Cooperative Education Report

Title: Research/Media Officer at IMS Investment Management Services Pvt. Ltd.

Written by

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This Report Submitted in Partial Fulfillment of the Requirements for Cooperative Education, Faculty of Business Administration

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Siam University

Title: Research/Media Officer at Investment Management Services

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We have approved this cooperative report as a partial fulfillment of the cooperative education program semester 2/2017

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Major	:	**Finance and Banking**
Faculty	:	**Business Administration**

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Abstract

This internship is conducted at IMS Investment Management Services Pvt. Ltd., which is one of the leading service providers in the field of Capital Market in Nepal. It provides the most detailed analysis of the portfolio and helps in making decisions on the go, anywhere, anytime. I completed the cooperative education here at IMS. This report includes all of my activities performed during the tenure of my cooperative program. My job detail basically includes Data entry, analysis and interpretation. Every quarter all the listed companies in NEPSE publish their report on National Daily, based on that report I enter the data into excel sheet. After that I compile the major indicators of performance and if not given I compute them for analysis. All the data are compiled in one sheet for ease in comparison. Based on the indicators, the companies are analyzed (1) with its past performance (2) with its competitors. For example; all the listed commercial banks are compared and analyzed in one article. Post analysis, a news story is created in a manner that is understandable to normal investors and layman explaining the current performance of the companies being analyzed and the industry as a whole.

Finally, after the proofreading and editing is done by my project supervisor, the story is uploaded in the website, sharesansar.com.

During the tenure of my internship, I got an opportunity to apply the skills and knowledge that I had acquired in college. Being a finance major student and having a keen interest in capital market, this time has been really fruitful to me. Apart from learning how to do fundamental and technical analysis of companies I also have learned soft-skills that will remain with me forever.

Keywords: *Research and Media officer/ Online Financial portal/ Software developer/ Brokerage firm/ Merchant banker*

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I would like to begin by thanking Kathmandu College of Management (KCM) and Siam University for providing me an opportunity to enter into the real market and for providing a platform where I could apply my theoretical knowledge. If it weren't for this program, I wouldn't have known of the world beyond books. Through this internship I've found myself and my understanding of the market grow and for this I will forever be grateful. I would also like to express my deepest gratitude to Investment Management Services (IMS) for allowing me to be a part of their family and providing me exposure to the market insights and how the company works. The challenging and conducive work environment has enabled me to push my limits and learn things that I didn't know before. I am especially thankful to my Project Manager, Suramya Khanal. He has been more of a mentor to me than supervisor. With him I have been able to establish relationship between what I had learned in college and the practical world. Similarly, I would also like to express a lot of appreciation and love for my colleagues, who helped me in my endeavors during this tenure. I would also like to thank them for constant support.

Finally, I would like to thank Kathmandu College of Management (KCM)'s management team who have made this program possible. If it weren't for this program, I would have missed all these learnings.

Amar Nath Shrestha

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List of abbreviations

KCM	Kathmandu College of Management
NEPSE	Nepal Stock Exchange
NRB	Nepal Rastra Bank
IMS	Investment Management Services
BFIs	Banks and Financial Institutions
EPS	Earnings Per Share
P/E	Price-Earnings Ratio
CAPM	Capital Asset Pricing Model

Chapter 1: Introduction

1. Company profile

Picture 1: Company Logo

Investment Management Services Pvt. Ltd. (IMS) is an investment management company. It is one of the leading service providers in the field of Capital market in Nepal. It provides the most detailed analysis of the portfolio and make decisions on the go, anywhere, anytime. It was established by three friends on 2011. It has been serving its clients and well-wishers for 7 years now. ShareSansar is one of its subsidiary that publishes financial news in its website about the capital markets and also the analytical research-based stories. It is the no. 1 online financial portal of Nepal. ShareSansar also provides training classes about the capital market. There are two types of courses provided: Fundamental or Basic training and Technical Analysis training. Also, IMS has been developing software like Margin Pro, Portfolio Tracker and ShareSansar.com itself. IMS has also been providing brokerage services through a broker, Creative Securities (Broker No. 40). It has now launched a Merchant Bank namely, Aakash capital. Aakash Capital is limited to Portfolio Management for now and are planning for Issue Manager and Share Registrar.

a. Organization structure

The organization structure of Investment Management Services is shown below. Here, IMS has 4 different operations. Sharesansar.com being Nepal's no. 1 online financial portal that provides financial news to its viewers and investors. IMS also develops software. Sharesansar.com, Portfolio tracker, and Margin Pro are some of the software developed by IMS. IMS has also been providing brokerage services through a broker, Creative Securities (Broker No. 40). It has now launched a Merchant Bank namely, Aakash capital.

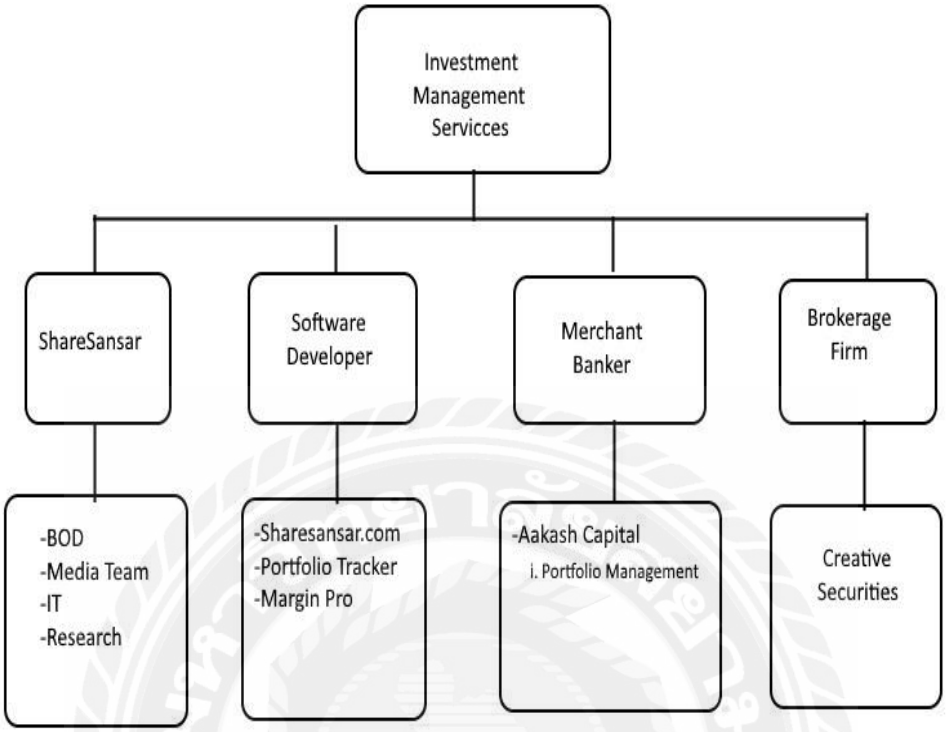


Figure 1: Organization structure

b. Organization Hierarchy

There is 3 Board of Directors at Sharesansar. Project manager and Human resource works under BOD. Project manager manages the media and research team as well as Information technology. Accounts, Clerical & compliance and Reception & support works under Human resource.

My designation here at IMS Investment Management Services Pvt. Ltd., was Research/ Media Officer and worked in Research and Media Department. I worked under the Project Manager.

The hierarchy at Sharesansar is shown below.

