



**Unaudited Financial Results (Quarterly)**

As at end of the 2nd Quarter (30/09/2070) of the Fiscal Year 2070/71 (2013/2014) Rs in '000

S.No.	Particulars	This Quarter Ending Poush 30, 2070 January 14, 2014		Previous Quarter Ending Ashwin 31, 2070 October 17, 2013		Corresponding Previous Year Quarter Ending Poush 29, 2069 January 13, 2013	
		Group	NMB Bank	Group	NMB Bank	Group	NMB Bank
1	<b>Total Capital and Liabilities (1.1 to 1.7)</b>	<b>26,523,701</b>	<b>26,129,692</b>	<b>25,057,413</b>	<b>23,549,309</b>	<b>20,332,545</b>	<b>20,234,591</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	633,716	621,838	904,568	898,183	430,871	429,258
1.3	Debiture and Bond	-	-	-	-	-	-
1.4	Borrowings	-	-	-	-	-	-
1.5	<b>Deposits (a+b)</b>	<b>22,093,653</b>	<b>23,191,512</b>	<b>20,016,500</b>	<b>20,203,884</b>	<b>17,049,764</b>	<b>17,052,368</b>
	a.Domestic Currency	20,148,476	21,246,336	18,199,682	18,387,067	16,121,894	16,124,498
	b.Foreign Currency	1,945,176	1,945,176	1,816,818	1,816,817	927,869	927,869
1.6	Income Tax Liabilities	6,320	-	45,237	38,917	75,126	70,959
1.7	Other Liabilities	1,790,012	316,342	2,091,107	408,325	776,784	682,005
2	<b>Total Assets (2.1 to 2.7)</b>	<b>26,523,701</b>	<b>26,129,692</b>	<b>25,057,413</b>	<b>23,549,309</b>	<b>20,332,545</b>	<b>20,234,591</b>
2.1	Cash and Bank Balance	4,896,707	4,491,032	4,951,227	3,429,362	2,090,881	1,984,822
2.2	Money at Call and Short Notice	72,160	72,160	153,226	153,326	72,521	74,593
2.3	Investments	3,188,584	3,221,730	2,818,030	2,853,176	2,523,350	2,546,289
2.4	<b>Loans and Advances (Net) (a+b+c+d+e+f)</b>	<b>17,413,134</b>	<b>17,413,134</b>	<b>16,187,398</b>	<b>16,187,398</b>	<b>14,771,461</b>	<b>14,771,461</b>
	a.Real Estate Loan	1,226,838	1,226,838	1,072,569	1,072,569	1,276,540	1,276,540
	1. Residential Real Estate Loan (Except personal Home Loan upto Rs. 10 Million)	579,340	579,340	459,742	459,742	318,784	318,784
	2. Business Complex & Residential Apartment Construction Loan	174,400	174,400	185,363	185,363	331,623	331,623
	3. Income generating Commercial Complex Loan	-	-	-	-	-	-
	4. Other Real Estate Loan(including Land purchase & plotting)	473,098	473,098	427,464	427,464	626,134	626,134
	b. Personal Home Loan of Rs. 10 Million or Less	1,918,022	1,918,022	1,861,101	1,861,101	1,141,297	1,141,297
	c. Margin Type Loan	155,408	155,408	187,861	187,861	314,305	314,305
	d. Term Loan	2,981,115	2,981,115	2,787,766	2,787,766	2,263,920	2,263,920
	e. Overdraft Loan/ TR Loan/ WC Loan	5,857,413	5,857,413	4,898,079	4,898,079	4,951,078	4,951,078
	f. Others	5,274,338	5,274,338	5,380,022	5,380,022	4,824,320	4,824,320
2.5	Fixed Assets	402,328	395,940	371,875	365,056	301,308	293,807
2.6	Non Banking Assets (Net)	-	-	-	-	-	-
2.7	Other Assets	550,788	535,697	575,556	560,991	573,024	563,620
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	976,797	970,803	482,113	479,175	862,062	859,282
3.2	Interest Expenses	606,983	609,583	307,979	309,713	506,414	506,428
	<b>A. Net Interest Income (3.1-3.2)</b>	<b>369,813</b>	<b>361,220</b>	<b>174,134</b>	<b>169,462</b>	<b>355,648</b>	<b>352,854</b>
3.3	Fees, Commission and Discount	33,281	33,281	18,048	18,048	23,563	20,286
3.4	Other Operating Income	57,805	49,645	28,808	25,173	29,500	29,500
