

NMB BANK LIMITED

INTERIM FINANCIAL STATEMENTS

As on
Poush End 2082 (January 14, 2026)
(Unaudited)



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 30, 2082 (January 14, 2026)

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	23,893,952	46,995,817	23,230,254	33,385,654
Due from Nepal Rastra Bank	22,571,416	16,519,123	22,533,916	16,489,123
Placement with Bank and Financial Institutions	13,022,789	10,304,420	13,022,789	10,264,420
Derivative financial instruments	7,761,363	8,681,416	7,761,363	8,681,416
Other trading assets	-	140,517	-	-
Loan and advances to B/FIs	9,361,027	8,816,813	11,326,026	10,497,119
Loans and advances to customers	247,013,891	235,196,355	239,470,649	228,456,304
Investment securities	31,151,244	33,075,128	30,473,302	32,508,745
Current tax assets	76,072	170,347	42,557	166,787
Investment in subsidiaries	-	-	772,488	772,488
Investment in associates	-	-	-	-
Investment property	1,832,617	1,784,193	1,832,617	1,784,193
Property and equipment	3,878,022	3,910,762	3,755,208	3,800,678
Goodwill and Intangible assets	122,383	131,395	119,090	127,174
Deferred tax assets	448,556	327,751	432,330	316,475
Other assets	5,111,753	4,543,323	4,362,775	4,341,932
Total Assets	366,245,086	370,597,361	359,135,362	351,592,507
Liabilities				
Due to Bank and Financial Institutions	2,323,587	6,029,457	2,334,757	6,029,457
Due to Nepal Rastra Bank	-	-	-	-
Derivative financial instruments	7,588,521	8,695,560	7,588,521	8,695,560
Deposits from customers	292,144,808	280,117,507	291,441,042	280,926,468
Borrowing	6,779,045	6,641,693	3,275,333	3,987,500
Current Tax Liabilities	32,533	-	-	-
Provisions	22,394	6,174	-	-
Deferred tax liabilities	11,027	-	-	-
Other liabilities	11,075,893	23,336,968	9,454,384	7,394,345
Debt securities issued	12,379,432	12,384,569	12,379,432	12,384,569
Subordinated Liabilities	-	-	-	-
Total liabilities	332,357,239	337,211,927	326,473,468	319,417,899
Equity				
Share capital	19,285,041	18,366,706	19,285,041	18,366,706
Share premium	37,216	37,216	-	-
Retained earnings	1,061,027	2,401,028	564,313	1,901,381
Reserves	12,998,217	12,091,359	12,812,540	11,906,521
Total equity attributable to equity holders	33,381,502	32,896,309	32,661,894	32,174,608
Non-controlling interest	506,345	489,124	-	-
Total equity	33,887,847	33,385,433	32,661,894	32,174,608
Total liabilities and equity	366,245,086	370,597,361	359,135,362	351,592,507

NMB Bank Limited
Condensed Consolidated Statement of Profit or Loss
For the quarter ended Poush 30, 2082 (January 14, 2026)

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	5,268,768	11,074,350	5,850,057	11,898,090	5,059,185	10,653,507	5,699,323	11,609,726
Interest expense	2,831,981	6,005,636	3,489,361	7,444,427	2,774,962	5,882,032	3,443,992	7,356,460
Net interest income	2,436,787	5,068,714	2,360,696	4,453,663	2,284,223	4,771,476	2,255,331	4,253,266
Fees and Commission Income	744,315	1,678,364	577,867	1,373,784	678,183	1,490,771	533,743	1,213,364
Fees and commission expense	52,697	149,107	60,103	109,336	51,388	147,790	60,396	105,054
Net fee and commission income	691,618	1,529,258	517,764	1,264,447	626,795	1,342,981	473,346	1,108,310
Net interest, fee and commission income	3,128,405	6,597,972	2,878,460	5,718,110	2,911,018	6,114,457	2,728,678	5,361,576
Net trading income	81,778	247,606	84,265	179,587	81,778	247,606	84,265	179,587
Other operating income	111,491	187,149	71,174	143,457	111,491	187,149	72,923	143,457
Total operating income	3,321,674	7,032,728	3,033,899	6,041,154	3,104,288	6,549,212	2,885,866	5,684,619
Impairment charge/(reversal) for loans and other	885,270	1,600,583	388,480	345,292	838,275	1,552,237	381,804	344,765
Net operating income	2,436,404	5,432,145	2,645,420	5,695,861	2,266,013	4,996,975	2,504,062	5,339,854
Operating expense								
Personnel expenses	890,945	1,810,108	984,930	1,813,252	802,488	1,611,262	903,315	1,642,729
Other operating expenses	433,167	858,806	363,373	690,093	404,732	778,415	339,069	618,989
Depreciation & Amortisation	57,370	118,141	62,164	135,200	47,287	97,329	47,478	115,256
Operating Profit	1,054,923	2,645,090	1,234,952	3,057,317	1,011,505	2,509,968	1,214,200	2,962,881
Non operating income	40,731	41,656	593	663	40,721	41,644	593	648
Non operating expense	30,844	221,682	13,117	124,488	30,844	221,682	13,117	124,488
Profit before income tax	1,064,810	2,465,063	1,222,429	2,933,492	1,021,382	2,329,930	1,201,676	2,839,041
Income tax expense								-
Current Tax	302,077	722,451	350,296	864,478	288,752	681,316	343,739	835,500
Deferred Tax expense/(Income)	-	-	-	-	-	-	-	-
Profit for the period	762,733	1,742,612	872,132	2,069,014	732,630	1,648,613	857,937	2,003,540

