



**Unaudited Financial Results (Quarterly)**

As at end of the 2nd Quarter (30/09/2071) of the Fiscal Year 2071/72 (2014/2015)

Rs in '000

S.No	Particulars	This Quarter Ending Poush 30, 2071 January 14, 2015		Previous Quarter Ending Ashwin 31, 2071 October 17, 2014		Corresponding Previous Year Quarter Ending Poush 30, 2070 January 14, 2014	
		Group	NMB Bank	Group	NMB Bank	Group	NMB Bank
1	Total Capital and Liabilities(1.1 to 1.7)	32,570,030	32,445,633	31,110,544	30,802,871	26,523,701	26,129,692
1.1	Paid Up Capital	2,400,000	2,400,000	2,000,000	2,000,000	2,000,000	2,000,000
1.2	Reserve and Surplus	716,255	683,529	999,481	976,796	633,716	621,838
1.3	Debtenture and Bond	-	-	-	-	-	-
1.4	Borrowings	-	-	-	-	-	-
1.5	Deposits(a+b)	28,988,050	29,064,902	25,554,185	27,350,617	22,093,653	23,191,512
a.	Domestic Currency	25,906,165	25,983,018	22,450,047	24,246,479	20,148,476	21,246,336
b.	Foreign Currency	3,081,885	3,081,885	3,104,138	3,104,138	1,945,176	1,945,176
1.6	Income Tax Liabilities	14,477	-	14,477	-	6,320	-
1.7	Other Liabilities	451,249	297,201	2,542,401	475,458	1,790,012	316,342
2	Total Assets (2.1 to 2.7)	32,570,030	32,445,633	31,110,544	30,802,871	26,523,701	26,129,692
2.1	Cash and Bank Balance	3,514,352	3,369,812	4,384,564	4,054,763	4,896,707	4,491,032
2.2	Money at Call and Short Notice	489,099	489,099	428,599	428,599	72,160	72,160
2.3	Investments	4,352,616	4,406,325	4,007,498	4,062,076	3,188,584	3,221,730
2.4	Loans and Advances (Net) (a+d+c+d+e+f)	23,312,634	23,312,634	21,116,511	21,116,511	17,413,134	17,413,134
a.	Real Estate Loan	1,440,391	1,440,391	1,289,748	1,289,748	1,226,838	1,226,838
1.	Residential Real Estate Loan (Except personal Home Loan upto Rs. 10 Million)	821,042	821,042	681,910	681,910	579,340	579,340
2.	Business Complex & Residential Apartment Construction Loan	36,871	36,871	36,896	36,896	174,400	174,400
3.	Income generating Commercial Complex Loan	-	-	-	-	-	-
4.	Other Real Estate Loan (including Land purchase & plotting)	582,478	582,478	570,942	570,942	473,098	473,098
b.	Personal Home Loan of Rs. 10 Million or Less	2,686,304	2,686,304	2,436,225	2,436,225	1,918,022	1,918,022
c.	Margin Type Loan	216,397	216,397	139,229	139,229	155,408	155,408
d.	Term Loan	4,291,344	4,291,344	3,990,948	3,990,948	2,981,115	2,981,115
e.	Overdraft Loan/TR Loan/WC Loan	7,681,923	7,681,923	7,170,120	7,170,120	5,857,413	5,857,413
f.	Others	6,996,275	6,996,275	6,090,241	6,090,241	5,274,338	5,274,338
2.5	Fixed Assets (Net)	435,586	430,916	416,485	411,400	402,328	395,940
2.6	Non Banking Assets (Net)	-	-	-	-	-	-
2.7	Other Assets	465,744	436,847	756,887	729,521	550,788	535,697
3	Profit and Loss Account	Upto this Quarter		Upto previous Quarter		Upto corresponding Previous Year Quarter	
3.1	Interest Income	1,074,672	1,070,852	533,591	530,755	976,797	970,803
3.2	Interest Expenses	552,325	555,749	275,363	276,943	606,983	609,583
A.	Net Interest Income (3.1-3.2)	522,347	515,103	258,228	253,813	369,813	361,220
3.3	Fees, Commission and Discount	58,516	58,516	30,702	30,702	33,281	33,281
3.4	Other Operating Income	80,052	65,445	37,272	32,997	57,805	49,645
3.5	Foreign Exchange Gain/Loss (Net)	46,820	46,820	24,492	24,492	57,120	57,120
B.	Total Operating Income(A+3.3+3.4+3.5)	707,734	685,884	350,695	342,004	518,019	501,265
3.6	Staff Expenses	112,246	109,208	61,388	59,673	84,761	81,973
3.7	Other Operating Expenses	142,975	140,254	71,096	69,701	117,528	115,327
C.	Operating Profit Before Provision (B.-3.6-3.7)	452,513	436,422	218,211	212,630	315,730	303,965
3.8	Provision for Possible Loss	42,923	42,923	18,044	18,044	59,030	59,030
D.	Operating Profit (C.-3.8)	409,590	393,499	200,167	194,587	256,700	244,935
3.9	Non-Operating Income/Expenses (Net)	14,080	15,021	11,837	12,308	5,806	7,946
3.10	Write Back of Provision for Possible Loss	16,676	16,676	17,495	17,495	57,881	57,881
E.	Profit from Regular Activities(D+3.9+3.10)	440,346	425,196	229,500	224,390	320,388	310,763
3.11	Extraordinary Income/Expenses (Net)	-	-	-	-	-	-
F.	Profit before Bonus and Taxes(E.+3.11)	440,346	425,196	229,500	224,390	320,388	310,763
3.12	Provision for Staff Bonus	40,031	38,654	20,864	20,399	29,126	28,251
3.13	Provision for tax	119,406	115,963	62,359	61,197	87,378	84,754
G.	Net Profit/Loss(F.-3.12-3.13)	280,909	270,579	146,277	142,793	203,883	197,578
4	Ratios	At the end of This Quarter		At the end of Previous Quarter		At the end of Corresponding Previous Year Quarter	
4.1	Capital Fund to RWA	10.37%	10.37%	10.91%	10.91%	11.36%	11.36%
4.2	Non Performing Loan(NPL) to Total Loan	0.60%	0.60%	0.53%	0.53%	1.58%	1.58%
4.3	Total Loan Loss Provision to Total NPL	242.61%	242.61%	276.42%	276.42%	145.74%	145.74%
4.4	Cost of Funds	4.26%	4.26%	4.34%	4.34%	6.00%	6.00%
4.5	CD Ratio (Calculated as per NRB Directives)	79.75%	79.75%	77.74%	77.74%	73.64%	73.64%
4.6	Base Rate	7.44%	7.44%	7.78%	7.78%	9.11%	9.11%
4.7	Average Interest Spread (Calculated as per NRB Directives)	4.12%	4.12%	4.71%	4.71%	4.46%	4.46%
<b>Additional Information</b>							
Average Yield		8.91%	8.91%	8.98%	8.98%	10.04%	10.04%
Net Interest Spread		4.65%	4.65%	4.65%	4.65%	4.04%	4.04%
Return on Equity (Annualized)		18.17%	18.17%	18.25%	18.25%	14.46%	14.46%
Return on Assets (Annualized)		1.68%	1.68%	1.81%	1.81%	1.55%	1.55%