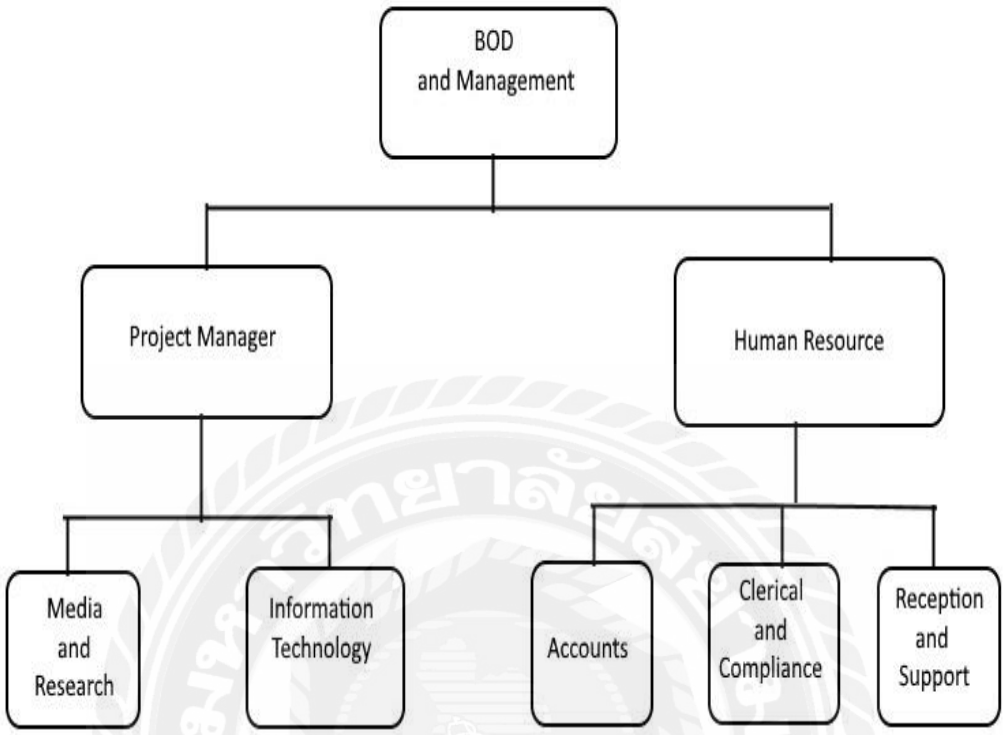


Figure 2: Organization hierarchy

2. Objectives of the study

i. To gain experience in capital market and stock trading.
ii. To fulfill the BBA program by the completion of COOP education required by the university.
iii. To apply the knowledge gained in the class into the professional life.
iv. To provide the latest financial news to the investors regarding the stock market i.e. NEPSE.
v. To cope up with the new innovations and the colleagues according to the new trends in the market.
vi. To analyze the data (financial reports) and presenting my views regarding the outcomes of my research for the investors.

3. Problem statement

The internship has been performed as a requirement of the course for the completion of the undergraduate degree at Siam university. This is a part of curriculum to complete a three-month internship for the better understanding of a corporate industry and gain experience of working in an actual market before the completion of the undergraduate degree. This internship also provides an opportunity to seek, identify and further develop and appropriate level of professionalism among the students.

This report is about the company analysis and capital market. It talks about how investors need to analyze the company before investing in them. This report includes my research on the companies listed in Nepal Stock Exchange (NEPSE) and a hypothetical portfolio of the companies of the same. The gist of this report is to implement theoretical knowledge obtained from lectures, projects, books etc. in the practical world in order to broaden the knowledge by working in different fields of study and performing in the real world. In practical world, the stated theory knowledge may not be implemented accordingly. The provided financial news through analysis doesn't suggest the investors to act according to the information from the article.

Investors are mostly depended on the financial news. They need all the information of the companies before investing. People view the news published on website i.e. sharesansar.com and take decisions according to the news published which is wrong. The analysis made for publishing the news may not always be correct. It might be the analysis of only few factors. Investors must not be fully depended on the news and must analyze the companies by themselves before making investment decisions. Here, at IMS, Sharesansar also offers fundamental analysis as well as technical analysis training of the stocks.

4. Expected outcomes

i. Demonstrate an understanding of professional and ethical practice.
ii. Development of professionalism and work ethics.
iii. Improve communication skills as well as team work
iv. Experience on corporate work practices.
v. Ability to read and understand financial statements

5. Limitation of the study

i. The market is never consistent.
ii. Time constraint
iii. The projected outcomes vary with the actual results. (i.e. the share price or the Index)
iv. The companies may not provide the actual data.

v. The analysis is fully based on secondary data so the accuracy of data is a major concern
vi. Only 3rd quarter report of FY 2073/74 and 3rd quarter report of FY 2074/75 of commercial banks are taken.

Chapter 2: Literature review

1. Main theory and concept applied alongside with the given job description

a. Nepal Stock Exchange (NEPSE)

Nepal Stock Exchange is the only Stock Market of Nepal. It was established under the company act, operating under Securities Exchange Act, 1983. Its first trading floor was opened on January 13, 1994. The shareholders of NEPSE are Government of Nepal, Nepal Rastra Bank and Nepal Industrial Development Corporation. The objective of NEPSE is to impart free marketability and liquidity to the government and corporate securities by providing transactions in its trading floor through member, market intermediaries, such as broker, market makers etc. (NEPSE, 2018)

b. Financial Management

Financial management is the science of fund management. It includes saving money and often includes lending money which deals with the concept of time, money, and risk and how they are interrelated. It also deals with how money is spent and budgeted. Traditionally, financial management was considered a branch of knowledge with focus on the procurement of funds. The core of modern approach evolved around, is procurement of the least cost of funds and its effective utilization for maximization of shareholders' wealth.

Capital is the investment supplied by the investors to the corporation. The fund is raised by corporation from the investors. The main job of financial manager is to raise fund for a corporation, maximize the wealth of corporation, meet the interests of investors who supplied capital in the corporation. The capital structure is the mix of the long-term sources of funds used by the firm. The primary objective of capital structure decision is to maximize the market value of the firm through appropriate mix of long term sources of the funds.

The primary objective of capital structure decision is to maximize the market value of the firm through appropriate mix of long term sources of the funds. Capital structure that minimizes the firm's cost of capital and thereby maximizes the value of the firm. Minimum return that must be generated by a corporation from the use of fund supplied by investors in each source of capital is given as:

$$K_{\circ} = K_i \frac{B}{(B+S)} + K\frac{S}{(B+S)}$$

i. $$WACC = (Kd)(1-t)(Wd) + (Ke)(We)$$

(Dhakal, 2016)

c. Capital Asset Pricing Model (CAPM)

The capital asset pricing model (CAPM) is a model that describes the relationship between risk and expected return that is used in the pricing of risky securities. The CAPM says that there is a positive relationship between the s expected returns of the stocks and its systematic risk, beta. It is widely used in a) Corporate Project Valuation b) Portfolio Management c) Evaluating Portfolio Managers d) Cost-of-capital determination. The failure of the CAPM implies that the market portfolio is not efficient. (CAPM and Empirical evidence, 2016)

Although the empirical evidence on the CAPM is mixed, it is widely used because of the valuable insights it offers and its accuracy is satisfactory for most practical applications. This relationship between expected returns and risk is very useful because of two important things. Firstly, it produces a benchmark for evaluating various investments. Secondly, it helps us to make an informed anticipation about the return that can be expected from an asset that has not yet been traded in the market.

$$\bar{r_a} = r_f + \beta_a(\bar{r_m} - r_f)$$

Where:

r_f = Risk free rate

β_a = Beta of the security

$\bar{r_m}$ = Expected market return (investopedia, 2016)

Risk-free rate is the rate of a government bond of a country. In case of Nepal, Nepal Rastra Bank issues the Treasury bills. The measure of risk, by measuring fluctuation of the stock prices relative to the base market is Beta. (CFI, 2018). The long-term assumption about how the investment works over its life is expected return.

d. Company analysis

The process carried out by investors in order to evaluate securities, gather information regarding to the company's profile, products and services as well as profitability is known as Company Analysis. It can simply be called 'fundamental analysis.' A company analysis consists the basic information of the company i.e. mission statement and manifestation and the goals and values. History of the company is also considered by the investors during the process of company analysis focusing on events which have contributed in shaping the company.

The steps for conducting company analysis are:

i. Determining the type of analysis that would be suitable for the selected company
ii. Researching well regarding the methods for analysis. Also, for company analysis, expected outcomes must be understood. It is vital in making the right choice for the method of analysis.
iii. Implementation of the selected method for conducting financial analysis. It should include internal as well as external factors affecting the business.
iv. Use of statistics can be used as a support the major findings.
v. The final step is reviewing the results. The corrections are made to the weaknesses. Company analysis is used in concluding issues and determining the possible solutions. It is conducted to reflect an image of the firm at a specific time, hence providing the best way of upgrading firm, internally as well as externally. (Ready Ratios, n.d.)