NMB Bank Limited
Consolidated Statement of Other Comprehensive Income
For the quarter ended Poush 30, 2082 (January 14, 2026)

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	762,733	1,742,612	872,132	2,069,014	732,630	1,648,613	857,937	2,003,540
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	(97,770)	(360,617)	(43,119)	117,506	(118,274)	(347,132)	(32,631)	119,745
- Gains/(losses) on revaluation	-	-	-	-	-	-	-	-
- Atuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-
- Income tax relating to above items	29,331	108,185	12,936	(35,252)	35,482	104,140	9,789	(35,924)
Net other comprehensive income that will not be reclassified to profit or loss	(68,439)	(252,432)	(30,183)	82,254	(82,792)	(242,992)	(22,842)	83,822
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	(68,439)	(252,432)	(30,183)	82,254	(82,792)	(242,992)	(22,842)	83,822
Total comprehensive income for the period	694,293	1,490,181	841,949	2,151,268	649,839	1,405,621	835,095	2,087,362
Total comprehensive income attributable to:								
Equity holders of the Bank	687,778	1,472,001	839,534	2,147,260	649,839	1,405,621	835,095	2,087,362
Non-controlling interest	6,516	18,180	2,415	4,008	-	-	-	-
Total	694,293	1,490,181	841,949	2,151,268	649,839	1,405,621	835,095	2,087,362
Earnings per share								
Basic earnings per share		8.94		10.71		8.55		10.39
Annualized Basic earnings per share		17.88		21.42		17.10		20.78
Diluted earnings per share		17.88		21.42		17.10		20.78

NMB Bank Limited
Condensed Consolidated Statement of cash flows
For the period (Shrawan 1, 2082 to Poush 30, 2082) ended Poush 30, 2082

