



NEPAL SBI BANK LTD.

Unaudited Financial Results (Quarterly)

As at 3rd quarter ended on Chaitra 30, 2074 (13 April 2018) of FY2074/75

Rs. in '000

S. N.	Particulars	This Quarter Ending Chaitra 2074 (13.04.2018) Unaudited		Previous Quarter Ending Poush 2074 (14.01.2018) Unaudited		Previous Year Corresponding Quarter ending Chaitra 2073(13.04.2017) Unaudited	
		Group	NSBL	Group	NSBL	Group	NSBL
1	Total Capital and Liabilities (1.1 to 1.7)	105,313,906	105,474,168	103,538,417	103,623,139	100,881,556	100,972,018
1.1	Paid Up Capital	8,046,905	8,046,905	8,046,905	8,046,905	4,979,856	4,979,856
1.2	Reserve and Surplus	4,177,363	4,159,500	3,709,644	3,692,756	3,114,233	3,110,810
1.3	Debenture and Bond	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
1.4	Borrowings	6,893,777	6,893,777	4,324,000	4,324,000	4,843,350	4,843,350
1.5	Deposits (a+b)	83,658,017	83,845,651	85,061,910	85,169,260	85,372,230	85,467,303
	<i>a. Domestic Currency</i>	<i>76,401,605</i>	<i>76,589,239</i>	<i>78,139,838</i>	<i>78,247,188</i>	<i>76,439,512</i>	<i>76,534,585</i>
	<i>b. Foreign Currency</i>	<i>7,256,412</i>	<i>7,256,412</i>	<i>6,922,072</i>	<i>6,922,072</i>	<i>8,932,718</i>	<i>8,932,718</i>
1.6	Income Tax Liability	126	-	150	-	-	-
1.7	Other Liabilities	1,537,718	1,528,335	1,395,808	1,390,218	1,571,887	1,570,699
2	Total Assets (2.1 to 2.7)	105,313,906	105,474,168	103,538,417	103,623,139	100,881,556	100,972,018
2.1	Cash and Bank Balance	10,232,300	10,229,510	8,839,832	8,837,439	16,340,071	16,340,071
2.2	Money at Call and Short Notice	-	-	-	-	600,000	600,000
2.3	Investments	17,927,871	18,106,844	20,550,768	20,650,768	19,778,675	19,878,675
2.4	Loans and Advances (Net)	74,052,723	74,052,723	71,341,293	71,341,293	61,715,242	61,715,242
	<i>a. Real Estate Loan</i>	<i>4,943,559</i>	<i>4,943,559</i>	<i>4,767,064</i>	<i>4,767,064</i>	<i>4,970,034</i>	<i>4,970,034</i>
	<i>1. Residential Real Estate Loan (Except Personal Home Loan up to Rs. 15 Million)</i>	<i>396,199</i>	<i>396,199</i>	<i>397,166</i>	<i>397,166</i>	<i>698,708</i>	<i>698,708</i>
	<i>2. Business Complex & Residential Apartment Construction Loan</i>	<i>507,865</i>	<i>507,865</i>	<i>414,648</i>	<i>414,648</i>	<i>435,264</i>	<i>435,264</i>
	<i>3. Income Generating Commercial Complex Loan</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
	<i>4. Other Real Estate Loan (Including Land Purchase & Plotting)</i>	<i>4,039,495</i>	<i>4,039,495</i>	<i>3,955,250</i>	<i>3,955,250</i>	<i>3,836,062</i>	<i>3,836,062</i>
	<i>b. Personal Home Loan of Rs. 15 Million or Less</i>	<i>2,227,751</i>	<i>2,227,751</i>	<i>2,263,655</i>	<i>2,263,655</i>	<i>1,751,575</i>	<i>1,751,575</i>
	<i>c. Margin Type Loan</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
	<i>d. Term Loan</i>	<i>6,582,363</i>	<i>6,582,363</i>	<i>5,552,980</i>	<i>5,552,980</i>	<i>3,557,590</i>	<i>3,557,590</i>
	<i>e. Overdraft Loan / TR Loan / WC Loan</i>	<i>40,217,019</i>	<i>40,217,019</i>	<i>38,907,175</i>	<i>38,907,175</i>	<i>33,235,590</i>	<i>33,235,590</i>