The two types of company analysis are:

i. Fundamental analysis

Fundamental analysis is a method of valuing securities such as stocks and bonds, that attempts to discover their true value by examining related economic and financial factors. Macroeconomic factors such as the overall economy and industry conditions, and microeconomic factors such as financial conditions, and company management are studied by the analysts. (Investopedia, n.d.) It is a stock valuation method that uses financial and economic analysis to predict the movement of stock prices. The analysis attempts to find the intrinsic value of a security that helps investors to make decisions. The fundamental information that is analyzed can include a company's financial reports and non-financial information such as estimates of the growth of demand for products sold by the company, industry comparisons, and economy-wide changes in government policies, etc. The factors that are required to be looked into in fundamental analysis are: Revenues, expenses and income, Growth prospects for the company, competitiveness and expected return on equity or assets. (Glen, 2018)

ii. Technical analysis

Technical analysis is a trading tool employed for evaluating securities and try to forecast the future movement by analyzing statistics gathered through trading activity like price and volume movements. It focuses on charts of price movement and various analytical tools to evaluate stock's strength or weakness and forecast future price changes. This analysis is used to attempt to forecast the price movement of virtually any tradable instrument that is generally subject to forces of supply and demand that includes stocks, bonds, futures and currency pairs. It can also be viewed as the study of supply and demand forces in the market price movements of a security. It

predicts the short-term price travels which is important criteria for selecting the company to invest. Technical analysis is done only after deducing a trend and judging the future movement of the stock on the basis of the trend. It assumes that the market is efficient and the price has already taken into consideration the other factors related to the company. (S.Ramprasad, 2010) Commonly used technical indicators include trendlines, pivot point, moving average convergence divergence (MACD) indicator. (Investopedia, n.d.) The factors for technical analysis are Historical pricing of the stock, trading volume over time and industry trading trends. (Glen, 2018)

Chapter 3: Methodology

1. Roles and responsibilities assigned by the company

a. Work with Research/Media Department for development of research-based content

All the public companies listed in NEPSE require to publish the quarterly reports every year. They need to publish all four quarterly reports every three months. These reports are published on a daily newspaper, company's website, financial newspaper, etc. For the research purpose, the data from these reports are recorded in Microsoft Excel. Then, these data can be compared with the previous Fiscal Year's data for the analysis.

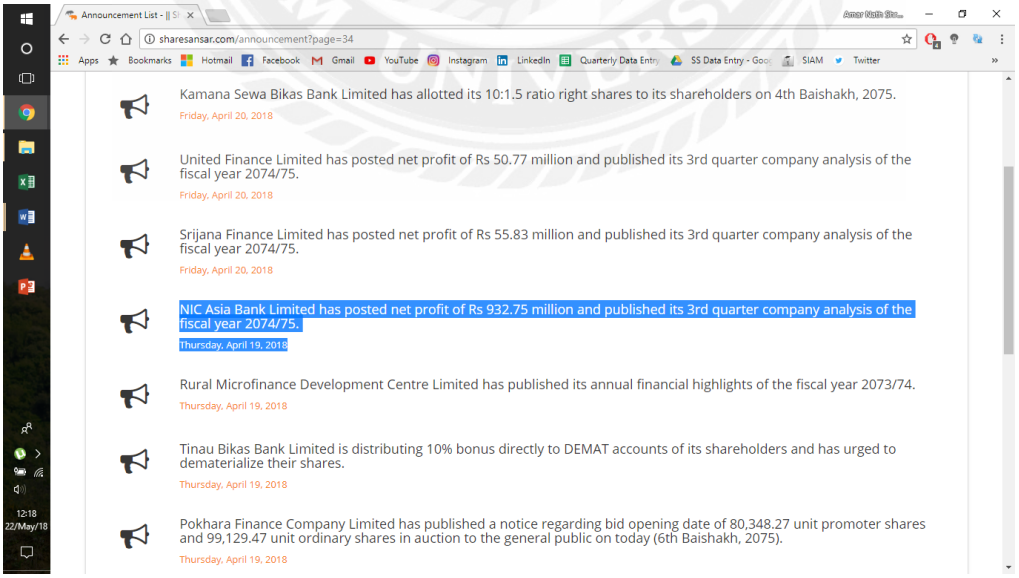
b. Coordinate with IT Department for financials data entry of companies listed in Nepal Stock Exchange

For publishing the data collected, a standard format is created for the entry of the data to the website. The data collected is recorded in a standard format in Microsoft excel and checked thoroughly. These data are uploaded to the software for the analysis purpose.

2. Collection of data

a. For Company analysis

The method of data collection was only Secondary method. The data was extracted from the newspaper and the website. Two websites were used for the data collection. Sharesansar.com and merolagani.com. Sharesansar uploads the financial reports of the companies every day when it is published by the companies.



Picture 1: Screenshot of data collection method *(Sharesansar.com, 2018)*

b. For hypothetical portfolio

The stocks picked for the hypothetical portfolio are listed companies in Nepal Stock Exchange (NEPSE). Treasury bills provided by Nepal Rastra Bank (NRB) is taken as the risk-free rate. NEPSE index is taken as a base. The stocks picked for the hypothetical portfolio has been diversified by taking 3 of the Commercial banks, 1 manufacturing company, 1 hotel, 1 life insurance company, 1 mutual equity fund, 1 finance company, 1 hydropower company and 1 categorized as others namely Nepal Doorsanchar Company (NTC).

The historical weekend price data/indices of the stocks were taken from website of Nepal Stock Exchange, Sharesansar.com and merolagani.com. The risk-free rates i.e. 91 days T-bill rates is taken from the website of Nepal Rastra Bank Limited (NRB), the central bank of Nepal.

For the prediction of hypothetical portfolio, the following steps are taken:

i. Calculate % return of each stock between each weekend and annualize them.

Weekly return= $\frac{\text{Current price}-\text{Historical price}}{\text{Historical price}}$

For annualized return,

Annualized return = (1+weekly return) ^52 – 1

ii. Calculate average return (Expected Return), Variance, Standard Deviation of Returns, CV, Highest Value, Lowest Value, Range of the returns of each stock.

Expected return = $\frac{RB-RA}{RA}$

To calculate the standard deviation of the stocks and NEPSE, given formulae is used,

Standard Deviation (σm) = $\sqrt{\sigma m^2} = \sqrt{[\sum pi\ [Rm-E(Rm)]^2]}$

iii. Calculate % return of NEPSE index between each weekend and annualize them.

iv. Calculate average return (Expected Return), Variance, Standard Deviation of Returns, CV, Highest Value, Lowest Value, Range of the returns of NEPSE Return.

v. Calculate average risk-free rate (91 days T-bill rate) and annualize them.

vi. Calculate average ($R_m - R_f$) over the period. R_m is the average NEPSE return over the period.

Chapter 4: Results and discussion

1. Contributions of student made during the internship

As a Media/Research Officer at IMS, I was assigned to do the data entry of the company's financial statement and analyze them and publish the results as a news article. Example of the article is given below.

See the performance of all 28 commercial banks as per their financial statement of Q3 FY2074/75; Rastriya Banijya Bank, NIB, Nabil and Nepal Bank lead on major indicators

The type of financial institution accepting deposits, granting loans and offers account services and makes business, personal and mortgage loans, provides products like certificate of deposit and savings account to businesses and individuals is known as a Commercial Bank. It makes money by floating loans to various individuals and institutions.

