



Unaudited Financial Results (Quarterly)

As at First Quarter (30/06/2069) of the Fiscal Year 2069/70 (2012/2013)

Rs in '000

S.No.	Particulars	This Quarter Ending 30th Ashwin 2069 16-October-2012		Previous Quarter Ending 31st Ashadh 2069 16-July-2012 (AUDITED)		Corresponding Previous Year Quarter Ending 30th Ashwin 2068 17-October-2011	
		Group	NMB Bank	Group	NMB Bank	Group	NMB Bank
1	Total Capital and Liabilities(1.1 to 1.7)	19,066,627	18,987,218	18,927,134	18,892,470	16,349,165	16,314,890
1.1	Paid Up Capital	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
1.2	Reserve and Surplus	390,325	353,796	269,365	263,686	255,683	253,875
1.3	Debtenture and Bond	-	-	-	-	-	-
1.4	Borrowings	-	-	-	-	10,000	10,000
1.5	Deposits(a+b)	15,957,123	15,962,929	15,965,311	15,982,555	13,460,622	13,463,032
	a.Domestic Currency	14,993,848	14,999,654	14,765,831	14,783,075	12,374,400	12,376,810
	b.Foreign Currency	963,275	963,275	1,199,480	1,199,480	1,086,222	1,086,222
1.6	Income Tax Liabilities	42,785	38,618	4,166	-	18,391	18,177
1.7	Other Liabilities	676,394	631,875	688,292	646,229	604,469	569,806
2	Total Assets (2.1 to 2.7)	19,066,627	18,987,218	18,927,134	18,892,470	16,349,165	16,314,890
2.1	Cash and Bank Balance	2,436,009	2,369,296	3,610,006	3,566,984	2,126,675	2,077,410
2.2	Money at Call and Short Notice	163,031	168,460	20,912	20,912	36,133	36,133
2.3	Investments	1,642,272	1,666,711	2,416,003	2,440,442	2,199,566	2,224,476
2.4	Loans and Advances(Gross)(a+b+c+d+e+f)	14,295,718	14,295,718	12,468,479	12,468,479	11,429,933	11,429,933
	a.Real Estate Loan	1,272,337	1,272,337	1,303,008	1,303,008	1,493,871	1,493,871
	1. Residential Real Estate Loan(Except personal Home Loan upto Rs. 10 Million)	266,328	266,328	263,117	263,117	239,904	239,904
	2. Business Complex & Residential Apartment Construction Loan	380,660	380,660	411,396	411,396	562,006	562,006
	3. Income generating Commercial Complex Loan	-	-	-	-	-	-
	4. Other Real Estate Loan (including Land purchase & plotting)	625,349	625,349	628,495	628,495	691,961	691,961
	b. Personal Home Loan of Rs. 10 Million or Less	945,711	945,711	875,228	875,228	762,576	762,576
	c. Margin Type Loan	293,887	293,887	275,528	275,528	376,320	376,320
	d. Term Loan	1,975,772	1,975,772	1,740,844	1,740,844	1,508,519	1,508,519
	e. Overdraft Loan/ TR Loan/ WC Loan	4,795,589	4,795,589	3,080,966	3,080,966	3,069,031	3,069,031
	f. Others	5,012,422	5,012,422	5,192,905	5,192,905	4,219,616	4,219,616
2.5	Fixed Assets	294,250	286,345	287,830	279,479	293,380	284,027
2.6	Non Banking Assets	-	-	-	-	2,610	2,610
2.7	Other Assets	235,347	200,688	123,904	116,174	260,868	260,301
3	Profit and Loss Account	Upto this Quarter	Upto this Quarter	Upto previous Quarter	Upto previous Quarter	Upto corresponding Previous Year Quarter	Upto corresponding Previous Year Quarter
3.1	Interest Income	436,179	434,523	1,717,662	1,705,833	418,068	418,068
3.2	Interest Expenses	265,766	265,982	1,255,186	1,256,257	319,132	319,313
	A. Net Interest Income (3.1-3.2)	170,413	168,541	462,476	449,576	98,936	98,755
3.3	Fees, Commission and Discount	13,091	11,492	38,506	38,506	9,178	6,527
3.4	Other Operating Income	15,392	15,392	54,348	53,700	17,378	17,378
3.5	Foreign Exchange Gain/Loss (Net)	32,579	32,579	49,773	49,772	9,455	9,455
	B.Total Operating Income(A+3.3+3.4+3.5)	231,475	228,004	605,103	591,554	134,947	132,115
3.6	Staff Expenses	35,160	33,907	97,075	92,443	27,291	26,020
3.7	Other Operating Expenses	43,676	42,568	162,051	159,630	35,403	35,243
	C.Operating Profit Before Provision (B.-3.6-3.7)	152,639	151,529	345,977	339,481	72,253	70,852
3.8	Provision for Possible Loss	33,063	33,063	278,300	278,300	19,989	19,989
	D.Operating Profit (C.-3.8)	119,576	118,466	67,677	61,181	52,264	50,863
3.9	Non-Operating Income/Expenses(Net)	3,496	4,565	8,303	8,303	7,036	7,496
3.10	Write Back of Provision for Possible Loss	18,570	18,570	15,150	15,150	6,790	6,790
	E. Profit from Regular Activities(D+3.9+3.10)	141,642	141,601	91,130	84,634	66,090	65,149
3.11	Extraordinary Income/Expenses(Net)	-	-	2,126	2,126	1,500	1,500
	F. Profit before Bonus and Taxes(E.+3.11)	141,642	141,601	93,256	86,760	67,590	66,649
3.12	Provision for Staff Bonus	12,877	12,873	8,478	7,887	6,144	6,059
3.13	Provision for tax	38,630	38,618	28,041	26,648	18,391	18,177
	G. Net Profit/Loss(F.-3.12-3.13)	90,135	90,110	56,737	52,225	43,055	42,413
4	Ratios	At the end of This Quarter	At the end of This Quarter	At the end of Previous Quarter	At the end of Previous Quarter	At the end of Corresponding Previous Year Quarter	At the end of Corresponding Previous Year Quarter
4.1	Capital Fund to RWA	13.31%	13.31%	14.64%	14.64%	16.82%	16.82%
4.2	Non Performing Loan(NPL) to Total Loan	2.19%	2.19%	2.45%	2.45%	0.71%	0.71%
4.3	Total Loan Loss Provision to Total NPL	131.44%	131.44%	130.01%	130.01%	178.51%	178.51%
4.4	Cost of Funds	6.80%	6.80%	9.02%	9.02%	10.79%	10.79%
4.5	CD Ratio (Calculated as per NRB Directives)	77.11%	77.11%	65.76%	65.76%	73.35%	73.74%
	Additional information						
	Average Yield (Local Currency)	11.03%	11.03%	12.58%	12.58%	13.15%	13.15%
	Return on Equity(Annualized)	15.17%	15.17%	2.41%	2.41%	6.60%	6.60%
	Return on Assets(Annualized)	1.83%	1.83%	0.32%	0.32%	1.00%	1.00%