	<i>f. Others</i>	<i>20,082,031</i>	<i>20,082,031</i>	<i>19,850,419</i>	<i>19,850,419</i>	<i>18,200,453</i>	<i>18,200,453</i>
2.5	Fixed Assets (Net)	860,301	853,910	800,089	794,815	701,996	697,233
2.6	Non Banking Assets (Net)	-	-	-	-	-	-
2.7	Other Assets	2,240,711	2,231,181	2,006,435	1,998,824	1,745,572	1,740,797
3	Profit and Loss Account	This Quarter		Previous Quarter		Previous Year Corresponding Quarter	
		Group	NSBL	Group	NSBL	Group	NSBL
3.1	Interest Income	6,495,054	6,492,178	4,244,967	4,244,897	4,034,770	4,034,770
3.2	Interest Expenses	3,594,747	3,600,796	2,355,467	2,360,116	1,835,601	1,839,066
	A. Net Interest Income (3.1-3.2)	2,900,307	2,891,382	1,889,500	1,884,781	2,199,169	2,195,704
3.3	Fees, Commission and Discount	315,829	315,762	218,545	218,592	472,212	468,149
3.4	Other Operating Income	376,105	376,105	244,508	244,508	204,729	204,729
3.5	Foreign Exchange Gain/Loss (Net)	178,594	178,594	110,019	110,019	159,691	159,691
	B. Total Operating Income (A.+3.3+3.4+3.5)	3,770,835	3,761,843	2,462,572	2,457,900	3,035,801	3,028,273
3.6	Staff Expenses	792,901	792,901	506,553	506,553	579,279	579,279
3.7	Other Operating Expenses	619,151	613,812	403,115	400,012	520,503	517,392
	C. Operating Profit Before Provision (B.-3.6-3.7)	2,358,783	2,355,130	1,552,904	1,551,335	1,936,019	1,931,602
3.8	Provision for Possible Losses	151,361	151,361	115,646	115,646	181,049	181,049
	D. Operating Profit (C.-3.8)	2,207,422	2,203,769	1,437,258	1,435,689	1,754,970	1,750,553
3.9	Non Operating Income/Expenses (Net)	9,545	9,545	971	971	4,886	4,886
3.10	Write Back of Provision for Possible Loss	9,836	9,836	8,963	8,963	23,609	23,609
	E. Profit From Regular Activities (D + 3.9+3.10)	2,226,803	2,223,150	1,447,192	1,445,623	1,783,465	1,779,048
3.11	Extraordinary Income/Expenses (Net)	36,000	36,000	36,000	36,000	-	-
	F. Profit before Bonus and Taxes (E + 3.11)	2,262,803	2,259,150	1,483,192	1,481,623	1,783,465	1,779,048
3.12	Provision for Staff Bonus	205,377	205,377	134,693	134,693	161,732	161,732
3.13	Provision for Tax	674,925	673,988	434,301	433,889	514,020	512,916
	G. Net Profit/Loss (F-3.12-3.13)	1,382,501	1,379,785	914,198	913,041	1,107,713	1,104,400
4	Ratios	This Quarter		Previous Quarter		Previous Year Corresponding Quarter	
4.1	Capital Fund to Risk Weighted Assets (RWA)	14.72%	14.51%	15.13%	15.00%	13.02%	12.88%
4.2	Non Performing Loan (NPL) to Total Loan	0.13%	0.13%	0.13%	0.13%	0.12%	0.12%
4.3	Total Loan Loss Provision to Total NPL	858.31%	858.31%	869.73%	869.73%	1003.00%	1003.00%
4.4	Cost of Fund (Annualized)	5.25%	5.25%	5.14%	5.14%	2.96%	2.96%
4.5	Credit to Deposit Ratio (Calculated as per NRB Directives)	79.25%	79.25%	77.03%	77.03%	72.09%	72.09%
4.6	Base Rate	9.89%	9.89%	9.50%	9.50%	8.21%	8.21%
4.7	Average Monthly Interest Rate Spread LCY (Calculated as per NRB Directives)	5.24%	5.24%	4.78%	4.78%	4.33%	4.33%
	Additional Information						
4.8	Average Yield on Total Assets (Local Currency) (Annualized)	10.17%	10.17%	10.00%	10.00%	7.65%	7.65%
4.9	Return on Equity (Annualized)	17.20%	17.97%	16.88%	16.85%	20.41%	20.35%
4.10	Return on Assets (Annualized)	1.77%	1.76%	1.76%	1.76%	1.67%	1.67%

