



Unaudited Financial Results (Quarterly)

As at Fourth Quarter (31/3/2069) of the Fiscal Year 2068/69 (2011/2012)

Rs in '000

S.No	Particulars	This Quarter Ending 31st Ashadh 2069 15-July-12		This Quarter Ending 30th Chaitra 2068 12-Apr-12		Corresponding Previous Year Quarter Ending 32nd Ashadh 2068, 16-July-11(AUDITED)	
		Group	NMB Bank	Group	NMB Bank	Group	NMB Bank
1	Total Capital and Liabilities(1.1 to 1.7)	19,046,281	19,011,028	17,856,626	17,823,703	16,118,542	16,082,710
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	272,755	266,914	281,830	278,208	219,628	211,462
1.3	Debtenture and Bond	-	-	-	-	-	-
1.4	Borrowings	-	-	-	-	497,200	497,200
1.5	Deposits(a+b)	15,965,434	15,982,555	14,913,361	14,915,357	12,799,494	12,866,222
	a.Domestic Currency	14,758,027	14,775,148	13,558,904	13,560,900	11,629,903	11,696,631
	b.Foreign Currency	1,207,407	1,207,407	1,354,457	1,354,457	1,169,591	1,169,591
1.6	Income Tax Liabilities	27,934	23,765	32,034	28,605	2,611	2,611
1.7	Other Liabilities	780,158	737,794	629,401	601,532	599,609	507,826
2	Total Assets (2.1 to 2.7)	19,046,281	19,011,028	17,856,626	17,823,703	16,118,542	16,082,710
2.1	Cash and Bank Balance	3,610,840	3,566,897	2,750,026	2,675,934	1,517,047	1,493,887
2.2	Money at Call and Short Notice	20,912	20,912	329,448	329,448	259,167	259,167
2.3	Investments	2,418,324	2,442,763	1,795,416	1,854,376	2,512,446	2,614,942
2.4	Loans and Advances (Gross)(a+b+c+d+e+f)	12,468,479	12,468,479	12,356,273	12,356,273	11,343,092	11,343,092
	a.Real Estate Loan	1,303,008	1,303,008	1,351,972	1,351,972	1,625,830	1,625,830
	1. Residential Real Estate Loan (Except personal Home Loan upto Rs. 10 Million)	263,117	263,117	255,791	255,791	292,978	292,978
	2. Business Complex & Residential Apartment Construction Loan	411,396	411,396	485,197	485,197	563,889	563,889
	3. Income generating Commercial Complex Loan	-	-	-	-	-	-
	4. Other Real Estate Loan (including Land purchase & plotting)	628,495	628,495	610,984	610,984	768,963	768,963
	b.Personal Home Loan of Rs. 10 Million or Less	875,228	875,228	848,472	848,472	697,940	697,940
	c. Margin Type Loan	275,528	275,528	293,971	293,971	456,933	456,933
	d. Term Loan	1,740,844	1,740,844	1,602,095	1,602,095	1,326,399	1,326,399
	e. Overdraft Loan/ TR Loan/ WC Loan	3,080,966	3,080,966	3,867,672	3,867,672	3,249,003	3,249,003
	f. Others	5,192,905	5,192,905	4,392,091	4,392,091	3,986,987	3,986,987
2.5	Fixed Assets	287,730	279,497	322,296	313,714	286,372	276,549
2.6	Non Banking Assets	-	-	2,610	2,610	-	-
2.7	Other Assets	239,995	232,498	300,557	291,348	100,418	95,069
3	Profit and Loss Account						
		Upto this Quarter		Upto previous Quarter		Upto corresponding Previous Year Quarter	
3.1	Interest Income	1,718,201	1,705,833	1,265,179	1,265,179	1,492,385	1,492,385
3.2	Interest Expenses	1,255,186	1,256,257	940,512	940,761	1,047,082	1,053,451
	A. Net Interest Income (3.1-3.2)	463,015	449,576	324,667	324,418	445,303	438,934
3.3	Fees, Commission and Discount	45,741	37,775	40,450	28,125	32,412	27,983
3.4	Other Operating Income	54,055	54,055	41,086	41,443	67,658	59,472
3.5	Foreign Exchange Gain/Loss (Net)	50,127	50,127	45,504	45,504	47,190	47,191
	B.Total Operating Income(A+3.3+3.4+3.5)	612,938	591,533	451,707	439,490	592,563	573,580
3.6	Staff Expenses	97,075	92,443	72,936	69,670	78,819	75,614
3.7	Other Operating Expenses	161,784	159,678	122,976	117,627	138,895	136,395
	C. Operating Profit Before Provision (B-.3.6-3.7)	354,079	339,412	255,795	252,193	374,849	361,571
3.8	Provision for Possible Loss	279,327	279,327	170,472	170,472	36,531	36,532
	D.Operating Profit (C-.3.8)	74,752	60,085	85,323	81,721	338,318	325,039
3.9	Non-Operating Income/Expenses (Net)	2,987	8,653	8,282	8,282	2,398	3,903
3.10	Write Back of Provision for Possible Loss	16,275	16,275	12,757	12,757	25,610	25,610
	E. Profit from Regular Activities(D+3.9+3.10)	94,015	85,013	106,362	102,760	366,326	354,552
3.11	Extraordinary Income/Expenses (Net)	2,126	2,126	2,126	2,126	14,385	14,385
	F. Profit before Bonus and Taxes(E.+3.11)	96,141	87,139	108,488	104,886	380,711	368,937
3.12	Provision for Staff Bonus	8,545	7,922	9,863	9,535	34,610	33,842
3.13	Provision for tax	25,323	23,765	29,424	28,605	116,430	113,590
	G. Net Profit/Loss(F.-3.12-3.13)	62,273	55,452	69,201	66,746	229,671	221,505
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	14.66%	14.66%	14.57%	14.57%	16.39%	16.39%
4.2	Non Performing Loan(NPL) to Total Loan	2.45%	2.45%	2.77%	2.77%	0.27%	0.27%
4.3	Total Loan Loss Provision to Total NPL	130.01%	130.01%	84.40%	84.40%	445.69%	445.69%
4.4	Cost of Funds	9.02%	9.02%	9.28%	9.28%	9.96%	9.96%
4.5	CD Ratio (Calculated as per NRB Directives)	65.76%	65.76%	74.16%	74.16%	77.07%	77.07%
	Additional Information						
	Average Yield (Local Currency)	12.58%	12.58%	12.77%	12.77%	12.45%	12.45%
	Net Interest Spread	3.56%	3.56%	3.49%	3.49%	2.49%	2.49%
	Return on Equity (Annualized)	2.41%	2.41%	3.86%	3.86%	12.97%	12.97%
	Return on Assets (Annualized)	0.32%	0.32%	0.52%	0.52%	1.61%	1.61%

