NMB BANK LIMITED

Interim Financial Report FY 2081/82

Condensed Consolidated Statement of Financial Position

As on Quarter Ended Chaitra 31, 2081 (April 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	53,927,681	23,398,373	53,445,449	22,570,603
Due from Nepal Rastra Bank	15,044,454	14,734,991	15,015,454	14,710,491
Placement with Bank and Financial Institutions	4,830,470	3,035,765	4,830,470	3,035,765
Derivative financial instruments	14,406,906	7,583,922	14,406,906	7,583,922
Other trading assets	-	202,634	-	-
Loan and advances to B/FIs	7,608,778	5,906,200	9,432,764	8,130,437
Loans and advances to customers	231,863,069	199,620,290	225,630,657	194,304,186
Investment securities	14,262,331	34,258,621	13,462,071	33,772,796
Current tax assets	128,541	154,807	128,541	145,037
Investment in subsidiaries	-	-	772,488	772,488
Investment in associates	-	-	-	-
Investment property	1,144,731	851,437	1,144,731	851,437
Property and equipment	3,613,471	3,913,652	3,494,148	3,758,591
Goodwill and Intangible assets	138,162	153,022	129,006	148,628
Deferred tax assets	328,328	422,895	328,328	424,642
Other assets	4,443,983	4,749,226	4,105,711	4,659,139
Total Assets	**351,740,905**	**298,985,835**	**346,326,725**	**294,868,162**
Liabilities				
Due to Bank and Financial Institutions	3,470,987	3,163,180	3,470,987	3,163,180
Due to Nepal Rastra Bank	4,116,976	2,948,951	4,116,976	2,948,951
Derivative financial instruments	14,456,338	7,710,800	14,456,338	7,710,800
Deposits from customers	270,347,756	225,051,687	269,094,636	223,942,592
Borrowing	8,776,501	12,719,248	6,644,025	11,552,656
Current Tax Liabilities	38,759	-	-	-
Provisions	22,391	6,209	-	-
Deferred tax liabilities	2,496	2,496	-	-
Other liabilities	5,695,510	5,022,882	4,831,113	4,196,471
Debt securities issued	12,143,118	12,382,000	12,143,118	12,382,000
Subordinated Liabilities	-	-	-	-
Total liabilities	**319,070,833**	**269,007,454**	**314,757,193**	**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	1,753,899	318,825	1,311,978	(93,841)
Reserves	12,044,722	10,796,616	11,890,849	10,698,646
Total equity attributable to equity holders	**32,202,543**	**29,519,364**	**31,569,532**	**28,971,511**
Non-controlling interest	**467,528**	**459,018**	**-**	**-**
Total equity	**32,670,072**	**29,978,382**	**31,569,532**	**28,971,511**
Total liabilities and equity	**351,740,905**	**298,985,835**	**346,326,725**	**294,868,162**

Condensed Consolidated Statement of Profit or Loss

For the quarter ended Chaitra 31, 2081 (April 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	5,809,940	17,669,043	6,409,854	20,190,388	5,644,548	17,215,287	6,230,886	19,737,931
Interest expense	3,420,160	10,864,586	4,619,676	14,497,413	3,368,541	10,725,002	4,524,498	14,291,297
Net interest income	**2,389,780**	**6,804,456**	**1,790,178**	**5,692,975**	**2,276,007**	**6,490,286**	**1,706,388**	**5,446,634**
Fees and Commission Income	688,552	2,062,335	493,395	1,619,684	601,310	1,814,674	449,564	1,464,750
Fees and commission expense	64,340	173,676	49,967	120,936	60,060	165,114	49,967	120,936
Net fee and commission income	**624,212**	**1,888,659**	**443,428**	**1,498,748**	**541,249**	**1,649,559**	**399,597**	**1,343,814**
Net interest, fee and commission income	**3,013,992**	**8,693,115**	**2,233,606**	**7,191,723**	**2,817,256**	**8,139,845**	**2,105,985**	**6,790,448**
Net trading income	134,181	313,767	83,339	206,623	134,181	313,767	83,339	206,623
Other operating income	53,052	196,508	36,954	203,305	53,052	196,508	36,954	203,305
Total operating income	**3,201,224**	**9,203,391**	**2,353,900**	**7,601,650**	**3,004,488**	**8,650,121**	**2,226,279**	**7,200,375**
Impairment charge/(reversal) for loans and other losses	949,907	1,295,199	(158,033)	825,892	948,330	1,293,095	(154,139)	803,462
Net operating income	**2,251,317**	**7,908,192**	**2,511,932**	**6,775,759**	**2,056,158**	**7,357,026**	**2,380,418**	**6,396,914**
Operating expense								
Personnel expenses	1,051,363	2,864,615	764,161	2,201,848	961,427	2,604,156	694,640	1,985,830
Other operating expenses	449,635	1,139,727	383,797	1,074,520	408,448	1,027,437	340,223	956,024
Depreciation & Amortisation	51,778	186,978	87,446	248,242	47,952	163,208	83,106	235,864
Operating Profit	**698,541**	**3,716,872**	**1,276,528**	**3,251,148**	**638,331**	**3,562,226**	**1,262,449**	**3,219,196**
Non operating income	824	1,487	513	559	824	1,471	482	482
Non operating expense	48,952	134,453	26,453	42,778	48,952	134,453	26,453	42,778
Profit before income tax	**650,413**	**3,583,905**	**1,250,589**	**3,208,929**	**590,203**	**3,429,244**	**1,236,478**	**3,176,900**
Income tax expense								
Current Tax	238,804	1,103,282	379,222	966,876	220,454	1,055,955	370,870	935,305
Deferred Tax expense/(Income)	-	-	-	-	-	-	-	-
Profit for the period	**411,609**	**2,480,623**	**871,367**	**2,242,053**	**369,749**	**2,373,289**	**865,608**	**2,241,595**

