



Unaudited Financial Results (Quarterly)

As at end of the 1st Quarter (31/06/2070) of the Fiscal Year 2070/71 (2013/2014)

Rs in '000

S.No.	Particulars	This Quarter Ending Ashwin 31, 2070 October 17, 2013		Previous Quarter Ending Ashad 31, 2070 July 15, 2013		Corresponding Previous Year Quarter Ending Ashwin 30, 2069 October 16, 2013	
		Group	NMB Bank	Group	NMB Bank	Group	NMB Bank
1	Total Capital and Liabilities (1.1 to 1.7)	25,057,413	23,549,309	25,134,941	25,125,985	19,066,627	18,987,218
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	904,568	898,183	634,979	624,080	390,325	353,796
1.3	Debtenture and Bond	-	-	-	-	-	-
1.4	Borrowings	-	-	-	-	-	-
1.5	Deposits (a+b)	20,016,500	20,203,884	21,949,115	22,185,527	15,957,123	15,962,929
	a.Domestic Currency	18,199,682	18,387,067	20,372,687	20,609,100	14,993,848	14,999,654
	b.Foreign Currency	1,816,818	1,816,818	1,576,427	1,576,427	963,275	963,275
1.6	Income Tax Liabilities	45,237	38,917	4,166	-	42,785	38,618
1.7	Other Liabilities	2,091,107	408,325	546,681	316,378	676,394	631,875
2	Total Assets (2.1 to 2.7)	25,057,413	23,549,309	25,134,941	25,125,985	19,066,627	18,987,218
2.1	Cash and Bank Balance	4,951,227	3,429,362	5,761,547	5,746,328	2,436,009	2,369,296
2.2	Money at Call and Short Notice	153,326	153,326	26,059	26,059	163,031	168,460
2.3	Investments	2,818,030	2,853,176	2,217,368	2,245,514	1,642,272	1,666,711
2.4	Loans and Advances (Net) (a+b+c+d+e+f)	16,187,399	16,187,398	16,491,044	16,491,044	14,295,718	14,295,718
	a.Real Estate Loan	1,072,569	1,072,569	1,126,088	1,126,088	1,272,337	1,272,337
	1. Residential Real Estate Loan (Except personal Home Loan upto Rs. 10 Million)	459,742	459,742	448,139	448,139	266,328	266,328
	2. Business Complex & Residential Apartment Construction Loan	185,363	185,363	230,626	230,626	380,660	380,660
	3. Income generating Commercial Complex Loan	-	-	-	-	-	-
	4. Other Real Estate Loan(including Land purchase & plotting)	427,464	427,464	447,323	447,323	625,349	625,349
	b. Personal Home Loan of Rs. 10 Million or Less	1,861,101	1,861,101	1,636,288	1,636,288	945,711	945,711
	c. Margin Type Loan	187,861	187,861	254,048	254,048	293,887	293,887
	d. Term Loan	2,787,766	2,787,766	2,558,427	2,558,427	1,975,772	1,975,772
	e. Overdraft Loan/ TR Loan/ WC Loan	4,988,079	4,988,079	5,355,316	5,355,316	4,795,589	4,795,589
	f. Others	5,380,022	5,380,022	5,560,877	5,560,877	5,012,422	5,012,422
2.5	Fixed Assets	371,875	365,056	351,860	344,625	294,250	286,345
2.6	Non Banking Assets (Net)	-	-	-	-	-	-
2.7	Other Assets	575,556	560,991	287,062	272,414	235,347	200,688
3	Profit and Loss Account	Upto this Quarter	Upto previous Quarter	Upto previous Quarter	Upto corresponding Previous Year Quarter	Upto corresponding Previous Year Quarter	Upto corresponding Previous Year Quarter
3.1	Interest Income	482,113	479,175	1,837,998	1,831,121	436,179	434,523
3.2	Interest Expenses	307,979	309,713	1,075,648	1,077,803	265,766	265,982
	A. Net Interest Income (3.1-3.2)	174,134	169,462	762,350	753,318	170,413	168,541
3.3	Fees, Commission and Discount	18,048	18,048	52,727	52,727	13,091	11,492
3.4	Other Operating Income	28,808	25,173	66,515	56,355	15,392	15,392
3.5	Foreign Exchange Gain/Loss (Net)	19,649	19,649	64,539	64,539	32,579	32,579
	B.Total Operating Income(A+3.3+3.4+3.5)	240,638	232,332	946,131	926,939	231,475	228,004
3.6	Staff Expenses	43,026	41,369	132,048	127,355	35,160	33,907
3.7	Other Operating Expenses	54,713	53,265	192,659	189,457	43,676	42,568
	C.Operating Profit Before Provision (B.-3.6-3.7)	142,899	137,697	621,424	610,127	152,639	151,529
3.8	Provision for Possible Loss	20,229	20,229	130,832	130,832	33,063	33,063
	D.Operating Profit (C.-3.8)	122,670	117,468	490,592	479,294	119,576	118,466
3.9	Non-Operating Income/Expenses(Net)	5,154	6,224	5,368	7,235	3,496	4,565
3.10	Write Back of Provision for Possible Loss	19,002	19,002	59,389	59,389	18,570	18,570
	E. Profit from Regular Activities(D+3.9+3.10)	146,827	142,695	555,349	545,919	141,642	141,601
3.11	Extraordinary Income/Expenses(Net)	-	-	(419)	(419)	-	-
	F. Profit before Bonus and Taxes(E.+3.11)	146,827	142,695	554,930	545,500	141,642	141,601
3.12	Provision for Staff Bonus	13,348	12,972	50,448	49,591	12,877	12,873
3.13	Provision for tax	40,044	38,917	137,873	135,515	38,630	38,618
	G. Net Profit/Loss(F.-3.12-3.13)	93,435	90,806	366,609	360,394	90,135	90,110
4	Ratios	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	At the end of Corresponding Previous Year Quarter
4.1	Capital Fund to RWA	12.22%	12.22%	12.68%	12.68%	13.31%	13.31%
4.2	Non Performing Loan(NPL) to Total Loan	1.83%	1.83%	1.80%	1.80%	2.19%	2.19%
4.3	Total Loan Loss Provision to Total NPL	136.18%	136.18%	135.60%	135.60%	131.44%	131.44%
4.4	Cost of Funds	6.10%	6.10%	6.14%	6.14%	6.80%	6.80%
4.5	CD Ratio (Calculated as per NRB Directives)	75.68%	75.68%	68.70%	68.70%	77.11%	77.11%
4.6	Base Rate	9.73%	9.73%	9.55%	9.55%	NA	NA
	Additional Information						
	Average Yield	10.14%	10.14%	10.35%	10.35%	11.03%	11.03%
	Net Interest Spread	4.04%	4.04%	4.21%	4.21%	4.23%	4.23%
	Return on Equity(Annualized)	12.55%	12.55%	15.86%	15.86%	15.17%	15.17%
	Return on Assets(Annualized)	1.41%	1.41%	1.66%	1.66%	1.83%	1.83%