- The above figures may undergo change on completion of statutory audit and/ or as per directives of Nepal Rastra Bank.

- Group represents Nepal SBI Bank Ltd. (NSBL, Parent Company) and Nepal SBI Merchant Banking Ltd. (NSMBL, Subsidiary Company).

- Above financial statements are prepared in accordance with NRB Directives, and not complied with Nepal Financial Reporting Standards (NFRS).

THIRD QUARTER REPORT AT THE END OF CHAITRA, 2074 OF FY2074/75

(Published for the Purpose of Rule 26 (1) of the Securities Registration and Issue Regulation, 2073)

1. Financial Statements:

a. Quarterly Financial Report comprises Balance Sheet and Profit and Loss Account:

Published along with this report.

Transactions held between the Related Parties:

- Group comprises of Nepal SBI Bank Ltd (NSBL) and its wholly owned subsidiary Nepal SBI Merchant Banking Ltd (NSMBL) conducting merchant and investment banking business.
- All intra group transactions are conducted at arm's length basis and intra group transactions has been excluded in consolidated balance sheet.
- The Bank has deputed its employee as Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Subsidiary. Further, employees working at the Bank's Shares Department have also been deputed to subsidiary as an interim arrangement. NSBL has entered into Service Level Agreement with its Subsidiary to provide operational and technical assistance for an annual fee of Rs. 12 lakh. Similarly, NSBL has appointed Subsidiary as its Registrar to Share and for handling the Depository Participant Service, at a cost of Rs. 6 lakh per annum for each service.
- At the end of Chaitra 2074, Subsidiary, NSMBL, has outstanding deposit balance of NPR 187,634.00 thousand with the NSBL. The Bank has paid NPR 6,050.00 thousand interest amount to its subsidiary in respect of its deposit during the quarter. The NSMBL has receivable of Rs. 1,723 thousand to NSBL at the end of this quarter.

b. Minimum Major Financial Ratios:

- Per Share Net worth: Rs. 151.69
- Per Share Total Assets Value: Rs. 1,310.74
- Earnings Per Share: Rs. 22.86
- PE Ratio: 24.06 Times
- Liquidity Ratio: 25.30%

2. Management Analysis:

a. If there have been any changes in stock/reserve, income and liquidity of the Institution during the quarter, details for the reasons thereof:

- Stock/Reserve:** N/A
- Income:** Net Profit of Rs. 137.98 Crores has been registered upto the Third Quarter of the Fiscal Year 2074/75 compared to Rs 110.44 Crores in the same period last Fiscal Year 2073/74, thereby registering a growth of 24.94%. The progress is mainly because of growth in income from Bank's overall business.
- Liquidity:** Liquidity position of the bank is satisfactory.

b. Management's analytical detail on Future Business Plan:

With political stability in the country, there may increase business activities and require more lendable fund. However, decrease in remittance growth, which is a major source of lendable fund, and low capital expenditure by the government may impose limitations in growth of banking business.

