



NMB BANK LIMITED  
एनएमबि बैंक लिमिटेड

नेपाल राष्ट्र बैंकबाट 'क' वर्गको इजाजतपत्र प्राप्त संस्था

Unaudited Financial Results (Quarterly)

As at end of the 1st Quarter (31/06/2071) of the Fiscal Year 2071/72 (2014/2015)

Rs in '000

S.No.	Particulars	This Quarter Ending Ashwin 31, 2071 October 17, 2014		Previous Quarter Ending Ashar 32, 2071 July 16, 2014		Corresponding Previous Year Quarter Ending Ashwin 31, 2070 October 17, 2013	
		Group	NMB Bank	Group	NMB Bank	Group	NMB Bank
1	Total Capital and Liabilities(1.1 to 1.7)	31,110,544	30,802,871	30,616,076	30,217,350	25,057,413	23,549,309
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	1,231,563	1,208,878	871,090	834,140	904,568	898,183
1.3	Debenture and Bond	-	-	-	-	-	-
1.4	Borrowings	-	-	-	-	-	-
1.5	Deposits(a+b)	25,554,185	27,350,617	26,271,819	27,087,258	20,016,500	20,203,884
	a. Domestic Currency	22,450,047	24,246,479	23,351,500	24,166,940	18,199,682	18,387,067
	b. Foreign Currency	3,104,138	3,104,138	2,920,318	2,920,318	1,816,818	1,816,818
1.6	Income Tax Liabilities	14,477	-	6,320	-	45,237	38,917
1.7	Other Liabilities	2,310,320	243,376	1,466,847	295,952	2,091,107	408,325
2	Total Assets (2.1 to 2.7)	31,110,544	30,802,871	30,616,076	30,217,350	25,057,413	23,549,309
2.1	Cash and Bank Balance	4,384,564	4,054,763	5,001,590	4,568,736	4,951,227	3,429,362
2.2	Money at Call and Short Notice	428,599	428,599	61,631	61,631	153,326	153,326
2.3	Investments	4,007,498	4,062,076	4,129,196	4,191,274	2,818,030	2,853,176
2.4	Loans and Advances (Net) (a+b+c+d+e+f)	21,116,511	21,116,511	20,467,041	20,467,041	16,187,398	16,187,398
	a.Real Estate Loan	1,289,748	1,289,748	1,222,240	1,222,240	1,072,569	1,072,569
	1. Residential Real Estate Loan (Except personal Home Loan upto Rs. 10 Million)	681,910	681,910	664,565	664,565	459,742	459,742
	2. Business Complex & Residential Apartment Construction Loan	36,896	36,896	36,823	36,823	185,363	185,363
	3. Income generating Commercial Complex Loan	-	-	-	-	-	-
	4. Other Real Estate Loan (including Land purchase & plotting)	570,942	570,942	520,852	520,852	427,464	427,464
	b.Personal Home Loan of Rs. 10 Million or Less	2,436,225	2,436,225	2,176,199	2,176,199	1,861,101	1,861,101
	c. Margin Type Loan	139,229	139,229	197,735	197,735	187,861	187,861
	d. Term Loan	3,990,948	3,990,948	3,680,499	3,680,499	2,787,766	2,787,766
	e. Overdraft Loan/TR Loan/WC Loan	7,170,120	7,170,120	6,981,949	6,981,949	4,898,079	4,898,079
	f. Others	6,090,241	6,090,241	6,208,418	6,208,418	5,380,022	5,380,022
2.5	Fixed Assets (Net)	416,485	411,400	388,948	383,428	371,875	365,056
2.6	Non Banking Assets (Net)	-	-	-	-	-	-
2.7	Other Assets	756,887	729,521	567,671	545,240	575,556	560,991
3	Profit and Loss Account	Upto this Quarter		Upto previous Quarter		Upto corresponding Previous Year Quarter	
3.1	Interest Income	533,591	530,755	2,014,295	2,005,346	482,113	479,175
3.2	Interest Expenses	275,363	276,943	1,205,082	1,216,064	307,979	309,713
	A. Net Interest Income (3.1-3.2)	258,228	253,813	809,213	789,283	174,134	169,462
3.3	Fees, Commission and Discount	30,702	30,702	83,497	83,497	18,048	18,048
3.4	Other Operating Income	37,272	32,997	117,773	95,520	28,808	25,173
3.5	Foreign Exchange Gain/Loss (Net)	24,492	24,492	97,660	97,660	19,649	19,649
	B.Total Operating Income(A+3.3+3.4+3.5)	350,695	342,004	1,108,143	1,065,960	240,638	232,332
3.6	Staff Expenses	61,388	59,673	154,980	149,197	43,026	41,369
3.7	Other Operating Expenses	71,096	69,701	257,367	251,377	54,713	53,265
	C. Operating Profit Before Provision (B.-3.6-3.7)	218,211	212,630	695,796	665,387	142,899	137,697
3.8	Provision for Possible Loss	18,044	18,044	113,305	113,305	20,229	20,229
	D.Operating Profit (C.-3.8)	200,167	194,587	582,491	552,081	122,670	117,468
3.9	Non-Operating Income/Expenses (Net)	11,837	12,308	25,959	21,671	5,154	6,224
3.10	Write Back of Provision for Possible Loss	17,495	17,495	205,155	205,155	19,002	19,002
	E. Profit from Regular Activities(D+3.9+3.10)	229,500	224,390	813,605	778,908	146,827	142,695
3.11	Extraordinary Income/Expenses (Net)	-	-	(136,903)	(136,903)	-	-
	F. Profit before Bonus and Taxes(E.+3.11)	229,500	224,390	676,701	642,004	146,827	142,695
3.12	Provision for Staff Bonus	20,864	20,399	61,518	58,364	13,348	12,972
3.13	Provision for tax	62,359	61,197	181,466	173,580	40,044	38,917
	G. Net Profit/Loss(F.-3.12-3.13)	146,277	142,793	433,717	410,060	93,435	90,806
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	10.91%	10.91%	10.77%	10.77%	12.22%	12.22%
4.2	Non Performing Loan(NPL) to Total Loan	0.53%	0.53%	0.55%	0.55%	1.83%	1.83%
4.3	Total Loan Loss Provision to Total NPL	276.42%	276.42%	278.73%	278.73%	136.18%	136.18%
4.4	Cost of Funds	4.34%	4.34%	5.52%	5.52%	6.10%	6.10%
4.5	CD Ratio (Calculated as per NRB Directives)	77.74%	77.74%	75.02%	75.02%	75.68%	75.68%
4.6	Base Rate	7.78%	7.78%	8.12%	8.12%	9.73%	9.73%
4.7	Average Interest Spread (Calculated as per NRB Directives)	4.71%	4.71%	3.97%	3.97%	NA	NA
	Additional Information						
	Average Yield	8.98%	8.98%	9.63%	9.63%	10.14%	10.14%
	Net Interest Spread	4.65%	4.65%	4.11%	4.11%	4.04%	4.04%
	Return on Equity (Annualized)	18.25%	18.25%	15.87%	15.87%	12.55%	12.55%
	Return on Assets (Annualized)	1.81%	1.81%	1.50%	1.50%	1.41%	1.41%