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	9,751,023	9,689,569	9,336,010	9,662,643
Fees and other income received	1,918,531	1,326,880	1,582,866	1,203,377
Dividend received	65,417	64,600	65,417	64,600
Receipts from other operating activities	95,848	108,941	95,848	108,941
Interest paid	(5,991,528)	(7,551,788)	(5,991,528)	(7,551,788)
Commission and fees paid	(146,490)	(104,528)	(146,490)	(104,528)
Cash payment to employees	(1,675,442)	(1,202,372)	(1,509,405)	(1,171,004)
Other expense paid	(909,943)	(764,293)	(827,392)	(725,201)
Operating cash flows before changes in operating assets and liabilities	3,107,415	1,567,009	2,605,326	1,487,041
(Increase)/Decrease in operating assets				
Due from Nepal Rastra Bank	(6,052,293)	(1,178,750)	(6,044,793)	(1,178,750)
Placement with bank and financial institutions	(2,758,369)	(3,326,130)	(2,758,369)	(3,326,130)
Other trading assets	-	(700)	-	(700)
Loan and advances to bank and financial institutions	(4,258,238)	(865,067)	(4,258,238)	(865,067)
Loans and advances to customers	(9,571,234)	(24,005,224)	(8,780,305)	(24,005,224)
Other assets	(168,078)	(4,840,970)	200,055	(4,331,540)
Total	(22,808,212)	(34,216,840)	(21,641,650)	(33,707,410)
Increase/(Decrease) in operating liabilities				
Due to bank and financial institutions	(3,694,700)	(217,643)	(3,694,700)	(217,643)
Due to Nepal Rastra Bank	-	1,221,091	-	1,221,091
Deposit from customers	13,050,717	22,524,737	13,814,574	22,524,737
Borrowings	422,045	(1,812,591)	(712,167)	(1,812,591)
Other liabilities	(14,961,023)	3,682,857	(211,326)	3,638,040
Net cash flow from operating activities before tax paid	(5,182,962)	25,398,451	9,196,381	25,353,634
Income taxes paid	(569,000)	(623,305)	(550,000)	(620,000)
Net cash flow from operating activities	(25,452,759)	(7,874,685)	(10,389,943)	(7,486,736)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(680,658,118)	(780,281,151)	(680,622,880)	(780,259,116)
Receipts from sale of investment securities	682,951,827	783,652,952	680,678,098	783,652,952
Purchase of property and equipment	(111,821)	(43,567)	(79,287)	(38,503)
Receipt from the sale of property and equipment	3,114	222,454	3,029	222,454
Purchase of intangible assets	(7,833)	(11,438)	(7,833)	(9,629)
Receipt from the sale of intangible assets	-	166	-	-
Purchase of investment properties	(48,425)	(273,567)	(48,425)	(273,567)
Receipt from the sale of investment properties	-	-	-	-
Investment in subsidiaries, associates & joint ventures	-	-	-	-
Interest received	1,208,418	1,063,142	1,208,418	1,063,142
Dividend received	-	-	-	-
Net cash used in investing activities	3,337,161	4,328,990	1,131,120	4,357,733
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	(986,335)	-	(918,335)	-
Interest paid	-	-	-	-
Other receipt/payment	(21,690)	(19,836)	-	-
Net cash from financing activities	(1,008,025)	(19,836)	(918,335)	-
Net increase (decrease) in cash and cash equivalents	(23,123,624)	(3,565,531)	(10,177,159)	(3,129,003)
Cash and cash equivalents at the beginning of the year	46,995,817	23,398,373	33,385,654	22,570,603
Cash and cash equivalents acquired from the merger	-	-	-	-
Effect of exchange rate fluctuations on cash and cash equivalents held	21,758	28,044	21,758	28,044
Cash and cash equivalents at the end of the year	23,893,952	19,860,886	23,230,254	19,469,644

NMB Bank Limited
Condensed Consolidated Statement of changes in equity
For the period (Shrawan 1, 2082 to Poush 30, 2082) ended Poush 30, 2082

NPR in Thousand

Particulars	NMB											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, 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	
Profit for the year	-	-	-	-	-	-	-	2,854,638	-	2,854,638	-	2,854,638	
Other comprehensive income	-	-	-	-	-	476,353	-	-	(127,894)	348,459	-	348,459	
Total comprehensive income	-	-	-	-	-	476,353	-	2,854,638	(127,894)	3,203,097	-	3,203,097	
Transfer to reserves	-	-	570,928	33,351	-	-	-	(883,895)	608,982	-	-	-	
Transfer from reserves	-	-	-	-	(24,479)	-	-	24,479	-	-	-	-	
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 2082	18,366,706	-	5,981,038	215,637	2,998,136	819,054	-	1,901,381	2,222,021	32,174,608	-	32,174,608	
Balance at Asar end 2082	18,366,706	-	5,981,038	215,637	2,998,136	819,054	-	1,901,381	1,892,656	32,174,608	-	32,174,608	
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	
Adjusted/Restated balance at Shrawan 1, 2082	18,366,706	-	5,981,038	215,637	2,998,136	819,054	-	1,901,381	1,892,656	32,174,608	-	32,174,608	
Profit for the period	-	-	-	-	-	-	-	1,648,613	-	1,648,613	-	1,648,613	
Other comprehensive income	-	-	-	-	-	(242,992)	-	-	-	(242,992)	-	(242,992)	
Total comprehensive income	-	-	-	-	-	(242,992)	-	1,648,613	-	1,405,621	-	1,405,621	
Transfer to Reserves	-	-	329,723	13,468	460,914	-	-	(1,149,011)	344,906	-	-	-	
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	918,335	-	-	-	-	-	-	(918,335)	-	-	-	-	
Cash dividend paid	-	-	-	-	-	-	-	(918,335)	-	(918,335)	-	(918,335)	
Others	-	-	-	-	-	-	-	-	-	-	-	-	
Total contributions by and distributions	918,335	-	-	-	-	-	-	(1,836,671)	-	(918,335)	-	(918,335)	
Balance at Poush End 2082	19,285,041	-	6,310,760	229,105	3,459,050	576,062	-	564,313	2,237,562	32,661,894	-	32,661,894	

