

Nabil Bank Limited

Unaudited Financial Results

4th Quarter of FY 2022-23 (2079-80)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As On Quarter Ended 31st Ashadh 2080

NPR in '000

Particulars	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Assets				
Cash and Cash Equivalents	6,967,638	11,213,406	6,774,258	11,051,539
Due from Nepal Rastra Bank	25,640,413	13,037,239	25,640,413	13,037,239
Placement with Banks and FIs	13,424,390	8,870,895	13,424,390	8,870,895
Derivative Financial Instruments	3,833,462	1,373,614	3,833,462	1,373,614
Other Trading Assets	92,811	192,282	-	29,729
Loans and Advances to Banks and FIs	8,283,059	10,366,938	8,283,059	10,366,938
Loans and Advances to Customers	332,698,854	300,205,653	332,698,854	300,205,653
Investment Securities	77,532,409	63,196,882	76,875,430	62,455,044
Current Tax Assets	-	615,987	-	606,480
Investment in Subsidiaries	-	-	1,798,000	298,000
Investment in Associates	179,067	178,177	80,000	80,000
Investment Property	1,827,069	1,318,598	1,827,069	1,318,598
Property and Equipment	3,877,694	3,546,355	3,864,803	3,536,100
Goodwill and Intangible Assets	307,261	294,529	304,330	291,721
Deferred Tax Assets	9,599	-	-	-
Other Assets	7,777,449	6,338,505	7,606,990	6,296,550
Total Assets	482,451,176	420,749,062	483,011,058	419,818,101
Liabilities				
Due to Banks and FIs	6,277,712	3,353,610	6,277,712	3,353,610
Due to Nepal Rastra Bank	-	4,657,437	-	4,657,437
Derivative Financial Instruments	3,812,946	1,390,737	3,812,946	1,390,737
Deposits from Customers	395,221,431	326,186,072	396,843,499	326,222,310
Borrowings	-	10,720,730	-	10,720,730
Current Tax Liabilities	327,089	-	293,105	-
Provisions	-	-	-	-
Deferred Tax Liabilities	2,429,534	1,749,305	2,429,534	1,778,504
Other Liabilities	9,259,219	12,759,231	8,766,754	12,228,181
Debt Securities Issued	6,498,689	6,484,844	6,498,689	6,484,844
Subordinated Liabilities	-	-	-	-
Total Liabilities	423,826,621	367,301,966	424,922,239	366,836,354
Equity				
Share Capital	27,056,997	22,832,909	27,056,997	22,832,909
Share Premium	-	176	-	176
Retained Earnings	4,131,931	3,139,622	3,961,099	2,899,545
Reserves	27,173,956	27,253,542	27,070,722	27,249,119
Total Equity Attributable to Equity Holders	58,362,884	53,226,247	58,088,818	52,981,747
Non Controlling Interest	261,671	220,849	-	-
Total Equity	58,624,555	53,447,096	58,088,818	52,981,747
Total Liabilities and Equity	482,451,176	420,749,062	483,011,058	419,818,101

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (For the Quarter Ended 31st Ashadh 2080)

NPR in '000

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest Income	13,560,447	46,543,356	7,036,209	23,420,891	13,504,948	46,381,986	7,020,021	23,340,747
Interest Expense	7,622,970	28,396,771	4,685,744	14,414,019	7,622,896	28,398,776	4,691,407	14,421,876
Net Interest Income	5,937,477	18,146,585	2,350,465	9,006,872	5,882,053	17,983,211	2,328,614	8,918,871
Fees and Commission Income	1,127,726	3,692,645	826,064	2,211,751	1,082,653	3,542,648	786,023	2,043,274
Fees and Commission Expense	190,642	665,614	394,186	483,186	182,210	643,469	388,022	464,376
Net Fees and Commission Income	937,084	3,027,032	431,877	1,728,565	900,442	2,899,179	398,002	1,578,898
Net Interest, Fees and Commission Income	6,874,562	21,173,616	2,782,343	10,735,437	6,782,495	20,882,389	2,726,615	10,497,770
Net Trading Income	120,470	507,490	66,711	498,574	107,347	484,776	110,708	564,990
Other Operating Income	100,278	282,424	74,351	407,832	100,094	312,556	84,687	410,410
Total Operating Income	7,095,309	21,963,531	2,923,405	11,641,843	6,989,936	21,679,721	2,922,010	11,473,170
Impairment Charge/ (Reversal) for Loans and Other Losses	557,817	3,889,529	508,247	1,118,823	557,817	3,889,529	508,311	1,118,823
Net Operating Income	6,537,492	18,074,002	2,415,158	10,523,020	6,432,119	17,790,192	2,413,700	10,354,347
Operating Expenses								
Personnel Expenses	2,255,764	4,750,189	491,090	2,719,330	2,239,867	4,692,669	468,204	2,658,925
Other Operating Expenses	598,612	1,841,093	194,273	1,072,651	583,292	1,812,437	186,288	1,023,800
Depreciation & Amortization	82,093	279,128	267,739	400,319	79,603	269,076	260,115	390,030
Operating Profit	3,601,023	11,203,593	1,462,055	6,330,720	3,529,357	11,016,010	1,499,092	6,281,591
Non-Operating Income	15,815	44,223	4,819	41,596	15,815	43,334	1,595	8,702
Non-Operating Expense	69,604	274,884	1,711	2,730	69,604	274,884	1,711	2,730
Profit Before Income Tax	3,547,234	10,972,932	1,465,163	6,369,585	3,475,567	10,784,460	1,498,976	6,287,562
Income Tax Expense	1,090,115	3,325,993	594,166	2,057,491	1,064,593	3,257,311	594,994	2,031,538
Current Tax	1,087,725	3,314,640	515,491	2,001,747	1,064,593	3,257,311	503,688	1,940,232
Deferred Tax	2,390	11,352	78,675	55,744	-	-	91,307	91,307
Profit /(Loss) For the Period	2,457,119	7,646,939	870,997	4,312,094	2,410,975	7,527,149	903,981	4,256,024

