नेपालको पहिलो बैंक

नेपाल बैंक लिमिटेड
NEPAL BANK LIMITED

स्थापित वि.सं. १९९४

Dharmapath, Kathmandu

Condensed Statement of Financial Position (Quarterly)

As on Quarter ended Chaitra, 2077 (Mid April of 2021)

Figures in NPR

Assets	This Quarter Ending	Immediate Previous Year Ending
Cash and cash equivalent	8,322,889,081	4,971,642,414
Due from Nepal Rastra Bank	6,887,751,254	6,125,276,757
Placement with Bank and Financial Institutions	4,833,091,400	6,117,450,000
Derivative Financial Instrument	7,342,937,768	6,590,488,467
Other Trading Assets	-	-
Loan and advances to B/FIs	5,160,437,481	3,521,188,673
Loan and Advances to Customers	127,929,821,939	103,303,752,458
Investment Securities	25,755,287,920	32,596,093,012
Current Tax Assets	1,475,223,327	1,580,923,496
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investment Property	136,876,692	103,105,851
Property and Equipment	12,185,208,114	12,008,022,976
Goodwill and Intangible assets	34,546,984	39,450,687
Deferred Tax Assets	-	-
Other Assets	11,346,779,080	14,205,422,036
Total Assets	**211,410,851,040**	**191,162,816,827**
Liabilities		
Due to Bank and Financial Institutions	1,889,437,719	1,458,866,152
Due to Nepal Rastra Bank	6,901,856,995	23,920,613
Derivative Financial Instruments	7,317,310,774	6,473,080,003
Deposits from Customers	151,600,836,805	141,530,380,569
Borrowings	263,560,000	1,000,000,000
Current Tax Liabilities	-	-
Provisions	6,688,028	56,838,989
Deferred Tax Liabilities	5,144,229,478	3,825,757,799
Other Liabilities	4,139,301,069	6,762,981,165
Debt securities issued	-	-
Subordinated Liabilities	-	-
Total Liabilities	**177,263,220,869**	**161,131,825,289**
Equity		
Share Capital	12,636,758,624	11,282,820,200
Share Premium	431,895,553	1,789,915,042
Retained Earnings	4,238,379,647	3,102,720,519
Reserves	16,840,596,347	13,855,535,776
Total equity attributable to equity holders	**34,147,630,171**	**30,030,991,537**
Non-controlling interest	-	-
Total Equity	**34,147,630,171**	**30,030,991,537**
Total Liabilities and Equity	**211,410,851,040**	**191,162,816,827**

