



Unaudited Financial Results (Quarterly)

As at end of the 4th Quarter (31/03/2072) of the Fiscal Year 2071/72 (2014/2015)

Rs in '000

S.No.	Particulars	This Quarter Ending Ashadh 31, 2072 July 16, 2015		Previous Quarter Ending Chaitra 30, 2071 April 13, 2015		Corresponding Previous Year Quarter Ending Ashadh 32, 2071 July 16, 2014	
		Group	NMB	Group	NMB	Group	NMB
	Total Capital and Liabilities (1.1 to 1.7)	43,105,055	41,340,277	37,721,608	37,581,114	30,616,076	30,211,663
1.1	Paid Up Capital	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
1.2	Reserve and Surplus	976,833	916,754	856,781	813,455	450,037	412,950
1.3	Debtenture and Bond	500,000	500,000	500,000	500,000	-	-
1.4	Borrowings	438,000	438,000	70,000	70,000	-	-
1.5	Deposits (a+b)	35,361,443	36,722,918	33,401,578	33,435,926	26,271,819	27,087,258
	a.Domestic Currency	32,646,036	34,007,510	30,101,083	30,135,430	23,351,500	24,166,940
	b.Foreign Currency	2,715,407	2,715,407	3,300,495	3,300,495	2,920,318	2,920,318
1.6	Income Tax Liabilities	24,136	-	14,477	-	6,320	-
1.7	Other Liabilities	3,404,642	362,606	478,771	361,734	1,487,900	311,455

2.1	Cash and Bank Balance	8,076,033	6,305,542	6,130,134	5,977,639	5,001,590	4,568,736
2.2	Money at Call and Short Notice	722,607	722,607	533,946	533,946	61,631	61,631
2.3	Investments	5,930,763	5,983,872	3,275,075	3,328,301	4,129,196	4,191,269
2.4	Loans and Advances (Net) (a+b+c+d+e+f)	27,288,891	27,288,891	26,587,254	26,587,254	20,467,041	20,467,041
	a. Real Estate Loan	1,549,017	1,549,017	1,598,646	1,598,646	1,222,240	1,222,240
	1. Residential Real Estate Loan (Except personal Home Loan upto Rs. 10 Million)	871,726	871,726	899,871	899,871	664,565	664,565
	2. Business Complex & Residential Apartment Construction Loan	114,571	114,571	108,598	108,598	36,823	36,823
	3. Income generating Commercial Complex Loan	-	-	-	-	-	-
	4. Other Real Estate Loan(including Land purchase & plotting)	562,720	562,720	590,177	590,177	520,852	520,852
	b. Personal Home Loan of Rs. 10 Million or Less	2,900,901	2,900,901	2,901,870	2,901,870	2,176,199	2,176,199
	c. Margin Type Loan	240,078	240,078	200,916	200,916	197,735	197,735
	d. Term Loan	4,956,712	4,956,712	4,609,885	4,609,885	3,680,499	3,680,499
	e. Overdraft Loan/TR Loan/WC Loan	9,640,585	9,640,585	9,156,264	9,156,264	6,981,949	6,981,949
	f. Others	8,001,598	8,001,598	8,119,673	8,119,673	6,208,418	6,208,418
2.5	Fixed Assets	379,242	374,253	385,732	381,412	388,948	383,428
2.6	Non Banking Assets (Net)	-	-	-	-	-	-
2.7	Other Assets	707,518	665,111	809,467	772,562	567,671	539,559

		Upto this Quarter	Upto previous Quarter	Upto previous Quarter	Corresponding Previous Year Quarter	
3.1	Interest Income	2,329,232	2,315,441	1,665,759	1,660,399	2,014,295
3.2	Interest Expenses	1,341,441	1,348,074	883,029	887,938	1,205,082
	A. Net Interest income (3.1-3.2)	987,792	967,368	782,730	772,461	809,213
3.3	Fees, Commission and Discount	112,616	112,616	85,577	85,577	83,497
3.4	Other Operating Income	149,321	112,270	117,489	92,243	117,773
3.5	Foreign Exchange Gain/Loss (Net)	119,514	119,514	86,927	86,927	97,660
	B. Total Operating Income (A+3.3+3.4+3.5)	1,369,242	1,311,767	1,072,724	1,037,209	1,108,143
3.6	Staff Expenses	208,564	201,815	162,887	158,391	154,980
3.7	Other Operating Expenses	294,455	288,112	209,529	205,673	257,367
	C. Operating Profit Before Provision (B-3.6-3.7)	866,223	821,840	700,308	673,145	695,796
3.8	Provision for Possible Loss	97,074	97,074	88,589	88,589	113,305
	D. Operating Profit (C-3.8)	769,149	724,766	611,719	584,555	582,491
3.9	Non-Operating Income/Expenses(Net)	15,470	17,352	15,491	16,903	25,959
3.10	Write Back of Provision for Possible Loss	41,974	41,974	27,906	27,906	205,155
	E. Profit from Regular Activities (D+3.9+3.10)	826,593	784,092	655,116	629,364	813,605
3.11	Extraordinary Income/Expenses(Net)	-	-	-	-	(136,903)
	F. Profit before Bonus and Taxes(E+3.11)	826,593	784,092	655,116	629,364	676,701
3.12	Provision for Staff Bonus	75,145	71,281	59,556	57,215	58,364
3.13	Provision for tax	218,667	209,008	177,497	171,645	181,329
	G. Net Profit/Loss (F-3.12-3.13)	532,781	503,804	418,062	400,505	433,854

	At the end of This Quarter	At the end of Previous Quarter	At the end of Previous Quarter	Corresponding Previous Year Quarter	
4.1	Capital Fund to RWA	11.20%	11.20%	11.46%	10.75%
4.2	Non Performing Loan (NPL) to Total Loan	0.42%	0.42%	0.47%	0.55%
4.3	Total Loan Loss Provision to Total NPL	316.26%	316.26%	298.79%	278.73%
4.4	Cost of Funds	4.55%	4.55%	4.32%	5.52%
4.5	CD Ratio (Calculated as per NRB Directives)	72.00%	72.00%	78.06%	75.02%
4.6	Base Rate	7.89%	7.89%	7.66%	8.12%
4.7	Average Interest Spread (Calculated as per NRB Directives)	3.33%	3.33%	3.76%	3.97%

Additional Information					
Average Yield	8.74%	8.74%	8.76%	8.76%	9.63%
Net Interest Spread	4.19%	4.19%	4.43%	4.43%	4.11%
Return on Equity (Annualized)	17.66%	17.37%	18.42%	18.42%	15.87%
Return on Assets (Annualized)	1.34%	1.38%	1.58%	1.58%	1.50%

- 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 27,660,282 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 1361.47 Million with the Bank as of 16 July 2015 and total interest earnings from the accounts were NPR 7.11 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 21.00	Price Earnings Ratio (Annualized) – 24.15 times
Assets per Share – NPR 1,722.51	Net-worth per Share – NPR 138.20
Liquidity Ratio (NLA) – 35.07%	

2. Management Analysis

- a) The Bank, till the fourth quarter of FY 2014/15 posted a net profit of NPR 503.80 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 23% 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 37,722 million and NPR 27,288 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 35.07% and 11.20% respectively. Assets quality of the Bank continued to remain sound and overall NPA level has decreased to 0.42% from 0.47% 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 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.