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (For the Quarter Ended 31st Ashadh 2080)

NPR in '000

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Profit /(Loss) For the Period	2,457,119	7,646,939	870,997	4,312,094	2,410,975	7,527,149	903,981	4,256,024
Other Comprehensive Income	1,289,604	220,856	789,677	(596,797)	1,294,851	226,103	811,899	(574,576)
Total Comprehensive Income	3,746,723	7,867,795	1,660,674	3,715,297	3,705,826	7,753,252	1,715,880	3,681,448
Basic Earnings Per Share	28.26		18.89		27.82		18.64	
Diluted Earnings Per Share	28.26		18.89		27.82		18.64	
Profit Attributable To:								
Equity holders of the Bank	3,735,224	7,830,754	1,665,133	3,690,332	3,705,826	7,753,252	1,715,880	3,681,448
Non - controlling interest	11,499	37,041	(4,459)	24,964	-	-	-	-

RATIOS AS PER NRB DIRECTIVE (%)

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Capital Fund to RWA		12.68		13.19		12.66		13.09
Gross Non-Performing Loan (NPL)		3.20		1.62		3.20		1.62
Net Non-Performing Loan (NPL)		1.23		0.64		1.23		0.64
Total Loan Loss Provision to Total NPL		107.12		156.01		107.12		156.01
Costs of Funds		7.81		7.17		7.81		7.17
Credit to Deposit Ratio		87.68		89.79		87.68		89.79
Base Rate		9.52		8.77		9.52		8.77
Interest Rate Spread		4.99		4.22		4.99		4.22

STATEMENT OF DISTRIBUTABLE PROFIT OR LOSS (For the Quarter End of Ashadh 2080)

NPR in '000

Particulars	Bank	
	Current Year	Previous Year
	Upto this Qtr YTD	Upto this Qtr YTD
Net profit for the period end Ashadh 2080 quarter	7,527,149	4,256,024
1. Appropriations		
1.1 Profit required to be appropriated to	(2,541,278)	(1,266,579)
a. General Reserve	(1,506,000)	(852,000)
b. Capital Redemption Reserve	(923,407)	(333,333)
c. Exchange Fluctuation Fund	(35,600)	(32,600)
d. CSR Fund	(75,271)	(42,560)
e. Employees Training Fund	-	(5,085)
f. Other	(1,000)	(1,000)
1.2 Profit required to be transferred to Regulatory Reserve	(1,298,531)	515,632
a. Interest receivable (-)/previous accrued interest received (+)	(999,630)	492,390
b. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(320,337)	(8,778)
c. Actuarial loss recognised (-)/reversal (+)	21,435	32,021
Net profit for the period end Ashadh 2080 quarter available for distribution	3,687,339	3,505,078
Opening Balance in retained earnings as on Shrawan 1, 2079	2,899,545	3,520,131
Distribution:		
Bonus Share Issued	-	3,516,509
Cash Dividend paid	2,625,784	609,156
Total Distributable Profit or Loss as on quarter end date	3,961,099	2,899,545
Annualized Distributable profit/ loss per share	14.64	12.70

Note : Capital Adjustment Reserve of NPR 1.52 Billion from business acquisition is also available for distribution

Notes:

- Figures presented above may vary with the audited figures if instructed by the banking regulator and / or statutory auditors.
- Group Financial Statements include Nabil Bank Ltd. (Parent Co.), Nabil Investment Banking Ltd. (Subsidiary Co.) and Nabil Securities Ltd. (Subsidiary Co.)
- All inter-company transactions and outstanding balances among Group Companies are excluded in Group Financial Statements.
- The Bank has applied alternative treatment in the Carve-out issued by the Institute of Chartered Accountants of Nepal with respect to the following:
 - The Bank has measured impairment loss on Loans and Advances at the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and the amount determined as per Para 5.5 of NFRS 9.
 - The Bank has not factored fees and points paid or received on loans and advances in the application of effective interest rate. These have been recognized directly in the Statement of Profit and Loss.
 - Loans and Investments are presented net of impairment charges and includes interest accruals and staff loans. Likewise, deposits include accrued interest payables.
 - Personnel Expenses includes provision for staff bonus which has been calculated in line with the provisions in Bonus Act.
 - Interim financial report has been published in the bank's website www.nabilbank.com.

