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%		13.35%		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%

Notes to Unaudited Financial Highlight

1. Above figures are subject to change from Supervisory Authority and/or External Audit.
2. 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.
3. The figures of previous periods have been regrouped/rearranged wherever necessary.
4. Loans and Advances have been presented along with accrued interest, staff loan (net off staff loan prepayment benefit) and net off impairment charges.
5. 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.
6. Personnel Expenses include staff bonus as per Bonus Act and amortization of prepaid staff loan granted at subsidized rate as per Bank's policy.
7. Actuarial Valuation of the employees benefits are done on an annual basis.
8. Group represents NMB Bank Limited (NMB) and its subsidiaries NMB Capital Limited, N.M.B. Securities Limited and NMB Laghubitta Bittiya Sanstha Limited.
9. The intra-group related figures have been excluded for presentation of the financial statements of the Group.
10. The detailed Interim Report has been published in bank's website www.nmb.com.np at the Investor Relation Section.

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

For the Quarter Ended 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 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	-	-

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 2024/25, posted a net profit of NPR 2 Billion.

b) 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.

c) 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.

d) 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/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 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

No such information has been received by the Bank

3. Analysis of Share Transaction

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

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 – 288	Minimum Price – 235.1	Closing Price - NPR 238.8
Trading number– 13,634	Days of 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

- Competitive yield on assets
- Challenges in Recovery and Collection
- Under/Over Liquidity concerns
- Challenging business environment for investment
- Competitive environment with limited opportunities

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
- Focus on alternative sources of Fund
- Implement Cost Management/Reduction Strategy to closely monitor cost line and productivity
- 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

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.

NMB BANK एनएमबि बैंक
समृद्ध नेपालको लागि

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