



Unaudited Financial Results (Quarterly)
As at First Quarter (30/06/2068) of the Fiscal Year 2068/69 (2011/2012)

Rs in '000

S.No.	Particulars	This Quarter Ending Aswin 30, 2068 October 17, 2011		Previous Quarter Ending Ashad 32, 2068 July 16, 2011 (Audited)	Corresponding Previous Year Quarter Ending Aswin 31, 2067 October 17, 2010
		Group	NMB Bank		
1	Total Capital and Liabilities(1.1 to 1.7)	16,349,165	16,314,890	16,082,710	13,686,529
1.1	Paid Up Capital	2,000,000	2,000,000	2,000,000	1,651,650
1.2	Reserve and Surplus	255,683	253,875	211,462	228,652
1.3	Debtenture and Bond	-	-	-	-
1.4	Borrowings	10,000	10,000	497,200	373,450
1.5	Deposits(a+b)	13,460,622	13,463,032	12,866,222	10,700,719
a.	Domestic Currency	12,374,400	12,376,810	11,696,631	10,037,852
b.	Foreign Currency	1,086,222	1,086,222	1,169,591	662,867
1.6	Income Tax Liability	18,391	18,177	-	29,474
1.7	Other Liabilities	634,449	569,896	507,826	702,584
2	Total Assets (2.1 to 2.7)	16,349,165	16,314,890	16,082,710	13,686,529
2.1	Cash and Bank Balance	2,126,675	2,077,410	1,493,887	820,459
2.2	Money at Call and Short Notice	36,133	36,133	259,167	200,177
2.3	Investment	2,199,566	2,224,476	2,614,946	2,651,792
2.4	Loans and Advances (Gross)(a+b+c+d+e+f)	11,429,933	11,429,933	11,343,092	9,146,739
a.	Real Estate Loan	1,576,241	1,576,241	1,625,830	1,328,730
1.	Residential real Estate Loan (Except personal Home Loan upto Rs. 80 Lacs)	322,274	322,274	292,978	48,263
2.	Business Complex & Residential Apartment Construction Loan	562,006	562,006	563,889	37,500
3.	Income generating Commercial Complex Loan	-	-	-	-
4.	Other Real Estate Loan (including Land purchase & plotting)	691,961	691,961	768,963	1,242,967
b.	Personal Home Loan of Rs. 80 Lacs or Less	680,206	680,206	697,940	593,091
c.	Margin Type Loan	376,320	376,320	456,933	682,122
d.	Term Loan	1,508,519	1,508,519	1,326,399	786,939
e.	Overdraft Loan/ TR Loan/ WC Loan	3,069,031	3,069,031	3,249,003	2,848,172
f.	Others	4,219,616	4,219,616	3,986,987	2,907,685
2.5	Fixed Assets	293,380	284,027	276,549	282,430
2.6	Non Banking Assets	2,610	2,610	-	-
2.7	Other Assets	260,868	260,301	95,069	584,932
3	Profit and Loss Account	Upto this Quarter	Upto previous Quarter	Upto corresponding Previous Year Quarter	
3.1	Interest Income	418,068	418,068	1,492,385	329,651
3.2	Interest Expenses	319,132	319,313	1,053,451	214,539
3.3	A. Net Interest Income (3.1-3.2)	98,936	98,755	438,934	115,112
3.3	Fees, Commission and Discount	9,178	9,527	27,983	11,259
3.4	Other Operating Income	17,378	17,378	59,472	15,552
3.5	Foreign Exchange Gain/Loss (Net)	9,455	9,455	47,191	19,259
3.6	B. Total Operating Income(A+3.3+3.4+3.5)	134,947	132,115	573,580	161,182
3.6	Staff Expenses	27,291	26,020	75,614	21,115
3.7	Other Operating Expenses	35,403	35,243	136,395	29,032
3.8	C. Operating Profit Before Provision (B-3.6-3.7)	72,253	70,852	361,571	111,035
3.8	Provision for Possible Losses	19,989	19,989	36,532	21,802
3.9	D. Operating Profit (C-3.8)	52,264	50,863	325,039	89,233
3.9	Non-Operating Income/Expenses(Net)	7,036	7,496	3,903	314
3.10	Write Back of Provision for Possible Loss	6,790	6,790	25,610	525
3.11	E. Profit from Regular Activities(D+3.9+3.10)	66,090	65,149	354,552	90,072
3.11	Extraordinary Income/Expenses(Net)	1,500	1,500	14,385	18,000
3.12	F. Profit before Bonus and Taxes(E+3.11)	67,590	66,649	368,937	108,072
3.12	Provision for Staff Bonus	6,144	6,059	39,540	9,825
3.13	Provision for tax	18,391	18,177	113,892	29,474
3.13	G. Net Profit/Loss(F-3.12-3.13)	43,055	42,413*	221,505	68,773
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	16.82%	16.82%	16.39%	16.63%
4.2	Non Performing Loan(NPL) to Total Loan	0.71%	0.71%	0.47%	1.25%
4.3	Total Loan Loss Provision to Total NPL	178.51%	178.51%	446.02%	126.81%
4.4	Cost of Funds	10.79%	10.79%	9.96%	9.18%
4.5	CD Ratio (Calculated as per NRB Directives)	73.35%	73.74%	77.13%	77.23%
	Additional Information				
	Average Yield (Local Currency)	13.15%	13.15%	12.45%	11.77%
	Net Interest Spread	2.37%	2.37%	2.49%	2.59%
	Return on Equity(Annualized)	6.60%	6.60%	12.55%	13.98%
	Return on Assets(Annualized)	1.00%	1.00%	1.36%	2.01%

