Perpetual Non-Cumulative Preference Share
8	<p><b>Whether the consent of the concerned type of shareholders is required while amending the rights of shareholders purchasing shares issued under Rule 7:</b> Currently, no provision has been made for different type of shares. If such provisions are to be made, the rights of shareholders purchasing different type of shares may be amended as necessary, subject to prevailing laws and with the approval of Nepal Rastra Bank, including provisions regarding the consent of the concerned type of shareholders.</p>	<p><b>Whether the consent of the concerned type of shareholders is required while amending the rights of shareholders purchasing shares issued under Rule 7:</b> Subject to prevailing laws and with the approval of Nepal Rastra Bank, necessary arrangements can be made regarding the consent of the concerned type of shareholders when amending the rights of shareholders purchasing different type of shares.</p>	
9	<p><b>Provisions regarding Preference Shares:</b> As all the shares of the Bank are made up of ordinary shares, no provision has been made currently regarding preference shares. If provisions are to be made, necessary arrangements may be made regarding the issuance of preference shares subject to prevailing laws and with the approval of Nepal Rastra Bank.</p>	<p><b>Provisions regarding Preference Shares:</b> The Bank, in compliance with the prevailing laws, shall issue preference shares, with dividend distribution at a rate determined by the Board of Directors, after being approved by the General Meeting and obtaining approval from the regulatory body.</p>	
25(2)	Shares with different voting rights may be issued, but currently, no such shares have been issued.	Shares with either different voting rights or no voting rights may be issued.	As per the proposal made on 29th Annual General Meeting of the Bank to issue preference shares with no voting rights
25(3)	Shares without voting rights at the General Meeting have not been issued.	Shareholders having preference shares issued by the Bank shall not have voting rights at the General Meeting.	As per the proposal made on 29th Annual General Meeting of the Bank to issue preference shares with no voting rights
28	<p><b>Minimum shares required to become a Director:</b></p> <p>To be appointed as a Director of the Bank, any shareholder must have at least 100 debt-free shares in their name. However, this provision shall not apply to independent directors and directors representing corporate bodies.</p>	<p><b>Minimum shares required to become a Director:</b></p> <p>To be appointed as a Director of the Bank, any shareholder must have at least 100 debt-free shares with voting rights in their name. However, this provision shall not apply to independent directors and directors representing corporate bodies.</p>	To clearly establish the provision that only shareholders with voting rights shall be appointed to the director position as the proposal is made on 29th Annual General Meeting of the Bank to issue Perpetual Non-Cumulative Preference Shares





# नेपाल राष्ट्र बैंक

## बैंक सुपरिवेक्षण विभाग



दरबारमार्ग, काठमाडौं।

फोन नं.: ४४१९६०५,७

फ्याक्स नं.: ४४१०१५९

Site: www.nrb.org.np

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पोष्ट बक्स: ७३

प.सं: बै.सु.वि./अफसाइट/एजिएम/१०/२०८१-८२  
-च.नं. ०१८  
एनएमबि बैंक लिमिटेड  
बबरमहल, काठमाडौं।

मिति: २०८१/०८/२७

### विषय: वित्तीय विवरण प्रकाशन सम्बन्धमा।

महाशय,

त्यस बैंकबाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातका आधारमा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ४७ को उपदफा (२) का प्रावधानहरु पालना गरेको देखिएको हुँदा यस बैंकद्वारा "क", "ख" र "ग" वर्गका इजाजतपत्रप्राप्त संस्थाहरुलाई जारी गरिएको एकीकृत निर्देशन, २०८० को इ.प्रा. निर्देशन नं.४/०८० को बुँदा नं.१(भ) मा भएको व्यवस्था बमोजिम आ.व. २०८०/८१ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गर्ने प्रयोजनार्थ देहायका निर्देशन सहित सार्वजनिक गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउँदछु।

- लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरु पूर्णरूपले सुधार गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिन आवश्यक व्यवस्था मिलाउनुहुन।

उपरोक्त निर्देशनहरुलाई त्यस बैंकको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नु हुन।



भवदीय,

(कृष्ण शरण फुयाल)  
उप-निर्देशक

बोधार्थ :

- नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग।
- 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 Officer - Services/ Operations/  
Support and Company Secretary



**Navin Manandhar**  
Chief Risk Officer



**Shreejesh Ghimire**  
Chief Transformation Officer and  
International Business



**Dr. Buddhi Malla**  
Chief Service Excellence Officer



**Roshan Regmi**  
Chief Information and Digital Officer

# 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