

## Unaudited Financial Results (Quarterly)

As at end of the 4th Quarter (32/03/2071) of the Fiscal Year 2070/71 (2013/2014)

Rs in '000

S.No.	Particulars	This Quarter Ending Ashar 32, 2071 July 16, 2014		Previous Quarter Ending Chaitra 30, 2070 April 13, 2014		Corresponding Previous Year Quarter Ending Ashar 31, 2070 July 15, 2013	
		Group	NMB Bank	Group	NMB Bank	Group	NMB Bank
1	<b>Total Capital and Liabilities(1.1 to 1.7)</b>	<b>30,616,076</b>	<b>30,217,350</b>	<b>28,377,332</b>	<b>28,305,129</b>	<b>25,134,941</b>	<b>25,125,985</b>
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	871,090	834,140	745,552	724,734	634,979	624,080
1.3	Debtenture and Bond	-	-	-	-	-	-
1.4	Borrowings	-	-	-	-	-	-
1.5	Deposits(a+b)	26,271,819	27,087,258	23,954,389	25,255,874	21,949,115	22,185,527
	a. Domestic Currency	23,351,500	24,166,940	21,647,117	22,948,602	20,372,687	20,609,100
	b. Foreign Currency	2,920,318	2,920,318	2,307,272	2,307,272	1,576,427	1,576,427
1.6	Income Tax Liabilities	6,320	-	6,320	-	4,166	-
1.7	Other Liabilities	1,466,847	295,952	1,671,071	324,521	546,681	316,378
2	<b>Total Assets (2.1 to 2.7)</b>	<b>30,616,076</b>	<b>30,217,350</b>	<b>28,377,332</b>	<b>28,305,129</b>	<b>25,134,941</b>	<b>25,125,985</b>
2.1	Cash and Bank Balance	5,001,590	4,568,736	4,667,410	4,587,642	5,761,547	5,746,328
2.2	Money at Call and Short Notice	61,631	61,631	107,309	107,309	26,059	26,059
2.3	Investments	4,129,196	4,191,274	2,995,764	3,028,292	2,217,368	2,245,514
2.4	<b>Loans and Advances (Net) (a+b+c+d+e+f)</b>	<b>20,467,041</b>	<b>20,467,041</b>	<b>19,603,616</b>	<b>19,603,616</b>	<b>16,491,044</b>	<b>16,491,044</b>
	a. Real Estate Loan	1,222,240	1,222,240	1,148,135	1,148,135	1,126,088	1,126,088
	1. Residential Real Estate Loan (Except personal Home Loan upto Rs. 10 Million)	664,565	664,565	603,665	603,665	448,139	448,139
	2. Business Complex & Residential Apartment Construction Loan	36,823	36,823	64,941	64,941	230,626	230,626
	3. Income generating Commercial Complex Loan	-	-	-	-	-	-
	4. Other Real Estate Loan (including Land purchase & plotting)	520,852	520,852	479,529	479,529	447,323	447,323
	b. Personal Home Loan of Rs. 10 Million or Less	2,176,199	2,176,199	1,956,335	1,956,335	1,636,288	1,636,288
	c. Margin Type Loan	197,735	197,735	199,465	199,465	254,048	254,048
	d. Term Loan	3,680,499	3,680,499	3,256,611	3,256,611	2,558,427	2,558,427
	e. Overdraft Loan/TR Loan/WC Loan	6,981,949	6,981,949	7,111,103	7,111,103	5,355,316	5,355,316
	f. Others	6,208,418	6,208,418	5,931,968	5,931,968	5,560,877	5,560,877
2.5	Fixed Assets (Net)	388,948	383,428	417,777	411,821	351,860	344,625
2.6	Non Banking Assets (Net)	-	-	-	-	-	-
2.7	Other Assets	567,671	545,240	585,457	566,449	287,062	272,414
3	<b>Profit and Loss Account</b>	<b>Upto this Quarter</b>		<b>Upto previous Quarter</b>		<b>Upto corresponding Previous Year Quarter</b>	
3.1	Interest Income	2,014,295	2,005,346	1,484,660	1,474,429	1,837,998	1,831,121
3.2	Interest Expenses	1,205,082	1,216,064	902,911	908,344	1,075,648	1,077,803
3.2	<b>A. Net Interest Income (3.1-3.2)</b>	<b>809,213</b>	<b>789,283</b>	<b>581,749</b>	<b>566,084</b>	<b>762,350</b>	<b>753,318</b>
3.3	Fees, Commission and Discount	83,497	83,497	55,654	55,654	52,727	52,727
3.4	Other Operating Income	117,773	95,520	89,253	74,699	66,515	56,355
3.5	Foreign Exchange Gain/Loss (Net)	97,660	97,660	81,781	81,781	64,539	64,539
3.6	<b>B. Total Operating Income(A+3.3+3.4+3.5)</b>	<b>1,108,143</b>	<b>1,065,960</b>	<b>808,437</b>	<b>778,218</b>	<b>946,131</b>	<b>926,939</b>
3.6	Staff Expenses	154,980	149,197	125,129	120,721	132,048	127,355
3.7	Other Operating Expenses	257,367	251,377	189,508	185,522	192,659	189,457
3.7	<b>C. Operating Profit Before Provision (B-3.6-3.7)</b>	<b>695,796</b>	<b>665,387</b>	<b>493,751</b>	<b>471,975</b>	<b>621,424</b>	<b>610,127</b>
3.8	Provision for Possible Loss	113,305	113,305	84,219	84,219	130,832	130,832
3.8	<b>D. Operating Profit (C-3.8)</b>	<b>582,491</b>	<b>552,081</b>	<b>409,532</b>	<b>387,756</b>	<b>490,592</b>	<b>479,294</b>
3.9	Non-Operating Income/Expenses (Net)	25,959	21,671	17,361	20,571	5,368	7,235
3.10	Write Back of Provision for Possible Loss	205,155	205,155	64,129	64,129	59,389	59,389
3.10	<b>E. Profit from Regular Activities(D+3.9+3.10)</b>	<b>813,605</b>	<b>778,908</b>	<b>491,022</b>	<b>472,457</b>	<b>555,349</b>	<b>545,919</b>
3.11	Extraordinary Income/Expenses (Net)	(136,903)	(136,903)	-	-	(419)	(419)
3.11	<b>F. Profit before Bonus and Taxes(E.+3.11)</b>	<b>676,701</b>	<b>642,004</b>	<b>491,022</b>	<b>472,457</b>	<b>554,930</b>	<b>545,500</b>
3.12	Provision for Staff Bonus	61,518	58,364	44,638	42,951	50,448	49,591
3.13	Provision for tax	181,466	173,580	133,915	128,852	137,873	135,515
3.13	<b>G. Net Profit/Loss(F.-3.12-3.13)</b>	<b>433,717</b>	<b>410,060</b>	<b>312,468</b>	<b>300,655</b>	<b>366,609</b>	<b>360,394</b>
4	<b>Ratios</b>	<b>At the end of This Quarter</b>		<b>At the end of Previous Quarter</b>		<b>At the end of Corresponding Previous Year Quarter</b>	
4.1	Capital Fund to RWA	10.77%	10.77%	11.06%	11.06%	12.68%	12.68%
4.2	Non Performing Loan(NPL) to Total Loan	0.55%	0.55%	1.32%	1.32%	1.80%	1.80%
4.3	Total Loan Loss Provision to Total NPL	278.73%	278.73%	162.32%	162.32%	135.60%	135.60%
4.4	Cost of Funds	5.52%	5.52%	5.74%	5.74%	6.14%	6.14%
4.5	CD Ratio (Calculated as per NRB Directives)	75.02%	75.02%	75.43%	75.43%	68.70%	68.70%
4.6	Base Rate	8.12%	8.12%	8.33%	8.33%	9.55%	9.55%
4.7	Average Interest Spread (Calculated as per NRB Directives)	3.97%	3.97%	4.39%	4.39%	NA	NA
	<b>Additional Information</b>						
	Average Yield	9.63%	9.63%	9.79%	9.79%	10.35%	10.35%
	Net Interest Spread	4.11%	4.11%	4.05%	4.05%	4.21%	4.21%
	Return on Equity (Annualized)	15.87%	15.87%	15.36%	15.36%	15.86%	15.86%
	Return on Assets (Annualized)	1.50%	1.50%	1.53%	1.53%	1.66%	1.66%

