

NMB BANK LIMITED

Unaudited Financial Results (Quarterly)
As at end of the 4th Quarter (31/03/2074) of the Fiscal Year 2073/74 (2016/2017)

Rs in '000

S. No.	Particulars	This Quarter Ending Ashad 31, 2074 July 15, 2017		Previous Quarter Ending Chaitra 31, 2073 April 13, 2017		Corresponding Previous Year Quarter Ending Ashad 31, 2073 July 15, 2016	
		Group	NMB	Group	NMB	Group	NMB
1	Total Capital and Liabilities (1.1 to 1.7)	88,093,203	86,866,536	97,510,838	84,478,606	75,635,919	74,613,328
1.1	Paid Up Capital	6,461,774	6,461,774	6,461,774	6,461,774	4,486,924	4,486,924
1.2	Reserve and Surplus	4,437,572	4,269,440	4,070,986	3,955,121	2,501,237	2,428,536
1.3	Debenture and Bond	500,000	500,000	500,000	500,000	500,000	500,000
1.4	Borrowings	2,351,489	1,165,906	2,474,370	1,316,671	2,148,503	1,487,995
1.5	Deposits (a+b)	72,315,155	73,224,063	70,657,334	71,150,992	64,941,496	64,781,464
	a. Domestic Currency	69,435,785	70,344,693	66,522,985	67,016,643	61,477,219	61,317,187
	b. Foreign Currency	2,879,370	2,879,370	4,134,349	4,134,349	3,464,276	3,464,276
1.6	Income Tax Liabilities	51,422	-	52,889	-	33,843	-
1.7	Other Liabilities	1,868,688	1,245,353	13,211,936	1,094,048	984,886	928,410
1.8	Non Controlling Interest	107,103	-	81,550	-	39,031	-
2	Total Assets (2.1 to 2.7)	88,093,203	86,866,536	97,510,838	84,478,606	75,635,919	74,613,328
2.1	Cash and Bank Balance	11,950,177	12,282,214	22,121,163	10,507,095	10,497,645	10,180,539
2.2	Money at Call and Short Notice	407,885	407,885	1,321,086	1,321,086	557,823	557,823
2.3	Investments	10,527,871	10,585,921	9,819,049	9,900,387	8,424,355	8,504,126
2.4	Loans and Advances (Net) (a+b+c+d+e+f)	62,716,197	61,219,060	61,620,503	60,242,198	53,790,951	53,021,384
	a. Real Estate Loan	4,252,085	4,252,085	4,134,084	4,134,084	4,017,028	4,017,028
	1. Residential Real Estate Loan (Except personal Home Loan upto Rs. 10 Million)	1,494,268	1,494,268	1,188,655	1,188,655	1,266,418	1,266,418
	2. Business Complex & Residential Apartment Construction Loan	212,683	212,683	257,461	257,461	389,768	389,768
	3. Income generating Commercial Complex Loan	8,733	8,733	11,529	11,529	19,269	19,269
	4. Other Real Estate Loan (including Land purchase & plotting)	2,536,401	2,536,401	2,676,439	2,676,439	2,341,573	2,341,573
	b. Personal Home Loan of Rs. 10 Million or Less	6,773,594	6,773,594	6,610,424	6,610,424	5,589,700	5,589,700
	c. Margin Type Loan	1,032,508	1,032,508	1,198,548	1,198,548	815,449	815,449
	d. Term Loan	10,618,683	10,618,683	9,978,661	9,978,661	9,634,649	9,634,649
	e. Overdraft Loan/TR Loan/WC Loan	18,687,113	17,189,976	19,438,737	18,060,432	16,549,845	15,780,279
	f. Others	21,352,214	21,352,214	20,260,048	20,260,048	17,184,279	17,184,279
2.5	Fixed Assets	1,479,031	1,452,316	1,438,855	1,415,356	1,365,674	1,345,519
2.6	Non Banking Assets (Net)	-	-	-	-	-	-
2.7	Other Assets	1,012,042	919,139	1,190,182	1,092,484	999,472	1,003,937
3	Profit and Loss Account	Up to this Quarter	Up to this Quarter	Up to Previous Quarter	Up to Previous Quarter	Up to corresponding Previous Year Quarter	Up to corresponding Previous Year Quarter