Table showing Capital, Reserve and Net Profit									
Symbol	Capital (Rs. In Arba)		% Change	Reserve (Rs. In Arba)		% Change	Net Profit (Rs. In Arba)		% Change
	Q3 74/75	Q3 73/74		Q3 74/75	Q3 73/74		Q3 74/75	Q3 73/74	
NIB	10.74	8.75	22.83	10.98	9.96	10.24	2.87	2.38	20.65
GBIME	8.89	7.24	22.72	3.93	3.12	26.05	1.46	1.48	-1.12
CCBL	8.63	3.69	134.06	1.21	0.93	29.96	0.63	0.31	102.63
RBB	8.59	8.59	0.00	4.98	2.09	137.81	3.08	2.08	48.52
ADBL	*8.51	7.09	20.00	9.65	8.39	14.99	1.79	1.57	13.56
LBL	8.22	3.16	160.26	2.17	4.33	-49.90	0.80	0.57	41.04
SRBL	8.15	5.45	49.50	2.49	2.01	23.95	0.95	0.86	11.21
HBL	8.11	6.61	22.67	5.20	4.51	15.35	1.61	1.54	4.99
EBL	8.11	4.61	75.99	5.85	5.43	7.73	1.80	1.53	18.19
NBB	8.09	5.51	46.68	3.06	2.86	7.29	0.71	0.83	-14.18
MBL	8.06	6.60	22.08	1.79	1.76	1.97	0.82	1.01	-18.91
SBI	8.05	4.98	61.59	4.18	3.11	34.29	1.38	1.10	25.18
NABIL	8.04	6.19	30.03	8.87	8.09	9.59	2.80	2.68	4.31
NBL	8.04	7.46	7.82	5.98	2.76	116.17	2.57	2.52	2.06
PCBL	8.03	5.79	38.68	2.66	1.91	39.26	1.36	0.88	53.87
CZBIL	8.03	5.88	36.70	2.36	2.17	8.77	0.99	0.87	14.14
NICA	8.03	6.36	26.32	3.02	3.07	-1.36	0.93	1.14	-18.09
SBL	8.01	5.25	52.59	3.79	2.82	34.26	1.27	0.96	32.42
SCB	8.01	3.75	113.64	5.36	4.84	10.82	1.51	1.06	41.85
PRVU	8.00	5.88	36.04	3.41	1.89	80.19	0.87	1.45	-40.02
SANIMA	8.00	5.31	50.80	2.27	1.74	30.66	1.22	0.95	28.37
JBNL	8.00	4.65	72.20	1.37	0.84	63.06	0.58	0.38	50.76
MEGA	7.38	4.58	60.98	1.81	1.03	76.16	0.52	0.54	-3.23
BOKL	7.07	5.63	25.64	4.44	3.04	46.22	0.93	0.89	5.26
CBL	6.93	4.58	51.29	2.05	1.31	55.83	0.36	0.15	130.41
NMB	6.46	6.46	0.00	5.76	4.07	41.56	1.48	1.22	21.57
KBL	5.97	3.27	82.78	2.81	1.14	145.93	0.71	0.38	87.73
NCCB	4.68	4.68	0.00	3.13	2.39	30.67	0.54	0.17	224.54

Table 1:Capital, Reserve and Net Profit

NOTE:

Table is sorted in descending order i.e. highest capital being first.

ADBL's preference share capital is excluded.

Net Profit highlighted with green represents highest among banks.

Banks and Financial Institutions (BFIs) must publish financial statement every quarter with which stakeholders of the company make analysis and know the details about the company performance. Financial statements are the only authorized report as published by the respective company via which plays a crucial role in decision making for making an investment. It contains all the major fundamentals of the company.

All 28 commercial banks have published their financial statements of their performance till Chaitra 2074 i.e. Q3 FY 2074/75. For the ease of investors and visitors of our site, we came out with news which summarizes all the major fundamental factors that one must go through before pouring their hard-earned money. This article focuses on major factors like Capital, Reserves, Net profit, EPS, Net Worth and Price Earning (P/E) ratio.

Rastriya Banijya Bank, Nepal Investment Bank, Nabil Bank, Nepal Bank and Everest Bank have been able to be the top 5 highest profit makers until the end of third quarter.

As per the minimum capital requirement directed by the Nepal Rastra Bank, commercial Banks must raise their paid-up capital to NRs. 8 billion. The methods used by the banks for raising their capital to NRs. 8 billion are Mergers and Acquisition, issuing right shares, bonus shares and issuing Further Public Offering (FPO).

According to the third quarter report of the commercial banks, 22 of the commercial banks have been successful in meeting up the required capital. Nepal Investment Bank Limited (NIB) stands first raising its capital to NRs. 10.74 Arba. 6 of them are still in the process of meeting up the required capital. Mega Bank Limited (MEGA) has undergone in the merger process with Tourism Development Bank Limited (TDBL). It will meet its capital requirement after this merger process. Other five commercial banks will be issuing right shares, bonus shares, FPOs or may go into merger process for meeting up the capital requirement.

In terms of Reserve, NIB has highest reserve of Rs 10.98 arba which is followed by ADBL with reserve of Rs. 9.65 arba which is strongest part of these giant banks. CCBL with only Rs 1.21 arba has lowest reserve among 28 banks which signifies that it is the weakest bank in terms of reserve.

After meeting the capital requirement, most of the banks succeed to hike their net profit as well, but the growth with respect to capital increase seems unsatisfactory as growth of net profit is comparatively lower with respect to capital increase which directly results into diminish in Earning Per Share (EPS). The growth of the banks cannot be seen as only 4 commercial banks were successful to gain net profit more than NRs. 2 arba namely Nepal Investment Bank Limited (NIB), Rastriya Banijya Bank Limited (RBB), Nabil Bank Limited (NABIL) and Nepal Bank Limited (NBL). RBB is the only commercial bank not listed in Nepal Stock Exchange (NEPSE) but it stood on top of the table in terms of Net profit i.e. NRs. 3.08 arba. Civil Bank Limited (CBL) has earned lowest net profit of Rs 36 crore among the 28 commercial banks.

Table showing major fundamental ratios							
Symbol	EPS (in Rs.)		% Change	Net Worth per Share		% Change	P/E Ratio
	Q3 74/75	Q3 73/74		Q3 74/75	Q3 73/74		
RBB	47.88	32.24	48.52	157.96	124.37	27.00	-
NABIL	46.40	57.85	-19.78	210.27	230.84	-8.91	21.31
NBL	42.57	44.97	-5.34	174.31	137.06	27.18	7.54
NIB	35.60	36.24	-1.77	202.18	213.86	-5.46	18.74
NMB	30.49	25.08	21.57	189.18	163.00	16.06	14.60
EBL	29.66	44.17	-32.85	172.21	217.96	-20.99	26.87
HBL	26.48	30.94	-14.40	164.11	168.18	-2.42	23.03
SCB	25.12	37.84	-33.60	166.93	229.03	-27.11	34.03
ADBL	24.20	29.63	-18.33	169.20	218.35	-22.51	19.70
SBI	22.91	29.57	-22.53	151.91	162.47	-6.50	24.01
PCBL	22.55	20.32	10.97	133.12	132.98	0.10	13.08
GBIME	21.89	27.17	-19.42	144.25	143.08	0.82	14.20
SBL	21.09	24.30	-13.21	147.31	153.76	-4.20	14.46
SANIMA	20.26	23.80	-14.89	128.43	132.81	-3.30	17.67
BOKL	17.59	21.00	-16.22	162.78	153.94	5.74	18.98
CZBIL	16.51	19.78	-16.52	129.41	136.97	-5.52	15.75
SRBL	15.60	20.98	-25.62	130.54	136.83	-4.60	15.64
NICA	15.49	23.88	-35.15	137.65	148.21	-7.13	20.86
NCCB	15.48	4.77	224.53	166.85	151.16	10.38	21.06
KBL	14.45	15.35	-5.85	147.11	135.01	8.96	15.86
PRVU	14.45	32.78	-55.92	142.62	132.18	7.90	8.05
MBL	13.49	20.31	-33.57	122.26	126.65	-3.47	16.75
LBL	13.02	24.02	-45.81	126.38	237.06	-46.69	20.13
NBB	11.71	20.01	-41.48	137.87	151.78	-9.16	19.98
CCBL	9.73	11.24	-13.44	114.04	125.29	-8.98	17.68
JBNL	9.59	10.96	-12.46	117.13	118.09	-0.81	17.09
MEGA	9.49	15.78	-39.86	124.57	122.45	1.73	47.33
CBL	6.84	4.49	52.38	129.50	128.64	0.67	22.07

Table 2:Fundamental Ratios

Note:

Table is sorted in descending order i.e. highest EPS being first.

