



Unaudited Financial Results (Quarterly)

As at end of the 3rd Quarter (31/12/2069) of the Fiscal Year 2069/70 (2012/2013)

Rs in '000

| S.No. | Particulars | This Quarter Ending Chaitra 31, 2069 April 13, 2013 | | Previous Quarter Ending Poush 29, 2069 January 13, 2013 | | Corresponding Previous Year Quarter Ending Chaitra 30, 2068 April 12, 2012 | |
|-------------------------------|--|---|------------|---|------------|---|------------|
| | | Group | NMB Bank | Group | NMB Bank | Group | NMB Bank |
| 1 | Total Capital and Liabilities(1.1 to 1.7) | 23,198,574 | 23,099,413 | 20,390,356 | 20,292,402 | 17,856,626 | 17,823,703 |
| 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 | 531,846 | 528,877 | 430,871 | 429,258 | 281,830 | 278,208 |
| 1.3 | Debtenture and Bond | - | - | - | - | - | - |
| 1.4 | Borrowings | 100,000 | 100,000 | - | - | - | - |
| 1.5 | Deposits(a+b) | 19,492,079 | 19,640,858 | 17,049,764 | 17,052,368 | 14,913,361 | 14,915,357 |
| | a.Domestic Currency | 18,154,330 | 18,303,109 | 16,121,894 | 16,124,498 | 13,558,904 | 13,560,900 |
| | b.Foreign Currency | 1,337,749 | 1,337,749 | 927,869 | 927,869 | 1,354,457 | 1,354,457 |
| 1.6 | Income Tax Liabilities | 117,819 | 113,653 | 75,126 | 70,959 | 32,034 | 28,605 |
| 1.7 | Other Liabilities | 956,830 | 716,026 | 834,595 | 739,816 | 629,401 | 601,532 |
| 2 | Total Assets (2.1 to 2.7) | 23,198,574 | 23,099,413 | 20,390,356 | 20,292,402 | 17,856,626 | 17,823,703 |
| 2.1 | Cash and Bank Balance | 2,442,187 | 2,270,442 | 2,090,881 | 1,984,822 | 2,750,026 | 2,675,934 |
| 2.2 | Money at Call and Short Notice | 125,574 | 189,409 | 72,521 | 74,593 | 329,448 | 329,448 |
| 2.3 | Investments | 3,667,177 | 3,695,323 | 2,523,350 | 2,546,289 | 1,795,416 | 1,854,376 |
| 2.4 | Loans and Advances(Gross)(a+b+c+d+e+f) | 15,894,233 | 15,894,233 | 14,771,461 | 14,771,461 | 12,356,273 | 12,356,273 |
| | a.Real Estate Loan | 1,188,803 | 1,188,803 | 1,276,540 | 1,276,540 | 1,351,972 | 1,351,972 |
| | 1. Residential Real Estate Loan(Except personal Home Loan upto Rs. 10 Million) | 337,534 | 337,534 | 318,784 | 318,784 | 255,791 | 255,791 |
| | 2. Business Complex & Residential Apartment Construction Loan | 302,860 | 302,860 | 331,623 | 331,623 | 485,197 | 485,197 |
| | 3. Income generating Commercial Complex Loan | - | - | - | - | - | - |
| | 4. Other Real Estate Loan (including Land purchase & plotting) | 548,409 | 548,409 | 626,134 | 626,134 | 610,984 | 610,984 |
| | b. Personal Home Loan of Rs. 10 Million or Less | 1,409,590 | 1,409,590 | 1,141,297 | 1,141,297 | 848,472 | 848,472 |
| | c. Margin Type Loan | 292,180 | 292,180 | 314,305 | 314,305 | 293,971 | 293,971 |
| | d. Term Loan | 2,417,162 | 2,417,162 | 2,263,920 | 2,263,920 | 1,602,095 | 1,602,095 |
| | e. Overdraft Loan/ TR Loan/ WC Loan | 5,434,006 | 5,434,006 | 4,951,078 | 4,951,078 | 3,867,672 | 3,867,672 |
| | f. Others | 5,152,492 | 5,152,492 | 4,824,320 | 4,824,320 | 4,392,091 | 4,392,091 |
| 2.5 | Fixed Assets | 345,353 | 338,256 | 301,308 | 293,807 | 322,296 | 313,714 |
| 2.6 | Non Banking Assets | 57,811 | 57,811 | 57,811 | 57,811 | 2,610 | 2,610 |
| 2.7 | Other Assets | 666,239 | 653,939 | 573,024 | 563,620 | 300,557 | 291,348 |
| 3 | Profit and Loss Account | Upto this Quarter | | Upto previous Quarter | | Upto corresponding Previous Year Quarter | |
| 3.1 | Interest Income | 1,329,677 | 1,324,666 | 862,062 | 859,282 | 1,265,179 | 1,265,179 |
| 3.2 | Interest Expenses | 766,953 | 767,702 | 506,414 | 506,428 | 940,512 | 940,761 |
| | A. Net Interest Income (3.1-3.2) | 562,724 | 556,964 | 355,648 | 352,854 | 324,667 | 324,418 |
| 3.3 | Fees, Commission and Discount | 37,715 | 33,656 | 23,563 | 20,286 | 40,450 | 28,125 |
| 3.4 | Other Operating Income | 44,478 | 44,478 | 29,500 | 29,500 | 41,086 | 41,443 |
| 3.5 | Foreign Exchange Gain/Loss (Net) | 51,655 | 51,655 | 47,701 | 47,701 | 45,504 | 45,504 |
| | B. Total Operating Income(A+3.3+3.4+3.5) | 696,572 | 686,752 | 456,413 | 450,342 | 451,707 | 439,490 |
| 3.6 | Staff Expenses | 94,821 | 92,176 | 62,176 | 60,008 | 72,936 | 69,670 |
| 3.7 | Other Operating Expenses | 137,978 | 135,344 | 86,217 | 84,501 | 122,976 | 117,627 |
| | C. Operating Profit Before Provision (B.-3.6-3.7) | 463,773 | 459,233 | 308,020 | 305,832 | 255,794 | 252,193 |
| 3.8 | Provision for Possible Loss | 109,160 | 109,160 | 71,523 | 71,523 | 170,472 | 170,472 |
| | D. Operating Profit (C.-3.8) | 354,613 | 350,072 | 236,497 | 234,309 | 85,322 | 81,721 |
| 3.9 | Non-Operating Income/Expenses(Net) | 2,970 | 5,924 | 3,024 | 4,982 | 8,282 | 8,282 |
| 3.10 | Write Back of Provision for Possible Loss | 61,053 | 61,053 | 20,893 | 20,893 | 12,757 | 12,757 |
| | E. Profit from Regular Activities(D+3.9+3.10) | 418,637 | 417,050 | 260,414 | 260,185 | 106,362 | 102,760 |
| 3.11 | Extraordinary Income/Expenses(Net) | (322) | (322) | - | - | 2,126 | 2,126 |
| | F. Profit before Bonus and Taxes(E.+3.11) | 418,315 | 416,728 | 260,414 | 260,185 | 108,487 | 104,886 |
| 3.12 | Provision for Staff Bonus | 38,029 | 37,884 | 23,674 | 23,653 | 9,862 | 9,535 |
| 3.13 | Provision for tax | 114,086 | 113,653 | 71,022 | 70,959 | 29,424 | 28,605 |
| | G. Net Profit/Loss(F.-3.12-3.13) | 266,200 | 265,190 | 165,718 | 165,572 | 69,201 | 66,746 |
| 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 | 12.84% | 12.84% | 13.38% | 13.38% | 14.57% | 14.57% |
| 4.2 | Non Performing Loan(NPL) to Total Loan | 1.90% | 1.90% | 1.82% | 1.82% | 2.77% | 2.77% |
| 4.3 | Total Loan Loss Provision to Total NPL | 129.13% | 129.13% | 145.51% | 145.51% | 84.40% | 84.40% |
| 4.4 | Cost of Funds | 6.95% | 6.95% | 6.44% | 6.44% | 9.28% | 9.28% |
| 4.5 | CD Ratio (Calculated as per NRB Directives) | 76.71% | 76.71% | 77.06% | 77.06% | 74.16% | 74.16% |
| 4.6 | Base Rate | 9.32% | 9.32% | 9.32% | 9.32% | NA | NA |
| Additional Information | | | | | | | |
| | Average Yield (Local Currency) | 11.44% | 11.44% | 10.54% | 10.54% | 12.77% | 12.77% |
| | Net Interest Spread | 4.49% | 4.49% | 4.10% | 4.10% | 3.49% | 3.49% |
| | Return on Equity (Annualized) | 15.60% | 15.60% | 14.42% | 14.42% | 3.86% | 3.86% |
| | Return on Assets (Annualized) | 1.73% | 1.73% | 1.67% | 1.67% | 0.52% | 0.52% |