3.1	Interest Income	6,364,668	6,073,521	4,392,378	4,206,200	4,178,700	4,053,341
3.2	Interest Expenses	3,576,452	3,505,347	2,387,634	2,349,482	2,072,152	2,040,059
	A. Net Interest Income (3.1-3.2)	2,788,216	2,568,174	2,004,744	1,856,718	2,106,548	2,013,282
3.3	Fees, Commission and Discount	474,125	360,630	309,841	230,458	269,195	197,616
3.4	Other Operating Income	288,030	288,030	236,332	236,332	219,675	218,106
3.5	Foreign Exchange Gain/Loss (Net)	208,514	208,514	160,434	160,434	160,269	160,269
	B. Total Operating Income (A+3.3+3.4+3.5)	3,758,885	3,425,349	2,711,351	2,483,942	2,755,686	2,589,272
3.6	Staff Expenses	679,801	598,460	476,303	418,696	516,464	471,311
3.7	Other Operating Expenses	712,032	659,079	485,947	457,939	497,246	473,549
	C. Operating Profit Before Provision (B.-3.6-3.7)	2,367,053	2,167,810	1,749,107	1,607,306	1,741,976	1,644,411
3.8	Provision for Possible Loss	198,933	183,553	174,689	162,872	412,648	403,106
	D. Operating Profit (C.-3.8)	2,168,120	1,984,257	1,574,417	1,444,434	1,329,328	1,241,305
3.9	Non-Operating Income/Expenses(Net)	57,798	53,612	48,013	49,411	54,556	55,844
3.10	Write Back of Provision for Possible Loss	223,565	223,565	224,936	224,936	476,862	476,862
	E. Profit from Regular Activities (D+3.9+3.10)	2,449,483	2,261,434	1,847,366	1,718,781	1,860,746	1,774,011
3.11	Extraordinary Income/Expenses(Net)	88,124	88,124	84,148	78,287	(10,942)	(10,942)
	F. Profit before Bonus and Taxes(E+3.11)	2,537,607	2,349,558	1,931,514	1,797,068	1,849,804	1,763,068
3.12	Provision for Staff Bonus	230,692	213,596	175,592	163,370	168,237	160,279
3.13	Provision for tax	670,580	624,575	523,184	490,109	509,815	487,725
	G. Net Profit/Loss (F-3.12-3.13)	1,636,335	1,511,386	1,232,738	1,143,589	1,171,753	1,115,065
3.14	Share on Non-controlling interest on profit of subsidiary	22,242	-	17,278	-	14,633	-
	H. Net Profit/Loss Attributable to Group (G-3.14)	1,614,094	1,511,386	1,215,459	1,143,589	1,157,119	1,115,065
4	Ratios	At the end of This Quarter	At the end of This Quarter	At the end of Previous Quarter	At the end of Previous Quarter	At the end of Corresponding Previous Year Quarter	At the end of Corresponding Previous Year Quarter
4.1	Capital Fund to RWA	13.82%	13.85%	13.57%	13.63%	10.98%	10.98%
4.2	Non Performing Loan (NPL) to Total Loan	1.64%	1.66%	1.68%	1.70%	1.74%	1.81%
4.3	Total Loan Loss Provision to Total NPL	134.36%	133.82%	130.61%	129.87%	145.49%	145.65%
4.4	Cost of Funds (YTD Average)	5.17%	5.06%	4.69%	4.62%	4.01%	3.99%
4.5	CCD Ratio (Calculated as per NRB Directives)	74.90%	74.90%	70.81%	70.81%	78.69%	78.69%
4.6	Base Rate (Last Month of Quarter)	10.12%	10.12%	8.95%	8.95%	6.68%	6.68%
4.7	Average Interest Spread (Calculated as per NRB Directives) - Last Month of Quarter	3.59%	3.59%	4.24%	4.24%	4.56%	4.48%
Additional Information							
	Average Yield (YTD Average)	9.09%	8.95%	8.54%	8.41%	8.45%	8.30%
	Net Interest Spread (YTD Average)	3.91%	3.89%	3.85%	3.79%	4.44%	4.31%
	Return on Equity (Annualized)	17.11%	16.39%	18.14%	17.41%	18.79%	18.55%
	Return on Assets (Annualized)	1.97%	1.87%	1.89%	1.93%	1.68%	1.68%