NMB Bank Limited
Condensed Consolidated Statement of changes in equity
For the period (Shrawan 1, 2082 to Poush 30, 2082) ended Poush 30, 2082

Particulars	Group											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, 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	
Adjustment/Restatement	-	-	(1,751)	-	9,532	-	-	13,612	41,432	62,825	(17,371)	45,454	
Balance at Shrawan 1, 2081	18,366,706	37,216	5,471,047	182,286	3,084,017	344,972	-	332,437	1,763,508	29,582,189	441,647	30,023,836	
Profit for the year	-	-	-	-	-	-	-	3,028,524	-	3,028,524	34,745	3,063,269	
Other comprehensive income	-	-	-	-	-	485,074	-	-	(131,338)	353,736	(276)	353,460	
Total comprehensive income	-	-	-	-	-	485,074	-	3,028,524	(131,338)	3,382,260	34,469	3,416,729	
Transfer to reserves	-	-	-	579,678	33,351	-	-	(894,927)	279,793	(2,105)	6,298	4,193	
Transfer from reserves	-	-	-	-	-	(4,117)	(356)	-	4,117	3,443	3,088	7,790	10,877
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)	
Cash dividend paid	-	-	-	-	-	-	-	(1,123)	-	(1,123)	(1,079)	(2,203)	
Total contributions by and distributions	-	-	-	-	-	-	-	(69,123)	-	(69,123)	(1,079)	(70,203)	
Balance at Asar end 2082	18,366,706	37,216	6,050,725	215,637	3,079,900	829,690	-	2,401,028	1,915,407	32,896,309	489,124	33,385,433	
Balance at Asar end 2082	18,366,706	37,216	6,050,725	215,637	3,079,900	829,690	-	2,401,028	1,915,407	32,896,309	489,124	33,385,433	
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	
Adjusted/Restated balance at Shrawan 1, 2082	18,366,706	37,216	6,050,725	215,637	3,079,900	829,690	-	2,401,028	1,915,407	32,896,309	489,124	33,385,433	
Profit for the period	-	-	-	-	-	-	-	1,724,433	-	1,724,433	18,180	1,742,612	
Other comprehensive income	-	-	-	-	-	(252,432)	-	-	-	(252,432)	(252,432)	(252,432)	
Total comprehensive income	-	-	-	-	-	(252,432)	-	1,724,433	-	1,472,001	18,180	1,490,181	
Transfer to Reserves	-	-	-	329,723	13,468	460,914	1,568	-	(1,150,579)	344,906	-	-	
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	918,335	-	-	-	-	-	-	(918,335)	-	-	-	-	
Cash dividend paid	-	-	-	-	-	-	-	(986,335)	-	(986,335)	-	(986,335)	
Others	-	-	-	-	-	-	-	(9,184)	8,710	(474)	(958)	(1,432)	
Total contributions by and distributions	918,335	-	-	-	-	-	-	(1,913,854)	8,710	(986,809)	(958)	(987,767)	
Balance at Poush End 2082	19,285,041	37,216	6,380,448	229,105	3,540,815	578,826	-	1,061,027	2,269,023	33,381,502	506,345	33,887,847	

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		11.81%		12.66%		11.81%		12.62%
Non performing loan (NPL) to total loan	4.57%		4.01%		4.56%		3.96%	
Net Non performing loan (NPL) to total loan	1.59%		1.82%		1.59%		1.78%	
Total loan loss provision to Total NPL (As per NRB Directives)	97.33%		92.94%		97.39%		93.97%	
Cost of Funds (LCY YTD)	3.92%		5.500%		3.89%		5.48%	
CD Ratio - Average of the Month	85.09%		86.76%		85.09%		86.76%	
Base Rate -Average for the quarter	5.48%		6.92%		5.48%		6.92%	
Average Interest Spread (Calculated as per NRB Directives)- Last Month of Quarter	3.78%		3.97%		3.78%		3.97%	
Additional Informations:								
Tier 1 Capital to RWA	8.80%		9.50%		8.79%		9.46%	
CET 1 Capital to RWA	8.80%		9.50%		8.79%		9.46%	
Return on Equity (Annualized)	10.41%		13.50%		10.17%		13.35%	
Return on Assets (Annualized)	0.94%		1.32%		0.93%		1.30%	
PE Ratio (Annualized)	13.98		11.49		13.98		11.49	
Net-Worth per share (NPR)	172.46		172.32		168.75		168.36	
Assets per share (NPR)	1,896.49		1,777.96		1,862.25		1,756.18	
Liquidity Ratio (NLA)	25.47%		24.68%		25.47%		24.68%	

