नेपालको पहिलो बैंक

नेपाल बैंक लिमिटेड
NEPAL BANK LIMITED

स्थापित वि.सं. १९९७

Dharmapath, Kathmandu

Condensed Statement of Financial Position (Quarterly)

As on Quarter ended Poush, 2077 (Mid January of 2021)

Figures in NPR

Assets	This Quarter Ending	Immediate Previous Year Ending
Cash and cash equivalent	8,583,598,797	4,971,642,414
Due from Nepal Rastra Bank	11,405,487,570	6,125,276,757
Placement with Bank and Financial Institutions	5,347,150,000	6,117,450,000
Derivative Financial Instrument	7,881,483,837	6,590,488,467
Other Trading Assets	-	-
Loan and advances to B/FIs	3,465,516,282	3,521,188,673
Loan and Advances to Customers	116,610,670,808	103,303,752,458
Investment Securities	34,146,698,316	32,596,093,012
Current Tax Assets	1,518,467,228	1,580,923,496
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investment Property	105,392,347	103,105,851
Property and Equipment	12,077,259,755	12,008,022,976
Goodwill and Intangible assets	36,557,871	39,450,687
Deferred Tax Assets	-	-
Other Assets	6,129,650,627	14,205,422,036
Total Assets	**207,307,933,437**	**191,162,816,827**
Liabilities		
Due to Bank and Financial Institutions	2,260,353,820	1,458,866,152
Due to Nepal Rastra Bank	5,674,803,679	23,920,613
Derivative Financial Instruments	7,493,902,217	6,473,080,003
Deposits from Customers	148,994,868,819	141,530,380,569
Borrowings	-	1,000,000,000
Current Tax Liabilities	-	-
Provisions	23,405,015	56,838,989
Deferred Tax Liabilities	4,467,938,606	3,825,757,799
Other Liabilities	6,399,240,529	6,762,981,165
Debt securities issued	-	-
Subordinated Liabilities	-	-
Total Liabilities	**175,314,512,685**	**161,131,825,289**
Equity		
Share Capital	12,636,758,624	11,282,820,200
Share Premium	435,976,618	1,789,915,042
Retained Earnings	3,327,277,928	3,102,720,519
Reserves	15,593,407,583	13,855,535,776
Total equity attributable to equity holders	**31,993,420,753**	**30,030,991,537**
Non-controlling interest	-	-
Total Equity	**31,993,420,753**	**30,030,991,537**
Total Liabilities and Equity	**207,307,933,437**	**191,162,816,827**

Condensed Statement of Profit or Loss

For the Quarter Ended Poush 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	2,802,630,797	5,743,262,084	2,857,982,503	5,741,714,849
Interest expense	1,312,824,594	2,771,863,296	1,441,165,137	2,996,635,141
Net interest income	**1,489,806,204**	**2,971,398,788**	**1,416,817,365**	**2,745,079,708**
Fees and Commission Income	186,552,800	383,913,812	228,252,872	410,219,590
Fees and Commission Expense	11,466,190	26,919,570	24,303,816	46,036,623
Net fee and commission income	**175,086,609**	**356,994,242**	**203,949,057**	**364,182,968**
Net interest,fee and commission income	**1,664,892,813**	**3,328,393,030**	**1,620,766,422**	**3,109,262,676**
Net trading income	100,910,722	191,487,361	76,030,269	168,894,165
Other operating income	74,580,270	124,701,911	74,777,532	115,826,199
Total operating income	**1,840,383,805**	**3,644,582,302**	**1,771,574,223**	**3,393,983,040**
Impairment charge/(reversal) for loans and other losses	(201,122,141)	(45,136,851)	39,666,447	149,632,135
Net operating income	**2,041,505,946**	**3,689,719,152**	**1,731,907,776**	**3,244,350,905**
Operating Expenses				
Personnel Expense	578,136,723	1,234,396,318	440,753,561	1,151,008,738
Other Operating Expense	157,902,950	334,212,866	132,317,818	292,128,504
Depreciation and Amortization	38,167,225	74,887,113	34,656,344	66,572,001
Operating profit	**1,267,299,048**	**2,046,222,855**	**1,124,180,053**	**1,734,641,662**
Non operating Income	27,032,472	29,447,275	134,974,877	210,553,885
Non operating expense	-	-		-
Profit before Income tax	**1,294,331,520**	**2,075,670,130**	**1,259,154,929**	**1,945,195,547**
Income tax Expenses				
Current Tax	361,939,003	563,553,752	288,130,658	445,309,814
Deferred Tax	132,388,809	161,693,278	200,451,060	147,488,870
Profit/(loss) for the period	**800,003,708**	**1,350,423,101**	**770,573,212**	**1,352,396,863**
Condensed Statement of Comprehensive Income				
Profit/(loss) for the period	800,003,708	1,350,423,101	770,573,212	1,352,396,863
Other Comprehensive Income	706,215,337	1,119,502,745	145,590,299	(459,246,152)
Total Comprehensive Income	**1,506,219,045**	**2,469,925,846**	**916,163,511**	**893,150,711**
Basic earning per share		21.37		27.57
Diluted earning per share		21.37		27.57
Profit attributable to:				
Equity holders of the Bank	1,506,219,045	2,469,925,846	916,163,511	893,150,711
Non-controlling interests	-			-
Total	**1,506,219,045**	**2,469,925,846**	**916,163,511**	**893,150,711**
Ratios as per NRB Directives				
Capital fund to RWA		16.13%		17.41%
Non-Performing Loan (NPL) to total loan		2.88%		2.66%
Total Loan Loss provision to Total NPL		109.57%		114.61%
Cost of Funds		3.57%		5.19%
Credit to Deposit Ratio		69.49%		74.93%
Base Rate		6.19%		7.82%
Interest Rate Spread		4.39%		4.44%

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 no. 5 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 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 Poush 2077

Figures in NPR

Particulars	Amount (NPR)
Net Profit for the quarter ended Poush 2077	**1,350,423,101**
1. Appropriations	
1.1 Profit required to be appropriated to statutory reserve	**(307,039,167)**
a. General Reserve	(270,084,620)
b. Capital Redemption Reserve	-
c. Exchange Fluctuation Fund	-
d. Corporate Social Responsibity Fund	(13,404,231)
e. Employees Training Fund	(23,550,316)
f. Other	
1.2 Profit required to be transfer to Regulatory Reserve	**(365,178,257)**
a. Transfer to Regulatory Reserve	(366,657,997)
b. Transfer from Regulatory Reserve	1,479,741
Net Profit for quarter end Poush 2077 available for distribution	**678,205,677**

Disclosure as per Securities Registration and Issuance Regulation, 2073

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

Quarterly Detail as of Poush end 2077 (January 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	21.37	d.	Liquidity	%	31.01
b.	Market Value per Share	NPR	366.00	e.	Return on Assets	%	1.30
c.	Price Earnings Ratio	(Times)	17.12	f.	Net worth per Share	NPR	253.18

2. Management Analysis

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

b. The liquidity of the bank is sufficient to meet the lending opportunities as the pandemic situation is on the way to normal.

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 427.00 Minimum Price: NPR 320.00 Last Price: NPR 366.00

Transaction volume: 17,696,710 shares Days of transaction: 58

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 which has adversely affected the business operation triggered the loan demand to be slowed down.
- The regulation of interest spread squeezes the margin, forcing the banks to scale up the business.
- Stiff competition from Bank and Financial Institutions with increasing capital and thereby business capacity.
- 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 management of Assets and Liability Management of the bank.
- Explore the avenues 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.