The closing price provided in the financial reports is taken into consideration for the calculation of PE Ratio.

MEGA Bank's LTP before merger has been taken into consideration. Its adjusted P/E will be 29.47 times.

In terms of EPS**,** Rastriya Banijya Bank Limited (RBB), Nabil Bank Limited (NABIL) and Nepal Bank Limited (NBL) stood on top 3 with an annualized EPS of Rs. 47.88, Rs. 46.40 and Rs. 42.57 respectively in the third quarter of FY 2074/75. Nepal Investment Bank Limited (NIB)and NMB Bank Limited (NMB) have EPS greater than Rs. 30.

10 banks—namely Everest Bank Limited (EBL), Himalayan Bank Limited (HBL), Standard Chartered Bank Limited (SCB), Agriculture Development Bank Limited (ADBL), SBI Bank Limited (SBI), Prime Commercial Bank Limited (PCBL), Global IME Bank Limited (GBIME), Siddhartha Bank Limited (SBL), Sanima Bank Limited (SANIMA) and Bank of Kathmandu Limited (BOKL) were successful in maintaining EPS greater than Rs. 20. Similarly, 4 banks, Century Commercial Bank Limited (CCBL), Janata Bank Nepal Limited (JBNL), Mega Bank Limited (MEGA) and Civil Bank Limited (CBL) have EPS less than Rs. 10.

Nabil Bank Limited (NABIL) topped among 28 banks in terms of Net worth per share with Rs. 210.27 where it has P/E ratio of only 21.31 times and Nepal Investment Bank Limited (NIB) stood second with net worth per share of Rs. 202.18. Century Commercial Bank Limited (CCBL) stood at last with Net worth of Rs. 114.04. MEGA & SCB have highest PE ratio i.e. 47.33 times and 34.03 times in third quarter report of 2074/75.

2. Learning process

Practice is the key to learning. The process of my learning at IMS can be briefed as below.

First of all, I was guided by my supervisor. I was responsible for data entry of the financial reports of the listed companies in NEPSE. By collecting those data, I needed to analyze them. I used Microsoft excel for recording the data. After analyzing, a news article is prepared and then published in a website i.e. Sharesansar.com.

For the hypothetical portfolio, I used the guidelines provided in the classroom. I collected the data from the website of Nepal Rastra Bank (NRB), Sharesansar.com, merolagani.com, etc.

In order to carry out the job, my classroom knowledge came of great help. A lot of the theories and formulas were indirectly supporting me in determining the factors I need to look into. However, in the course of learning I also came across the gap between the theory and practice.

3. Project

During the internship tenure, I also developed a hypothetical portfolio of the stocks of the companies listed in NEPSE.

a. Activities
   i. Choosing 10 stocks of 10 different companies listed in Nepal Stock Exchange.
   ii. Noting at least recent 70 to 80 historical weekend price data/indices of these stocks.
   iii. Noting at least 70 to 80 historical weekend NEPSE index – of the same weeks for which you've noted the price/indices of the 10 stocks.
   iv. Noting at least 5 recent historical risk-free rates (91 days T-bill rate issued by Nepal Rastra Bank.

b. Companies Selected:
   i. Agriculture Development Bank Limited (ADBL)
   ii. Unilever Nepal limited (UNL)
   iii. Soaltee Hotel Limited (SHL)
   iv. Nepal Doorsanchar Company Limited (NTC)
   v. Chilime Hydropower Company Limited (CHCL)
   vi. Goodwill finance Limited (GFCL)
   vii. Nepal Life Insurance Company (NLIC)
   viii. Nabil Bank Limited (NABIL)
   ix. Global IME Bank Limited (GBIME)
   x. Nabil Equity Fund (NEF)

Activities:

Calculation of the expected return and variance/standard deviation of the portfolio is depended on the followings:

   i. Matrix Method of calculating Portfolio Variance and Standard Deviation
   ii. Expected return of each stocks chosen over the period
   iii. Standard deviation of each stocks' return chosen over the period
   iv. Weights as given above for the stocks chosen
   v. Covariance (or correlation coefficient) between each stock pairs.

All the calculations were done in Microsoft Excel. The expected return, variances, standard deviation, range, Coefficient of Variance, and Risk premium are calculated and formed a table.

The descriptive statistics is shown below.

	Expected Return	Variance	Standard Deviation	Highest Value	Lowest Value	Range	CV	Risk Prem.
ADBL	0.00	0.00	0.05	0.18	-0.10	0.28	-71.42	
UNL	0.01	0.00	0.03	0.08	-0.10	0.18	3.26	
SHL	0.02	0.03	0.17	0.43	-0.31	0.75	7.50	
NTC	0.00	0.00	0.03	0.15	-0.09	0.24	18.39	
NLIC	0.01	0.01	0.09	0.73	-0.16	0.89	12.32	
CHCL	0.01	0.00	0.02	0.08	0.00	0.08	1.54	
NABIL	0.00	0.00	0.06	0.19	-0.19	0.38	-28.96	
GBIME	0.00	0.00	0.05	0.16	-0.21	0.37	-12.61	
GFCL	0.03	0.04	0.21	0.61	-0.34	0.95	7.89	
NEF	0.00	0.00	0.01	0.04	-0.03	0.07	6.50	
NEPSE	0.01	0.00	0.03	0.10	-0.10	0.21	4.66	
Risk Free Rate	0.31							-0.31

Table 3: Table showing expected returns, standard deviation, CV, risk premium, etc.

Co-relation											
	ADBL	UNL	SHL	NTC	NLIC	CHCL	NABIL	GBIME	GFCL	NEF	NEPSE
ADBL	1.00										
UNL	-0.44	1.00									
SHL	0.29	-0.91	1.00								
NTC	0.45	0.34	-0.39	1.00							
NLIC	-0.23	0.82	-0.83	0.35	1.00						
CHCL	0.54	-0.63	0.58	0.30	-0.53	1.00					
NABIL	0.37	-0.16	0.03	0.24	-0.02	0.27	1.00				
GBIME	0.62	-0.61	0.50	-0.04	-0.33	0.37	0.59	1.00			
GFCL	0.37	-0.76	0.78	-0.29	-0.60	0.42	0.18	0.56	1.00		
NEF	0.29	0.52	-0.63	0.71	0.57	0.02	0.10	-0.30	-0.58	1.00	
NEPSE	0.32	0.57	-0.63	0.85	0.53	0.10	0.23	-0.19	-0.50	0.84	1.00

Table 4: Co-relation matrix

Correlation means the relationship between the two stocks. Here, positive correlation means the stocks moves along with each other and negative correlation means that the stocks moves in the opposite direction. Which means that suppose, the correlation of stocks ADBL and UNL is -0.44 which means that if the stock price of ADBL increases, the price of UNL decreases, and vice-versa. Also, the correlation of stocks ADBL and SHL is 0.29 which is positive hence, they move along with each other stating increase in price of one stock means increase in the price of other and decrease in price when one

of the stock's price decreases.

Covariance											
	ADBL	UNL	SHL	NTC	NLIC	CHCL	NABIL	GBIME	GFCL	NEF	NEPSE
ADBL	1.00	-386486.37	2084.16	1076.12	-22998.98	4430.44	14642.55	6595.24	558.93	23.51	2201.17
UNL	-115839.11	1c.00	-198027.25	40934.66	2303773.61	-208254.86	-204209.17	-223659.94	-40057.80	2493.70	302521.18
SHL	826.49	-198027.25	1.00	-497.41	-25286.82	2079.83	375.05	1999.28	443.54	-33.22	-3603.96
NTC	712.47	40934.66	-497.41	1.00	5775.40	596.03	1799.77	-77.91	-89.41	20.26	2656.05
NLIC	-8583.13	2303773.61	-25286.82	11550.80	1.00	-24668.90	-2646.20	-16869.79	-4405.41	380.81	3875`3.01
CHCL	2380.35	-208254.86	2079.83	596.03	-24668.90	1.00	5570.97	2259.05	368.49	1.94	890.77
NABIL	6194.80	-204209.17	375.05	1799.77	-2646.20	5570.97	1.00	13807.53	609.86	29.18	7683.03
GBIME	3026.12	-223659.94	1999.28	-77.91	-16869.79	2259.05	13807.53	1.00	539.85	-26.50	-1833.15
GFCL	256.27	-40057.80	443.54	-89.41	-4405.41	368.49	609.86	539.85	1.00	-7.37	-697.09
NEF	18.33	2493.70	-33.22	20.26	380.81	1.94	29.18	-26.50	-7.37	1.00	106.04
NEPSE	2201.17	302521.18	-3603.96	2656.05	38753.01	890.77	7683.03	-1833.15	-697.09	106.04	1.00

