



Dharmapath, Kathmandu

**Unaudited Financial Results (Quarterly)**

As at Poush end 2075 of the Fiscal Year 2075/76 (Mid January of 2019)

Rs in '000

Statement of Financial Position	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
<b>Assets</b>			
Cash and cash equivalent	11,139,095	7,152,662	7,044,320
Due from NRB and placement with B/Fis	11,122,823	18,857,860	9,715,989
Loans and advances	85,798,472	79,049,145	78,710,279
Investment securities	15,145,940	16,266,380	10,473,879
Investment in subsidiaries and associates	-	-	-
Goodwill and intangibles	19,436	35,633	16,798
Other assets	23,448,145	16,885,318	7,062,237
<b>Total Assets</b>	<b>146,673,911</b>	<b>138,246,998</b>	<b>113,023,503</b>
<b>Capital and Liabilities</b>			
Paid up Capital	9,811,148	9,808,192	8,042,662
Reserves and surplus	19,650,014	19,606,058	5,047,550
Deposits	105,678,286	93,431,456	91,898,690
Borrowings	-	43,163	30,772
Bond and Debenture	-	-	-
Other liabilities and provisions	11,534,463	15,358,129	8,003,828
<b>Total Capital and Liabilities</b>	<b>146,673,911</b>	<b>138,246,998</b>	<b>113,023,503</b>
<b>Statement of Profit or Loss</b>	<b>Up to this Quarter</b>	<b>Up to Previous Quarter</b>	<b>Up to Corresponding Previous Year Quarter</b>
Interest Income	5,002,599	2,277,807	4,248,797
Interest expense	1,835,350	907,808	1,308,468
<b>Net interest income</b>	<b>3,167,249</b>	<b>1,369,999</b>	<b>2,940,329</b>
Fee and commission income	586,841	520,724	353,510
Fee and commission expense	40,023	19,023	35,561
<b>Net fee and commission income</b>	<b>546,819</b>	<b>501,701</b>	<b>317,949</b>
Other operating income	280,294	133,886	303,551
<b>Total operating income</b>	<b>3,994,362</b>	<b>2,005,587</b>	<b>3,561,829</b>
Impairment charge/(reversal) for loans and other losses	181,662	32,189	(6,789)
<b>Net operating income</b>	<b>3,812,700</b>	<b>1,973,397</b>	<b>3,568,619</b>
Personnel expense	1,224,590	517,856	1,220,199
Other operating expense	275,620	174,228	515,972
<b>Operating profit</b>	<b>2,312,491</b>	<b>1,281,314</b>	<b>1,832,447</b>
Non operating income/(expense)	61,078	24,235	507,942
<b>Profit before tax</b>	<b>2,373,569</b>	<b>1,305,548</b>	<b>2,340,389</b>
Income tax	712,071	391,664	701,930
<b>Profit/(loss) for the period</b>	<b>1,661,498</b>	<b>913,884</b>	<b>1,638,459</b>
Other comprehensive income	(70,790)	(471,976)	-
<b>Total comprehensive income</b>	<b>1,590,708</b>	<b>441,908</b>	<b>1,638,459</b>
<b>Distributable Profit</b>			
Net profit/(loss) as per profit or loss	1,661,498	913,884	1,638,459
Add/Less: Regulatory adjustment as per NRB Directive	(84,624)	65,291	-
<b>Free profit/(loss) after regulatory adjustments</b>	<b>1,576,875</b>	<b>979,175</b>	<b>1,638,459</b>
<b>Ratios</b>	<b>This Quarter Ending</b>	<b>Previous Quarter Ending</b>	<b>Corresponding Previous Year Quarter Ending</b>
Capital fund to RWA	15.98%	23.92%	16.41%
Non performing loan (NPL) to total loan (As per NRB Directive)	2.74%	2.78%	3.23%
Total loan loss provision to Total NPL (As per NRB Directive)	114.05%	123.07%	102.81%
Cost of Fund	3.58%	3.84%	2.94%
Credit to Deposit Ratio (As per NRB Directive)	71.47%	71.09%	75.30%
Base Rate	6.06%	7.52%	6.93%
Interest Spread (As per NRB Directives)	4.99%	4.98%	4.98%
Base Earning Per Share (in Rs.)	33.87	39.92	40.74
Diluted Earning per Share (in Rs.)	33.87	39.92	40.74

**Notes to Financial Statement**

- These figures may vary with the audited figures at the instance of external auditor and regulator.
- Above financials are prepared in accordance with Nepal Financial Reporting Standard (NFRS) as per NRB Circular no 23/074/075
- Figures have been regrouped and rearranged wherever necessary.
- Loans and advances consist of interest receivable 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 Chartered Accountants of Nepal (ICAN) being higher of impairment charge calculated as per NAS 39.
- Loans and advances includes loan to customers, BFIs and Employee which have been measured at amortised cost.
- Corresponding Previous Year figures have been presented using the carve out no. 4 issued by the Institute of Chartered Accountants of Nepal (ICAN) for NAS - 34 Interim Financial Reporting. Those corresponding figure previously reported has been reclassified into appropriate NFRS classification (However, no remeasurement from previous GAAP to NFRS has been made). Therefore these corresponding quarter comparative figures may differ from published financial as on that quarter.
- Share issue expenses incurred while issuing Further Public Offering (FPO) at premium have been adjusted with share premium collected. In previous quarter reported, share issue expenses was deducted from share capital.
- The provision for Gratuity and Pension for current quarter and corresponding quarter of previous year has been provided for as per the existing Employee Bylaws of the bank. The actual liability estimated through Actuarial Valuation at year end may differ after such valuation.
- Personnel expenses include employee benefit expenses for amortisation of subsidized loan to employees and Bonus which is calculated at the rate of 5% on Profit after bonus before tax of the quarter.
- NFRS adjustments which are subject to regulatory adjustments as per NRB directives have been shown as regulatory adjustments.

