

# NMB BANK LIMITED

As at end of the 1st Quarter (30/06/2072) of the Fiscal Year 2072/73 (2015/2016)

The financial highlights do not include financial position/performance of other merged entities. The Bank has commenced joint operation as merged entity after merger of Clean Energy Development Bank, Bhrikuti Development Bank, Pathibhara Bikash Bank and Prudential Finance Company with effect from 1 Karthik 2072.

Rs in '000

S. No.	Particulars	This Quarter Ending Ashwin 30, 2072 October 17, 2015		Previous Quarter Ending Ashad 31, 2072 July 16, 2015		Corresponding Previous Year Quarter Ending Ashwin 31, 2071 October 17, 2014	
		Group	NMB	Group	NMB	Group	NMB
1	<b>Total Capital and Liabilities (1.1 to 1.7)</b>	<b>41,280,455</b>	<b>41,232,197</b>	<b>43,102,241</b>	<b>41,337,463</b>	<b>31,110,544</b>	<b>30,802,871</b>
1.1	Paid Up Capital	2,400,000	2,400,000	2,400,000	2,400,000	2,000,000	2,000,000
1.2	Reserve and Surplus	1,110,021	1,056,794	974,019	913,940	1,231,563	1,208,878
1.3	Debtenture and Bond	500,000	500,000	500,000	500,000	-	-
1.4	Borrowings	-	-	438,000	438,000	-	-
1.5	<b>Deposits (a+b)</b>	<b>36,461,852</b>	<b>36,550,286</b>	<b>35,361,443</b>	<b>36,722,918</b>	<b>25,554,185</b>	<b>27,350,617</b>
	a. Deposits Currency	34,056,419	34,144,853	32,646,036	34,007,510	22,450,047	24,246,479
	b. Foreign Currency	2,405,433	2,405,433	2,715,407	2,715,407	3,104,138	3,104,138
1.6	Income Tax Liabilities	24,439	-	24,136	-	14,477	-
1.7	Other Liabilities	784,143	725,117	3,404,642	362,606	2,310,320	243,376
2	<b>Total Assets (2.1 to 2.7)</b>	<b>41,280,455</b>	<b>41,232,197</b>	<b>43,102,241</b>	<b>41,337,463</b>	<b>31,110,544</b>	<b>30,802,871</b>
2.1	Cash and Bank Balance	7,691,870	7,635,153	8,076,033	6,305,542	4,384,564	4,054,763
2.2	Money at Call and Short Notice	596,319	596,319	722,607	722,607	428,599	428,599
2.3	Investments	4,227,955	4,281,181	5,930,763	5,983,872	4,007,498	4,062,076
2.4	<b>Loans and Advances (Net) (a+b+c+d+e+f)</b>	<b>27,652,154</b>	<b>27,652,154</b>	<b>27,288,891</b>	<b>27,288,891</b>	<b>21,116,511</b>	<b>21,116,511</b>
	a. Real Estate Loan	1,532,327	1,532,327	1,549,017	1,549,017	1,289,748	1,289,748
	1. Residential Real Estate Loan (Except personal Home Loan upto Rs. 10 Million)	802,758	802,758	871,726	871,726	681,910	681,910
	2. Business Complex & Residential Apartment Construction Loan	128,414	128,414	114,571	114,571	36,896	36,896
	3. Income generating Commercial Complex Loan	-	-	-	-	-	-
	4. Other Real Estate Loan (including Land purchase & plotting)	601,155	601,155	562,720	562,720	570,942	570,942
	b. Personal Home Loan of Rs. 10 Million or Less	2,988,160	2,988,160	2,900,901	2,900,901	2,436,225	2,436,225
	c. Margin Type Loan	204,386	204,386	240,078	240,078	139,229	139,229
	d. Term Loan	5,395,802	5,395,802	4,956,712	4,956,712	3,990,948	3,990,948
	e. Overdraft Loan/ TR Loan/ WC Loan	8,765,346	8,765,346	9,640,585	9,640,585	7,170,120	7,170,120
	f. Others	8,766,133	8,766,133	8,001,598	8,001,598	6,090,241	6,090,241
2.5	Fixed Assets	372,597	368,616	379,242	374,253	416,485	411,400
2.6	Non Banking Assets (Net)	-	-	-	-	-	-
2.7	Other Assets	739,560	698,772	704,704	662,297	756,887	729,521
3	<b>Profit and Loss Account</b>	<b>Up to this Quarter</b>	<b>Up to previous Quarter</b>	<b>Up to previous Quarter</b>	<b>Up to previous Quarter</b>	<b>Up to corresponding Previous Year Quarter</b>	<b>Up to corresponding Previous Year Quarter</b>
3.1	Interest Income	640,285	638,692	2,329,232	2,315,441	533,591	530,755
3.2	Interest Expenses	393,035	394,950	1,341,441	1,348,074	275,363	276,943
	<b>A. Net Interest Income (3.1-3.2)</b>	<b>247,251</b>	<b>243,743</b>	<b>987,792</b>	<b>967,368</b>	<b>258,228</b>	<b>253,813</b>
3.3	Fees, Commission and Discount	42,950	42,950	112,616	112,616	30,702	30,702
3.4	Other Operating Income	33,067	26,681	149,321	112,270	37,272	32,997
3.5	Foreign Exchange Gain/Loss (Net)	32,660	32,660	119,514	119,514	24,492	24,492
	<b>B. Total Operating Income (A+3.3+3.4+3.5)</b>	<b>355,928</b>	<b>346,034</b>	<b>1,369,242</b>	<b>1,311,767</b>	<b>350,695</b>	<b>342,004</b>
3.6	Staff Expenses	63,020	61,804	208,564	201,815	61,388	59,673
3.7	Other Operating Expenses	64,415	62,791	294,455	288,112	71,096	69,701
	<b>C. Operating Profit Before Provision (B.-3.6-3.7)</b>	<b>228,493</b>	<b>221,439</b>	<b>866,223</b>	<b>821,840</b>	<b>218,211</b>	<b>212,630</b>
3.8	Provision for Possible Loss	39,819	39,819	97,074	97,074	18,044	18,044
	<b>D. Operating Profit (C.-3.8)</b>	<b>188,673</b>	<b>181,620</b>	<b>769,149</b>	<b>724,766</b>	<b>200,167</b>	<b>194,587</b>
3.9	Non-Operating Income/Expenses(Net)	-	471	15,470	17,352	11,837	12,308
3.10	Write Back of Provision for Possible Loss	42,395	42,395	41,974	41,974	17,495	17,495
	<b>E. Profit from Regular Activities (D+3.9+3.10)</b>	<b>231,069</b>	<b>224,486</b>	<b>826,593</b>	<b>784,092</b>	<b>229,500</b>	<b>224,390</b>
3.11	Extraordinary Income/Expenses(Net)	-	-	-	-	-	-
	<b>F. Profit before Bonus and Taxes (E+3.11)</b>	<b>231,069</b>	<b>224,486</b>	<b>826,593</b>	<b>784,092</b>	<b>229,500</b>	<b>224,390</b>
3.12	Provision for Staff Bonus	21,006	20,408	75,145	71,281	20,864	20,399
3.13	Provision for tax	62,719	61,223	221,481	211,822	62,359	61,197
	<b>G. Net Profit/Loss (F-3.12-3.13)</b>	<b>147,343</b>	<b>142,855</b>	<b>529,967</b>	<b>500,990</b>	<b>146,277</b>	<b>142,793</b>
4	<b>Ratios</b>	<b>At the end of This Quarter</b>	<b>At the end of Previous Quarter</b>	<b>At the end of Previous Quarter</b>	<b>At the end of Previous Quarter</b>	<b>At the end of Corresponding Previous Year Quarter</b>	<b>At the end of Corresponding Previous Year Quarter</b>
4.1	Capital Fund to RWA	11.09%	11.09%	11.20%	11.20%	10.91%	10.91%
4.2	Non Performing Loan (NPL) to Total Loan	0.40%	0.40%	0.42%	0.42%	0.53%	0.53%
4.3	Total Loan Loss Provision to Total NPL	329.04%	329.04%	316.26%	316.26%	276.42%	276.42%
4.4	Cost of Funds	4.31%	4.31%	4.55%	4.55%	4.34%	4.34%
4.5	CD Ratio (Calculated as per NRB Directives)	72.66%	72.66%	72.00%	72.00%	77.74%	77.74%
4.6	Base Rate	7.01%	7.01%	7.89%	7.89%	7.78%	7.78%
4.7	Average Interest Spread (Calculated as per NRB Directives)	3.73%	3.73%	3.33%	3.33%	4.71%	4.71%
<b>Additional Information</b>							
	Average Yield	7.83%	7.83%	8.74%	8.74%	8.98%	8.98%
	Net Interest Spread	3.52%	3.52%	4.19%	4.19%	4.65%	4.65%
	Return on Equity (Annualized)	15.45%	15.59%	17.56%	17.28%	18.25%	18.25%
	Return on Assets (Annualized)	1.32%	1.28%	1.34%	1.37%	1.81%	1.81%

