NMB BANK LIMITED

Interim Financial Report FY 2081/82

Condensed Consolidated Statement of Financial Position

As on Quarter Ended Asar 32, 2082 (July 16, 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	46,837,293	23,398,373	33,385,654	22,570,603
Due from Nepal Rastra Bank	16,519,123	14,734,991	16,489,123	14,710,491
Placement with Bank and Financial Institutions	10,264,420	3,035,765	10,264,420	3,035,765
Derivative financial instruments	8,681,416	7,583,922	8,681,416	7,583,922
Other trading assets	-	202,634	-	-
Loan and advances to B/FIs	8,833,864	5,906,200	10,514,170	8,130,437
Loans and advances to customers	235,857,738	199,620,290	229,119,342	194,304,186
Investment securities	33,336,750	34,258,621	32,508,745	33,772,796
Current tax assets	11,633	154,807	-	145,037
Investment in susidiaries	-	-	772,488	772,488
Investment in associates	-	-	-	-
Investment property	1,784,193	851,437	1,784,193	851,437
Property and equipment	3,907,742	3,913,652	3,800,678	3,758,591
Goodwill and Intangible assets	135,983	153,022	127,174	148,628
Deferred tax assets	316,475	422,895	316,475	424,642
Other assets	4,729,829	4,749,226	4,337,601	4,659,139
Total Assets	**371,216,457**	**298,985,835**	**352,101,478**	**294,868,162**
Liabilities				
Due to Bank and Financial Instituions	6,029,457	3,163,180	6,029,457	3,163,180
Due to Nepal Rastra Bank	-	-	-	-
Derivative financial instruments	8,695,560	7,710,800	8,695,560	7,710,800
Deposits from customers	280,117,507	225,051,687	280,926,468	223,942,592
Borrowing	6,641,693	12,719,248	3,987,500	11,552,656
Current Tax Liabilities	70,214	-	16,278	-
Provisions	21,266	6,209	-	-
Deferred tax liabilities	6,198	2,496	-	-
Other liabilities	23,438,227	7,971,834	7,459,884	7,145,422
Debt securities issued	12,384,569	12,382,000	12,384,569	12,382,000
Subordinated Liabilities	-	-	-	-
Total liabilities	**337,404,690**	**269,007,454**	**319,499,716**	**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	2,423,583	318,825	1,909,467	(93,841)
Reserves	12,494,001	10,796,616	12,325,588	10,698,646
Total equity attributable to equity holders	**33,321,506**	**29,519,364**	**32,601,761**	**28,971,511**
Non-controlling interest	**490,261**	**459,018**	**-**	**-**
Total equity	**33,811,767**	**29,978,382**	**32,601,761**	**28,971,511**
Total liabilities and equity	**371,216,457**	**298,985,835**	**352,101,478**	**294,868,162**

Condensed Consolidated Statement of Profit or Loss

For the quarter ended Asar 32, 2082 (July 16, 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	5,360,804	22,955,658	6,124,774	26,289,301	5,126,854	22,267,952	5,970,472	25,682,543
Interest expense	3,574,485	14,439,071	4,217,852	18,715,265	3,522,057	14,247,058	4,174,503	18,465,800
Net interest income	**1,786,319**	**8,516,586**	**1,906,923**	**7,574,037**	**1,604,797**	**8,020,894**	**1,795,969**	**7,216,743**
Fees and Commission Income	722,969	2,785,304	581,412	2,201,096	609,152	2,423,826	522,457	1,987,207
Fees and commission expense	77,542	251,218	72,379	193,315	76,960	242,075	72,379	193,315
Net fee and commission income	**645,427**	**2,534,086**	**509,033**	**2,007,782**	**532,192**	**2,181,751**	**450,079**	**1,793,893**
Net interest, fee and commission income	**2,431,746**	**11,050,672**	**2,415,956**	**9,581,818**	**2,136,989**	**10,202,645**	**2,246,048**	**9,010,635**
Net trading income	46,804	360,571	46,547	253,170	46,804	360,571	35,788	242,411
Other operating income	121,958	318,466	286	203,590	121,958	318,466	60,707	264,011
Total operating income	**2,600,507**	**11,729,709**	**2,462,789**	**10,038,579**	**2,305,750**	**10,881,682**	**2,342,543**	**9,517,058**
Impairment charge/(reversal) for loans and other losses	(306,565)	988,634	1,223,168	2,049,060	(335,013)	958,082	1,234,505	2,037,967
Net operating income	**2,907,073**	**10,741,076**	**1,239,621**	**7,989,519**	**2,640,764**	**9,923,601**	**1,108,038**	**7,479,091**
Operating expense				-				
Personnel expenses	566,639	3,431,254	737,156	2,939,005	476,409	3,080,564	648,618	2,634,448
Other operating expenses	126,522	1,266,249	185,350	1,259,870	80,799	1,108,236	177,450	1,133,473
Depreciation & Amortisation	238,009	424,987	236,770	485,013	221,386	384,593	222,208	458,072
Operating Profit	**1,975,903**	**5,618,586**	**80,344**	**3,305,631**	**1,862,170**	**5,350,207**	**59,762**	**3,253,098**
Non operating income	6,147	7,633	2,883	3,442	2,480	3,951	2,960	3,442
Non operating expense	598,482	658,746	8,106	25,023	598,482	658,746	4,073	20,991
Profit before income tax	**1,383,567**	**4,967,472**	**75,121**	**3,284,051**	**1,266,168**	**4,695,412**	**58,649**	**3,235,549**
Income tax expense				-				
Current Tax	421,272	1,524,555	100,778	1,067,654	398,838	1,454,793	90,425	1,025,730
Deferred Tax expense/(Income)	(41,172)	(41,172)	(23,311)	(23,311)	(41,172)	(41,172)	(34,576)	(34,576)
Profit for the period	**1,003,467**	**3,484,090**	**(2,346)**	**2,239,707**	**908,502**	**3,281,791**	**2,800**	**2,244,395**

