

NMB BANK LIMITED

INTERIM FINANCIAL STATEMENTS

As on
Poush End 2081 (January 13, 2025)
(Unaudited)



NMB BANK
एनएमबि बैंक
समृद्ध नेपालको लागि

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

NMB Bank Limited
Condensed Consolidated Statement of Financial Position
As on Quarter Ended Poush 29, 2081 (January 13, 2025)

NPR in Thousand

Particulars	Group		NMB	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Assets				
Cash and cash equivalent	19,860,886	23,398,373	19,469,644	22,570,603
Due from Nepal Rastra Bank	17,528,952	14,734,991	17,504,452	14,710,491
Placement with Bank and Financial Institutions	7,478,123	3,035,765	7,478,123	3,035,765
Derivative financial instruments	11,105,747	7,583,922	11,105,747	7,583,922
Other trading assets	700	202,634	700	-
Loan and advances to B/FIs	7,021,031	5,906,200	8,984,829	8,130,437
Loans and advances to customers	224,566,207	199,620,290	218,816,693	194,304,186
Investment securities	29,990,780	34,258,621	29,434,286	33,772,796
Current tax assets	582	154,807	-	145,037
Investment in subsidiaries	-	-	772,488	772,488
Investment in associates	-	-	-	-
Investment property	1,125,004	851,437	1,125,004	851,437
Property and equipment	3,634,759	3,913,652	3,514,512	3,758,591
Goodwill and Intangible assets	145,584	153,022	137,325	148,628
Deferred tax assets	388,718	422,895	388,718	424,642
Other assets	4,168,625	4,749,226	3,819,142	4,659,139
Total Assets	327,015,699	298,985,835	322,551,665	294,868,162
Liabilities				
Due to Bank and Financial Institutions	2,945,537	3,163,180	2,945,537	3,163,180
Due to Nepal Rastra Bank	4,170,042	2,948,951	4,170,042	2,948,951
Derivative financial instruments	11,088,847	7,710,800	11,088,847	7,710,800
Deposits from customers	247,123,390	225,051,687	246,467,329	223,942,592
Borrowing	11,600,045	12,719,248	9,740,065	11,552,656
Current Tax Liabilities	81,755	-	56,284	-
Provisions	27,573	6,209	-	-
Deferred tax liabilities	2,496	2,496	-	-
Other liabilities	5,483,524	5,022,882	4,645,256	4,196,471
Debt securities issued	12,379,432	12,382,000	12,379,432	12,382,000
Subordinated Liabilities	-	-	-	-
Total liabilities	294,902,640	269,007,454	291,492,792	265,896,650
Equity				
Share capital	18,366,706	18,366,706	18,366,706	18,366,706
Share premium	37,216	37,216	-	-
Retained earnings	1,742,303	318,825	1,337,740	(93,841)
Reserves	11,503,807	10,796,616	11,354,428	10,698,646
Total equity attributable to equity holders	31,650,032	29,519,364	31,058,873	28,971,511
Non-controlling interest	463,026	459,018	-	-
Total equity	32,113,058	29,978,382	31,058,873	28,971,511
Total liabilities and equity	327,015,699	298,985,835	322,551,665	294,868,162

NMB Bank Limited
Condensed Consolidated Statement of Profit or Loss
For the quarter ended Poush 29, 2081 (January 13, 2025)

NPR in Thousand

Particulars	Group				NMB			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest income	5,850,057	11,898,090	6,627,258	13,780,534	5,699,323	11,609,726	6,539,630	13,507,044
Interest expense	3,489,361	7,444,427	5,054,301	9,877,737	3,443,992	7,356,460	5,023,904	9,766,799
Net interest income	2,360,696	4,453,663	1,572,957	3,902,796	2,255,332	4,253,266	1,515,726	3,740,246
Fees and Commission Income	577,867	1,373,784	502,756	1,126,289	533,743	1,213,364	456,535	1,015,186
Fees and commission expense	60,103	109,336	54,804	70,969	60,396	105,054	54,804	70,969
Net fee and commission income	517,764	1,264,447	447,952	1,055,320	473,346	1,108,310	401,732	944,216
Net interest, fee and commission income	2,878,460	5,718,111	2,020,909	4,958,116	2,728,678	5,361,576	1,917,457	4,684,462
Net trading income	84,265	179,587	65,179	123,284	84,265	179,587	65,179	123,284
Other operating income	71,174	143,457	88,635	166,351	72,923	143,457	91,596	166,351
Total operating income	3,033,900	6,041,154	2,174,722	5,247,751	2,885,867	5,684,619	2,074,232	4,974,097
Impairment charge/(reversal) for loans and oth	388,480	345,292	477,639	983,925	381,804	344,765	477,432	957,601
Net operating income	2,645,420	5,695,861	1,697,084	4,263,826	2,504,062	5,339,855	1,596,800	4,016,496
Operating expense							-	
Personnel expenses	984,930	1,813,252	682,549	1,437,687	903,315	1,642,729	615,362	1,291,190
Other operating expenses	363,373	690,093	354,362	690,723	339,069	618,989	322,452	615,800
Depreciation & Amortisation	62,164	135,200	82,334	160,796	47,478	115,256	78,251	152,759
Operating Profit	1,234,952	3,057,317	577,840	1,974,620	1,214,200	2,962,881	580,734	1,956,747
Non operating income	593	663	46	46	593	648	-	-
Non operating expense	13,117	124,488	16,071	16,324	13,117	124,488	16,324	16,324
Profit before income tax	1,222,428	2,933,492	561,814	1,958,341	1,201,676	2,839,041	564,409	1,940,423
Income tax expense							-	
Current Tax	350,296	864,478	161,987	587,654	343,739	835,500	151,631	564,435
Deferred Tax expense/(Income)	-	-	-	-	-	-	-	-
Profit for the period	872,132	2,069,014	399,827	1,370,686	857,937	2,003,540	412,778	1,375,987