NMB BANK LIMITED

Notes to Interim Financial Statements

For the interim period ended 30 Poush, 2082

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 bank has followed NRB Interest Recognition Guidelines (with amendments) for recognition of Interest Income and Fees Income i.e. interest income based on coupon interest rate on principal outstanding for all financial assets (accrual basis) for Stage 1 and 2 and based on Based on cash basis approach (incremental) for FY 82/83.

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 and Interest Income Recognition Guidelines (with amendments) is followed for this. 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.

From FY 2083/84, EIR shall be applicable for all financial assets except old term loan (Old term loan refers to loans booked up to Asar end 2083). Therefore, as per Interest Income Recognition Guidelines (With Amendment) has been followed and income has been recognized based on Gross Interest Rate.

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.

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	7 years	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 (done annually) 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.

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” (done annually). 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.

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.

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. Hence, bonus share has been adjusted in EPS accordingly.

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 2082	Poush End 2081												
Revenues from external customers	3,282	2,867	2,347	3,017	5,052	5,105	367	448	1,396	1,331	(192)	149	12,251	12,918
Intersegment revenues/(Expenses)	1,887	2,703	(871)	(1,396)	(74)	(367)	(198)	(261)	229	507	(973)	(1,187)	-	-
Segment profit/(loss) before tax	1,671	1,490	442	666	1,052	1,568	81	76	435	361	(1,351)	(1,321)	2,330	2,839
Segment assets	55,644	42,988	55,292	56,981	125,859	105,654	12,003	10,825	84,369	68,601	25,968	37,503	359,135	322,552
Segment liabilities	157,875	146,183	10,964	6,135	117,029	87,711	1,762	1,285	15,187	23,465	56,318	57,773	359,135	322,552

b. Reconciliation of reportable segment profit or loss:

NPR in Mio

Particulars	Poush End 2082	Poush End 2081
Total Profit before tax for reportable segments	2,330	2,839
Profit before tax for other segments		
Elimination of intersegment profit		
Elimination of discontinued operation		
Unallocated amount:		
-Other Corporate Expenses	-	-
Profit before tax	2,330	2,839

34. Related Party Disclosures

(a) Board Member Allowances and Facilities

The Board of Directors has been paid meeting fees of NPR 900,000 during the interim period. There were 10 Board Meeting conducted during the interim period.

As per 30th AGM held on Poush 24, 2082, the chairperson and other members of the Board are paid NPR. 22,000 and NPR. 20,000 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	2	16,000
Risk Management Committee	4	64,000
Human Resource Service Committee	3	96,000
Assets Laundering Prevention Committee	4	64,000
Other Committee	-	-

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 2082* are:

i)	Mr. Manoj Kumar Goyal	Chairman (Represents Group – Promoter Shareholder)
ii)	Ms. 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) Ms. 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	31,775,818
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		31,775,818

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
Govind Ghimire	3,961,818	396,182	3,741,717	2,394,044	39,618	10,533,379

Existing members of Executive Committee includes:

Mr. Govind Ghimire	Chief Executive Officer
Mr. Sudesh Upadhyaya	Senior 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 (Chief Business Officer)
Mr. Krishna Dutta Bhattarai	Chief Retail and Other Deposits
Mr. Dinesh Dulal	Chief Sustainable Energy Banking

(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.	966,073	7,602	8,757
3	Borrowing from NMB Bank Ltd.	-	1,883,333	-
4	Interest Payment by NMB Bank Ltd.	5,176	-	24
5	Interest Payment to NMB Bank Ltd.	-	26,337	-
6	Rent Payment to NMB Bank Ltd.	-	-	275
7	Share Registrar Fee payment by NMB Bank	275	-	-
8	Debenture RTS Fee payment by NMB Bank	113	-	-
9	Dividend Distribution of Sulav Investment Fund -2 to NMB Bank	25,641	-	-
10	Dividend Distribution of NMB 50 to NMB Bank	26,553	-	-