Note: *1. Above interest income is interest realised upto Aswin end only.
2. Above figures are subject to change from Supervisory Authority and External Audit.
3. Figures of previous periods have been regrouped wherever necessary as per NRB Directives.
4. Group represents NMB Bank Limited (NMB) and its subsidiary NMB Capital Ltd. Previous Quarter figures and corresponding previous year quarter figures represents transaction of NMB Bank only.
5. The intra-group related figures have been excluded for presentation of the financial statement of the Group.

Related Party Disclosure

The Bank has opened a subsidiary company NMB Capital Limited by investing 70% of the equity capital amounting to NPR 70 Million. In line with amendment to the existing regulation that the subsidiary company can be 100% owned by the Parent Company, the Board of the Bank has approved investing further 30% of the capital of NMB Capital amounting to NPR 30 Million.

The Bank has entered into a Service level agreement with NMB Capital Ltd to provide various operational and strategic support. NMB Capital has paid a sum of NPR 0.2 Million per month as per the agreement.

The Bank has also provided office space to NMB Capital at the corporate office of the Bank for NPR 0.16 Million per month during the quarter.

The Bank has held call deposit and current deposit of NMB Capital amounting

to NPR 2.41 Million as of October 17, 2011. NMB Capital earned interest of NPR 0.18 Million on account of deposits with the Bank during the quarter.

The Bank has outsourced NMB Capital for various technical services like payment of NEA Bond interest, dividend of Nepal Telecom for which the Bank has paid commission of NPR 0.37 Million during the quarter. The Company is also appointed as Registrar to Shares of the Bank for NPR 0.30 Million per annum.

All the contracts has been done on arms length basis.

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

Disclosure as per Securities Registration and Issuance Regulation, 2065

1. Major Financial Highlights

	Based on Unaudited Financials (as at 17/10/2011)	Annualized
Earnings Per Share	NPR 2.12	NPR 8.48
Price Earnings Ratio	80.16 times	20.16 times
Return on Total Assets	-	1%
Net Worth Per Share	NPR 112	-
Liquidity Ratio	29%	-

2. Management Analysis

- Overall Deposits volume have increased by NPR 597 Million during the period whereas Risk Assets of the Bank increased marginally compared to previous quarter. Volatility in FX market, and pressure in margin have impacted overall profitability. NPA level of the Bank as at the first quarter ending stood at 0.71% compared to 1.25 % of corresponding previous year quarter. The Bank continued to remain well capitalized and has maintained strong liquidity position with Capital Adequacy Ratio at 16.82% and Net Liquid Assets of 29% of its total deposits and short term borrowings. The Bank is committed to maintain all the ratios and limits within the levels as prescribed by NRB from time to time.
- The management is committed to continuously enhance the customer service standard by introducing innovative and improved products and technologies, identify plan and execute new business and investment opportunities, reach to serve increased number of customers by opening new branches in strategic locations, and focus on to achieve "Safe and Sustainable Growth".
- The Bank has strong independent Risk and Control functions as well as policies in place that do not promote excessive risk taking.
- There were no incidents which have had negative impact on the reserve, profit or cash flow position of the Bank.

3. Details of Legal Action

- Case filed by or against the organized institution during the quarter
No other material case except for regular cases filed with debt recovery tribunal.
- 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 organized institutions 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 215.00
Minimum Price	NPR 163.00
Closing Price	NPR 170.00
Trading number	322
Days of Trading	53

5. Problems and Challenges

- Internal problems and challenges**
- Pressure on Interest Spread due to rapid increase in deposit cost.
 - Sourcing and retention of quality manpower in the increased competitive market.
 - Relatively small network compared to majority of the commercial Banks currently operating in the country.
- External problems and challenges**
- Unstable local socio-political situation, uncertainty on government policies/plan.
 - High volatility in FX Market.
 - Lack of conducive business environment for investment.
- Strategy**
- Launch new products and services with special focus on non fund based income.
 - Focus on SME, retail lending, deposit opportunities and enhance Microfinance activities.
 - Improve on technology platform to enhance product and service capabilities to meet the customers changing banking needs.
 - Continue to focus 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.