3.5	Foreign Exchange Gain/Loss (Net)	57,120	57,120	19,649	19,649	47,701	47,701
	<b>B.Total Operating Income(A+3.3+3.4+3.5)</b>	<b>518,019</b>	<b>501,265</b>	<b>240,638</b>	<b>232,332</b>	<b>456,413</b>	<b>450,342</b>
3.6	Staff Expenses	84,761	81,973	43,026	41,369	62,176	60,008
3.7	Other Operating Expenses	117,528	115,327	54,713	53,265	86,217	84,501
	<b>C.Operating Profit Before Provision (B.-3.6-3.7)</b>	<b>315,730</b>	<b>303,965</b>	<b>142,899</b>	<b>137,697</b>	<b>308,020</b>	<b>305,832</b>
3.8	Provision for Possible Loss	59,030	59,030	20,229	20,229	71,523	71,523
	<b>D.Operating Profit (C.-3.8)</b>	<b>256,700</b>	<b>244,935</b>	<b>122,670</b>	<b>117,468</b>	<b>236,497</b>	<b>234,309</b>
3.9	Non-Operating Income/Expenses(Net)	5,806	7,946	5,154	6,224	3,024	4,982
3.10	Write Back of Provision for Possible Loss	57,881	57,881	19,002	19,002	20,893	20,893
	<b>E. Profit from Regular Activities(D+3.9+3.10)</b>	<b>320,388</b>	<b>310,763</b>	<b>146,827</b>	<b>142,695</b>	<b>260,414</b>	<b>260,185</b>
3.11	Extraordinary Income/Expenses(Net)	-	-	-	-	-	-
	<b>F. Profit before Bonus and Taxes(E.+3.11)</b>	<b>320,388</b>	<b>310,763</b>	<b>146,827</b>	<b>142,695</b>	<b>260,414</b>	<b>260,185</b>
3.12	Provision for Staff Bonus	29,126	28,251	13,348	12,972	23,674	23,653
3.13	Provision for tax	87,378	84,754	40,044	38,917	71,022	70,959
	<b>G. Net Profit/Loss(F.-3.12-3.13)</b>	<b>203,883</b>	<b>197,758</b>	<b>93,435</b>	<b>90,806</b>	<b>165,718</b>	<b>165,572</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	11.36%	11.36%	12.22%	12.22%	13.38%	13.38%
4.2	Non Performing Loan (NPL) to Total Loan	1.58%	1.58%	1.83%	1.83%	1.82%	1.82%
4.3	Total Loan Loss Provision to Total NPL	145.74%	145.74%	136.18%	136.18%	145.51%	145.51%
4.4	Cost of Funds	6.00%	6.00%	6.10%	6.10%	6.44%	6.44%
4.5	CD Ratio (Calculated as per NRB Directives)	73.64%	73.64%	75.68%	75.68%	77.06%	77.06%
4.6	Base Rate	9.11%	9.11%	9.73%	9.73%	9.32%	9.32%
4.7	Average Interest Spread (Calculated as per NRB Directives)	4.46%	4.46%	NA	NA	NA	NA
	<b>Additional Information</b>						
	Average Yield	10.04%	10.04%	10.14%	10.14%	10.54%	10.54%
	Net Interest Spread	4.04%	4.04%	4.04%	4.04%	4.10%	4.10%
	Return on Equity (Annualized)	14.46%	14.46%	12.55%	12.55%	14.42%	14.42%
	Return on Assets (Annualized)	1.55%	1.55%	1.41%	1.41%	1.67%	1.67%

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 wholly owned subsidiary company of the Bank with total investment of NPR 100 Million.

NMB Capital has placed deposits amounting to NPR 1,096.87 Million with the Bank as of 14 January 2014 and total interest earnings from the accounts were NPR 2.62 Million. The Bank has received payments on various dates for service level agreement and rental agreement which have been included in Consolidated Financial Statement of the Group. During the previous quarter, the Bank had 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 (as at 14/01/2014)
Earnings per Share (annualized)	NPR 19.78
Price Earnings Ratio (annualized)	21.24 times
Assets per Share	NPR 1,306.48
Net-worth per Share	NPR 131.09
Liquidity Ratio	29.84%

Maximum Price	NPR 475
Minimum Price	NPR 235
Closing Price	NPR 420
Trading number	2,121
Days of Trading	113

**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.