Table 5: Covariance matrix

Variance-Covariance Matrix

	Stock 1 (ADBL)	Stock 2 (NEF)	Stock 3 (GFCL)	Stock 4 (CHCL)	Stock 5 (NTC)
Stock 1 (ADBL)	0.0044				
Stock 2 (NEF)	0.0002	0.0004			
Stock 3 (GFCL)	-0.0003	-0.0020	0.1063		
Stock 4 (CHCL)	0.0000	-0.0001	0.0007	0.0002	
Stock 5 (NTC)	0.0011	-0.0001	0.0006	0.0000	0.0026
Average	-0.071%	0.175%	1.970%	1.092%	0.169%

Table 6: Variance/ Co-variance Matrix

The matrix that contains the variances and covariances associated with several variables is known as a variance-covariance matrix. The elements in diagonal in the matrix contain the variances of the variables and off-diagonal elements contain the covariances between all possible pairs of variables.

Labelling each of the company is done as Stock 1, 2, 3, 4 and 5. Henceforth, the label given to these companies will not change.

Portfolio of 5 Stocks						
	Expected Return	Weights	Available Fund	Amount Allocated	Closing Price	No. of Shares
Stock 1 (ADBL)	0.0044	10%	10000000	1000000	588	1701
Stock 2 (NEF)	0.0004	20%	10000000	2000000	15.9	125786
Stock 3 (GFCL)	0.1063	20%	10000000	2000000	214	9346
Stock 4 (CHCL)	0.0002	20%	10000000	2000000	2,738	730
Stock 5 (NTC)	0.0026	30%	10000000	3000000	700	4286
Total	0.1139	100%		10000000		141849

Table 7: Hypothetical Portfolio of 5 stocks

After the selection of portfolio, the following activities is performed:

1. Calculation alpha and beta of each stocks by regressing it with the market return data within the period.
    i. Market return is taken as independent variable and stock return as dependent variable in each case and regression of these two variables is done to find out alpha and beta.

	Alpha	Beta
ADBL	-0.002	0.277
UNL	0.008	-0.048
SHL	0.023	0.212
NTC	0.002	0.066
NLIC	0.008	-0.142
CHCL	0.010	0.137
NABIL	-0.004	0.571
GBIME	-0.005	0.197
GFCL	0.024	-1.305
NEF	0.002	0.064

Table 8: Alpha and beta of the Stocks

The companies with beta=0 means that there is no risk and which is not possible. Hence, with beta 0 it doesn't move along with the market.

2. The standard error of estimation for alpha and beta calculated for each stock is found out.

Standard Error	
For Alpha	0.003256
For Beta	0.15778

Table 9: Standard error

3. CAPM equation (SML) is used to find out required rate of return for each stock and compare it with the expected (average) return to find which stock is overvalued and which stock is undervalued.

Stocks	Beta	Alpha	Required Return	Expected Return	Status
ADBL	0.28	-0.002	2.26	-0.09	Over Valued
UNL	-0.05	0.008	0.63	0.82	Under Valued
SHL	0.21	0.023	1.93	2.34	Under Valued
NTC	0.07	0.002	1.20	0.17	Over Valued
NLIC	-0.14	0.008	0.15	0.75	Under Valued
CHCL	0.14	0.010	1.56	1.08	Over Valued
NABIL	0.57	-0.004	3.74	-0.28	Over Valued
GBIME	0.20	-0.005	1.86	-0.43	Over Valued
GFCL	-1.31	0.024	-5.70	-2.04	Under Valued
NEF	0.06	0.002	1.19	0.18	Over Valued

Table 10: Overvalued and Undervalued stocks

c. Portfolio Management and Evaluation:
   i. With respect to the numbers of 5 stocks in the portfolio, we find out the value of the portfolio on last Monday (1st March) (if stock market was closed last Monday, first day of trading on that week is taken)

Chosen 5 Stocks

	Expected Return	Weights	Covariance	Available Fund	Amount Allocated	Closing Price	No. of Shares
Stock 1 (ADBL)	0.0044	10%	0.121	10000000	1000000	588	1701
Stock 2 (NEF)	0.0004	20%	0.002	10000000	2000000	15.9	125786
Stock 3 (GFCL)	0.1063	20%	29416.23	10000000	2000000	214	9346
Stock 4 (CHCL)	0.0002	20%	0.197	10000000	2000000	2738	730
Stock 5 (NTC)	0.0026	30%	0.55	10000000	3000000	700	4286
Total	0.1139	100%			10000000		141849

Table 11:choosen 5 Stocks

i. Since the new weights of each stock in chosen portfolio has changed, new weights are calculated.

New Portfolio

	No. of Shares	Price	Net Worth (March 17)	Weight
Stock 1 (ADBL)	1701	666	1132866	12%
Stock 2 (NEF)	125786	15.85	1993708.1	22%
Stock 3 (GFCL)	9346	233	2177618	23%
Stock 4 (CHCL)	730	1,315	959950	10%
Stock 5 (NTC)	4286	702	3008772	32%
		Total	9272914.1	

Table 12: New hypothetical Portfolio

ii. With these new weights of last Monday (1st March) Calculation of the beta of the portfolio is done.

	Beta	Standard Error
ADBL	0.28	6.72
UNL	-0.05	507.65
SHL	0.21	5.50
NTC	0.07	3.01
NLIC	-0.14	70.67
CHCL	0.14	8.40
NABIL	0.57	31.95
GBIME	0.20	9.33
GFCL	-1.31	1.33
NEF	0.06	0.12
NEPSE	1.00	13.32

Table 13:Beta and Standard error of new portfolio

Here, Beta means risk. There cannot be a company without risk. The companies with beta=0 means that there is no risk and which is not possible. Hence, with beta 0 it doesn't move along with the market i.e. NEPSE.

Learnings

From the above outcomes, If I have to invest Nrs. 10,000,000 in real life, my decision to invest would mostly be the same. However, I would switch from Agricultural Development Bank Limited (ADBL) to standard Chartered Bank (SCB). Therefore, the five companies that I would invest in are: Standard Chartered Bank (SCB), Nabil Equity Fund (NEF), Goodwill Finance Limited (GFCL), Chilime Hydropower Company Limited (CHCL) and Nepal Doorsanchar Company (NTC).

Being a student, my basic investment objective would be to earn moderate returns without taking a high risk. Hence, I have come up with a highly diversified portfolio comprising of Commercial banks, Finance companies, Government organizations, Hydropower companies and Mutual fund in order to diversify my portfolio over a wide range of companies.

All of the companies mentioned above are well known companies in the market who have already created brands of themselves. The prices of the shares of these companies are comparatively affordable for us. Similarly, these companies have been providing fair amounts of dividends in the recent years. The EPS of the above listed shares are pretty good and they have also been providing fair rates of returns. I decided to switch from ADBL to SCB because, when I analyzed the banks, I saw that the profits and returns and other factors of SCB were more attractive than that of ADBL.

This project was very beneficial for me because of its relevance with the real-life scenario as I actually looked into the stock prices and took the real data for all the calculations. The first thing I learnt through this project is to analyze the stock prices of various companies and to interpret those data in the real-life scenario. I learnt the basis of making fundamental analysis to evaluate the companies and choose the ones to invest in. I gained knowledge and experience to create my own investment portfolio and the things that should be considered before making one. I also learned about the importance of diversification in order to reduce the overall risk of the portfolio. I learned the impact of covariance and correlation while diversifying a portfolio. I also learned a lot about SML and SCL and how they are important while evaluating stocks. Similarly, I learned the market scenario of Nepal and how unmanaged and inefficient our market is when it comes to stock trading.