NMB Bank Limited
Consolidated Statement of Other Comprehensive Income
For the quarter ended Poush 29, 2081 (January 13, 2025)

NPR in Thousand

Particulars	Group				NMB			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Profit for the period	872,132	2,069,014	399,827	1,370,686	857,937	2,003,540	412,778	1,375,987
Other comprehensive income								
a) Items that will not be reclassified to profit or loss								
- Gains/(losses) from investments in equity instruments measured at fair value	(43,119)	117,506	48,526	(57,748)	(32,631)	119,745	44,266	(53,856)
- Gains/(losses) on revaluation	-	-	-	-	-	-	-	-
- Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-
- Income tax relating to above items	12,936	(35,252)	(14,558)	17,324	9,789	(35,924)	(13,280)	16,157
Net other comprehensive income that will not be reclassified to profit or loss	(30,183)	82,254	33,968	(40,424)	(22,842)	83,822	30,987	(37,699)
b) Items that are or may be reclassified to profit or loss								
- Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-
- Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-
- Income tax relating to above items	-	-	-	-	-	-	-	-
Net other comprehensive income that are or may be reclassified to profit or loss	-	-	-	-	-	-	-	-
c) Share of other comprehensive income of associate accounted as per equited method								
-	-	-	-	-	-	-	-	-
Other comprehensive income for the period, net of income tax	(30,183)	82,254	33,968	(40,424)	(22,842)	83,822	30,987	(37,699)
Total comprehensive income for the period	841,948	2,151,268	433,795	1,330,263	835,095	2,087,362	443,765	1,338,288
Total comprehensive income attributable to:								
Equity holders of the Bank	839,534	2,147,259	451,585	1,358,615	835,095	2,087,362	443,765	1,338,288
Non-controlling interest	2,415	4,008	(17,790)	(28,352)	-	-	-	-
Total	841,948	2,151,268	433,795	1,330,263	835,095	2,087,362	443,765	1,338,288
Earnings per share								
Basic earnings per share		11.24		7.62		10.91		7.49
Annualized Basic earnings per share		22.49		15.23		21.82		14.98
Diluted earnings per share		22.49		15.23		21.82		14.98

NMB Bank Limited
Condensed Consolidated Statement of changes in equity
For the period (Shrawan 1, 2081 to Poush 29, 2081) ended Poush 29, 2081

NPR in Thousand

Group Attributable to equity holders of the Group												
Particulars	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair value reserve	Revaluation Reserve	Retained earning	Other reserve	Total	Non-controlling interest	Total equity
Balance at Shrawan 1, 2080	18,366,706	37,216	5,023,919	156,976	2,471,874	157,502	-	1,612,243	1,254,266	29,080,703	502,620	29,583,323
Adjustment/Restatement	-	-	-	-	-	(5,732)	-	(1,834,374)	(42,774)	(1,882,880)	(16,427)	(1,899,306)
Balance at Shrawan 1, 2080	18,366,706	37,216	5,023,919	156,976	2,471,874	151,770	-	(222,131)	1,211,493	27,197,823	486,194	27,684,016
Profit for the year	-	-	-	-	-	-	-	2,264,432	-	2,264,432	(24,725)	2,239,707
Other comprehensive income	-	-	-	-	-	193,202	-	-	(60,063)	133,138	-	133,138
Total comprehensive income	-	-	-	-	-	193,202	-	2,264,432	(60,063)	2,397,571	(24,725)	2,372,846
Transfer to reserves	-	-	448,879	25,310	602,611	-	-	(1,655,476)	582,938	4,262	(2,451)	1,811
Transfer from reserves	-	-	-	-	-	-	-	-	(12,292)	(12,292)	-	(12,292)
Contribution from and distributions to owner												-
Transfer from Merger	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill Recognition	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(68,000)	-	(68,000)	-	(68,000)
Total contributions by and distributions	-	-	-	-	-	-	-	(68,000)	-	(68,000)	-	(68,000)
Balance at Asar end 2081	18,366,706	37,216	5,472,798	182,286	3,074,485	344,972	-	318,825	1,722,075	29,519,364	459,018	29,978,382
Balance at Asar end 2081	18,366,706	37,216	5,472,798	182,286	3,074,485	344,972	-	318,825	1,722,075	29,519,364	459,018	29,978,382
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at Shrawan 1, 2080	18,366,706	37,216	5,472,798	182,286	3,074,485	344,972	-	318,825	1,722,075	29,519,364	459,018	29,978,382
Profit for the period	-	-	-	-	-	-	-	2,065,005	-	2,065,005	4,008	2,069,014
Other comprehensive income	-	-	-	-	-	82,254	-	-	-	82,254	-	82,254
Total comprehensive income	-	-	-	-	-	82,254	-	2,065,005	-	2,147,259	4,008	2,151,268
Transfer to Reserves	-	-	400,708	10,382	(139,397)	1,568	-	(573,528)	300,267	-	-	-
Transfer from Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Merger	-	-	-	-	-	-	-	-	-	-	-	-
Contribution from and distributions to owner										-		-
Share issued to merged entity	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(68,000)	-	(68,000)	-	(68,000)
Others	-	-	-	-	-	-	-	-	51,409	51,409	-	51,409
Total contributions by and distributions	-	-	-	-	-	-	-	(68,000)	51,409	(16,591)	-	(16,591)
Balance at Poush End 2081	18,366,706	37,216	5,873,506	192,668	2,935,088	428,793	-	1,742,303	2,073,752	31,650,032	463,026	32,113,058