Note: 1. Above figures are subject to change from Supervisory Authority and External Audit.

2. Figures of previous periods have been regrouped wherever necessary as per NRB Directives.

3. Group represents NMB Bank Limited (NMB) and its subsidiary NMB Capital Ltd.

4. The intra-group related figures have been excluded for presentation of the financial statement of the Group.

Related Party Disclosure

NMB Capital Limited is wholly owned subsidiary company of the Bank with total investment of NPR 100 Million.

NMB Capital has placed call deposits and current deposits amounting to NPR 5.81 Million with the Bank as of October 16, 2012 and total interest earnings from the said accounts was NPR 0.22 Million. The Bank has received payments of various dates for service level agreement, rental agreement and registrar to shares which has been excluded in Consolidated Financial Statement of the Group.

NPR 4 Million cash dividend for FY 2068/69 received by the Bank during the Quarter from NMB Capital Ltd.

All the contracts have been done on arms length basis.

Disclosure as per Securities Registration and Issuance Regulation, 2065

1. Major Financial Highlights

	Based on Unaudited Financials (as at 16/10/2012)
Earnings Per Share (annualized)	NPR 18.02
Price Earnings Ratio(annualized)	9.71 times
Assets per Share	NPR 949.36
Net Worth Per Share	NPR 118
Liquidity Ratio	25.24%

2. Management Analysis

- The Bank during the period posted a net profit of NPR 90.11 Million recording an impressive growth of 112% vis-a-vis same period preceding year despite very challenging business conditions. Overall increase in business volume, increased in FX income from new products and better funds & cost management have been the key contributing factors for the profitability growth.
- Whilst, overall Risk Assets volume increased by 15% compared to the preceding quarter to NPR 14,295 Million, Deposits volume of the Bank stands at NPR 15,962 Million as at the end of the Quarter.
- Excess liquidity position in the market continued in the quarter and deploying excess rupee fund has remained one of the major challenges for the Bank.
- The Bank continued to maintain very comfortable liquidity position and remained well capitalized with NLA and Capital Adequacy ratio at 25.24% and 13.31% respectively.
- There were no 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.

3. 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.

4. Analysis of Share Transaction

Management view on share transactions of the Bank at securities market:
The Market continued to show its bearish trend in the capital market during the period under review which has also impacted the Bank's share price in similar way.
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.
Maximum Price NPR 187.00
Minimum Price NPR 150.00
Closing Price NPR 175.00
Trading number 511
Days of Trading 63

5. Problems and Challenges

Internal problems and challenges

- Sourcing and retention of quality manpower in the increased competitive market.
- Increasing cost of operations.

External problems and challenges

- Unstable local socio-political situation, uncertainty on government policies /plan.
- Energy Crisis and labor problem in industries.
- Highly competitive environment with limited opportunities.
- High volatility in FX Market.
- Highly volatile liquidity conditions.
- Lack of conducive business environment for investment.
- Uncertainty over global economic outlook.

Strategy

- Launch new products and services with special focus on non fund based income.
- Focus on SME, retail lending, Micro deposit opportunities and enhance Microfinance activities.
- Improve on technology platform to enhance product and service capabilities to meet the customer's changing banking needs.
- Continue to focus on Safe Growth through prudent risk management and compliance practices.
- Continue to focus on expansion of footprint at strategically important locations.
- Continue to implement Cost Management Strategy to closely monitor cost line and productivity.
- Focus on continuous process re-engineering so as to increase Operational Efficiency.
- Focus on introducing various human resource development plans.

6. 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.
- The Bank has Audit Committee, Risk Management Committee, Asset and Liability Committee (ALCO), Human Resource Committee, Executive Committee and other sub-committees to ensure high level of standard on corporate governance.
- 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.

7. 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.