Condensed Consolidated Statement of Comprehensive Income

Profit/Loss for the period	1,003,467	3,484,090	(2,346)	2,239,707	908,502	3,281,791	2,800	2,244,395
Other Comprehensive Income	134,481	356,764	109,068	133,138	123,726	348,459	108,241	136,139
Total Comprehensive Income	**1,137,949**	**3,840,855**	**106,722**	**2,372,846**	**1,032,229**	**3,630,250**	**111,041**	**2,380,534**
Earnings per Share								
Basic earnings per share	-	18.80	-	12.19	-	17.87	-	12.22
Diluted earnings per share	-	18.80	-	12.19	-	17.87	-	12.22
Total comprehensive income attributable to:								
Equity holders of the Bank	1,115,178	3,809,573	96,764	2,397,571	1,032,229	3,630,250	111,041	2,380,534
Non-controlling interest	22,771	31,282	9,958	(24,725)	-	-	-	-
Total	**1,137,949**	**3,840,855**	**106,722**	**2,372,846**	**1,032,229**	**3,630,250**	**111,041**	**2,380,534**

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		12.07%		12.91%		12.03%		12.84%
Non performing loan (NPL) to total loan		3.74%		3.51%		3.72%		3.40%
Net Non performing loan to total loan		1.39%		1.45%		1.37%		1.35%
Total loan loss provision to Total NPL (As per NRB Directives)		100.79%		115.10%		101.14%		117.75%
Cost of Funds (LCY YTD)		5.10%		7.36%		5.06%		7.31%
CD Ratio - Average of the Month		84.33%		83.91%		84.33%		83.91%
Base Rate -Average for the quarter		6.22%		8.42%		6.22%		8.42%
Average Interest Spread (Calculated as per NRB Directives)- Last Month of Quarter		3.82%		3.99%		3.82%		3.99%
Additional Informations:								
Tier 1 Capital to RWA		9.22%		9.76%		9.18%		9.72%
CET 1 Capital to RWA		9.22%		9.76%		9.18%		9.72%
Return on Equity (Annualized)		10.99%		7.87%		10.66%		7.82%
Return on Assets (Annualized)		1.03%		0.78%		1.01%		0.77%
PE Ratio (Annualized)		15.10		17.84		15.10		17.84
Net-Worth per share (NPR)		180.68		160.99		176.81		157.74
Assets per share (NPR)		2,018.47		1,626.76		1,917.06		1,605.45
Liquidity Ratio (NLA)		27.39%		29.01%		27.39%		29.01%

Notes to Unaudited Financial Highlights

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 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.
6. Personnel Expenses include staff bonus as per Bonus Act and amortization of staff loan granted at subsidized rate as per Bank's policy.
7. Group represents NMB Bank Limited (NMB) and its subsidiaries NMB Capital Limited, N.M.B Securities Limited and NMB Laghubitta Bittiya Sanstha Limited.
8. The intra-group related figures have been excluded for presentation of the financial statements of the Group.
9. 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 Asar 32, 2082 (July 16, 2025)

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	**3,281,791**	**2,244,395**
1. Appropriations		**-**
a. General Reserve	(656,358)	(448,879)
b. Capital (Debenture) Redemption Reserve	(566,666)	(566,666)
c. Exchange Fluctuation Fund	(33,351)	(25,310)
d. Corporate Social Responsibility Fund	(8,107)	13,137
e. Employees Training Fund	(18,480)	(10,795)
f. Other	(20,000)	-
Profit or (Loss) before regulatory adjustment	**1,978,829**	**1,205,882**
Regulatory Adjustment:		
a. Interest receivable (-)/previous accrued interest received (+)	593,012	(409,861)
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 (+)	(351,588)	(96,849)
e. Deferred tax assets recognised (-)/ reversal (+)	(41,172)	(34,576)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	(127,894)	(55,822)
i. Other (Interest Capitalised Term Loan)	(47,879)	-
Net Profit for the quarter ended Asar End, 2082 available for distribution	**2,003,308**	**608,773**
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 Asar End, 2082	**1,909,467**	**(93,841)**
Annualised Distributable Profit/Loss per share	**10.40**	**(0.51)**

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.	2,358,106	-	18,582
3	Borrowing from NMB Bank Ltd.	-	1,680,306	-
4	Interest Payment by NMB Bank Ltd.	17,213	-	2,490
5	Interest Payment to NMB Bank Ltd.	-	149,305	-
6	Rent Payment to NMB Bank Ltd.	-	-	1,100
7	Share Registrar Fee payment by NMB Bank	1,100	-	-
8	Debenture Trustee Fee payment by NMB Bank	450	-	-
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 3.28 Billion.

b) Deposit from customers and loans and advances to customers of the Bank (Net) stood at NPR 281 Billion and NPR 229 Billion respectively as at the end of the quarter.

c) As on quarter end, Capital Adequacy Ratio stands at 12.03% while Tier 1 ratio stands at 9.18%. NPA level has decreased to 3.72% from 4.47% 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 – 231	Closing Price - NPR 269.72
Trading number– 14,107	Days of Trading – 63	

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
- 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 added to the Financial Action Task Force (FAFT) 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 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
- 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.

NMB BANK एनएमबि बैंक
समृद्ध नेपालको लागि
A JOINT VENTURE WITH FMO Entrepreneurial Development Bank The Netherlands
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Bank of the Year, ASIA 2021
Bank of the Year, Nepal 2017, 2018, 2020 & 2021

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