Condensed Statement of Profit or Loss

For the Quarter Ended Chaira 2077

Figures in NPR

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Interest Income	3,051,059,794	8,794,321,878	2,930,975,406	8,672,690,255
Interest expense	1,308,390,468	4,080,253,764	1,457,808,414	4,454,443,555
Net interest income	**1,742,669,326**	**4,714,068,115**	**1,473,166,992**	**4,218,246,700**
Fees and Commission Income	255,565,743	639,479,555	162,912,561	573,132,151
Fees and Commission Expense	19,909,543	46,829,113	21,828,177	67,864,799
Net fee and commission income	**235,656,200**	**592,650,442**	**141,084,384**	**505,267,352**
Net interest, fee and commission income	**1,978,325,527**	**5,306,718,557**	**1,614,251,376**	**4,723,514,052**
Net trading income	129,182,254	320,669,614	145,335,805	314,229,971
Other operating income	247,400,639	372,102,550	85,004,614	200,830,813
Total operating income	**2,354,908,420**	**5,999,490,721**	**1,844,591,795**	**5,238,574,835**
Impairment charge/(reversal) for loans and other losses	110,405,751	65,268,900	182,269,520	331,901,655
Net operating income	**2,244,502,669**	**5,934,221,821**	**1,662,322,276**	**4,906,673,181**
Operating Expenses				
Personnel Expense	598,127,932	1,832,524,250	559,809,095	1,710,817,833
Other Operating Expense	212,706,104	546,918,970	129,289,027	421,417,532
Depreciation and Amortization	40,524,671	115,411,784	57,355,138	123,927,139
Operating profit	**1,393,143,963**	**3,439,366,818**	**915,869,015**	**2,650,510,676**
Non operating Income	128,455,991	157,903,266	18,953,729	229,507,615
Non operating expense	-	-	-	-
Profit before Income tax	**1,521,599,953**	**3,597,270,084**	**934,822,744**	**2,880,018,291**
Income tax Expenses				
Current Tax	419,694,101	983,247,852	169,376,880	614,686,694
Deferred Tax	190,051,643	351,744,921	121,259,576	268,748,446
Profit/(loss) for the period	**911,854,209**	**2,262,277,310**	**644,186,288**	**1,996,583,151**
Condensed Statement of Comprehensive Income				
Profit/(loss) for the period	911,854,209	2,262,277,310	644,186,288	1,996,583,151
Other Comprehensive Income	1,214,816,417	2,334,319,162	(734,776,292)	(1,194,022,443)
Total Comprehensive Income	**2,126,670,626**	**4,596,596,472**	**(90,590,004)**	**802,560,708**
Basic earning per share		23.87		27.13
Diluted earning per share		23.87		27.13
Profit attributable to:				
Equity holders of the Bank	2,126,670,626	4,596,596,472	(90,590,004)	802,560,708
Non-controlling interests	-			
Total	**2,126,670,626**	**4,596,596,472**	**(90,590,004)**	**802,560,708**
Ratios as per NRB Directives				
Capital fund to RWA		13.67%		15.90%
Non-Performing Loan (NPL) to total loan		2.29%		2.64%
Total Loan Loss provision to Total NPL		124.80%		119.46%
Cost of Funds		3.42%		4.91%
Credit to Deposit Ratio		75.55%		73.65%
Base Rate		5.98%		7.49%
Interest Rate Spread		4.37%		4.49%

Notes to Financial Statement

1. Above Financial Statements are prepared in accordance with the Nepal Financial Reporting Standards (NFRS) and certain carve -outs as issued by ICAN.
2. These figures may vary with the audited figures at the instance of external auditor and regulator.
3. Figures have been regrouped and rearranged wherever necessary.
4. Loans and advances consist of accrued interest receivable net of interest suspense and have been presented in net of any impairment charges. Impairment charge on loans and advances have been taken as calculated as per NRB directives using carve out issued by Institute of Chartered Accountants of Nepal (ICAN) being higher of impairment charge calculated as per NAS 39.
5. Loans and advances to customers include loan to customers and Loan to Employees which have been measured at amortised cost.
6. The provision for Defined benefit obligations and leave has been adjusted as per the management assumption.
7. Personnel expenses include employee bonus provision and amortization of the Deferred employee benefits of subsidized loans provided as per Employees byelaws of the bank.
8. NFRS adjustments which are subject to regulatory adjustments as per NRB directives have been shown as regulatory adjustments.
9. Other Comprehensive income includes the fair value changes of Investment and actuarial gain /(losses) net of tax.
10. **The detailed interim report has been published in the bank's website www.nepalbank.com.np.**

Statement of Distributable Profit or Loss

For the Quarter Ended Chaitra 2077

Figures in NPR

Particulars	Amount (NPR)
Net Profit for the quarter ended Chaitra 2077	**2,262,277,310**
1. Appropriations	
1.1 Profit required to be appropriated to statutory reserve	**(505,033,868)**
a. General Reserve	(452,455,462)
b. Capital Redemption Reserve	-
c. Exchange Fluctuation Fund	-
d. Corporate Social Responsibity Fund	(22,522,773)
e. Employees Training Fund	(30,055,633)
f. Other	
1.2 Profit required to be transfer to Regulatory Reserve	**(282,590,640)**
a. Transfer to Regulatory Reserve	(1,133,229,621)
b. Transfer from Regulatory Reserve	850,638,981
Net Profit for quarter end Chaitra 2077 available for distribution	**1,474,652,802**

Disclosure as per Securities Registration and Issuance Regulation, 2073

(Related to sub Rule (1) of Rule 26)

Quarterly Detail as of Chaitra end 2077 (April 13, 2021)

1. Financial Statements

A. Statement of Financial Position and statement of profit or Loss

Published along with this report.

