



Unaudited Financial Results (Quarterly)

As at Second Quarter (30/09/2068) of the Fiscal Year 2068/69 (2011/2012)

Rs. in '000

S.No	Particulars	This Quarter Ending 30th Poush 2068 14-Jan-12		Preious Quarter Ending 30th Aswin 2068 17-Oct-11		Corresponding Previous Year Quarter Ending 30th Poush 2067 14-Jan-11
		Group	NMB Bank	Group	NMB Bank	
1	Total Capital and Liabilities(1.1 to 1.7)	17,115,744	16,928,807	16,349,165	16,314,890	14,124,197
1.1	Paid Up Capital	2,000,000	2,000,000	2,000,000	2,000,000	1,651,650
1.2	Reserve and Surplus	268,797	266,179	255,683	253,875	279,987
1.3	Debtenture and Bond	-	-	-	-	-
1.4	Borrowings	-	-	10,000	10,000	569,280
1.5	Deposits(a+b)	14,129,405	14,130,973	13,460,622	13,463,032	11,232,197
	a.Domestic Currency	12,734,360	12,735,928	12,374,400	12,376,810	10,339,497
	b.Foreign Currency	1,395,045	1,395,045	1,086,222	1,086,222	892,700
1.6	Income Tax Liability	26,060	23,450	18,391	18,177	51,475
1.7	Other Liabilities	691,482	508,205	604,469	569,806	339,608
2	Total Assets (2.1 to 2.7)	17,115,744	16,928,807	16,349,165	16,314,890	14,124,197
2.1	Cash and Bank Balance	2,326,930	2,131,765	2,126,675	2,077,410	563,185
2.2	Money at Call and Short Notice	138,687	140,071	36,133	36,133	69,210
2.3	Investments	1,916,492	1,910,449	2,199,566	2,224,476	2,874,658
2.4	Loans and Advances (Gross)(a+b+c+d+e+f)	11,999,138	11,999,138	11,429,933	11,429,933	10,101,250
	a.Real Estate Loan	1,433,220	1,433,220	1,493,871	1,493,871	1,780,870
	1. Residential Real Estate Loan (Except personal Home Loan upto Rs. 10 Million)	256,080	256,080	239,904	239,904	134,525
	2. Business Complex & Residential Apartment Construction Loan	524,104	524,104	562,006	562,006	611,859
	3. Income generating Commercial Complex Loan	-	-	-	-	-
	4. Other Real Estate Loan (including Land purchase & plotting)	653,036	653,036	691,961	691,961	1,034,486
	b. Personal Home Loan of Rs. 10 Million or Less	805,324	805,324	762,576	762,576	598,181
	c. Margin Type Loan	323,565	323,565	376,320	376,320	486,687
	d. Term Loan	1,390,570	1,390,570	1,508,519	1,508,519	977,101
	e. Overdraft Loan/ TR Loan/ WC Loan	3,869,739	3,869,739	3,069,031	3,069,031	2,777,460
	f. Others	4,176,720	4,176,720	4,219,616	4,219,616	3,480,951
2.5	Fixed Assets	309,392	300,344	293,380	284,027	287,070
2.6	Non Banking Assets	2,610	2,610	2,610	2,610	-
2.7	Other Assets	422,495	444,430	260,868	260,301	228,824
3	Profit and Loss Account	Upto this Quarter		Upto previous Quarter		Upto corresponding Previous Year Quarter
3.1	Interest Income	846,236	840,916	418,068	418,068	659,809
3.2	Interest Expenses	629,167	629,500	319,132	319,313	458,408
	A. Net Interest Income (3.1-3.2)	217,069	211,416	98,936	98,755	201,401
3.3	Fees, Commission and Discount	15,814	14,253	9,178	6,527	16,572
3.4	Other Operating Income	26,033	28,163	17,378	17,378	28,352
3.5	Foreign Exchange Gain/Loss (Net)	21,647	21,647	9,455	9,455	34,106
	B.Total Operating Income(A+3.3+3.4+3.5)	280,563	275,479	134,947	132,115	280,431
3.6	Staff Expenses	49,993	47,454	27,291	26,020	38,519
3.7	Other Operating Expenses	76,165	75,450	35,403	35,243	58,984
	C. Operating Profit Before Provision (B.-3.6-3.7)	154,405	152,275	72,253	70,852	182,928
3.8	Provision for Possible Loss	87,498	87,498	19,989	19,989	13,347
	D.Operating Profit (C.-3.8)	66,907	64,777	52,264	50,863	169,581
3.9	Non-Operating Income/Expenses(Net)	7,966	7,966	7,036	7,496	635
3.10	Write Back of Provision for Possible Loss	11,115	11,115	6,790	6,790	525
	E. Profit from Regular Activities(D+3.9+3.10)	85,988	83,858	66,090	65,149	170,741
3.11	Extraordinary Income/Expenses(Net)	2,126	2,126	1,500	1,500	18,000
	F. Profit before Bonus and Taxes(E.+3.11)	88,114	85,984	67,590	66,649	188,741
3.12	Provision for Staff Bonus	8,010	7,817	6,144	6,059	17,158
3.13	Provision for tax	23,934	23,450	18,391	18,177	51,475
	G. Net Profit/Loss(F.-3.12-3.13)	56,170	54,717	43,055	42,413	120,108
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	15.38%	15.38%	16.82%	16.82%	16.28%
4.2	Non Performing Loan(NPL) to Total Loan	2.70%	2.70%	0.71%	0.71%	0.47%
4.3	Total Loan Loss Provision to Total NPL	64.29%	64.29%	178.51%	178.51%	288.61%
4.4	Cost of Funds	9.37%	9.37%	10.79%	10.79%	9.51%
4.5	CD Ratio (Calculated as per NRB Directives)	76.94%	76.94%	73.35%	73.74%	76.42%
	Additional Information					
	Average Yield (Local Currency)	12.71%	12.71%	13.15%	13.15%	12.04%
	Net Interest Spread	3.34%	3.34%	2.37%	2.37%	2.53%
	Return on Equity(Annualized)	4.58%	4.58%	6.60%	6.60%	12.87%
	Return on Assets(Annualized)	0.64%	0.64%	1.00%	1.00%	1.75%

Note: 1. Above figures are subject to change from Supervisory Authority and External Audit.
2. Figures of previous periods have been reviewed wherever necessary as per NRB Directives.
3. Group represents NMB Bank Limited (NMB) and its subsidiary NMB Capital Ltd. Corresponding previous year quarter figures represents transaction of NMB Bank only.
4. 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 200 thousand per month. The Bank has also provided office space to NMB Capital at the corporate office of the Bank for NPR 160 thousand per month.

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

to NPR 1.57 Million as of January 14, 2012. NMB Capital earned interest of NPR 330 thousand on deposits with the Bank as of January 14, 2012. 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 570 thousand during the quarter. The Company is also appointed as Registrar to Shares of the Bank for a fee of NPR 300 thousand 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 14/01/2012)
Earnings Per Share	NPR 2.74 (NPR 5.47 annualized)
Price Earnings Ratio	57.39 times (28.69 times annualized)
Return on Total Assets	1% annualized
Net Worth Per Share	NPR 113
Liquidity Ratio	28%

Maximum Price	NPR 183.00
Minimum Price	NPR 150.00
Closing Price	NPR 157.00
Trading number	314
Days of Trading	53

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.