



Unaudited Financial Results (Quarterly)

As at end of the 3rd Quarter (30/12/2070) of the Fiscal Year 2070/71 (2013/2014)

Rs in '000

S.No	Particulars	This Quarter Ending Chaitra 30, 2070 April 13, 2014		Previous Quarter Ending Poush 30, 2070 January 14, 2014		Corresponding Previous Year Quarter Ending Chaitra 31, 2069 April 13, 2013	
		Group	NMB Bank	Group	NMB Bank	Group	NMB Bank
1	Total Capital and Liabilities(1.1 to 1.7)	28,377,332	28,305,129	26,523,701	26,129,692	23,198,574	23,099,413
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	745,552	724,734	633,716	621,838	531,846	528,877
1.3	Debtenture and Bond	-	-	-	-	-	-
1.4	Borrowings	-	-	-	-	100,000	100,000
1.5	Deposits(a+b)	23,954,389	25,255,874	22,093,653	23,191,512	19,492,079	19,640,858
a.	Domestic Currency	21,647,117	22,948,602	20,148,476	21,246,336	18,154,330	18,303,109
b.	Foreign Currency	2,307,272	2,307,272	1,945,176	1,945,176	1,337,749	1,337,749
1.6	Income Tax Liabilities	6,320	-	6,320	-	117,819	113,653
1.7	Other Liabilities	1,671,071	324,521	1,790,012	316,342	956,830	716,026
2	Total Assets (2.1 to 2.7)	28,377,332	28,305,129	26,523,701	26,129,692	23,198,574	23,099,413
2.1	Cash and Bank Balance	4,667,410	4,587,642	4,896,707	4,491,032	2,442,187	2,270,442
2.2	Money at Call and Short Notice	107,309	107,309	72,160	72,160	125,574	189,409
2.3	Investments	2,995,764	3,028,292	3,188,584	3,221,730	3,667,177	3,695,323
2.4	Loans and Advances (Net) (a+b+c+d+e+f)	19,603,616	19,603,616	17,413,134	17,413,134	15,894,233	15,894,233
a.	Real Estate Loan	1,148,135	1,148,135	1,226,838	1,226,838	1,188,803	1,188,803
1.	Residential Real Estate Loan (Except personal Home Loan upto Rs. 10 Million)	603,665	603,665	579,340	579,340	337,534	337,534
2.	Business Complex & Residential Apartment Construction Loan	64,941	64,941	174,400	174,400	302,860	302,860
3.	Income generating Commercial Complex Loan	-	-	-	-	-	-
4.	Other Real Estate Loan (including Land purchase & plotting)	479,529	479,529	473,098	473,098	548,409	548,409
b.	Personal Home Loan of Rs. 10 Million or Less	1,956,335	1,956,335	1,918,022	1,918,022	1,409,590	1,409,590
c.	Margin Type Loan	199,465	199,465	155,408	155,408	292,180	292,180
d.	Term Loan	3,256,611	3,256,611	2,981,115	2,981,115	2,417,162	2,417,162
e.	Overdraft Loan/TR Loan/WC Loan	7,111,103	7,111,103	5,857,413	5,857,413	5,434,006	5,434,006
f.	Others	5,931,968	5,931,968	5,274,338	5,274,338	5,152,492	5,152,492
2.5	Fixed Assets (Net)	417,777	411,821	402,328	395,940	345,353	338,256
2.6	Non Banking Assets (Net)	-	-	-	-	57,811	57,811
2.7	Other Assets	585,457	566,449	550,788	535,697	666,239	653,939
3	Profit and Loss Account	Upto this Quarter		Upto previous Quarter		Upto corresponding Previous Year Quarter	
3.1	Interest Income	1,484,660	1,474,429	976,797	970,803	1,329,677	1,324,666
3.2	Interest Expenses	902,911	908,344	606,983	609,583	766,953	767,702
A.	Net Interest Income (3.1-3.2)	581,749	566,084	369,813	361,220	562,724	556,964
3.3	Fees, Commission and Discount	55,654	55,654	33,281	33,281	37,715	33,656
3.4	Other Operating Income	89,253	74,699	57,805	49,645	44,478	44,478
3.5	Foreign Exchange Gain/Loss (Net)	81,781	81,781	57,120	57,120	51,655	51,655
B.	Total Operating Income(A+3.3+3.4+3.5)	808,437	778,218	518,019	501,265	696,572	686,752