NMB Bank Limited
Condensed Consolidated Statement of changes in equity
For the period (Shrawan 1, 2081 to Poush 29, 2081) ended Poush 29, 2081

NPR in Thousand

Particulars	NMB Attributable to equity holders of the Bank										Non-controlling interest	Total equity
	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair value reserve	Revaluation Reserve	Retained earning	Other reserve	Total		
Balance at Shrawan 1, 2080	18,366,706	-	4,961,231	156,976	2,425,506	150,741	-	(702,614)	1,232,431	26,590,977	-	26,590,977
Profit for the year	-	-	-	-	-	-	-	2,244,395	-	2,244,395	-	2,244,395
Other comprehensive income	-	-	-	-	-	191,961	-	-	(55,822)	136,139	-	136,139
Total comprehensive income	-	-	-	-	-	191,961	-	2,244,395	(55,822)	2,380,534	-	2,380,534
Transfer to reserves	-	-	448,879	25,310	597,109	-	-	(1,635,622)	564,324	-	-	-
Transfer from reserves	-	-	-	-	-	-	-	-	-	-	-	-
Contribution from and distributions to owner	-	-	-	-	-	-	-	-	-	-	-	-
Share issued/Merger Transfer	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill Recognition	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	-	-	-	-	-	-	-	-	-	-	-	-
Balance at Asar end 2081	18,366,706	-	5,410,110	182,286	3,022,614	342,702	-	(93,841)	1,740,934	28,971,511	-	28,971,511
-												
Balance at Asar end 2081	18,366,706	-	5,410,110	182,286	3,022,614	342,702	-	(93,841)	1,740,934	28,971,511	-	28,971,511
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at Shrawan 1, 2080	18,366,706	-	5,410,110	182,286	3,022,614	342,702	-	(93,841)	1,740,934	28,971,511	-	28,971,511
Profit for the period	-	-	-	-	-	-	-	2,003,540	-	2,003,540	-	2,003,540
Other comprehensive income	-	-	-	-	-	83,822	-	-	-	83,822	-	83,822
Total comprehensive income	-	-	-	-	-	83,822	-	2,003,540	-	2,087,362	-	2,087,362
Transfer to Reserves	-	-	400,708	10,382	(139,397)	-	-	(571,960)	300,267	-	-	-
Transfer from Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Merger	-	-	-	-	-	-	-	-	-	-	-	-
Contribution from and distributions to owner	-	-	-	-	-	-	-	-	-	-	-	-
Share issued to merged entity	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares capitalized	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	-	-	-	-	-	-	-	-	-	-	-	-
Balance at Poush End 2081	18,366,706	-	5,810,818	192,668	2,883,217	426,523	-	1,337,740	2,041,201	31,058,873	-	31,058,873

NMB Bank Limited
Condensed Consolidated Statement of cash flows
For the period (Shrawan 1, 2081 to Poush 29, 2081) ended Poush 29, 2081

NPR in Thousand

Particulars	Group		NMB	
	Upto This Quarter	Corresponding Previous Year Upto This Quarter	Upto This Quarter	Corresponding Previous Year Upto This Quarter
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	9,689,569	11,456,171	9,662,643	11,372,950
Fees and other income received	1,326,880	1,190,816	1,203,377	1,037,986
Dividend received	64,600	65,524	64,600	65,524
Receipts from other operating activities	108,941	105,530	108,941	105,530
Interest paid	(7,551,788)	(8,792,374)	(7,551,788)	(8,792,374)
Commission and fees paid	(104,528)	(145,606)	(104,528)	(145,606)
Cash payment to employees	(1,202,372)	(1,158,474)	(1,171,004)	(1,112,486)
Other expense paid	(764,293)	(730,152)	(725,201)	(684,141)
Operating cash flows before changes in operating assets and liabilities	1,567,009	1,991,435	1,487,041	1,847,383
(Increase)/Decrease in operating assets				
Due from Nepal Rastra Bank	(1,178,750)	(1,111,423)	(1,178,750)	(1,111,423)
Placement with bank and financial institutions	(3,326,130)	(2,840,493)	(3,326,130)	(2,840,493)
Other trading assets	(700)	3,700	(700)	3,700
Loan and advances to bank and financial institutions	(865,067)	(192,495)	(865,067)	(192,495)
Loans and advances to customers	(24,005,224)	(4,863,496)	(24,005,224)	(4,863,496)
Other assets	(4,840,970)	553,444	(4,331,540)	(110,026)
Total	(34,216,840)	(8,450,763)	(33,707,410)	(9,114,234)
Increase/(Decrease) in operating liabilities				
Due to bank and financial institutions	(217,643)	533,999	(217,643)	533,999
Due to Nepal Rastra Bank	1,221,091	1,010,450	1,221,091	1,010,450
Deposit from customers	22,524,737	20,986,492	22,524,737	21,018,022
Borrowings	(1,812,591)	82,132	(1,812,591)	82,132
Other liabilities	3,682,857	(1,395,806)	3,638,040	(2,066,381)
Net cash flow from operating activities before tax paid	25,398,451	21,217,267	25,353,634	20,578,223
Income taxes paid	(623,305)	(710,000)	(620,000)	(650,000)
Net cash flow from operating activities	(7,874,685)	14,047,939	(7,486,736)	12,661,373
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(780,281,151)	(80,393,425)	(780,259,116)	(79,985,753)
Receipts from sale of investment securities	783,652,952	79,636,104	783,652,952	79,636,104
Purchase of property and equipment	(43,567)	(1,483,045)	(38,503)	(1,461,185)
Receipt from the sale of property and equipment	222,454	19,697	222,454	19,697
Purchase of intangible assets	(11,438)	(588)	(9,629)	(810)
Receipt from the sale of intangible assets	166	-	-	-
Purchase of investment properties	(273,567)	(94,018)	(273,567)	(94,018)
Receipt from the sale of investment properties	-	-	-	-
Investment in subsidiaries, associates & joint ventures	-	-	-	-
Interest received	1,063,142	1,370,741	1,063,142	1,370,741
Dividend received	-	-	-	-
Net cash used in investing activities	4,328,990	(944,532)	4,357,733	(515,223)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities	-	-	-	-
Repayment of debt securities	-	-	-	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	-	-	-
Dividends paid	-	-	-	-
Interest paid	-	-	-	-
Other receipt/payment	(19,836)	41,408	-	-
Net cash from financing activities	(19,836)	41,408	-	-
Net increase (decrease) in cash and cash equivalents	(3,565,531)	13,144,814	(3,129,003)	12,146,150
Cash and cash equivalents at the beginning of the year	23,398,373	24,711,847	22,570,603	23,958,280
Cash and cash equivalents acquired from the merger	-	-	-	-
Effect of exchange rate fluctuations on cash and cash equivalents held	28,044	30,821	28,044	30,821
Cash and cash equivalents at the end of the quarter	19,860,886	37,887,482	19,469,644	36,135,250

