

NMB BANK LIMITED

Unaudited Financial Results (Quarterly)

As at First Quarter ending on 31/06/2075 (17/10/2018) of Fiscal Year 2075/76

Rs. in '000

Statement of Financial Position	This Quarter Ending		Previous Quarter Ending		Corresponding Previous Quarter Ending	
	Group	NMB	Group	NMB	Group	NMB
Assets						
Cash and cash equivalent	8,711,858	8,711,815	6,016,858	5,183,938	5,334,655	5,334,627
Due from NRB and placements with BFIs	8,157,531	7,337,344	7,073,255	7,116,918	8,124,087	7,406,272
Loans and advances	84,452,778	82,779,303	76,912,362	75,210,549	65,060,263	63,483,888
Investments Securities	8,887,124	8,701,669	9,931,211	9,770,167	9,566,991	9,412,907
Investment in subsidiaries and associates	-	248,552	-	248,552	-	148,552
Goodwill and intangible assets	23,199	22,590	22,402	22,054	14,202	13,814
Other assets	4,859,056	4,659,739	7,460,746	7,296,108	2,187,906	2,078,448
Total Assets	115,091,546	112,461,012	107,416,834	104,848,287	90,288,104	87,878,507
Capital and Liabilities						
Paid up Capital	8,743,784	8,743,784	7,603,291	7,603,291	6,461,774	6,461,774
Reserves and surplus	8,928,003	8,722,146	9,039,596	8,880,985	5,137,280	4,930,527
Non-controlling Interest	134,325	-	131,760	-	118,390	-
Deposits	86,484,363	85,832,090	85,045,772	84,507,136	72,001,150	71,949,240
Borrowings	7,067,635	5,914,003	1,682,082	1,160,072	4,057,788	2,803,041
Bond and Debenture	500,000	500,000	500,000	500,000	500,000	500,000
Other liabilities and provisions	3,233,437	2,748,990	3,414,334	2,196,803	2,011,722	1,233,925
Total Capital and Liabilities	115,091,546	112,461,012	107,416,834	104,848,287	90,288,104	87,878,507
Statement of Profit or Loss	Up to this Quarter		Up to Previous Quarter		Up to Corresponding Previous Year Quarter	
	Group	NMB	Group	NMB	Group	NMB
Interest income	2,713,163	2,609,875	9,169,057	8,728,700	2,062,024	1,963,476
Interest expense	(1,679,211)	(1,633,580)	(6,036,130)	(5,824,686)	(1,372,525)	(1,338,436)
Net interest income	1,033,951	976,294	3,132,927	2,904,014	689,499	625,040
Fee and commission income	142,246	129,645	933,747	794,250	154,156	125,836
Fee and commission expense	(15,631)	(15,631)	(69,927)	(62,708)	(13,108)	(10,680)
Net Fee And Commission Income	126,615	114,014	863,820	731,542	141,049	115,157
Other operating income	263,611	244,697	468,714	464,568	165,771	165,617
Total operating income	1,424,177	1,335,005	4,465,461	4,100,124	996,319	905,813
(Impairment charge)/reversal for loans and other losses	(50,465)	(37,499)	178,727	206,330	56,353	63,121
Net operating income	1,373,712	1,297,506	4,644,188	4,306,455	1,052,672	968,934
Personnel expenses	(370,210)	(327,515)	(1,187,954)	(1,051,078)	(233,788)	(199,916)
Other operating expenses	(202,601)	(188,291)	(800,306)	(737,089)	(156,566)	(145,365)
Operating profit	800,901	781,700	2,655,929	2,518,287	662,318	623,653
Non operating income/expense	3,529	3,529	5,205	5,205	33,189	33,189
Profit before tax	804,430	785,228	2,661,134	2,523,492	695,507	656,842
Income tax	(240,433)	(234,673)	(748,109)	(709,959)	(202,862)	(193,437)
Profit /(loss) for the period	563,997	550,556	1,913,024	1,813,533	492,645	463,405

Other comprehensive income	21,030	19,556	(8,031)	(10,112)	7,872	7,516
Total Comprehensive income	585,026	570,112	1,904,993	1,803,421	500,517	470,920
Share of Non Controlling Interest	(1,578)	-	(20,148)	-	(6,051)	-
Net Comprehensive income attributable to the Group	583,449	570,112	1,884,846	1,803,421	494,466	470,920