3.6	Staff Expenses	125,179	120,721	84,761	81,973	94,821	92,176
3.7	Other Operating Expenses	189,508	185,522	117,528	115,327	137,978	135,344
C.	Operating Profit Before Provision (B.-3.6-3.7)	493,751	471,975	315,730	303,965	463,773	459,233
3.8	Provision for Possible Loss	84,219	84,219	59,030	59,030	109,160	109,160
D.	Operating Profit (C.-3.8)	409,532	387,756	256,700	244,935	354,613	350,072
3.9	Non-Operating Income/Expenses (Net)	17,361	20,571	5,806	7,946	2,970	5,924
3.10	Write Back of Provision for Possible Loss	64,129	64,129	57,881	57,881	61,053	61,053
E.	Profit from Regular Activities(D+3.9+3.10)	491,022	472,457	320,388	310,763	418,637	417,050
3.11	Extraordinary Income/Expenses (Net)	-	-	-	-	(322)	(322)
F.	Profit before Bonus and Taxes(E.+3.11)	491,022	472,457	320,388	310,763	418,315	416,728
3.12	Provision for Staff Bonus	44,638	42,951	29,126	28,251	38,029	37,884
3.13	Provision for tax	133,915	128,852	87,378	84,754	114,086	113,653
G.	Net Profit/Loss(F.-3.12-3.13)	312,468	300,655	203,883	197,758	266,200	265,190
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	11.06%	11.06%	11.36%	11.36%	12.84%	12.84%
4.2	Non Performing Loan(NPL) to Total Loan	1.32%	1.32%	1.58%	1.58%	1.90%	1.90%
4.3	Total Loan Loss Provision to Total NPL	162.32%	162.32%	145.74%	145.74%	129.13%	129.13%
4.4	Cost of Funds	5.74%	5.74%	6.00%	6.00%	6.95%	6.95%
4.5	CD Ratio (Calculated as per NRB Directives)	75.43%	75.43%	73.64%	73.64%	76.71%	76.71%
4.6	Base Rate	8.33%	8.33%	9.11%	9.11%	9.32%	9.32%
4.7	Average Interest Spread (Calculated as per NRB Directives)	4.39%	4.39%	4.46%	4.46%	NA	NA
Additional Information							
Average Yield		9.79%	9.79%	10.04%	10.04%	11.44%	11.44%
Net Interest Spread		4.05%	4.05%	4.04%	4.04%	4.49%	4.49%
Return on Equity (Annualized)		15.36%	15.36%	14.46%	14.46%	15.60%	15.60%
Return on Assets (Annualized)		1.53%	1.53%	1.55%	1.55%	1.73%	1.73%

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 1,301.49 Million with the Bank as of 13 April 2014 and total interest earnings from the accounts were NPR 5.46 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 Issuance Regulation, 2065

1. Major Financial Highlights

Earnings per Share (Annualized) – NPR 20.04	Price Earnings Ratio (Annualized) – 19.81 times
Assets per Share – NPR 1,305.47	Net-worth per Share – NPR 136.24
Liquidity Ratio – 25.60%	

2. Management Analysis

- a) The Bank, during the first nine months of FY 2013/14 posted a net profit of NPR 300.65 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 13% as compared to same period previous year primarily due to incremental revenue from non fund based source and foreign exchange income.
- b) Overall deposits and risk assets volume of the Bank stand at NPR 25,255 million and NPR 19,603 Million (net) 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 25.60% and 11.06% respectively. Assets quality of the Bank continued to remain sound and overall NPA level has decreased to 1.32% from 1.58% 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. 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.

Maximum Price - NPR 475	Minimum Price - NPR 235	Closing Price - NPR 397
Trading number - 3,302	Days of Trading - 168	

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.