

Banks defy credit crunch, see profits surge by 10 percent

The Billionnaire Club

Bank's Name	Net Profit (over six months in FY 2017/18)
Nabil Bank Ltd	Rs 1.84 billion
Nepal Investment Bank Ltd	Rs 1.83 billion
Rastriya Banijya Bank Ltd	Rs 1.79 billion
Nepal Bank Ltd	Rs 1.64 billion
Everest Bank Ltd	Rs 1.14 billion
Himalayan	Rs 1.11 billion
Agricultural Development	Rs 1.03 billion
Standard Chartered	Rs 1.01 billion
NMB	Rs 1.01 billion

Source: Unaudited Financial Results of Banks Compiled by Nepal Bankers' Association

Nine commercial banks have earned net profits of over Rs 1 billion in the first half of the current Fiscal Year 2017/18. Not only half-dozen new commercial banks have joined the one-billion profit earners' league, the net profits of most of the commercial banks have also gone up in the review period.

The surge in the net profits fuelled by the rise in the net interest incomes of most of the commercial banks indicates that the shortage of lendable fund did not significantly hit the banks' business, as claimed by their executives.

According to the second quarterly unaudited financial results of 28 commercial banks compiled by Nepal Bankers' Association, 20 out of 28 commercial banks have seen growth in their net profits over the first six months of the current fiscal year compared to the same period of the last Fiscal Year 2016/17.

Everest Bank Ltd, Agricultural Development Bank Ltd, Standard Chartered Bank Ltd, NMB Bank Ltd, and Global IME Bank Ltd were the commercial banks that joined the club of banks whose half annual net profit stood above Rs one billion. Prabhu Bank Ltd, whose net profit had climbed up above a billion in the second quarter in the last fiscal year, however, fell to Rs 635 million.

Nepal Bank Ltd, Citizens Bank International Ltd, and Sunrise Bank Ltd are the banks whose net profit took dives in the review period compared to the corresponding period of the last fiscal year. NIC Asia Bank Ltd and Bank of Kathmandu also registered decline in their net profit in the current fiscal year. The net profit of Machhapuchhre Bank Ltd and Nepal Bangladesh Bank Ltd also squeezed in the current fiscal year, according to the compiled financial results. Rest of other commercial banks saw a growth in their net profit in the current year.

In total, the total net profit earned by 28 commercial banks have jumped by nearly 10 percent in the first half of the current fiscal year compared to the same period of the last year. The total net profit rose to Rs 23 billion in the review period of the current fiscal year from Rs 20.8 billion of the same period last year.

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Bankers say that the rise in the paid-up capital by nearly four-fold has put them under pressure to increase loans and investment. "On the one hand, there is rise in the paid-up capital of banks, which has propelled investment. Also, many banks have written back loans that they had provisioned earlier, which showed surge in profits," said a banker. "The non-interest income of banks like fees and charges from guarantee, Letter of Credit, and cards have also increased, which also explains the rise in profit in recent time," he added.

Source: My Republica, 7th February 2018