Condensed Consolidated Statement of Comprehensive Income

Profit/Loss for the period	411,609	2,480,623	871,367	2,242,053	369,749	2,373,289	865,608	2,241,595
Other Comprehensive Income	140,029	222,283	64,495	24,071	140,910	224,732	65,597	27,898
Total Comprehensive Income	**551,638**	**2,702,906**	**935,862**	**2,266,124**	**510,659**	**2,598,021**	**931,205**	**2,269,493**
Earnings per Share								
Basic earnings per share	-	17.95	-	16.53	-	17.23	-	16.27
Diluted earnings per share	-	17.95	-	16.53	-	17.23	-	16.27
Total comprehensive income attributable to:								
Equity holders of the Bank	547,136	2,694,395	942,192	2,300,807	510,659	2,598,021	931,205	2,269,493
Non-controlling interest	4,502	8,511	(6,331)	(34,683)	-	-	-	-
Total	**551,638**	**2,702,906**	**935,862**	**2,266,124**	**510,659**	**2,598,021**	**931,205**	**2,269,493**

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		12.22%		12.91%		12.18%		12.83%
Non performing loan (NPL) to toal loan		4.50%		3.00%		4.47%		2.86%
Total loan loss provision to Total NPL (As per NRB Directives)		88.58%		116.41%		89.35%		121.01%
Cost of Funds (LCY YTD)		5.27%		7.67%		5.24%		7.65%
CD Ratio - Average of the Month		83.97%		79.73%		83.97%		79.73%
Base Rate -Average for the quarter		6.49%		9.15%		6.49%		9.15%
Average Interest Spread (Calculated as per NRB Directives)- Last Month of Quarter		3.80%		3.99%		3.80%		3.99%
Additional Informations:								
Tier 1 Capital to RWA		9.27%		9.72%		9.23%		9.68%
CET 1 Capital to RWA		9.27%		9.72%		9.23%		9.68%
Return on Equity (Annualized)		10.68%		10.38%		10.45%		10.43%
Return on Assets (Annualized)		1.01%		1.02%		0.99%		1.02%
PE Ratio (Annualized)		14.58		10.88		14.58		10.88
Net-Worth per share (NPR)		175.33		160.01		171.88		157.13
Assets per share (NPR)		1,912.56		1,648.52		1,885.62		1,623.19
Liquidity Ratio (NLA)		27.35%		30.09%		27.35%		30.09%

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 Chaitra 31, 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	**2,373,289**	**2,241,595**
1. Appropriations		
a. General Reserve	(474,658)	(448,319)
b. Capital (Debenture) Redemption Reserve	(425,000)	(425,000)
c. Exchange Fluctuation Fund	(19,610)	(12,914)
d. Corporate Social Responsibility Fund	(10,984)	(3,828)
e. Employees Training Fund	(11,221)	(8,897)
f. Other	-	-
Profit or (Loss) before regulatory adjustment	**1,431,816**	**1,342,638**
Regulatory Adjustment:		
a. Interest receivable (-)/previous accrued interest received (+)	48,733	(1,014,349)
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 (+)	(33,328)	(54,931)
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)	(41,403)	-
Net Profit for the quarter ended Chaitra End, 2081 available for distribution	**1,405,818**	**273,358**
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 Chaitra End, 2081	**1,311,978**	**(429,256)**
Annualised Distributable Profit/Loss per share	**6.65**	**(1.84)**

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.	171,126	-	33,342
3	Borrowing from NMB Bank Ltd.	-	1,823,986	-
4	Interest Payment by NMB Bank Ltd.	1,728	-	2,704
5	Interest Payment to NMB Bank Ltd.	-	119,677	-
6	Rent Payment to NMB Bank Ltd.	-	-	825
7	Share Registrar Fee payment by NMB Bank	825	-	-
8	Debenture Trustee Fee payment by NMB Bank	338	-	-
9	Management Fee Payment to NMB Bank	-	1,246	-
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 2.37 Billion.

b) Deposit from customers and loans and advances to customers of the Bank (Net) stood at NPR 269 Billion and NPR 225.6 Billion respectively as at the end of the quarter.

c) As on quarter end, Capital Adequacy Ratio stands at 12.18% while Tier 1 ratio stands at 9.23%. NPA level has increased to 4.47% from 3.96% 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

No material cases except for regular cases of debt recovery and Income Tax.

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 – 273	Minimum Price – 230	Closing Price - NPR 251.13
Trading number– 15,323	Days of Trading – 56	

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
A JOINT VENTURE WITH FMO Entrepreneurial Development Bank The Netherlands
Member of Global Alliance for Banking on Values
The Banker Bank of the Year 2021 ASIA
Bank of the Year, ASIA 2021
Bank of the Year, Nepal
2017, 2018, 2020 & 2021

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