Distributable Profit						
Net profit/(loss) as per profit or loss	563,997	550,556	1,913,024	1,813,533	492,645	463,405
Add/Less: Regulatory adjustment as per NRB Directive	(58,069)	(58,069)	(22,942)	(22,942)	(12,052)	(12,052)
Profit/(loss) after regulatory adjustments	505,927	492,486	1,890,082	1,790,592	480,593	451,353

Ratios	This Quarter Ending		Previous Quarter Ending		Corresponding Previous Quarter Ending	
	Group	NMB	Group	NMB	Group	NMB
Capital fund to RWA	15.26%	15.36%	15.78%	15.88%	13.79%	13.80%
Non performing loan (NPL) to total loan (As per NRB Directive)	0.81%	0.76%	0.93%	0.88%	1.66%	1.67%
Total loan loss provision to Total NPL (As per NRB Directive)	193.26%	202.54%	177.27%	183.99%	129.33%	129.26%
Cost of Funds (YTD)	7.46%	7.38%	7.52%	7.46%	7.22%	7.14%
Credit to Deposit Ratio (Average as per NRB Directive)	78.31%	78.31%	77.72%	77.72%	77.84%	77.84%
Base Rate	10.68%	10.68%	10.70%	10.70%	10.21%	10.21%
Basic Earning Per Share (NPR)	26.21	26.64	29.74	28.66	29.40	28.69
Diluted Earning Per Share (NPR)	26.21	26.64	29.74	28.66	29.40	28.69
Additional Informations:						
Average Yield (YTD Average)	10.76%	10.62%	11.06%	10.91%	10.50%	10.40%
Average Interest Spread (Calculated as per NRB Directives) - Last Month of Quarter	3.78%	3.78%	4.14%	4.14%	4.09%	4.09%
Return on Equity (Annualized)	12.51%	12.62%	13.45%	13.21%	16.51%	16.14%
Return on Assets (Annualized)	1.97%	1.99%	1.80%	1.76%	2.01%	1.96%
PE Ratio (Annualized)	13.51	13.51	12.76	12.76	16.91	16.91
Net-Worth per share (NPR)	198.74	199.75	214.29	216.80	177.03	176.30
Assets per share (NPR)	1,349.75	1,360.62	1,591.64	1,621.81	1,360.70	1,359.32
Liquidity Ratio (NLA)	21.55%	21.55%	23.64%	23.64%	23.92%	23.92%

Notes to Unaudited Financial Highlight

- Above financial highlight is prepared as per Nepal Financial Reporting Standards(NFRS), Nepal Accounting Standards(NAS) and certain carve-outs issued by Institute of Chartered Accountants of Nepal (ICAN)
- Above figures are subject to change from Supervisory Authority and External Audit.
- The figures of previous periods have been regrouped/rearranged wherever necessary. The figures of previous quarter differ with previous published financial highlights due to ICAN carve-outs issued subsequently.
- Loans and Advances is presented along with accrued interest, staff loan (net off staff loan prepayment benefit) and net off impairment charges.
- The Group has measured impairment loss on loan and advances only as per the norms prescribed by Nepal Rastra Bank and is higher than the impairment determined as per paragraph 63 of NAS 39.

- The Group has opted for ICAN Carve-out no. 6 and hence the upfront fees and commission are recognized as income in the same period the loan is approved.
- The Group has opted for ICAN Carve-out no. 7 and hence has recognized interest income on impaired financial asset by applying the original effective interest rate to the gross carrying amount of a financial asset.
- The Property, Plant and Equipment has been included in other assets and Intangible Assets has been disclosed separately.
- Personnel Expenses include staff bonus as per Bonus Act, 2030 and amortization of prepaid staff loan granted at subsidized rate as per Bank's policy.
- The provision of gratuity and leave for the interim period has been done as per existing norms of the bank and may differ from the actuary valuation report at the year end.
- Group represents NMB Bank Limited (NMB) and its subsidiaries NMB Capital Limited and NMB Microfinance Bittiya Sanstha Limited.
- The intra-group related figures have been excluded for presentation of the financial statements of the Group.