Chapter 5: Conclusions

1. Self-assessment as future professional

   The process through which one becomes aware of their strengths and weaknesses, abilities and skills, values, interests, goals and aspirations is termed as self-assessment. It assists employees and supervisors in preparing for performance evaluation. It allows us to contribute to the performance discussion by completing the self-assessment.

   Talking about self, I am regular at work with a great attendance track record. In time of challenges, I try and maintain neutral behavior and effort to motivate my colleagues to keep up passion during such times. I try to remain positive and cheerful most of the times at workplace. I guarantee to maintain a smooth flow of communication from the colleagues to the management and vice versa. I am able to handle the customers with negative feedback and try to resolve the related issues.

   I may appear to be dull at times towards my colleagues while I remain focused on the task which I am trying to rectify. According to my style of communication, I know that not all my colleagues may be comfortable. However, my aim is to get the job done, on time, with results without any intentional personal outbreak on anyone. Time management is not my core strength as well, and I try to improve it to have a better time management. I do understand that though I complete projects within the specified deadline, it is not enough. I understand and realize the value of communication with the management as well as with my colleagues. In order to avoid any miscommunication, I look forward in improving my communication skills. As an individual, I have realized that I am more practical than creative. This trait of mine sometimes hampers me from providing innovative solutions during challenging situations. I try my best to take positive risks in my job and try providing creative solutions as requirement when I can. I understand that I rely a lot on group effort. However, I am working towards it to confirm that I am able to participate equally or even more than my team members. I have tried to keep the instances of negative feedback from the customers at a minimal since customer relations is not my strength.

2. Comparison of practical learning VS theory

   This report reflects the activities performed at IMS Investment Management Services Pvt. Ltd. In the tenure of my cooperative program, I was assigned as a Media/Research Officer at Investment Management Services. Most of the things that I performed as a duty in my cooperative program was taught during my academic course.

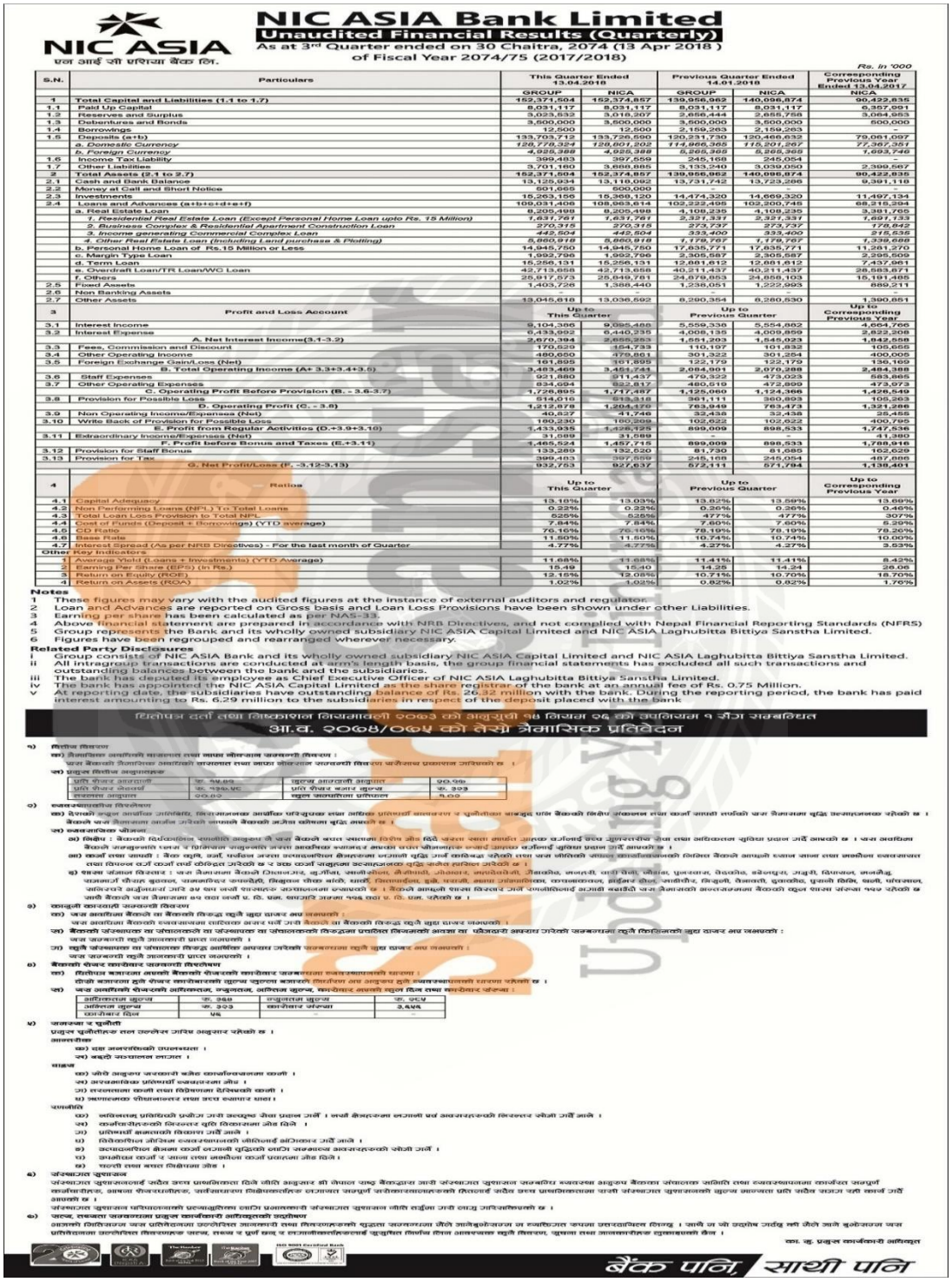
   The knowledge I gained from my institution helped me cope up with the duties assigned at IMS. Most of the activities that were assigned was related

to my study. I was able to implement my knowledge and get the job done easily and on time. Bookish information is subjected to classroom learning and that can't be flawless and full. In any case, Practical learning includes our own particular involvement in the topic and that gives us top to bottom information of the reality. Practical knowledge holds greater importance than theoretical knowledge.

Theories are more of a setup and guideline which assist in practical world for achieving targeted goal. By the help of theoretical knowledge, the work in real life was easier. I required guidance for parts of the work done in the subject matter, other than that I was able to assist my team with my classroom theoretical learning in English usage and writings and other excel and word skills.

Both theoretical as well as practical information are as important as two sides of a coin. In my case, I had learnt about the financial and capital markets in the classroom. By interning here at IMS Investment Management Services Pvt. Ltd.(IMS), I had an opportunity to implement those theoretical knowledge in the real time market. In my case, I studied Company analysis i.e. fundamental analysis and technical analysis. In my workplace, I implemented fundamental analysis theory when working for publishing an article in the website of the IMS Investment Management Services (IMS) i.e. Sharesansar.com. I analyzed 28 Commercial Banks of Nepal fundamentally by taking Paid-up capital, Reserves, Earnings per Share (EPS), Price-Earnings ratio (P/E ratio), Net worth per share and Net Profit. Hence, I can say that theoretical knowledge assisted me throughout my practical world.

Appendices



NIC ASIA Bank Limited

Unaudited Financial Results (Quarterly)

As at 3rd Quarter ended on 30 Chaitra, 2074 (13 Apr 2018)
of Fiscal Year 2074/75 (2017/2018)

एन आई सी एशिया बैंक लि.