Note: 1. Above figures are subject to change from Supervisory Authority and External Audit.

2. Figures of previous periods have been regrouped wherever necessary as per NRB Directives.

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.

Related Party Disclosure

NMB Capital Limited is now 100% owned by the Bank, total investment summing up to NPR 100 Million.

The Bank has held call deposit and current deposit of NMB Capital amounting to NPR 43.91 Million as of July 15, 2012. NMB Capital earned interest of NPR 1.07 Million on deposits with the Bank as of July 15, 2012. The Bank has received payments on various dates for service level

agreement, rental agreement and registrar to shares which has been excluded in Consolidated Financial Statement of the Group.

There has been receipt of dividend NPR 70 lacs from NMB Capital Ltd during the year.

All the contracts has been done on arms length basis.

Disclosure as per Securities Registration and Issuance Regulation, 2065

1. Major Financial Highlights

	Based on Unaudited Financials (as at 15/07/2012)
Earnings Per Share	NPR 2.77
Price Earnings Ratio	65 times
Return on Total Assets	0.32%
Net Worth Per Share	NPR 113
Liquidity Ratio	37%

2. Management Analysis

- Excess liquidity position in the market continued in the quarter and deploying excess rupee fund has remained one of the major challenges for the Bank.
- Overall Deposits volume increased by 7% compared to the preceding quarter resulting in NPR 15,982 Million. Likewise, Risk Assets of the Bank closed to NPR 12,468 Million.
- The Bank continued to maintain very comfortable liquidity position and remained well capitalized with NLA and Capital Adequacy ratio at 37% and 14.66% respectively.
- Significant decline in yield on investment portfolio and lack of any other such instrument and higher loan impairment charge adversely impacted the profit during the period.
- The management is committed to continuously enhance the customer service standard by introducing innovative 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.

3. Details of Legal Action

- Case filed by or against the organized institution during the quarter
No material cases except for regular cases of debt recovery.
- 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 267.00
Minimum Price	NPR 165.00
Closing Price	NPR 180.00
Trading number	1083
Days of Trading	56

5. Problems and Challenges

- Internal problems and challenges**
- Pressure on Interest Spread.
 - 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.
 - 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 Finance, 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, 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.