

Mega Bank Nepal Limited
Unaudited Financial Results (Quarterly)
As at end of 4th Quarter (32/3/2075) of the Fiscal Year 2074/2075 (as per NRB Directive No. 4)

Rs. in '000

S.N.	Particulars	This Quarter Ending		Previous Quarter Ending	Corresponding Previous Year Quarter Ending
		Group	Bank	Bank	Bank
1.	Total Capital and Liabilities (1.1 to 1.7)	78,182,026	78,382,100	56,898,096	45,642,802
1.1	Paid up Capital	10,285,527	10,285,527	7,376,743	5,279,415
1.2	Reserve and Surplus	2,106,633	2,106,182	1,812,190	585,984
1.3	Debtenture and Bond	-	-	-	-
1.4	Borrowings	1,582,263	1,582,263	3,925,630	-
1.5	Deposits (a+b)	62,764,780	62,964,545	43,006,607	38,936,865
	a. Domestic Currency	62,551,032	62,750,797	42,842,715	38,363,418
	b. Foreign Currency	213,748	213,748	163,892	573,447
1.6	Income Tax Liability	-	-	-	-
1.7	Other Liabilities	1,442,823	1,443,584	776,926	840,538
2.	Total Assets (2.1 to 2.7)	78,182,026	78,382,100	56,898,096	45,642,802
2.1	Cash and Bank Balance	7,588,608	7,588,591	5,445,319	3,747,427
2.2	Money at Call and Short Notice	1,505,628	1,505,628	1,646,662	1,560,620
2.3	Investments	10,664,202	10,864,202	6,828,361	4,484,170
2.4	Loans and Advances (a+b+c+d+e+f)	56,403,369	56,403,369	41,286,633	34,596,626
	a. Real Estate Loan	5,043,739	5,043,739	4,398,404	3,335,508
	1. Residential Real Estate Loan (Except Personal Home Loan upto Rs.15 million)	324,625	324,625	176,325	288,911
	2. Business Complex & Residential Apartment Construction Loan	850,918	850,918	831,796	568,672
	3. Income Generating Commercial Complex Loan	525,584	525,584	515,019	-
	4. Other Real Estate Loan (Including Land Purchase & Plotting)	3,342,611	3,342,611	2,875,264	2,477,924
	b. Personal Home Loan of Rs. 15 million or less	3,234,248	3,234,248	1,080,453	949,174
	c. Margin Type Loan	710,481	710,481	557,462	75,850
	d. Term Loan	9,559,521	9,559,521	6,561,258	6,159,190
	e. Overdraft Loan/TR Loan/WC Loan	26,720,492	26,720,492	21,252,937	17,851,653
	f. Others	11,134,888	11,134,888	7,436,118	6,225,253
2.5	Fixed Assets	653,096	653,096	368,826	302,129
2.6	Non Banking Assets	-	-	-	-
2.7	Other Assets	1,367,122	1,367,214	1,322,296	951,829
3.	Profit and Loss Account	Up to This Quarter		Up to Previous Quarter	Up to Corresponding Previous Year Quarter
3.1	Interest Income	5,944,543	5,944,543	3,807,082	4,123,202
3.2	Interest Expense	3,647,071	3,648,583	2,506,131	2,399,398
A	Net Interest Income (3.1-3.2)	2,297,471	2,295,959	1,300,951	1,723,804
3.3	Fees, Commission and Discount	92,893	92,893	62,704	70,185
3.4	Other Operating Income	257,860	257,860	172,165	179,935
3.5	Foreign Exchange Gain/Loss (Net)	146,029	146,029	95,964	121,617
B	Total Operating Income (A+3.3+3.4+3.5)	2,794,254	2,792,742	1,631,784	2,095,541
3.6	Staff Expenses	455,254	454,682	303,804	360,382
3.7	Other Operating Expenses	469,289	468,951	284,753	368,675
C	Operating Profit Before Provision (B-3.6-3.7)	1,869,711	1,869,109	1,043,226	1,366,484
3.8	Provision for Possible Losses	300,588	300,588	358,937	178,578
D	Operating Profit (C-3.8)	1,569,123	1,568,521	684,289	1,187,906
3.9	Non Operating Income/(Expenses) Net	27,589	27,589	25,860	18,410
3.10	Write Back of Provision for Possible Loss	61,811	61,811	105,966	34,517
E	Profit from Regular Activities (D+3.9+3.10)	1,658,522	1,657,921	816,116	1,240,832
3.11	Extra Ordinary Income/Expenses (Net)	(14,251)	(14,251)	(513)	-
F	Profit Before Bonus and Taxes (E+3.11)	1,644,271	1,643,670	815,603	1,240,832
3.12	Provision for Staff Bonus	149,425	149,425	74,146	112,803
3.13	Provision for Tax	447,716	447,565	216,553	335,023
G	Net Profit/(Loss) (F-3.12-3.13)	1,047,131	1,046,680	524,904	793,006
4.	Ratios (%)	At the End of This Quarter		At the End of Previous Quarter	At the End of Corresponding Previous Year Quarter
4.1	Capital Fund to RWE	18.71	18.42	18.49	14.80
4.2	Non Performing Loan (NPL) to Total Loan	0.82	0.82	0.98	1.36
4.3	Total Loan Loss Provision to Total NPL	182.72	182.72	183.61	124.09
4.4	Cost of Funds	7.73	7.73	7.64	6.00
4.5	Credit to Deposit Ratio (Calculated as per NRB Directives)	75.93	75.93	79.93	70.05
4.6	Base Rate	11.38	11.38	11.00	11.00
5.	Additional Information				
5.1	Average Yield	11.65	11.65	10.83	9.85
5.2	Net Interest Spread	3.91	3.91	3.20	3.85
5.3	Average Interest Rate Spread (Calculated as per NRB Directives)	4.33	4.33	4.48	4.06
5.4	Return on Equity	13.16	13.15	9.91	16.92
5.5	Return on Assets	1.86	1.86	1.35	1.74