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

The bank has paid 5% cash dividend and 5% stock dividend for each stock held as approved by 30th AGM 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:

	Poush End 2082
Concentration of Borrowings	
Borrowings from 10 largest lenders.	3,275,333,393
Percentage of borrowings from ten largest lenders to total depositors	1.11%
B. Concentration of Credit exposures	
Total exposures to twenty largest borrowers	
a. As per group (related party)	45,301,557,074
As per individual customer	17,644,379,685
Percentage of exposures to twenty largest borrowers to Total Loans and Advances	
a. As per group (related party)	17.67%
b. As per individual customer	6.88%
C. Concentration of Deposits	
Total deposits from twenty largest depositors	
Group-wise	76,243,403,048
As per individual customer	2,837,525,049
Percentage of deposits from twenty largest depositors to Total Deposits	
Group-wise	25.95%
As per individual customer	25.95%

NMB BANK LIMITED

Interim Financial Report FY 2082/83

Condensed Consolidated Statement of Financial Position

As on Quarter Ended Poush 30, 2082 (January 14, 2026)

NPR In Thousand

Particulars	Group			
	This Quarter Ending	Immediate Previous Year Ending	NMB	
Assets	NPR In Thousand			
Cash and cash equivalent	23,893,952	46,995,817	23,230,254	33,385,654
Due from Nepal Rastra Bank	22,571,416	16,519,123	22,533,916	16,489,123
Placement with Bank and Financial Institutions	13,022,789	10,304,420	13,022,789	10,264,420
Derivative financial instruments	7,761,363	8,681,416	7,761,363	8,681,416
Other trading assets	-	140,517	-	-
Loan and advances to B/FIs	9,361,027	8,816,813	11,326,026	10,497,119
Loans and advances to customers	247,013,891	235,196,355	239,470,649	228,456,304
Investment securities	31,151,244	33,075,128	30,473,302	32,508,745
Current tax assets	76,072	170,347	42,557	166,787
Investment in subsidiaries	-	-	772,488	772,488
Investment in associates	-	-	-	-
Investment property	1,832,617	1,784,193	1,832,617	1,784,193
Property and equipment	3,879,022	3,910,742	3,755,208	3,800,678
Goodwill and Intangible assets	122,383	131,395	119,090	127,174
Deferred tax assets	448,556	327,751	432,330	316,475
Other assets	5,111,753	4,543,323	4,362,775	4,341,932
Total Assets	366,245,086	370,597,361	359,135,362	351,592,507
Liabilities	NPR In Thousand			
Due to Bank and Financial Institutions	2,323,587	6,029,457	2,334,757	6,029,457
Due to Nepal Rastra Bank	-	-	-	-
Derivative financial instruments	7,588,521	8,695,540	7,588,521	8,695,540
Deposits from customers	292,144,808	280,117,507	291,441,042	280,924,448
Borrowing	6,779,045	6,641,693	3,275,333	3,987,500
Current Tax Liabilities	32,533	-	-	-
Provisions	22,394	6,174	-	-
Deferred tax liabilities	11,027	-	-	-
Other liabilities	11,075,893	23,336,968	9,454,384	7,394,345
Debt securities issued	12,379,432	12,384,569	12,379,432	12,384,569
Subordinated Liabilities	-	-	-	-
Total Liabilities	332,357,239	337,811,927	326,473,468	319,817,899
Equity	NPR In Thousand			
Share capital	19,285,041	18,364,706	19,285,041	18,366,706
Share premium	37,216	37,216	-	-
Retained earnings	1,061,027	2,401,028	564,313	1,901,381
Reserves	12,998,217	12,091,359	12,812,540	11,906,521
Total equity attributable to equity holders	33,381,502	32,896,309	32,661,894	32,174,608
Non-controlling interest	506,345	489,124	-	-
Total equity	33,887,847	33,385,433	32,661,894	32,174,608
Total liabilities and equity	366,245,086	370,597,361	359,135,362	351,592,507

Condensed Consolidated Statement of Profit or Loss

For the Quarter Ended Poush 30, 2082 (January 14, 2026)