1. Major Financial Indicators

Earnings per share (NPR)	27.82
Price Earnings Ratio	21.54
Net Worth Per Share (NPR)	214.69
Total Assets Per Share (NPR)	1,785.16
LD Ratio (%)	27.86

2. RELATED PARTY DISCLOSURE

- Group comprises of Nabil Bank Ltd. (the Bank), Nabil Investment Banking Ltd. (Subsidiary) and Nabil Securities Ltd. (Subsidiary).
- Nabil Investment Banking Ltd is a Merchant Banker licensed under Securities Businessperson (Merchant Banker) Regulation, First Amendment 2074 from the Securities Board of Nepal (SEBON).
- All transactions between the Bank and Subsidiary are executed on arm's length principle. Effects of all inter-company transactions and outstanding balances are excluded in group statements.
- Bank and Nabil Investment Banking Ltd. (Subsidiary) have entered into a Service Level Agreement (SLA) under which the Bank provides various operational supports to Subsidiary.
- Bank has appointed Nabil Investment Banking Ltd (Subsidiary) as its Registrar to Share and also the Fund Manager to Mutual Fund Schemes under the Bank's sponsorship.
- Bank's subsidiaries Nabil Securities Ltd. and NBBL Securities Ltd. merged to form Nabil Securities Ltd. in the reporting period.
- All transactions with the Directors and Key Management Personnel are conducted on the basis of Articles of Association and Employee Bylaws of the bank.

3. MANAGEMENT ANALYSIS

- Management is consistently working on building a strong balance sheet, diversifying its portfolio to cater to the growing demands of the economy, achieving sustainable growth and making investments in high quality assets, ensuring continuity of business, making effective use of its resources and further enhance management and workplace efficiency.
- The Bank has made significant investments in its products, people and technology with the introduction of DigiBank and nBank, has upgraded its IT infrastructure, automated work processes, further enhancing transaction and data security all the while maintaining and improving internal control systems and risk management practices.

- There are no such incidents during the period which might have negative impact on the reserve, profit or cash flow position of the Bank.
- 4. DETAILS RELATED TO LEGAL PROCEEDINGS**
Except in the regular course of business, there are no lawsuits of material nature filed by or filed against the Bank/ promoters/directors on account of violation of prevailing laws or commission of criminal offences or financial crime.

5. ANALYSIS OF BANK'S SHARES TRANSACTIONS

- The market price of the Bank's share is fully dependent on market movements and the Bank does not comment on its share transactions.
- The Bank has complied with the prevailing disclosure norms and regulatory directives issued by Securities Board of Nepal (SEBON) and Nepal Rastra Bank (NRB).
- Details of share transactions during the quarter:

Maximum Price (NPR)	620.00
Minimum Price (NPR)	581.50
Closing Price (NPR)	599.20
Total Units Traded	3,606,025.00
Total Days Traded	62.00

6. PROBLEMS AND CHALLENGES

- Internal:**
 - Possibility of NPA growth owing to the impact of the pandemic and economic situation of the country.
 - Challenge of assets growth in the back drop of low economic growth and declining assets quality.
 - Challenge of improving non - interest revenue.
 - Challenge of liquidity and interest risk management.
- External:**
 - Fluctuating market liquidity position.
 - Low capital expenditure of government has impacted various industries including construction sector.
 - Rapid fluctuation in interest rate within a short span of time triggered by competition.
 - Increasing information security risk
 - Slowdown in the economy

Bank's strategy to mitigate problems and challenges:

- Prudent management of assets and liabilities.
- Effective management of cost through improved productivity and efficiency.
- Exploration of alternate business avenues and channels for maintaining the contribution from non-interest income.
- Embracing digitization for remarkable improvement in product offerings and service delivery.
- Enhancing skill sets of staff for upgrading our service standard.

7. Corporate Governance

The Bank has a separate Governance Unit in place for continuous monitoring of governance issues within the Bank. The Board of Directors, Audit Committee and Senior Management are committed to upholding good corporate governance practices in the Bank. The Bank's organization structure, internal control system and management practices are designed keeping best corporate governance practices in mind.

8. Declaration by Chairman/CEO about the truthfulness of financials / information

I, CEO of the Bank, take responsibility on the truthfulness of the information and particulars disclosed in this report to the best of my knowledge. Further, I declare that the particulars mentioned in this report, to the best of my knowledge, are true, fair and complete at the time of publication of this report and have not knowingly concealed any material particulars and information for investors to take informed decisions.

NABIL BANK®

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