Ratios as per NRB Directives

Particulars	Group				NMB			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Capital fund to RWA		12.66%		12.84%		12.62%		12.73%
Non performing loan (NPL) to toal loan		4.01%		2.98%		3.96%		2.86%
Total loan loss provision to Total NPL (As per NRB Directives)		92.94%		119.26%		93.97%		122.92%
Cost of Funds (LCY YTD)		5.51%		7.95%		5.48%		7.92%
CD Ratio - Average of the Month		86.76%		76.03%		86.76%		76.03%
Base Rate -Average for the quarter		6.92%		9.95%		6.92%		9.95%
Average Interest Spread (Calculated as per NRB Directives)- Last Month of Quarter		3.97%		3.99%		3.97%		3.99%
Additional Informations:								
Tier 1 Capital to RWA		9.50%		9.36%		9.46%		9.25%
CET 1 Capital to RWA		9.50%		9.36%		9.46%		9.25%
Return on Equity (Annualized)		13.50%		9.73%		13.35%		9.77%
Return on Assets (Annualized)		1.32%		0.93%		1.30%		0.93%
PE Ratio (Annualized)		10.95		13.48		10.95		13.48
Net-Worth per share (NPR)		172.32		154.96		169.10		152.06
Assets per share (NPR)		1,777.96		1,700.99		1,756.18		1,672.46
Liquidity Ratio (NLA)		24.68%		32.18%		24.68%		32.18%

Statement of Distributable Profit/Loss (As per NRB Regulations)
For the Quarter Ended Poush 29, 2081

Particulars	Current Year Upto This Qtr YTD	Previous Year Corresponding Qtr YTD
Net Profit or Loss as per Statement of profit or loss	2,003,540	1,375,987
1. Appropriations		
a. General Reserve	(400,708)	(275,197)
b. Capital (Debenture) Redemption Reserve	(283,333)	(283,333)
c. Exchange Fluctuation Fund	(10,382)	(7,705)
d. Corporate Social Responsibility Fund	(9,663)	(3,713)
e. Employees Training Fund	(7,271)	(5,630)
f. Other	-	-
Profit or Loss Before Regulatory adjustment	1,292,183	800,408
Regulatory Adjustment		
a. Interest receivable (-)/previous accrued interest received (+)	93,678	(1,017,701)
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 (+)	(23,509)	(59,231)
e. Deferred tax assets recognised (-)/ reversal (+)	94,733	(15,692)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	-	-
i. Other (Interest Capitalised Term Loan)	(25,506)	-
Net Profit for the quarter ended Poush End, 2081 available for distribution	1,431,580	(292,216)
Opening Retained Earning as on Shrawan 1, 2081	(93,841)	1,140,830
Adjustment (+/-)	-	-
Payment of Tax on Premium of Further Public Offering (FPO) and Swap Surplus/Bargain Purchase Gain		(1,843,444)
Distribution:	-	
Bonus shares issued	-	-
Cash Dividend Paid	-	-
Total Distributable profit or (loss) as on quarter ended Poush End, 2081	1,337,740	(994,830)
Annualised Distributable Profit/Loss per share	10.25	(7.01)

NMB BANK LIMITED

Notes to Interim Financial Statements

For the interim period ended 29 Poush, 2081

1. General Information

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

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

1.2 Subsidiary:

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

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

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

2. Basis of preparation

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

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

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

The Condensed Consolidated Interim Financial Statements comprise of:

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

3. Statement of Compliance with NFRS

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

4. Basis of Consolidation

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

Para 8 of NFRS 10 outlines three conditions to be fulfilled in order to establish control:
(a) Power over the investee;

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

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

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

5. Materiality and Aggregation

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

6. 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.

7. Business Combination

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

8. Foreign Exchange Transactions

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

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

Income realised from the difference between buying and selling rates of Foreign

Exchange is accounted for as trading gains and shown under "Net Trading Income".

9. Functional and presentation currency

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

10. Significant accounting judgements and estimates

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

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

The significant judgments made by Management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 Asar 2081.

11. Basis for classification and measurement

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

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

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

Financial assets at amortised cost

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

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

Determination of fair value

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

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

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

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

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and where the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued

based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

12. Financial assets and financial liabilities

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

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

13. 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.

14. 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.

15. 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).