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 (NBA) have been reported net of provisions. Gross Loans and Advances amounts to 23,655,172 thousands and gross NBA amounts to NPR 57,811 thousands.

**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 76.85 Million with the Bank as of 14 January 2015 and total interest earnings from the accounts were NPR 3.43 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 8 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 Issuance Regulation, 2065**

**1. Major Financial Highlights**

Earnings per Share (Annualized) – NPR 22.55	Price Earnings Ratio (Annualized) – 22.49 times
Assets per Share – NPR 1,351.90	Net-worth per Share – NPR 128.48
Liquidity Ratio (NLA) – 23.93%	

Maximum Price – NPR 555	Minimum Price – NPR 436	Closing Price – NPR 507
Trading number – 1,413	Days of Trading – 46	

**2. Management Analysis**

a) The Bank, till the second quarter of FY 2014/15 posted a net profit of NPR 270.58 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 37% as compared to same period previous year primarily due to overall increase in business volume and non fund based source income.  
b) Overall deposits and risk assets volume of the Bank stand at NPR 29,064 million and NPR 23,312 Million (net of provisions) respectively as at the end of the quarter.  
c) The market has remained liquid throughout the quarter resulting in 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 23.93% and 10.37% respectively. Assets quality of the Bank continued to remain sound and overall NPA level has increased to 0.60% from 0.53% in the preceding quarter.  
d) There were no significant incidents during the period which have had negative impact on the reserve, profit or cash flow position of the Bank.  
e) 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**

a. Case filed by or against the organized institution during the quarter  
No material cases except for regular cases of debt recovery.  
b. 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.  
c. 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:  
On 29 September 2014, the Bank signed a memorandum of understanding (MOU) with Bhrikuti Development Bank and Pathibhara Development Bank, followed by MOU with Clean Energy Development Bank and Prudential Finance Company on 02 December 2014 and 07 December 2014 respectively for merger of these entities into NMB Bank. Subsequently, as per the regulatory requirement, trading of shares at NEPE has been suspended temporarily till the completion of merger process. 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 operators 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 Committee, 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.