



नेपाल बैंक लिमिटेड NEPAL BANK LIMITED

Dharmapath, Kathmandu

Condensed Statement of Financial Position (Quarterly)

As on Month ended Ashad, 2078 (Mid July of 2021)

Figures in NPR

Assets	Ashad 2078	Ashad 2077
Cash and cash equivalent	6,528,388,522	4,971,642,414
Due from Nepal Rastra Bank	6,803,871,032	6,125,276,757
Placement with Bank and Financial Institutions	4,319,424,975	6,117,450,000
Derivative Financial Instrument	8,516,607,098	6,590,488,467
Other Trading Assets	-	-
Loan and advances to B/FIs	6,558,466,579	3,521,188,673
Loan and Advances to Customers	134,536,142,763	103,303,752,458
Investment Securities	30,109,328,082	32,596,093,012
Current Tax Assets	1,615,663,492	1,580,923,496
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investment Property	111,028,379	103,105,851
Property and Equipment	12,239,945,223	12,008,022,976
Goodwill and Intangible assets	45,836,534	39,450,687
Deferred Tax Assets	-	-
Other Assets	11,232,601,423	14,205,422,036
Total Assets	222,617,304,101	191,162,816,827
Liabilities		
Due to Bank and Financial Institutions	809,125,108	1,458,866,152
Due to Nepal Rastra Bank	6,062,640,951	23,920,613
Derivative Financial Instruments	8,474,686,154	6,473,080,003
Deposits from Customers	162,743,229,012	141,530,380,569
Borrowings	-	1,000,000,000
Current Tax Liabilities	-	-
Provisions	56,838,989	56,838,989
Deferred Tax Liabilities	4,431,395,739	3,825,757,799
Other Liabilities	3,286,751,102	6,762,981,165
Debt securities issued	3,493,918,012	-
Subordinated Liabilities	-	-
Total Liabilities	189,358,585,066	161,131,825,289
Equity		
Share Capital	12,636,758,600	11,282,820,200
Share Premium	431,883,262	1,789,915,042
Retained Earnings	5,041,718,609	3,102,720,519
Reserves	15,148,358,564	13,855,535,776
Total equity attributable to equity holders	33,258,719,035	30,030,991,537
Non-controlling interest		
Total Equity	33,258,719,035	30,030,991,537
Total Liabilities and Equity	222,617,304,101	191,162,816,827

Condensed Statement of Profit or Loss

For the Quarter Ended Ashad 2078

Figures in NPR

Particulars	Current Year		Previous Year Corresponding	
	Ashad 2078	Up to Ashad 2078 (YTD)	Ashad 2077	Up to Ashad 2077 (YTD)
Interest Income	3,133,038,729	11,927,360,607	2,854,151,786	11,526,842,041
Interest expense	1,386,470,734	5,466,724,497	1,453,579,445	5,908,023,000
Net interest income	1,746,567,995	6,460,636,110	1,400,572,341	5,618,819,041
Fees and Commission Income	310,780,847	950,260,402	217,212,718	790,344,870
Fees and Commission Expense	15,175,821	62,004,934	(23,908,081)	43,956,719
Net fee and commission income	295,605,026	888,255,468	241,120,799	746,388,151
Net interest, fee and commission income	2,042,173,021	7,348,891,578	1,641,693,140	6,365,207,192
Net trading income	132,802,522	453,472,136	98,329,066	412,559,037
Other operating income	53,105,648	425,208,198	193,283,734	394,114,547
Total operating income	2,228,081,190	8,227,571,912	1,933,305,940	7,171,880,776
Impairment charge/(reversal) for loans and other losses	353,379,091	418,647,991	547,732,192	879,633,846
Net operating income	1,874,702,099	7,808,923,920	1,385,573,749	6,292,246,929
Operating Expenses				
Personnel Expense	493,196,213	2,325,720,463	514,028,525	2,224,846,358
Other Operating Expense	265,548,551	812,467,521	247,260,036	668,677,567
Depreciation and Amortization	61,900,009	177,311,792	26,875,130	150,802,269
Operating profit	1,054,057,326	4,493,424,144	597,410,058	3,247,920,735
Non operating Income	67,105,922	225,009,188	97,744,435	327,252,050
Non operating expense	-	-	-	-
Profit before Income tax	1,121,163,248	4,718,433,332	695,154,493	3,575,172,784
Income tax Expenses	-	-	-	-
Current Tax	312,297,981	1,295,545,833	205,785,532	820,472,225
Deferred Tax	5,684,877	357,429,798	153,063,571	421,812,018
Profit/(loss) for the period	803,180,391	3,065,457,701	336,305,390	2,332,888,541
Condensed Statement of Comprehensive Income				
Profit/(loss) for the period	803,180,391	3,065,457,701	336,305,390	2,332,888,541
Other Comprehensive Income	(1,676,543,437)	657,775,725	617,631,446	(576,390,997)
Total Comprehensive Income	(873,363,046)	3,723,233,426	953,936,837	1,756,497,544
Basic earning per share		24.26		20.68
Diluted earning per share		24.26		20.68
Profit attributable to:				
Equity holders of the Bank	(873,363,046)	3,723,233,426	953,936,837	1,756,497,544
Non-controlling interests				
Total	(873,363,046)	3,723,233,426	953,936,837	1,756,497,544
Ratios as per NRB Directives				
Capital fund to RWA		17.91%		17.01%
Non-Performing Loan (NPL) to total loan		2.10%		2.47%
Total Loan Loss provision to Total NPL		137.29%		141.93%
Cost of Funds		3.56%		4.19%
Credit to Deposit Ratio		74.34%		65.78%
Base Rate		5.73%		6.99%
Interest Rate Spread		4.34%		3.70%