16. NFRS 9 'Financial Instruments'-Impairment

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.

	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

According to the NFRS 9 Expected Credit Loss (ECL) Related Guidelines, 2024 issued by NRB, the Bank has recognized impairment on credit exposures based on the higher of total ECL calculated as per NFRS 9 and existing regulatory provisions in the Unified Directives. The process for full implementation of NFRS 9 solution is ongoing.

17. 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.

18. 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.

19. Deposits from customers and BFIs and Debt Securities

These are classified as financial liabilities measured at amortized cost.

20. Revenue recognition

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

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

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.

b. Fees and commission income

Fee income is earned for diverse ranges of services provided by the bank to its customers. Fee income arises on the execution of a significant act completed or from provision of services. Loan documentation fee, loan management fee, consortium fee, commitment fee, card issuance and renewal fees, prepayment and swap fee, remittance fee, investment banking fee, asset management fee, brokerage, commission on letter of credit, commission on guarantee, locker rental income, etc. has been presented under this heading. The fees and commission income that are integral to the effective interest rate on the financial assets are included in the measurement of the effective interest rate and shall not be recognized as income, however immaterial amount can be recognized in profit or loss account as income

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.

21. Discounting

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

22. Significant changes from the policies adopted in the past

According to the NFRS 9 Expected Credit Loss (ECL) Related Guidelines, 2024 issued by NRB, the Bank has recognized impairment on credit exposures based on the higher of total ECL calculated as per NFRS 9 and existing regulatory provisions in the Unified Directives. The process for full implementation of NFRS 9 solution is ongoing.

23. Property, plant and equipment (PPE) and Intangible Assets

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

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

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

24. Investment property

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

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

25. 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.

The Actuarial Valuation of the employees benefits are done on an annual basis

26. 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”. The Operating lease ROU assets and lease liabilities are included in Property, Plant and Equipment and other liabilities respectively.

27. Income Tax

a. Current Income Tax

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

b. Deferred Tax

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

The Group has not calculated deferred tax for the interim period and is done on an annual basis.

28. Share capital and reserves

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

29. Stationery

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

30. 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.

However, the bank had filed Writ Petition at the Supreme Court on 2080/05/29 jointly with Other Banks against the provisions of Section 26 and 27 of the Finance Act 2080. The Supreme Court decision dated 2080/08/28, rejected/dismissed the appeal and therefore, the bank has paid NPR. 1.84 billion Tax on premium of FPO and Swap Surplus / Bargain Purchase Gain from Retained Earnings (RE) of Fiscal Year 2080/81. The full written verdict on the said case is yet to be received and hence could affect the accounting treatment.

31. Earnings Per Share

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

In a capitalisation or bonus issue, ordinary shares are issued to existing shareholders for no additional consideration. Therefore, the number of ordinary shares outstanding is increased without an increase in resources. The number of ordinary shares outstanding before the event is adjusted for the proportionate

change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented.

32. Rounding off and Comparative Figures

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

33. Segment Information

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

a. Information about reporting segment:

NPR in Mio.

Particulars	Retail		SME & MSME		Corporate		Deprived		Treasury		Others		Total	
	Poush End 2081	Poush End 2080	Poush End 2081	Poush End 2080	Poush End 2081	Poush End 2080	Poush End 2081	Poush End 2080	Poush End 2081	Poush End 2080	Poush End 2081	Poush End 2080	Poush End 2081	Poush End 2080
Revenues from external customers	2,867	3,013	3,017	3,804	5,105	5,698	448	568	1,331	1,581	149	131	12,918	14,796
Intersegment revenues/(Expenses)	2,703	1,883	(1,396)	(3,203)	(367)	(1,556)	(261)	(554)	507	1,443	(1,187)	1,987	-	-
Segment profit/(loss) before tax	1,490	(1,188)	666	(615)	1,568	714	76	(101)	361	1,201	(1,321)	1,929	2,839	1,940
Segment assets	42,988	38,909	56,981	57,977	105,654	90,785	10,825	10,236	68,601	83,233	37,503	26,038	322,552	307,175
Segment liabilities	146,183	137,365	6,135	4,790	87,711	73,028	1,285	1,088	23,465	26,809	57,773	64,094	322,552	307,175

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

NPR in Mio

Particulars	Poush End 2081	Poush End 2080
Total Profit before tax for reportable segments	2,839	1,940
Profit before tax for other segments		
Elimination of intersegment profit		
Elimination of discontinued operation		
Unallocated amount:		
-Other Corporate Expenses	-	-
Profit before tax	2,839	1,940

34.Related Party Disclosures

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

The Board of Directors has been paid meeting fees of NPR 7,70,000 during the interim period. There were 9 Board Meeting conducted during the interim period.

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

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

Board Level Committees	No of Meetings	Meeting Allowance (NPR)
Audit Committee	3	16,000
Risk Management Committee	4	64,000
Human Resource Service Committee	3	96,000
Assets Laundering Prevention Committee	3	80,000
Other Committee	5	160,000

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 5,04,000

The members of the Board as on interim period ended *Poush 29 2081* are:

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

Vii) Mrs. Bandana Pathak

Shareholder)
Independent Director

(b) Loans and Advances extended to Promoters

There are no such loans extended to promoters.

(c) Compensation Details for Key Management Personnel

Key Management Personnel includes members of Executive Committee of the Bank.

S.No	Particulars	Amount
A	Short Term Employee Benefits	49,705,546
B	Post-Employment Benefits	Nil
C	Other Long Term Benefits	Nil
D	Termination Benefits (Gratuity and Sick Leave Encashment)	Nil
E	Share Based Payment	Nil
	Total of Key Management Personnel Compensation	49,705,546

The Key Management Personnel are also provided with the following benefits:

- i) Benefits as per the Employee Terms of Service By-laws,
- ii) Bonus as per the Bonus Act
- iii) Vehicle perquisites as per the Bank's Policy.