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 167.38 Million with the Bank as of 17 October 2013 and total interest earnings from the said accounts was NPR 1.75 Million. The Bank has received payments of various dates for service level agreement and rental agreement which have been excluded in Consolidated Financial Statement of the Group. During the quarter, the Bank has also received dividend from NMB Capital amounting to NPR 5 Million net of applicable taxes.

All the contracts and transactions have been performed on arms length basis

Disclosure as per Securities Registration and Issuance Regulation, 2065

1. Major Financial Highlights

	Based on Unaudited Financials
Earnings per Share (annualized)	NPR 18.16
Price Earnings Ratio (annualized)	14.32 times
Assets per Share	NPR 1,177.47
Net-worth per Share	NPR 144.91
Liquidity Ratio	28.38%

2. Management Analysis

- The Bank, during the first quarter of FY 2013/14 posted a net profit of NPR 90.81 Million. The Bank during the quarter witnessed stiff margin pressure due to overall decline in yield on Risk Assets as well as interest rates on Government Securities. Despite the same the Bank managed to maintain the overall profitability at the previous year's level due to incremental revenue from non fund based source.
- Overall deposits and risk assets volume of the Bank stand at NPR 20,203 million and NPR 16,187 Million (net) respectively as at the end of the quarter.
- The market has remained liquid throughout the quarter resulting decline in G-Sec rates as well as overall cost of deposits. The Bank continued to maintain comfortable liquidity position and also remained well capitalized with NLA and Capital Adequacy ratio at 28.38% and 12.22% respectively. Assets quality of the Bank continued to remain sound whereas overall NPA level has marginally increased to 1.83% from 1.80% in the preceding quarter.
- 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

The Market continued improving trend during the period under review which had some positive impact on the Bank's share price in similar way. No extraordinary incident took place during the review period which could have a major impact on the Bank's share price. 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 280
Minimum Price	NPR 235
Closing Price	NPR 260
Trading number	778
Days of Trading	59

NMB Bhawan, Babarmahal, G.P.O. Box: 11543, Kathmandu, Nepal • Tel: 01-4246160 • Fax: 01-4246156

www.nmb.com.np

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.
- 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 Committees, Human Resource Committee, Asset and Liability Committee (ALCO), Executive Committee and other sub-committees to 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.

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.