Note:

- Figures have been re-grouped or re-arranged wherever necessary.
- Loans and Advances are presented net of loan loss provisions.
- Above financials have been presented as per NRB Directive No. 4 and prevailing practice in the Banking industry.
Joint transaction between Mega Bank Nepal Limited and Tourism Development Bank Limited (TDBL) commenced from 30th of Baisakh 2075 (13th May 2018) upon the completion of the merger process. The recorded incomes & expenses of Tourism Development Bank Limited before the merger date has not been included in Statement of Profit & Loss, rather the Net Profit has been transferred to Reserves & Surplus of the Balance Sheet. If this is to be considered, the Bank's Net Profit for FY 2074/75 would be Rs. 1,195 million.
- Group represents Mega Bank Nepal Limited and Mega Capital Markets Limited. The Group financial statement has excluded all the intra-group transactions and outstanding balances between the Group companies
- The above figures are subject to change if directed by the Regulators and/or External Auditor.

Related Party Transaction

- Mega Bank Nepal Limited has invested Rs. 200 million in its fully owned subsidiary Mega Capital Markets Limited.
- Following intra group transactions have taken place during the reporting period:
 - Mega Capital has maintained Rs. 180,000,000 as fixed deposit and Rs. 19,879,175 as call deposit in Mega Bank.
 - Mega Bank has incurred Rs. 1,512,124 as interest expenses on deposits of Mega Capital Markets Limited.
 - Mega Bank Nepal Limited has made payments of notice publication expenses Rs. 101,659 on behalf of Mega Capital Markets Limited which is due on the balance sheet date in the books of Mega Capital Market Limited.
- The Bank's subsidiary company "Mega Capital Markets Limited" has obtained its legal identity from the Office of Company Registrar but yet to receive operating license.

Mega Bank Nepal Limited
Unaudited Financial Results (Quarterly)
As per Nepal Financial Reporting Standards (NFRS)
As at end of 4th Quarter (32/3/2075 of the Fiscal Year 2074/75)

Rs. in '000

Statement of Financial Position	This Quarter Ending		Previous Quarter Ending	Corresponding Previous Year Quarter Ending
	Group	Bank	Bank	Bank
Assets				
Cash and Cash equivalent	5,519,146	5,519,129	4,499,003	3,329,063
Due from Nepal Rastra Bank & Placement with BFIs	7,277,879	7,277,879	3,224,578	2,664,980
Loans and Advances (Net of Impairment)	57,750,899	57,750,899	42,596,587	35,486,492
Investment Securities	6,965,643	6,965,643	6,202,724	3,817,344
Investment in Subsidiaries (at Cost)	-	200,000	-	-
Property & Equipment	627,346	627,346	361,670	293,285
Intangible Assets	25,751	25,751	7,155	8,844
Other assets	971,641	971,742	855,059	607,210
Total Assets	79,138,303	79,338,388	57,746,777	46,207,218
Capital & Liabilities				
Paid up Capital	10,285,527	10,285,527	7,376,743	4,582,313
Reserve and Surplus	2,828,638	2,828,187	2,452,686	1,675,669
Deposits	62,764,780	62,964,545	43,006,607	38,936,865
Borrowings	1,582,398	1,582,398	3,925,630	-
Other Liabilities & Provisions	1,676,961	1,677,732	985,110	1,012,370
Total Capital & Liabilities	79,138,303	79,338,388	57,746,777	46,207,218