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

Particulars	Basic Salary	Provident Fund	Allowance	Bonus & Welfare	Other Perquisites	Total Income
C.E.O	4,500,000	450,000	4,250,000	3,764,837	45,000	13,009,837

Existing members of Executive Committee includes:

Mr. Sunil KC	Chief Executive Officer
Mr. Sudesh Upadhyaya	Deputy Chief Executive Officer
Mr. Govind Ghimire	Deputy Chief Executive Officer
Mr. Pramod Dahal	Chief Officer - Services/ Operations/ Support and Company Secretary
Mr. Navin Manandhar	Chief Risk Officer
Mr. Shreejesh Ghimire	Chief Transformation Officer and International Business
Mr. Roshan Regmi	Chief Information and Digital Officer
Dr. Buddhi Kumar Malla	Chief Service Excellence 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 NMB Securities Limited are wholly owned subsidiary whereas the Bank owns fifty-one percent of the total shares of NMB Laghubitta Bittiye Sanstha. The Related party transactions of subsidiaries are as follows:

Amount in Thousand

S No	Particulars	NMB Capital	NMB Laghubita Bittiya Sanstha	N.M.B Securities
1	Investment by NMB Bank Ltd.	400,000	172,488	200,000
2	Deposits in NMB Bank Ltd.	671,606	-	62,944
3	Borrowing from NMB Bank Ltd.	-	1,963,798	-
4	Interest Payment by NMB Bank Ltd.	1,534	-	2,153
5	Interest Payment to NMB Bank Ltd.	-	86,180	-
6	Rent Payment to NMB Bank Ltd.	-	-	550
7	Share Registrar Fee payment by NMB Bank	550	-	-
8	Debenture Trustee Fee payment by NMB Bank	225	-	-
9	Management Fee Payment to NMB Bank	-	967	-
10	Dividend Distribution of Sulav Investment Fund -2 to NMB Bank	17,094	-	-
11	Dividend Distribution of NMB 50 to NMB Bank	26,553	-	-
12	Dividend Distribution by NMB Capital to NMB Bank	64,600	-	-

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

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

36.Issues, repurchases and repayments of debt and equity securities

None

37.Events after interim period

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

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

None

39.Exposure Concentration:

Concentration of Borrowings	Poush End 2081	Asar End 2081
Borrowings from 10 largest lenders.	9,740,065,055	11,552,656,301
Percentage of borrowings from ten largest lenders to total depositors	3.91%	5.09%

B. Concentration of Credit exposures		
Total exposures to twenty largest borrowers		
a. As per group (related party)	42,345,923,433	32,135,821,822
As per individual customer	16,980,959,709	16,353,252,803
Percentage of exposures to twenty largest borrowers to Total Loans and Advances		
a. As per group (related party)	18.45%	15.71%
b. As per individual customer	7.40%	7.99%
C. Concentration of Deposits		
Total deposits from twenty largest depositors		
Group-wise	65,884,282,315	52,316,673,509
As per individual customer	65,884,282,315	52,316,673,509
Percentage of deposits from twenty largest depositors to Total Deposits		
Group-wise	26.42%	23.04%
As per individual customer	26.42%	23.04%

NMB BANK LIMITED

Interim Financial Report FY 2081/82

Condensed Consolidated Statement of Financial Position

As on Quarter Ended Poush 29, 2081 (January 13, 2025)

NPR in Thousand

Particulars	Group		NMB	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Assets				
Cash and cash equivalent	19,860,886	23,398,373	19,469,644	22,570,603
Due from Nepal Rastra Bank	17,528,952	14,734,991	17,504,452	14,710,491
Placement with Bank and Financial Institutions	7,478,123	3,035,765	7,478,123	3,035,765
Derivative financial instruments	11,105,747	7,583,922	11,105,747	7,583,922
Other trading assets	700	202,634	700	-
Loan and advances to B/FIs	7,021,031	5,906,200	8,984,829	8,130,437
Loans and advances to customers	224,566,207	199,620,290	218,816,693	194,304,186
Investment securities	29,990,780	34,258,621	29,434,286	33,772,796
Current tax assets	582	154,807	-	145,037
Investment in subsidiaries	-	-	772,488	772,488
Investment in associates	-	-	-	-
Investment property	1,125,004	851,437	1,125,004	851,437
Property and equipment	3,634,759	3,913,652	3,514,512	3,758,591
Goodwill and Intangible assets	145,584	153,022	137,325	148,628
Deferred tax assets	388,718	422,895	388,718	424,642
Other assets	4,168,625	4,749,226	3,819,142	4,659,139
Total Assets	327,015,699	298,985,835	322,551,665	294,868,162
Liabilities				
Due to Bank and Financial Institutions	2,945,537	3,163,180	2,945,537	3,163,180
Due to Nepal Rastra Bank	4,170,042	2,948,951	4,170,042	2,948,951
Derivative financial instruments	11,088,847	7,710,800	11,088,847	7,710,800
Deposits from customers	247,123,390	225,051,687	246,467,329	223,942,592
Borrowing	11,600,045	12,719,248	9,740,065	11,552,656
Current Tax Liabilities	81,755	-	56,284	-
Provisions	27,573	6,209	-	-
Deferred tax liabilities	2,496	2,496	-	-
Other liabilities	5,483,524	5,022,882	4,645,256	4,196,471
Debt securities issued	12,379,432	12,382,000	12,379,432	12,382,000
Subordinated Liabilities	-	-	-	-
Total liabilities	294,902,640	269,007,454	291,492,792	265,896,650
Equity				
Share capital	18,366,706	18,366,706	18,366,706	18,366,706
Share premium	37,216	37,216	-	-
Retained earnings	1,742,303	318,825	1,337,740	(93,841)
Reserves	11,503,807	10,796,616	11,354,428	10,698,646
Total equity attributable to equity holders	31,650,032	29,519,364	31,058,873	28,971,511
Non-controlling interest	463,026	459,018	-	-
Total equity	32,113,058	29,978,382	31,058,873	28,971,511
Total liabilities and equity	327,015,699	298,985,835	322,551,665	294,868,162