Segmental Reporting

The bank has identified its segments on the basis of geographical location as per provinces of the country. The bank supervises, manages and controls its branch networks through regional demarcations. All the transactions has been done at the arm's length prices between the segments with intra segment revenue and cost being eliminated at the Head Office. The summarized segmental performance is given below:

Particulars	Province 1	Province 2	Province 3	Province 4	Province 5	Province 6	Province 7	Total
Revenues from external customers	381,234,151	187,851,485	2,012,429,458	56,623,044	249,256,230	79,139,343	61,877,458	3,028,411,171
Intersegment revenues	(161,625,216)	(131,990,588)	346,524,323	(13,013,477)	14,819,113	(27,201,731)	(27,512,424)	-
Net Revenue	219,608,935	55,860,897	2,358,953,782	43,609,567	264,075,343	51,937,612	34,365,035	3,028,411,171
Interest Revenue	356,439,187	177,757,488	1,670,408,551	51,046,932	230,267,825	66,287,528	57,667,064	2,609,874,575
Interest Expense	96,643,833	21,907,126	1,333,851,944	22,059,051	125,518,586	19,207,727	14,392,104	1,633,580,371
Net Interest Revenue	259,795,354	155,850,362	336,556,606	28,987,881	104,749,239	47,079,801	43,274,959	976,294,203
Depreciation and amortisation	4,928,104	2,196,665	23,722,859	1,600,076	4,091,282	1,335,433	1,278,123	39,152,543
Segment profit/(loss)	37,665,177	(13,382,350)	659,119,709	5,878,876	75,273,724	18,889,630	1,783,726	785,228,491
Other material non-cash items	-	-	-	-	-	-	-	-
Impairment of assets	212,016,893	90,754,554	806,865,652	21,458,438	87,513,857	25,376,871	29,333,879	1,273,320,144
Segment assets	12,351,033,885	7,171,447,878	77,442,764,052	1,766,769,195	9,412,587,560	2,239,740,255	2,076,669,672	112,461,012,496
Segment liabilities	6,659,401,646	1,946,259,690	89,552,307,592	1,531,819,583	10,182,286,410	1,559,107,688	1,029,829,887	112,461,012,496

Related Party Disclosures

The Bank owns two subsidiary companies, NMB Capital Limited and NMB Microfinance Bittiya Sanstha Limited. NMB Capital is a wholly owned subsidiary whereas the Bank owns fifty one percent of the total shares of NMB Microfinance. Related party transactions of both subsidiaries are as follows:

Amounts in NPR Thousands

S No	Particulars	NMB Capital	NMB Micro Finance
1	Investment by NMB Bank	200,000	48,552
2	Deposits in NMB Bank	118,450	4,740
3	Borrowing from NMB Bank	-	700,000
4	Interest Payment by NMB Bank	2,930	-
5	Interest Payment to NMB Bank	-	16,096
6	Rent Payment to NMB Bank	534	-
7	Management Fee Payment to NMB Bank	600	-
8	Dividend Distribution of NMB Sulav Investment Fund-1 to NMB Bank	22,105	-

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

Disclosure as per Securities Registration and Issuance Regulation, 2073

1. Management Analysis

- The Bank, upto the first quarter of FY 2018/19, posted a net profit of NPR 550 Million. During most part of the quarter, the Bank had witnessed stiff margin pressure due to increase in cost of deposits.
- Overall deposits and loans and advances to customers of the Bank stand at NPR 85.83 Billion and NPR 83.19 Billion as at the end of the quarter.
- Despite adverse market conditions prevailed in the market, the Bank managed to maintain comfortable liquidity position during the quarter.
- The Bank remained well capitalized with Capital Adequacy Ratio at 15.36%. NPA level has decreased to 0.76% from 0.88% in the preceding quarter. NPL has been calculated as per NRB Directives.
- There were no other significant incidents during the period which have had negative impact on the reserve, profit or cash flow position of the Bank.
- 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

- Case filed by or against the organized institution during the quarter
No material cases except for regular cases of debt recovery
- 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.
- 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. Details for the first quarter are as follows:

Maximum Price – 380	Minimum Price – 303	Closing Price - NPR 360
Trading number – 9,347	Days of Trading – 62	



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