**Related Party Disclosures:**

The Bank does not have any entity as its related party.

**Segment Reporting:**

The bank's operation are managed centrally through Head Office. All strategic, financial and operational policies, and operations are controlled and directed from the head office. The Bank operates in seven province though have a single jurisdiction. The bank has prepared segment reporting on the basis of various types of operations supported by ancillary support services.

There is no inter-unit cost transfer mechanism within the bank.

**Segment Assets/Liabilities and Results****Rs in '000**

<b>Name Of Segment</b>	<b>Banking</b>	<b>Treasury</b>	<b>Remittance</b>	<b>Government Transaction</b>	<b>Unallocatable</b>	<b>Total</b>
a. Revenues from external customers	4,912,018	259,881	55,946	394,250	247,640	<b>5,869,734</b>
b. Intersegment revenues	-	-	-	-	-	-
c. Net Revenue	<b>4,912,018</b>	<b>259,881</b>	<b>55,946</b>	<b>394,250</b>	247,640	<b>5,869,734</b>
d. Interest revenue	4,743,061	259,538	-	-	-	5,002,599
e. Interest Expense	1,835,350	-	-	-	-	1,835,350
f. Net interest revenue (b)	<b>2,907,711</b>	<b>259,538</b>	-	-	-	<b>3,167,249</b>
g. depreciation and amortisation	-	-	-	-	57,040	57,040
h. Segment Profit / (Loss)	<b>2,907,711</b>	<b>259,538</b>	-	-	<b>(57,040)</b>	<b>3,110,208</b>
i. Entity's interest in the profit or loss of associates accounted using equity method	-	-	-	-	-	-
j. Other Material non cash item	-	-	-	-	-	-
k. Impairment of assets	181,662	-	-	-	-	181,662
l. Segment Assets	85,798,472	15,209,555	-	3,181,310	42,484,574	146,673,911
m. Segment liabilities	105,678,286	-	-	-	11,534,463	117,212,749

**Notes to Segment Reporting:**

- 1 Segment Assets, Segment Liabilities includes only those items that are allocatable and reported in Bank's Core Banking System (CBS). Unallocatable items shown in the reporting purposes are for reconciliation.
- 2 Banking Segment involves functions like collecting deposits and lending activities among other similar activities.
- 3 Treasury Segment involves short term and long term investment activities like investing in T-Bills, Bonds, Shares of companies etc.
- 4 Remittance Segment involves activities of transferring / receiving funds locally and/or globally.
- 5 Government Segment involves activities that are supportive to Government services like pension payment to Government employees, and facilitating other such Government

## Disclosure as per Securities Registration and Issuance Regulation, 2073 Quarterly Details as of Poush end 2075 (January 14, 2019)

### 1. Financial Highlights of Nepal Bank Limited

a. Earnings per Share	NPR 33.87	d. Liquidity	27.26%
b. Market Value per Share	NPR 297.00	e. Return on Assets	2.27%
c. Price Earnings Ratio (Times)	8.77	f. Net worth per Share	NPR 300.28

### 2. Management Analysis

- Despite the unfavorable economic condition in the country, there have been positive changes in the bank's income, Loan & Advances and sources of fund i.e. deposit in line with the current business environment.
- There is no any significant effect due to tight liquidity position in the banking industries in the performance of the bank.
- The bank aims to achieve its financial goals through sustainable profitability and measured growth in balance sheet size. Our business models remain robust and we continue to seek sound growth with the high degree of our customers' satisfaction.

### 3. Details relating to legal action

- Case filed by or against the bank during the quarter - There is no other major case except those arising in normal course of banking business related to lending and income tax.
- Case relating to disobedience of prevailing law or commission of criminal offence filed by or against the promoter or director of the bank - No such information has been received.
- Case relating to financial crime filed against any Promoter or Director - No such information has been received.

### 4. Analysis of share transaction and progress of the bank

- Management view on share transaction of the bank at securities market - Since price and transaction of the bank's shares are being determined at Nepal Stock Exchange through open share market operations, management 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 318.00

Minimum Price: NPR 288.00

Last Price: NPR 297.00

Transaction volume: 8,031,357 shares

Days of transaction: 60

### 5. Problems and Challenges

#### Internal

- Loss of skilled human resources resulting from retiring employees as well as switching the job to another organization from the bank.
- Increasing operating and employee expenses.

#### External

- Deposit Crisis and decreasing Remittance.
- Cost of deposit/fund is increasing in the banking industry.
- Unpredictable political situation and comparatively low economic growth rate.
- Trade deficit and negative Balance of Payment.

#### Strategy

- Revision of retention policy to hold skilled human resources.
- Introduction of new sources of fund/deposit scheme to attract the deposit from corporate and other individuals.
- Better management of assets and liabilities.
- Capitalizing existing array of services by continuous enhancement of service quality to the customers.
- Closely monitoring internal and external environmental changes and adopting proactive approach.

### 6. Corporate Governance

Nepal Bank is committed to high standards of corporate governance, business integrity and professionalism in all our activities that assures all stakeholders that the bank is being managed ethically in compliance with best practices and applicable legislation and within predetermined risk parameters, and is also adding value to and protecting their investment.

### 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.