Nabil Bank Limited

Unaudited Financial Results

2nd Quarter of FY 2024-25 (2081-82)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As on Quarter Ended 29th Poush 2081

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	8,466,286	8,331,352	8,321,740	8,178,988
Due from Nepal Rastra Bank	25,526,757	20,182,905	25,526,757	20,182,905
Placement with Banks and FIs	22,236,270	14,287,531	22,236,270	14,287,531
Derivative Financial Instruments	14,834,527	7,781,530	14,834,527	7,781,530
Other Trading Assets	1,297,921	880,130	-	-
Loans and Advances to Banks and FIs	13,555,789	12,149,940	13,555,789	12,149,940
Loans and Advances to Customers	391,617,166	373,477,925	391,617,166	373,574,157
Investment Securities	91,406,490	104,025,176	90,967,581	102,940,712
Current Tax Assets	241,478	-	233,923	-
Investment in Subsidiaries	-	-	1,798,000	1,798,000
Investment in Associates	210,014	228,231	80,000	80,000
Investment Property	3,801,170	2,962,634	3,801,170	2,962,634
Property and Equipment	4,223,040	4,195,544	4,198,532	4,173,204
Goodwill and Intangible Assets	289,422	300,022	281,966	292,309
Deferred Tax Assets	-	-	-	-
Other Assets	8,839,720	9,171,064	8,027,068	8,617,981
Total Assets	**586,546,053**	**557,973,984**	**585,480,490**	**557,019,891**
Liabilities				
Due to Banks and FIs	8,923,437	6,687,812	8,923,437	6,687,812
Due to Nepal Rastra Bank	-	-	-	-
Derivative Financial Instruments	15,096,554	7,763,741	15,096,554	7,763,741
Deposits from Customers	479,696,383	461,603,087	480,240,715	462,097,419
Borrowings	255,000	-	-	-
Current Tax Liabilities	-	32,163	-	38,276
Provisions	-	-	-	-
Deferred Tax Liabilities	1,616,645	1,605,547	1,625,906	1,607,553
Other Liabilities	11,403,606	11,244,129	10,710,916	10,519,716
Debt Securities Issued	9,626,107	9,628,440	9,626,107	9,628,440
Subordinated Liabilities	-	-	-	-
Total Liabilities	**526,617,733**	**498,564,921**	**526,223,635**	**498,342,957**
Equity				
Share Capital	27,056,997	27,056,997	27,056,997	27,056,997
Share Premium	-	-	-	-
Retained Earnings	2,089,399	3,403,422	1,891,735	3,082,904
Reserves	30,507,087	28,672,377	30,308,123	28,537,033
Total Equity Attributable to Equity Holders	**59,653,483**	**59,132,795**	**59,256,855**	**58,676,934**
Non Controlling Interest	274,837	276,268	-	-
Total Equity	**59,928,320**	**59,409,063**	**59,256,855**	**58,676,934**
Total Liabilities and Equity	**586,546,053**	**557,973,984**	**585,480,490**	**557,019,891**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(For the Quarter Ended 29th Poush 2081)