Condensed Consolidated Statement of Profit or Loss

For the quarter ended Poush 29, 2081 (January 13, 2025)

NPR in Thousand

Particulars	Group				NMB			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest income	5,850,057	11,898,090	6,627,258	13,780,534	5,699,323	11,609,726	6,539,630	13,507,044
Interest expense	3,489,361	7,444,427	5,054,301	9,877,737	3,443,992	7,356,460	5,023,904	9,766,799
Net interest income	2,360,696	4,453,663	1,572,957	3,902,796	2,255,332	4,253,266	1,515,726	3,740,246
Fees and Commission Income	577,867	1,373,784	502,756	1,126,289	533,743	1,213,364	456,535	1,015,186
Fees and commission expense	60,103	109,336	54,804	70,969	60,396	105,054	54,804	70,969
Net fee and commission income	517,764	1,264,447	447,952	1,055,320	473,346	1,108,310	401,732	944,216
Net interest, fee and commission income	2,878,460	5,718,111	2,020,909	4,958,116	2,728,678	5,361,576	1,917,457	4,684,462
Net trading income	84,265	179,587	65,179	123,284	84,265	179,587	65,179	123,284
Other operating income	71,174	143,457	88,635	166,351	72,923	143,457	91,596	166,351
Total operating income	3,033,900	6,041,154	2,174,722	5,247,751	2,885,867	5,684,619	2,074,232	4,974,097
Impairment charge/(reversal) for loans and other losses	388,480	345,292	477,639	983,925	381,804	344,765	477,432	957,601
Net operating income	2,645,420	5,695,861	1,697,084	4,263,826	2,504,062	5,339,855	1,596,800	4,016,496
Operating expense								
Personnel expenses	984,930	1,813,252	682,549	1,437,687	903,315	1,642,729	615,362	1,291,190
Other operating expenses	363,373	690,093	354,362	690,723	339,069	618,989	322,452	615,800
Depreciation & Amortisation	62,164	135,200	82,334	160,796	47,478	115,256	78,251	152,759
Operating Profit	1,234,952	3,057,317	577,840	1,974,620	1,214,200	2,962,881	580,734	1,956,747
Non operating income	593	663	46	46	593	648	-	-
Non operating expense	13,117	124,488	16,071	16,324	13,117	124,488	16,324	16,324
Profit before income tax	1,222,428	2,933,492	561,814	1,958,341	1,201,676	2,839,041	564,409	1,940,423
Income tax expense								
Current Tax	350,296	864,478	161,987	587,654	343,739	835,500	151,631	564,435
Deferred Tax expense/(Income)	-	-	-	-	-	-	-	-
Profit for the period	872,132	2,069,014	399,827	1,370,686	857,937	2,003,540	412,778	1,375,987

Condensed Consolidated Statement of Comprehensive Income

Profit/Loss for the period	872,132	2,069,014	399,827	1,370,686	857,937	2,003,540	412,778	1,375,987
Other Comprehensive Income	(30,183)	82,254	33,968	(40,424)	(22,842)	83,822	30,987	(37,699)
Total Comprehensive Income	841,948	2,151,268	433,795	1,330,263	835,095	2,087,362	443,765	1,338,288

Earnings per Share

Basic earnings per share	-	22.49	-	15.23	-	21.82	-	14.98
Diluted earnings per share	-	22.49	-	15.23	-	21.82	-	14.98

Total comprehensive income attributable to:

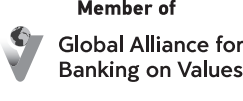
Equity holders of the Bank	839,534	2,147,259	451,585	1,358,615	835,095	2,087,362	443,765	1,338,288
Non-controlling interest	2,415	4,008	(17,790)	(28,352)	-	-	-	-
Total	841,948	2,151,268	433,795	1,330,263	835,095	2,087,362	443,765	1,338,288

Ratios as per NRB Directives

Ratios	Group				NMB			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Capital fund to RWA		12.66%		12.84%		12.62%		12.73%
Non performing loan (NPL) to toal loan		4.01%		2.98%		3.96%		2.86%
Total loan loss provision to Total NPL (As per NRB Directives)		92.94%		119.26%		93.97%		122.92%
Cost of Funds (LCY YTD)		5.51%		7.95%		5.48%		7.92%
CD Ratio - Average of the Month		86.76%		76.03%		86.76%		76.03%
Base Rate -Average for the quarter		6.92%		9.95%		6.92%		9.95%
Average Interest Spread (Calculated as per NRB Directives)- Last Month of Quarter		3.97%		3.99%		3.97%		3.99%
Additional Informations:								
Tier 1 Capital to RWA		9.50%		9.36%		9.46%		9.25%
CET 1 Capital to RWA		9.50%		9.36%		9.46%		9.25%
Return on Equity (Annualized)		13.50%		9.73%		13.50%		9.77%
Return on Assets (Annualized)		1.32%		0.93%		1.30%		0.93%
PE Ratio (Annualized)		10.95		13.48		10.95		13.48
Net-Worth per share (NPR)		172.32		154.96		169.10		152.06
Assets per share (NPR)		1,777.96		1,700.99		1,756.18		1,672.46
Liquidity Ratio (NLA)		24.68%		32.18%		24.68%		32.18%