- 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 21,052,634 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 1,796.43 Million with the Bank as of 17 October 2014 and total interest earnings from the accounts were NPR 1.59 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 28.56	Price Earnings Ratio (Annualized) – 17.75 times
Assets per Share – NPR 1,507.67	Net-worth per Share – NPR 160.44
Liquidity Ratio (NLA) – 26.44%	

2. Management Analysis

- a) The Bank, during the first quarter of FY 2014/15 posted a net profit of NPR 142.79 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 57% as compared to same period previous year primarily due to overall increase in business volume, non fund based source and foreign exchange income.
- b) Overall deposits and risk assets volume of the Bank stand at NPR 27,350 million and NPR 21,116 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 26.44% and 10.91% respectively. Assets quality of the Bank continued to remain sound and overall NPA level has decreased to 0.53% from 0.55% 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:  
The Market continued improving trend during the period under review which had some positive impact on the Bank's share price in similar way. The Bank's board meeting held on 22 September 2014 decided on distribution of 20% bonus shares and 1.05% cash dividend from the distributable profit of FY 2070.71. The distribution has been approved by the Nepal Rastra Bank and is subject to approval of the Annual General Meeting. On 29 September 2014, the Bank signed a memorandum of understanding with Bhrikuti Development Bank and Pathibhara Development Bank for merger of the entities into NMB Bank. Subsequently, as per the regulatory requirement, trading of shares at NEPSE 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 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 555	Minimum Price - NPR 436	Closing Price - NPR 507
Trading number - 1,413	Days of Trading – 46	

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.