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	9,603,414	20,437,161	11,702,630	23,880,988	9,599,454	20,419,444	11,711,904	23,843,745
Interest Expense	5,850,074	12,535,509	7,644,976	15,601,830	5,843,789	12,523,494	7,642,505	15,600,400
Net Interest Income	**3,753,340**	**7,901,652**	**4,057,654**	**8,279,158**	**3,755,665**	**7,895,949**	**4,069,399**	**8,243,344**
Fee and Commission Income	1,080,208	2,098,813	1,025,019	2,001,032	999,584	1,931,985	913,758	1,824,777
Fee and Commission Expense	249,912	445,833	188,424	352,863	239,626	420,543	184,772	340,415
Net Fee and Commission Income	**830,296**	**1,652,980**	**836,595**	**1,648,170**	**759,958**	**1,511,442**	**728,986**	**1,484,362**
Net Interest, Fee and Commisson Income	**4,583,636**	**9,554,632**	**4,894,249**	**9,927,328**	**4,515,622**	**9,407,391**	**4,798,384**	**9,727,706**
Net Trading Income	165,648	353,517	171,833	274,841	169,364	342,636	128,642	258,459
Other Operating Income	81,706	405,927	24,692	79,110	55,582	319,372	22,660	77,078
Total Operating Income	**4,830,990**	**10,314,076**	**5,090,774**	**10,281,279**	**4,740,569**	**10,069,399**	**4,949,687**	**10,063,243**
Impairment Charge/ (Reversal) for Loans and Other Losses	893,282	1,351,009	860,124	1,971,791	893,282	1,351,009	860,124	1,971,791
Net Operating Income	**3,937,708**	**8,963,067**	**4,230,651**	**8,309,488**	**3,847,287**	**8,718,390**	**4,089,563**	**8,091,452**
Operating Expense								
Personnel Expenses	977,531	2,431,311	1,120,475	2,535,892	952,066	2,381,900	1,095,760	2,492,446
Other Operating Expenses	443,365	822,692	498,704	907,935	436,648	807,658	490,709	893,973
Depreciation & Amortisation	177,916	358,175	71,402	149,845	174,622	351,422	68,136	143,934
Operating Profit	**2,338,896**	**5,350,889**	**2,540,070**	**4,715,817**	**2,283,950**	**5,177,410**	**2,434,958**	**4,561,100**
Non Operating Income	(66,373)	(9,054)	4,982	27,922	1,009	9,163	2,580	24,631
Non Operating Expense	484,723	550,151	63,951	63,981	484,723	550,151	63,951	63,981
Profit Before Income Tax	**1,787,801**	**4,791,684**	**2,481,102**	**4,679,759**	**1,800,236**	**4,636,422**	**2,373,587**	**4,521,750**
Income Tax Expense								
Current Tax	634,332	1,444,648	663,780	1,352,777	612,549	1,392,145	639,808	1,318,671
Deferred Tax	(10,742)	(7,921)	(1,546)	(1,153)	-	-	-	-
Profit for the Period	**1,164,211**	**3,354,957**	**1,818,868**	**3,328,134**	**1,187,687**	**3,244,277**	**1,733,779**	**3,203,079**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Quarter Ended 29th Poush 2081

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	**1,164,211**	**3,354,957**	**1,818,868**	**3,328,134**	**1,187,687**	**3,244,277**	**1,733,779**	**3,203,079**
Other Comprehensive Income for the Period (net of income tax)	**(423,358)**	**44,376**	**294,482**	**(205,538)**	**(423,506)**	**42,825**	**293,021**	**(204,613)**
Total Comprehensive Income for the Period	**740,852**	**3,399,332**	**2,113,349**	**3,122,596**	**764,181**	**3,287,102**	**2,026,800**	**2,998,466**
Basic Earnings per Share (Annualized)		24.87		24.67		24.05		23.74
Diluted Earnings per Share (Annualized)		24.87		24.67		24.05		23.74
Total Comprehensive Income attributable to:								
Equity-Holders of the Bank	737,159	3,380,245	2,100,366	3,100,964	764,181	3,287,102	2,026,800	2,998,466
Non-Controlling Interest	3,694	19,088	12,983	21,632	-	-	-	-
Total	**740,852**	**3,399,332**	**2,113,349**	**3,122,596**	**764,181**	**3,287,102**	**2,026,800**	**2,998,466**

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		12.11		11.68		11.78		11.54
Tier-1 Capital to RWA		9.38		9.03		9.04		8.93
CET-1 Capital to RWA		9.38		9.03		9.04		8.93
Gross Non-Performing Loan (NPL)		4.93		3.80		4.93		3.80
Net Non-Performing Loan (NPL)		1.70		1.20		1.70		1.20
Total Loan Loss Provision to Total NPL		95.25		106.66		95.25		106.66
Cost of Funds		4.81		7.25		4.81		7.25
Credit to Deposit Ratio		82.80		84.95		82.80		84.95
Base Rate		6.31		9.07		6.31		9.07
Interest Rate Spread		3.74		4.00		3.74		4.00
Return on Equity (Annualized)		11.33		11.78		11.03		11.45
Return on Assets (Annualized)		1.18		1.33		1.14		1.28