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 wholly owned subsidiary company of the Bank with total investment of NPR 100 Million.

NMB Capital has placed call deposits and current deposits amounting to NPR 148.78 Million with the Bank as of April 13, 2013 and total interest earnings from the said accounts was NPR 0.75 Million. The Bank has received payments of various dates for service level agreement, rental agreement and registrar to shares which has been excluded in Consolidated Financial Statement of the Group.

All the contracts have 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 13/01/2013) |
|----------------------------------|---|
| Earnings per Share(annualized) | NPR 17.68 |
| Price Earnings Ratio(annualized) | 15.27 times |
| Assets per Share | NPR 992.12 |
| Net-worth per Share | NPR 126.44 |
| Liquidity Ratio | 29.51% |

2. Management Analysis

- The Bank, during the period, posted a net profit of NPR 265.19 Million recording an impressive growth of 297% vis-a-vis same period preceding year despite very challenging business conditions. Overall increase in business volume and better returns in investment portfolio due to overall increase in G-Sec rates has been the key contributing factors for the profitability growth.
- Whilst, overall deposits volume increased by about 15% compared to the preceding quarter to NPR 19,640 Million, Risk Assets volume of the Bank stands at NPR 15,894 Million as at the end of the Quarter.
- The Market has witnessed a reversal trend in liquidity scenario from the beginning of the quarter resulting increase in G-Sec rates as well as overall cost of deposits. The Bank continued to maintain very comfortable liquidity position despite the tight liquidity position in the market and also remained well capitalized with NLA and Capital Adequacy ratio at 29.51% and 12.84% respectively.
- There were no significant incidents during the period which have had negative impact on the reserve, profit or cash flow position of the Bank.
- 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 related 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 related to the commission of financial crime

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 311.00 |
| Minimum Price | NPR 241.00 |
| Closing Price | NPR 270.00 |
| Trading number | 2,677 |
| Days of Trading | 168 |

5. Problems and Challenges

Internal 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 and labor problem in industries.
- 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 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.
- 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.