**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 28,020,917 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 88.43 Million with the Bank as of 17 October 2015 and total interest earnings from the accounts were NPR 1.92 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. 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 23.81	Price Earnings Ratio (Annualized) – 21.29 times
Assets per Share – NPR 1,718.01	Net-worth per Share – NPR 144.03
Liquidity Ratio (NLA) – 32.65%	

### 2. Management Analysis

- The Bank, till the first quarter of FY 2015/16 posted a net profit of NPR 142.85 Million. The Bank, during the quarter, witnessed stiff margin pressure due to overall decline in yield on Risk Assets as well as interest rates on Government Securities.
- Overall deposits and risk assets volume of the Bank stand at NPR 36,550 million and NPR 27,652 Million (net of provisions) respectively as at the end of the quarter.
- 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 32.65% and 11.09% respectively. Assets quality of the Bank continued to remain sound as the overall NPA level has decreased to 0.40% from 0.42% in the preceding quarter.
- 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 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: 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 had been suspended temporarily till the completion of merger process (1 Karthik 2072). Post merger, the trading of the shares has resumed. 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 – NA	Minimum Price – NA	Closing Price – NPR 507
Trading number – NA	Days of Trading – NA	

### 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.



**NMB BANK**  
**एनएमबि बैंक**

(\*A\* class commercial bank licensed by Nepal Rastra Bank.)

**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