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

2. Figures of previous periods have been regrouped wherever necessary.

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.

5. Loans and Advances and Non Banking Assets have been reported net of provisions.

### Related Party Disclosure

NMB Capital Limited is a wholly owned subsidiary company of the Bank with a total investment of NPR 100 Million. NMB Capital has placed deposits amounting to NPR 815.44 Million with the Bank as of 16 July 2014 and total interest earnings from the accounts were NPR 11.01 Million. The Bank has received payments on various dates for service level agreement and rental agreement which have been excluded in

Consolidated Financial Statement of the Group. During the first quarter of the current fiscal year, the Bank had received dividend from NMB Capital amounting to NPR 5 Million net of applicable taxes. All the contracts and transactions with the subsidiary have been performed on arms length basis.

### Disclosure as per Securities Registration and Source Regulation, 2065

#### 1. Major Financial Highlights

Earnings per Share (Annualized) – NPR 20.50	Price Earnings Ratio (Annualized) – 25.12 times
Assets per Share – NPR 1,510.87	Net-worth per Share – NPR 141.71
Liquidity Ratio – 30.00%	

Maximum Price - NPR 560	Minimum Price - NPR 235	Closing Price - NPR 515
Trading number - 5,192	Days of Trading - 230	

#### 2. Management Analysis

- The Bank, during the FY 2013/14 posted a net profit of NPR 410.06 Million. The Bank, during the quarter, witnessed stiff margin pressure due to overall decline in yield on Risk Assets as well interest rates on Government Securities. Despite the same the Bank managed to increase the overall profitability by 14% as compared to same period previous year primarily due to incremental revenue from non fund based source and foreign exchange income.
- Overall deposits and risk assets volume of the Bank stand at NPR 27,087 million and NPR 20,467 Million (net of provisions) respectively as at the end of the quarter.
- The market has remained liquid throughout the quarter resulting in decline in C-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 30.00% and 10.77% respectively. Assets quality of the Bank continued to remain sound and overall NPA level has decreased to 0.55% from 1.32% 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

Management view on share transactions of the Bank at securities market:  
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.

#### 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.