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 subsidiaries NMB Capital Limited and NMB Microfinance Bhattiya Sanstha Limited. 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 of NMB Bank amounts to 62,609,453 thousands and gross NBA amounts to NPR 77,489 thousands. 6. Measurement of Earnings per Share (EPS) is based on NAS 33. 7. The Financial Results presented above have been prepared as per the requirement of NRB Directives and partially Nepal Financial Reporting Standards (NFRS) compliant

Related Party Disclosures
The Bank own two subsidiary companies, NMB Capital Limited and NMB Microfinance Bhattiya Sanstha Limited. NMB Capital is a wholly owned subsidiary whereas the Bank owns fifty one percent of the total shares of NMB Microfinance. Related party transactions of both subsidiaries are as follows:

S No	Particulars	NMB Capital	NMB Microfinance
1	Investment by NMB Bank	100,000	48,552
2	Deposits in NMB Bank	1,213,095	99,984
3	Borrowing from NMB Bank	-	300,000
4	Interest Payment by NMB Bank	19,090	43
5	Interest Payment to NMB Bank	-	10,871
6	Rent Payment to NMB Bank	1,943	-
7	Management Fee Payment to NMB Bank	2,400	-
8	Dividend Distribution of NMB Sulav Investment Fund-I to NMB Bank	20,000	-
9	Dividend Distribution of NMB Capital to NMB Bank for FY 2072/73	20,000	-

These related party transactions have been excluded in Consolidated Financial Statement of the Group. All the contracts and transactions with the subsidiaries 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 27.69	Price Earnings Ratio (Annualized) - 19.68 times
Assets per Share - NPR 1,591.53	Net-worth per Share - NPR 166.07
Liquidity Ratio (NLA) - 28.14%	

2. Management Analysis

- The Bank, for FY 2016/17, posted a net profit of NPR 1.51 Billion. During most part of the year, the Bank had witnessed stiff margin pressure due to increase in cost of deposits.
- Overall deposits and risk assets volume of the Bank stand at NPR 73.22 Billion and NPR 62.61 Billion (gross of provisions) respectively as at the end of the quarter.
- Despite adverse market conditions prevailed in the market, the Bank managed to maintain comfortable liquidity position during the quarter.
- The Bank remained well capitalized with Capital Adequacy Ratio at 13.85%. NPA level has decreased to 1.66% from 1.70% in the preceding quarter.
- There were no other 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 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 the Bank at securities market:
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. Details for the fourth quarter are as follows:

Maximum Price - 655	Minimum Price - 520	Closing Price - NPR 545
Trading number - 4,125	Days of Trading - 57	

5. Problems and Challenges

Internal problems and challenges

- Sourcing and retention of quality manpower in the increased competitive market.
- Increasing cost of operations.
- Post-merger integration

External problems and challenges

- Decelerating Remittance growth
- Highly volatile liquidity conditions.
- Unstable local socio-political situation, uncertainty on government policies/plan.
- Competitive environment with limited opportunities.
- High volatility in FX Market.
- Lack of conducive business environment for investment.
- Uncertainty over global economic outlook.

Strategy

- Leverage on capabilities in terms of enhancing competencies of the Bank staff and international networking as FMO joins the Bank as JV partner.
- Synergistic benefit out of merger
- 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.
- Audit Committee, Risk Management Committees, Human Resource Committee, Asset and Liability Committee (ALCO), Executive Committee and other sub-committees 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.



NMB Bank Limited, Babarmahal, GPO Box:11543, Kathmandu, Nepal
Tel: 977 1 4246160 | Toll Free No. : 16600125252
Fax: 977 1 4246156 | Web: www.nmb.com.np
swiftcode: NMBBNPKA