Statement of Profit or Loss	Up to This Quarter		Up to Previous Quarter	Up to Corresponding Previous Year Quarter
	Group	Bank	Bank	Bank
Interest income	6,022,436	6,022,436	3,937,604	4,115,572
Interest expense	3,647,071	3,648,583	2,506,131	2,399,398
Net interest income	2,375,365	2,373,853	1,431,472	1,716,174
Fee and commission income	320,268	320,268	204,032	217,028
Fee and commission expenses	24,628	24,628	14,228	16,066
Net fee and commission income	295,641	295,641	189,804	200,962
Other Operating Income	205,773	205,773	154,332	174,790
Total operating income	2,876,779	2,875,267	1,775,608	2,091,925
Impairment charge/(reversal) for loans and other losses	70,415	70,415	(2,077)	102,938
Net Operating Income	2,806,364	2,804,852	1,777,685	1,988,988
Personnel Expenses	643,372	642,800	381,622	504,411
Other Operating Expenses	446,331	445,994	272,196	354,280
Operating Profit	1,716,660	1,716,059	1,123,867	1,130,297
Non operating Income/ (expense)	(14,251)	(14,251)	(513)	-
Profit before Tax	1,702,409	1,701,808	1,123,354	1,130,297
Provision for Income Tax	520,386	520,236	287,346	331,935
Profit For the period	1,182,023	1,181,572	836,008	798,361
Other comprehensive Income (net)	85,955	85,955	(62,541)	8,131
Total comprehensive Income	1,267,978	1,267,526	773,468	806,492
Distributable Profit				
Net Profit/(loss) as per profit or loss	1,182,023	1,181,572	836,008	798,361
Add/Less: Regulatory adjustment as per NRB directives	134,892	134,892	311,104	5,355
Free profit/(loss) after regulatory adjustments	1,047,131	1,046,680	524,904	793,006

Ratios

Capital Fund to RWE	18.71	18.42	18.49	14.80
Non Performing Loan (NPL) to Total Loan	0.82	0.82	0.98	1.36
Total Loan Loss Provision to Total NPL	182.72	182.72	183.61	124.09
Cost of Funds	7.73	7.73	7.64	6.00
Credit to Deposit Ratio (Calculated as per NRB Directives)	75.93	75.93	79.93	70.05
Base Rate	11.38	11.38	11.00	11.00
Basic EPS (as per NFRS)	16.16	16.16	14.35	18.58
Diluted EPS (as per NFRS)	16.16	16.16	14.35	18.58

Notes:

- NAS 39 Incurred Loss Model has been applied for estimating specific and portfolio impairments of financial assets, including Loans and Advances.
- Loans and Advances are presented net of Loan impairments. Loans and Advances also includes interest receivables on loans and staff loan.
- Above financials have been presented as per NFRS compliant financial statements format provided by NRB and the principles and policies adopted by the Bank in accordance with NFRS. The previous periods' figures have also been re-grouped or re-arranged or revised accordingly.
- Provision for Staff Bonus has been computed on profit calculated as per NRB directive no. 4 (i.e. previous GAAP) and has been included in personnel expenses.
- Provision for Current Tax has been computed on the basis of profit calculated as per Directive no. 4 (i.e. previous GAAP) and relevant income tax provision and for the adjustment made as per NFRS, deferred tax has been created.
- EPS has been calculated as per NFRS requirement (i.e. using weighted average number of shares).
- Actuarial assumptions and valuation have been applied to measure defined benefit obligation of the employees and costs have been charged accordingly.
- The Group financial statement has excluded all the intra-group transactions and outstanding balances between the Group companies.
- The above figures are subject to change if directed by the Regulators and/or External Auditor.

Reconciliation of Net profit as per NRB Directives and NFRS Compliant Financial Statements

			Rs. in '000
Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
Net profit or (loss) as per NFRS	1,181,572	836,008	798,361
<u>Regulatory adjustment :</u>			
<i>a. Interest receivable (-)/previous accrued interest received (+)</i>	(56,161)	(126,972)	16,706
<i>b. Short loan loss provision in accounts (-)/reversal (+)</i>	55,623	(167,170)	(16,884)
<i>c. Short provision for possible losses on investment (-)/reversal (+)</i>	(85,021)	(91,082)	(24,240)
<i>d. Short loan loss provision on Non Banking Assets (-)/reversal (+)</i>	(138,964)	3,205	
<i>e. Deferred tax assets recognised (-)/ reversal (+)</i>	72,671	70,793	(3,088)
<i>f. Actuarial Valuation (Leave & Gratuity) (+/-)</i>	16,960	123	22,150
Profit after regulatory adjustments	1,046,680	524,904	793,006

Segment Reporting:*Rs. in 000*

Particulars	Cards	General Banking	Remittance	Treasury	Total
Total Assets	80,024	70,103,789	650	9,153,925	79,338,388
Total Capital & Liabilities	6,871	78,342,420	910	988,187	79,338,388
Segment Revenue	73,541	5,943,045	18,614	513,277	6,548,478
Segment Expenditure	44,046	4,719,038	6,707	76,879	4,846,670
Segment Profit Before Tax	29,496	868,168	11,907	436,398	1,701,808