STATEMENT OF DISTRIBUTABLE PROFIT OR LOSS

For the Quarter End of Poush 2081 (As per NRB regulation)

NPR in '000

Particulars	Current Year Upto this Qtr YTD	Previous Year Upto this Qtr YTD
Net profit or (loss) as per statement of profit or loss	**3,244,277**	**3,203,079**
Transfer from Fair Value Reserve	(1,481)	-
Less: appropriations (-) / contributions (+)		
a. General Reserve	(648,559)	(641,000)
b. Foreign Exchange Fluctuation Fund	(17,191)	(11,900)
c. Capital Redemption Reserve	(711,703)	(461,703)
d. Corporate Social Responsibility Fund	(32,443)	(32,031)
e. Employees' Training Fund	385	-
f. Investment adjustment reserves	-	-
g. Other	10,103	(1,000)
Profit or (loss) before regulatory adjustment	**1,843,387**	**2,055,445**
Regulatory Adjustment:		
a. Interest receivable (-)/previous accrued interest received (+)	(239,475)	(1,048,960)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(76,698)	(36,941)
e. Deferred tax assets recognised (-)/ reversal (+)	-	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	-	-
i. Other (+/-)	(12,683)	-
Total Adjustment in Regulatory Reserve	**(328,856)**	**(1,085,901)**
Net Profit for the Quarter end of Poush 2081 available for distribution	**1,514,531**	**969,544**
Opening Retained Earnings as on Shrawan 1, 2081	**3,082,904**	**3,187,059**
Adjustment (+/-)	-	(92,457)
Distribution:		
Bonus Share Issued	-	-
Cash Dividend paid	(2,705,700)	(2,976,270)
Total Distributable profit or (loss) as on quarter end date	**1,891,735**	**1,087,876**
Annualized Distributable profit/ loss per share	**9.38**	**7.62**

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.), Nabil Stock Dealer Limited (Subsidiary Co.).
- All inter-company transactions and outstanding balances among Group Companies are excluded in Group Financial Statements.
- The Bank has calculated preliminary expected credit loss figures which may vary upon full-fledged implementation of expected credit loss models being in line with relevant applicable standards and regulatory directions, which came at lower side as compared to Provision calculated as per NRB Prudential Norms and hence the Bank has booked the loan loss provision calculated as per prudential norms prescribed by Nepal Rastra Bank as impairment charges.
- Regulatory adjustment on accrued interest and on possible losses in investment property (NBA) has been made as per Unified NRB Directive 2081 (BFIRD/Policy/Circular/05/2081-82).
- Interest Income of the Stage 3 accounts has been recognized on cash basis. 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 or 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.
- The detailed interim financial statement has also been published in the Bank's website www.nabilbank.com.

1. MAJOR FINANCIAL INDICATORS

Earnings per share (NPR)	24.05
Price Earnings Ratio (Times)	20.36
Net Worth Per Share (NPR)	219.01
Total Assets Per Share (NPR)	2164
LD Ratio (%)	25.94

2. RELATED PARTY DISCLOSURE

- Group comprises of Nabil Bank Ltd. (the Bank), Nabil Investment Banking Ltd. (Subsidiary) and Nabil Stock Dealer 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). Nabil Stock Dealer Ltd. is a stock dealer / brokerage company licensed as Securities Business Person under Securities Broker and Securities Dealer Regulation, 2064 from SEBON.
- All transactions between the Bank and the Subsidiaries 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, Registrar to various Debentures issued by the bank and also the Fund Manager to Mutual Fund Schemes under the Bank's sponsorship.
- 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 law-suits 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)	619
Minimum Price (NPR)	489.5
Closing Price (NPR)	489.5
Total Units Traded	4,042,612
Total Days Traded	55

6. PROBLEMS AND CHALLENGES

Internal:

- Possibility of NPA growth owing to the 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
- Stagnant credit demand
- Impact of low capital expenditure of government on various sectors
- 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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