Notes to Financial Statement

- Above Financial Statements are prepared in accordance with the Nepal Financial Reporting Standards (NFRS) and certain carve-outs as issued by ICAN.
- These figures may vary with the audited figures at the instance of external auditor and regulator.
- Figures have been regrouped and rearranged wherever necessary.
- 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.
- Loans and advances to customers include loan to customers and Loan to Employees which have been measured at amortised cost.
- The provision for Defined benefit obligations and leave has been adjusted as per preliminary report of actuary.
- Personnel expenses include employee bonus provision and amortization of the Deferred employee benefits of subsidized loans provided as per Employees bylaws of the bank.
- NFRS adjustments which are subject to regulatory adjustments as per NRB directives have been shown as regulatory adjustments.
- Other Comprehensive income includes the fair value changes of Investment and actuarial gain/(losses) net of tax.
- 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 Ashad 2078

Figures in NPR

Particulars	Amount (NPR)
Net Profit for the quarter ended Ashad 2078	3,065,457,701
1. Appropriations	
<i>1.1 Profit required to be appropriated to statutory reserve</i>	(643,746,117)
a. General Reserve	(613,091,540)
b. Capital Redemption Reserve	-
c. Exchange Fluctuation Fund	-
d. Corporate Social Responsibility Fund	(30,654,577)
e. Employees Training Fund	-
f. Other	-
<i>1.2 Profit required to be transferred to Regulatory Reserve</i>	1,075,308,802
a. Transfer to Regulatory Reserve	(26,520,133)
b. Transfer from Regulatory Reserve	1,101,828,935
Net Profit for quarter end Ashad 2078 available for distribution	3,497,020,386

Disclosure as per Securities Registration and Issuance Regulation, 2073

(Related to sub Rule (1) of Rule 26)
Quarterly Detail as of Ashad end 2078 (July 15, 2021)

- Financial Statements**
 - Statement of Financial Position and statement of profit or Loss**
Published along with this report
 - 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 bylaws of the bank and relating to remuneration.
 - Major Financial Highlights**

a. Earnings per Share (Annualized)	NPR 24.26	d. Liquidity	% 26.81
b. Market Value per Share	NPR 443.00	e. Return on Assets	% 1.38
c. Price Earnings Ratio	(Times) 18.26	f. Net worth per Share	NPR 263.19
- Management Analysis**
 - 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.
 - The liquidity of the bank is sufficient to meet the lending opportunities.
 - The bank is constantly improving its IT infrastructure to allow automated transaction through digital channel and make the bank more competitive.
 - The bank has prepared a robust risk management and AML/CFT policy as per international norms and is implementing them.
 - There is no incident that materially impact on reserve, profit, liquidity of the bank during the quarter under review.
- 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.
- Analysis of share transaction and progress of the bank**
 - 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.
 - 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 460.00 Minimum Price: NPR 410.00 Last Price: NPR 443.00
Transaction volume: 15,576,812 shares Days of transaction: 65
- 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 may affect the business operation which can 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.
- 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.
- 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.