B. Related Party Disclosure

Nepal Government holds 51% shares in the bank and has representation in the board of directors of the bank, is considered to be related party to the bank.

The directors, chief executive officer and other key management personnel are also considered to be related party to the bank. No transaction between bank and KMPs was observed other than as prescribed under service bye-laws of the bank and relating to remuneration.

C. Major Financial Highlights

a.	Earnings per Share (Annualized)	NPR	23.87	d.	Liquidity	%	21.22
b.	Market Value per Share	NPR	459.00	e.	Return on Assets	%	1.43
c.	Price Earnings Ratio	(Times)	19.23	f.	Net worth per Share	NPR	270.22

2. Management Analysis

a. The cash recovery from the borrower is satisfactory and NPA has been slightly decreased. The reserve has been increased as a result of increment in Fair value reserve and regulatory requirement.

b. The liquidity of the bank is sufficient to meet the lending opportunities.

c. The bank is constantly improving its IT infrastructure to allow automated transaction through digital channel and make the bank more competitive.

d. The bank has prepared a robust risk management and AML/CFT policy as per international norms and is implementing them

e. There is no incident happened that materially impacted on reserve, profit, liquidity of the bank during the quarter under review.

3. Detail relating to legal action

Except in the normal course of banking business, no law-suits of material nature have been filed by or against the bank/ promoters/directors/on account of violation of prevailing laws or commission of criminal offences or financial crime.

4. Analysis of share transaction and progress of the bank

a. Management view on share transaction of the bank at securities market – The share transaction of the bank takes place in the secondary market of Nepal Stock Exchange through open share market operation. The management 's view on this is neutral.

b. Maximum, minimum and last share price of the bank including total number of shares traded and days of transaction during the quarter.

Maximum Price: NPR 491.00 Minimum Price: NPR 350.00 Last Price: NPR 459.00

Transaction volume: 23,996,000 shares Days of transaction: 59

5. Problems and Challenges

Internal

- Attaining reasonable level of cost of operation.
- Retention of qualified and skilled human resources.
- Strengthening operational efficiencies to minimize possible inherent risk.

External

- The pandemic situation of Covid-19 (second wave) may affect the business operation which may slow down the business growth.
- The regulation of interest spread squeezes the margin, forcing the banks to scale up the business.
- Stiff competition from Bank and Financial Institutions.
- Challenge to increase revenue growth.

Strategy

- Focus on controlled business growth and profit management.
- Continue smooth business operation even in the pandemic situation.
- Digitize the banking service to increase operating efficiency and continue to introduce the new banking product.
- Focus on Prudent Assets and Liability Management of the bank.
- Explore new sector for non-interest income of the bank.

6. Corporate Governance

The Board of the bank is the apex body which is responsible and accountable to the shareholder for the maintenance of good governance in the bank.

The Risk Management Committee which is a sub-committee of the Board is entrusted to review the overall risks of the bank and recommend the Board and management for policy prescription when require. The Sub-committee meets regularly as and when required.

The Audit Committee which is sub-committee of the Board review the audit reports of all the branches and departments/ divisions of the bank and give feedback to the Board and the Senior Management.

The Credit Committee of the bank is the CEO level committee comprising the senior executive representing various different business functions of the bank approve, review and monitor the credit portfolio of the bank. This committee also recommend the credit related proposal to the Board for approval.

The ALM Committee which is led by CEO is responsible to prudent management of the Balance sheet of the bank. It reviews interest rate risk, liquidity risk and market risk of the bank regularly.

The Governance Division which is headed by the Board Secretary is responsible to monitor the governance in the bank and report to the Board.

7. Declaration by the Chief Executive Officer on the Truthfulness and Accuracy of information

I, as at the date, hereby individually accept responsibility for the accuracy of the information and details contained in this report. I also hereby declare that to the best of my knowledge and belief, the information contained in this report is true, accurate and complete and there are no other matters concealed, the omission of which shall adversely affect the informed investment decision by the investors.