Notes to Unaudited Financial Highlight

- Above figures are subject to change from Supervisory Authority and/or External Audit.
- Above financial highlight is prepared as per Nepal Financial Reporting Standards (NFRS) and Directives, Guidelines and Circulars issued by Nepal Rastra Bank (NRB), and other regulatory bodies.
- The figures of previous periods have been regrouped/rearranged wherever necessary.
- Loans and Advances have been presented along with accrued interest, staff loan (net off staff loan prepayment benefit) and net off impairment charges.
- According to the NFRS 9 Expected Credit Loss (ECL) Related Guidelines, 2024 issued by NRB, the Bank has recognized impairment on credit exposures based on the higher of total ECL calculated as per NFRS 9 and existing regulatory provisions in the Unified Directives. The process for full implementation of NFRS 9 solution is ongoing.
- Personnel Expenses include staff bonus as per Bonus Act and amortization of prepaid staff loan granted at subsidized rate as per Bank's policy.
- Actuarial Valuation of the employees benefits are done on an annual basis.
- Group represents NMB Bank Limited (NMB) and its subsidiaries NMB Capital Limited, N.M.B. Securities Limited and NMB Laghubitta Bittiya Sanstha Limited.
- The intra-group related figures have been excluded for presentation of the financial statements of the Group.
- The detailed Interim Report has been published in bank's website www.nmb.com.np at the Investor Relation Section.



Bank of the Year, ASIA 2021
Bank of the Year, Nepal
2017, 2018, 2020 & 2021

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swiftcode: NMBBNPKA

Statement of Distributable Profit/Loss (As per NRB Regulations) For the Quarter Ended Poush 29, 2081

NPR In Thousand

Particulars	Current Year Upto This Qtr YTD	Previous Year Corresponding Qtr YTD
Net Profit or Loss as per Statement of profit or loss	2,003,540	1,375,987
1. Appropriations		
a. General Reserve	(400,708)	(275,197)
b. Capital (Debenture) Redemption Reserve	(283,333)	(283,333)
c. Exchange Fluctuation Fund	(10,382)	(7,705)
d. Corporate Social Responsibility Fund	(9,663)	(3,713)
e. Employees Training Fund	(7,271)	(5,630)
f. Other	-	-
Profit or (Loss) before regulatory adjustment	1,292,183	800,408
Regulatory Adjustment:		
a. Interest receivable (-)/previous accrued interest received (+)	93,678	(1,017,701)
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 (+)	(23,509)	(59,231)
e. Deferred tax assets recognised (-)/ reversal (+)	94,733	(15,692)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	-	-
i. Other (Interest Capitalised Term Loan)	(25,506)	-
Net Profit for the quarter ended Poush End, 2081 available for distribution	1,431,580	(292,216)
Opening Retained Earning as on Shrawan 1, 2081	(93,841)	1,140,830
Adjustment (+/-)	-	-
Payment of Tax on Premium of Further Public Offering (FPO) and Swap Surplus/Bargain Purchase Gain	-	(1,843,444)
Distribution:	-	-
Bonus shares issued	-	-
Cash Dividend Paid	-	-
Total Distributable profit or (loss) as on quarter ended Poush End, 2081	1,337,740	(994,830)
Annualised Distributable Profit/Loss per share	10.25	(7.01)

Related Party Disclosures

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

NPR in Thousand

S. No.	Particulars	NMB Capital	NMB Laghubitta Bittiya Sanstha	N.M.B. Securities
1	Investment by NMB Bank Ltd.	400,000	172,488	200,000
2	Deposits in NMB Bank Ltd.	671,606	-	62,944
3	Borrowing from NMB Bank Ltd.	-	1,963,798	-
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5	Interest Payment to NMB Bank Ltd.	-	86,180	-
6	Rent Payment to NMB Bank Ltd.	-	-	550
7	Share Registrar Fee payment by NMB Bank	550	-	-
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11	Dividend Distribution of NMB 50 to NMB Bank	26,553	-	-
12	Dividend Distribution by NMB Capital to NMB Bank	64,600	-	-

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

Disclosure as per Securities Registration and Issuance Regulation, 2073

1. Management Analysis

- The Bank, up to this quarter of FY 2024/25, posted a net profit of NPR 2 Billion.
- Deposit from customers and loans and advances to customers of the Bank (Net) stood at NPR 246.5 Billion and NPR 218.9 Billion respectively as at the end of the quarter.
- As on quarter end, Capital Adequacy Ratio stands at 12.62% while Tier 1 ratio stands at 9.46%. NPA level has increased to 3.96% from 3.63% as compared to previous quarter.
- The Bank has strong independent Risk and Control functions as well as policies in place that do not promote excessive risk taking.

2. Details of Legal Action

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

The bank had filed Writ Petition at the Supreme Court on 2080/05/29 jointly with Other Banks against the provisions of Section 26 and 27 of the Finance Act 2080. The Supreme Court decision dated 2080/08/28, rejected/dismitted the appeal and therefore, the bank has paid NPR. 1.84 billion Tax on premium of FPO and Swap Surplus / Bargain Purchase Gain from Retained Earnings (RE) of fiscal year 2080/81. The full written verdict on the case is yet to be received.

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

b. Case relating to disobedience of the prevailing laws or commission of the criminal offence filed by or against the Promoters or Directors of the Institution

No such information has been received by the Bank

c. Case relating to the commission of financial crime filed against any Promoter or Director