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

For the Quarter Ended Poush 30, 2082

NPR In Thousand

Particulars	Current Year Upto This Qtr YTD	Previous Corresponding Year Upto This Qtr YTD	NPR In Thousand	
			Net Profit or Loss as per Statement of profit or loss	Current Year Upto This Qtr YTD
1. Appropriation				1,648,613
a. General Reserve				(329,723)
b. Capital (Debenture) Redemption Reserve				(310,913)
c. Exchange Fluctuation Fund				(13,468)
d. Corporate Social Responsibility Fund				(16,486)
e. Employees Training Fund				(7,507)
f. Other				-
2. Profit or Loss Before Regulatory adjustment				960,516
3. Regulatory Adjustment				1,292,183
a. Interest receivable (-)/previous accrued interest received (+)				(406,118)
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 (+)				(24,101)
e. Deferred tax assets recognised (-)/reversal (+)				-
f. Goodwill recognised (-)/Impairment of Goodwill (+)				-
g. Bargain purchase gain recognised (-)/reversal (+)				-
h. Actuarial loss recognised (-)/reversal (+)				-
i. Other (Interest Capitalised Term Loan)				(30,695)
4. Net Profit for the quarter ended Poush End, 2082 available for distribution				499,602
5. Opening Retained Earnings as on Shrawan 1, 2082				1,901,381
6. Adjustment (-/+)				-
7. Distribution:				-
Bonus shares issued				(918,335)
Cash Dividend Paid				(918,335)
8. Total Distributable profit or (loss) as on quarter ended Poush End, 2082				564,313
9. Annualised Distributable Profit/Loss per share				5.18
10. Current Year Upto This Qtr YTD				10.25

Related Party Disclosures

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

NPR In Thousand

S. No.	Particulars	NMB Capital	NMB Laghubitta Bittiya Santha	N.M.B. Securities
1	Investment by NMB Bank Ltd.	400,000	172,488	200,000
2	Deposits in NMB Bank Ltd.	1,065,738	11,170	6,273
3	Borrowing from NMB Bank Ltd.	-	1,964,999	-
4	Interest Payment by NMB Bank Ltd.	8,510	-	37
5	Interest Payment to NMB Bank Ltd.	-	54,144	-
6	Rent Payment to NMB Bank Ltd.	-	-	550
7	Share Registrar Fee payment by NMB	550	-	-
8	Debenture RTF Fee payment by NMB	225	-	-
9	Dividend Distribution of Sulav Investment Fund -2 to NMB Bank	25,641	-	-
10	Dividend Distribution of NMB 50 to NMB Bank	26,553	-	-
11	Dividend Distribution by NMB Capital to NMB Bank (Net)	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

- a. The Bank, up to this quarter of FY 2025/26, posted a net profit of NPR 1,648.6 Million.
- b. Deposit from customers and loans and advances to customers of the Bank (Net) stood at NPR 291 Billion and NPR 239 Billion respectively as at the end of the quarter.
- c. As on quarter end, Capital Adequacy Ratio stands at 11.81% while Tier 1 ratio stands at 8.79%. NPA level increased by 4.36% from 3.96% as compared to previous year corresponding 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 the Bank against the organized institution during the year
- b. Deposit from customers and loans and advances to customers of the Bank (Net) stood at NPR 291 Billion and NPR 239 Billion respectively as at the end of the quarter.
- c. As on quarter end, Capital Adequacy Ratio stands at 11.81% while Tier 1 ratio stands at 8.79%. NPA level increased by 4.36% from 3.96% as compared to previous year corresponding quarter.

The Bank has strong independent Risk and Control functions as well as policies in place that do not promote excessive risk-taking.

3. Analysis of Share Transactions

Management view on share transaction of the Bank at securities market:

The Bank has disclosed and published all the information and data pertinent to Capital Market from time to time as per the prevailing disclosure norms and directives of Securities Board of Nepal (SEBON) and Nepal Rastra Bank. As the open market share operations determines the market price and transaction of the bank's shares, the Bank Management is neutral on the ruling share price of the Bank. The Details for the quarter are:

Maximum Price - 260	Minimum Price - 231.30	Closing Price - 239
Trading number - 9,103	Days Trading - 55	

4. Problems and Challenges

- Internal problems and challenges
 - Increasing cost of operations against Income.
 - Sourcing and retention of quality work force in the increased competitive market.

External problems and challenges

- Challenging business environment for investment
- Political Instability and Economic Slowdown
- Competitive yield on assets
- Challenges in Recovery and Collection
- Under/Over lending
- Competitive environment with limited opportunities
- Promoting sustainable investment, effective ESG implementation and Climate Risk Management continues to face headwinds, as financial decision-making often favours immediate returns over long-term environmental and social resilience
- Nepal continued to be in Financial Action Task Force (FATF) Grey List posing significant challenge for overall economy.