To tap the opportunities our Bank's network has spread over the country covering 36 district with total of 81 outlets and 110 ATM/CDM/CRMs that includes 69 full-fledged Branches, 7 Extension Counters, 1 INTOUCH Outlet, 3 Administrative Offices and a Corporate Office. This will help us to reach/serve people residing in all areas of Nepal from East to West. This wide range of presence helps us to build up larger customer base with low cost deposit and better service to the customers.

c. Analytical details, if there are incidents or situations which may have major impact on stock/reserve, profit or cash flow of Organized Institution, based on previous experience:

Dearth of the lendable funds and opening of branches at rural areas as per NRB's instruction may impact in business growth and profitability of the Bank.

3. Legal Proceedings:

a. (i) Lawsuits filed by/against the Bank: Nine lawsuits have been filed against the Bank in respect of general matter during the quarter.

(ii) Lawsuits filed by the Bank against different defaulting borrowers/guarantors for recovery of its dues: No lawsuit has been filed by the Bank against defaulting borrowers/guarantors for recovery of its dues during the quarter.

b. Lawsuits filed by/against the Promoter or director of the Bank involving violation of statutory regulations or criminal offences: No information has been received by the bank till date.

c. Case filed against any Promoter/Director for financial frauds: No information has been received by the bank till date.

4. Analysis of Stock Performance:

a. Management view on share transactions of the Organized Institution taken place at Securities Market.

As the Nepal Stock Exchange is operating under the supervision of Securities Board of Nepal, management has no comment on the same.

b. Maximum, minimum and closing share price of organized Institution including total transacted number of shares and transacted days during quarter:

- Maximum Share Price : Rs. 610
- Minimum Share Price : Rs. 495
- Closing Share Price : Rs. 550
- Total no. of transactions : 2,390
- Total Transacted no. of days : 56
- Total traded number of Shares : 330,932

5. Problems and Challenges:

a. Problems and Challenges Faced:

i. External:

- ❖ Lack of lendable funds in the banking channel.
- ❖ Limited avenue for long term Lending & Investments.

ii. Internal

- ❖ Maintaining consistency in Return on Equity amidst increase in capital.
- ❖ Maintaining liquidity and regulatory prescribed ratios, with growth of business.

b. Strategy followed by the management in solving such problems and challenges:

- ❖ Increased focus on Retail loan portfolio.
- ❖ More focus on CASA deposits by offering better service, product and opening of outlets in new areas.
- ❖ Use of state of art technology for better service.
- ❖ Regular trainings to enhance work performance of the staff.
- ❖ Good industrial relations.
- ❖ Focus on business with compliance.

6. Corporate Governance

- i) The Bank has been fully complying with the directives, guidelines issued by NRB regarding Corporate Governance.
- ii) Board of Directors and its Committees' meeting on regular basis.
- iii) ALCO and Risk Management Committee (Operation, Credit and Market) meetings are held regularly.
- iv) Regular Central Management Committee Meetings to review progress in various areas of operations.

7. Declaration of Chairman/Chief Executive on truthfulness and correctness:

I, as on date, personally take responsibility on the truthfulness of the information and description presented in this report. Further, I declare that as far as I know and understand, the descriptions in this report are true, fair and complete and have not concealed any necessary particulars, notices and information to the investors to take informed decision.

Anukool Bhatnagar

Managing Director
Nepal SBI Bank Ltd.

Date: 23.04.2018

सूचनाको हक सम्बन्धि ऐन, २०६४ को दफा ५ को उपदफा (३) बमोजिमको आ.व. २०७४/७५ को तेश्रो त्रयमाशको विवरण बैंकको वेब साइट www.nepalsbi.com.np मा प्रकाशन गरिएको वेहोरा जानकारी गराउँदछौं ।