Strategy

- Allocation of specialized staffs to oversee NPA recovery within provinces
- Automation of various front and back end process of the bank
- Keeping the digital channel open and Long Term Digital Adoption
- Implement Cost Management/Reduction Strategy to closely monitor cost line and production practices
- Continue to focus on growth through prudent risk management and compliance practices
- Continue focus on Energy, Agricultural and other productive sectors and retail segment
- Focus on continuous process re-engineering to increase Operational Efficiency
- Focus on introducing various human resource development plans
- Strengthen AML/CFT compliance, enhance risk monitoring, and align with FATF standards

5. Corporate Governance

- The Bank maintains high standard of Corporate Governance by maintaining strict compliance with laws, rules and regulations. Risk management, compliance, control and audit functions are accorded due priority in the Bank.
- Audit Committee, Risk Management Committees, Human Resource Committee, Asset and Liability Committee (ALCO), Executive Committee and other sub-committees ensure high level of standard on corporate governance. The first three committees are chaired by the non-executive Directors of the Bank.
- There are number of policies and procedures in place, including the Code of Conduct and Ethics to ensure highest level of compliance standard within the Bank.
- The Bank has a Corporate Governance Unit under Compliance Department to oversee matters related to corporate governance of the Bank at all levels.

6. Disclosure of the Chief Executive Officer

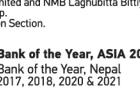
I am personally responsible for the correctness of the facts and figures disclosed in this report till date. Also, I hereby declare that to the extent of my knowledge, the facts and the figures disclosed in this report are correct and comprehensive and all the material information relevant to take proper investment decision for the investors are disclosed properly in this statement.

Ratios	Group			
	This Quarter	Current Year Upto This Quarter (YTD)	This Quarter	Current Year Upto This Quarter (YTD)
Capital fund to RWAs	11.81%	12.66%	11.81%	12.62%
Non performing loan (NPL) to total loan	4.57%	4.01%	4.56%	3.96%
Net Non performing loan (NPL) to total loan	1.59%	1.82%	1.59%	1.78%
Total loan loss provision to Total NPL (As per NRB Directives)	97.33%	92.94%	97.39%	93.97%
Cost of Funds (LCY YTD)	3.92%	5.50%	3.89%	5.48%
CD Ratio - Average of the Month	85.09%	86.74%	85.09%	86.74%
Base Rate - Average for the quarter	5.48%	6.92%	5.48%	6.92%
Average Interest Spread (Calculated as per NRB Directives) - Last Month of Quarter	3.79%	3.97%	3.78%	3.97%
Additional Informations:				
Tier 1 Capital to RWAs	8.79%	9.50%	8.79%	9.46%
CET 1 Capital to RWAs	8.79%	9.50%	8.79%	9.46%
Return on Equity (Annualized)	10.41%	13.50%	10.17%	13.35%
Return on Assets (Annualized)	0.94%	1.32%	0.93%	1.30%
PE Ratio (Annualized)	13.98	11.49	13.98	11.49
Net-Worth per share (NPR)	172.46	172.32	168.75	168.36
Assets per share (NPR)	1,896.49	1,777.56	1,862.25	1,756.18
Liquidity Ratio (NLA)	25.47%	24.68%	25.47%	24.68%

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 NRB Financial Reporting Standards (NFRS) and Directives, Guidelines and Circulars issued by Nepal Rastra Bank (NRB), and other regulatory bodies.
- The Bank has issued Perpetual Non-Cumulative Preference Shares (PNCPs) of NPR 3 Bio, which qualifies as Additional Tier 1 (AT1) capital. The issue was fully subscribed, allotted on Magh 04, 2082, and capitalized after the 02 reporting period.
- Loans and Advances have been presented allowing for accrued interest, staff loan and net off impairment charges.
- According to the NRB, the Capital Adequacy Loss (CAL) 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.
- Personnel Expenses include staff bonus as per Bonus Act and amortization of staff loan granted at subsidized rates as per Bank's policy.
- Actuarial Valuation of the employees' benefits are done on annual basis.
- NRB has issued the Non-Banking Financial Companies (NBFCs) Circulars, 2024, which are applicable to NMB Bank Limited, N.M.B. Securities Limited and NMB Laghubitta Bittiya Santha Limited.
- The intra-group related figures have been excluded for presentation of the financial statements of the Group.

11. The detailed interim Report has been published in bank's website www.nmb.com.np at the Investor Relation Section.



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