Rs. in '000

S.N.	Particulars	This Quarter Ended 13.04.2018		Previous Quarter Ended 14.01.2018		Corresponding Previous Year Ended 13.04.2017
		GROUP	NICA	GROUP	NICA	NICA
1	Total Capital and Liabilities (1.1 to 1.7)	152,371,504	152,374,857	139,956,962	140,096,874	90,422,835
1.1	Paid Up Capital	8,031,117	8,031,117	8,031,117	8,031,117	5,357,991
1.2	Reserves and Surplus	3,023,532	3,018,207	2,856,444	2,855,758	3,064,953
1.3	Debentures and Bonds	3,500,000	3,500,000	3,500,000	3,500,000	500,000
1.4	Borrowings	12,500	12,500	2,159,263	2,159,263	-
1.5	Deposits (a+b)	133,703,712	133,726,690	120,231,730	120,466,632	79,081,007
	a. Domestic Currency	*126,779,324*	*126,807,202*	*114,966,365*	*115,201,267*	*77,367,357*
	b. Foreign Currency	*4,925,388*	*4,925,388*	*5,265,365*	*5,265,365*	*1,693,746*
1.6	Income Tax Liability	399,483	397,559	245,168	245,054	-
1.7	Other Liabilities	3,701,160	3,668,885	3,133,240	3,039,050	2,399,567
2	Total Assets (2.1 to 2.7)	152,371,504	152,374,857	139,956,962	140,096,874	90,422,835
2.1	Cash and Bank Balance	13,129,934	13,116,092	13,731,742	13,723,288	9,391,118
2.2	Money at Call and Short Notice	601,665	600,000	-	-	-
2.3	Investments	15,263,156	15,368,120	14,474,320	14,669,320	11,497,134
2.4	Loans and Advances (a+b+c+d+e+f)	109,031,406	108,983,614	102,322,495	102,300,745	68,215,294
	a. Real Estate Loan	8,205,498	8,205,498	4,108,235	4,108,235	3,381,765
	1. Residential Real Estate Loan (Except Personal Home Loan upto Rs. 15 Million)	*1,491,761*	*1,491,761*	*2,321,331*	*2,321,331*	*1,691,133*
	2. Business Complex & Residential Apartment Construction Loan	*270,315*	*270,315*	*273,737*	*273,737*	*178,842*
	3. Income generating Commercial Complex Loan	*442,504*	*442,504*	*333,400*	*333,400*	*215,535*
	4. Other Real Estate Loan (Including Land purchase & Plotting)	*5,860,918*	*5,860,918*	*1,179,767*	*1,179,767*	*1,339,686*
	b. Personal Home Loan of Rs.15 Million or Less	14,945,750	14,945,750	17,835,771	17,835,771	11,281,270
	c. Margin Type Loan	1,992,796	1,992,796	2,305,587	2,305,587	2,295,509
	d. Term Loan	16,256,131	15,256,131	12,881,612	12,881,612	7,437,661
	e. Overdraft Loan/TR Loan/WC Loan	42,713,658	42,713,658	40,211,437	40,211,437	28,583,671
	f. Others	25,917,573	25,949,781	24,679,653	24,858,103	15,191,485
2.5	Fixed Assets	1,403,726	1,388,440	1,238,051	1,222,993	889,211
2.6	Non Banking Assets	-	-	-	-	-
2.7	Other Assets	13,045,618	13,036,592	8,290,354	8,280,530	1,390,851
3	Profit and Loss Account	Up to This Quarter		Up to Previous Quarter		Up to Corresponding Previous Year
3.1	Interest Income	9,104,306	9,095,488	5,559,336	5,554,882	4,664,766
3.2	Interest Expense	6,433,992	6,440,235	4,008,135	4,009,859	2,822,208
	A. Net Interest Income(3.1-3.2)	2,670,314	2,655,253	1,551,203	1,545,023	1,842,558
3.3	Fees, Commission and Discount	170,629	154,733	110,197	101,832	105,665
3.4	Other Operating Income	480,650	479,861	301,322	301,254	400,005
3.5	Foreign Exchange Gain/Loss (Net)	181,805	181,805	122,179	122,179	136,169
	B. Total Operating Income (A+ 3.3+3.4+3.5)	3,483,469	3,451,741	2,084,901	2,070,288	2,484,388
3.6	Staff Expenses	921,680	911,407	479,322	473,023	583,865
3.7	Other Operating Expenses	834,094	827,817	480,019	472,899	473,973
	C. Operating Profit Before Provision (B. - 3.6-3.7)	1,726,895	1,717,457	1,125,560	1,124,366	1,426,549
3.8	Provision for Possible Loss	514,016	513,318	361,111	360,893	105,263
	D. Operating Profit (C. - 3.8)	1,212,879	1,204,139	763,949	763,473	1,321,286
3.9	Non Operating Income/Expenses (Net)	40,627	41,746	32,438	32,438	25,455
3.10	Write Back of Provision for Possible Loss	180,230	180,208	102,622	102,622	400,795
	E. Profit from Regular Activities (D.+3.9+3.10)	1,433,935	1,426,125	899,009	898,533	1,747,536
3.11	Extraordinary Income/Expenses (Net)	31,089	31,589	-	-	41,380
	F. Profit before Bonus and Taxes (E.+3.11)	1,465,524	1,457,715	899,009	898,533	1,788,916
3.12	Provision for Staff Bonus	133,289	132,520	81,730	81,685	162,629
3.13	Provision for Tax	399,483	397,559	245,168	245,054	487,686
	G. Net Profit/Loss (F. -3.12-3.13)	932,753	927,637	572,111	571,794	1,138,401
4	Ratios	Up to This Quarter		Up to Previous Quarter		Up to Corresponding Previous Year
4.1	Capital Adequacy	13.18%	13.03%	13.82%	13.58%	13.89%
4.2	Non Performing Loans (NPL) To Total Loans	0.22%	0.23%	0.26%	0.26%	0.46%
4.3	Total Loan Loss Provision to Total NPL	525%	525%	477%	477%	307%
4.4	Cost of Funds (Deposit + Borrowings) (YTD average)	7.84%	7.84%	7.60%	7.60%	5.29%
4.5	CD Ratio	76.16%	76.16%	78.19%	78.19%	79.29%
4.6	Base Rate	11.50%	11.50%	10.74%	10.74%	10.00%
4.7	Interest Spread (As per NRB Directives) - For the last month of Quarter	4.27%	4.27%	4.27%	4.27%	3.53%
Other	Key Indicators					
1	Average Yield (Loans + Investments) (YTD Average)	11.68%	11.68%	11.41%	11.41%	8.42%
2	Earning Per Share (EPS) (in Rs.)	15.49	15.40	14.25	14.24	28.06
3	Return on Equity (ROE)	12.15%	12.08%	10.71%	10.70%	18.70%
4	Return on Assets (ROA)	1.02%	1.02%	0.82%	0.82%	1.76%

Notes

1 These figures may vary with the audited figures at the instance of external auditors and regulator.
2 Loan and Advances are reported on Gross basis and Loan Loss Provisions have been shown under other Liabilities.
3 Earning per share has been calculated as per NAS-33.
4 Above financial statement are prepared in accordance with NRB Directives, and not complied with Nepal Financial Reporting Standards (NFRS)
5 Group represents the Bank and its wholly owned subsidiary NIC ASIA Capital Limited and NIC ASIA Laghubitta Bittiya Sanstha Limited.
6 Figures have been regrouped and rearranged wherever necessary.

Related Party Disclosures

i Group consists of NIC ASIA Bank and its wholly owned subsidiary NIC ASIA Capital Limited and NIC ASIA Laghubitta Bittiya Sanstha Limited.
ii All intragroup transactions are conducted at arm's length basis, the group financial statements has excluded all such transactions and outstanding balances between the bank and the subsidiaries.
iii The bank has deputed its employee as Chief Executive Officer of NIC ASIA Laghubitta Bittiya Sanstha Limited.
iv The bank has appointed the NIC ASIA Capital Limited as the share registrar of the bank at an annual fee of Rs. 0.75 Million.
v At reporting date, the subsidiaries have outstanding balance of Rs. 26.32 million with the bank. During the reporting period, the bank has paid interest amounting to Rs. 6.29 million to the subsidiaries in respect of the deposit placed with the bank

वित्तीय पत्र दर्ता तथा निष्काशन नियमावली २०७३ को अनुसूची १४ नियम २६ को उपनियम १ सँग सम्बन्धित

आ.व. २०७४/०७५ को तेस्रो त्रैमासिक प्रतिवेदन

१) वित्तीय विवरण

क) रोयल्टिमा आधारित सम्पत्ति तथा भार्या भोगचलन जस्तासी विवरण :

यस बैंकको वित्तीयस्थिर सम्पत्तिको सम्पत्ति तथा भार्या भोगचलन जस्तासी विवरण चार्टेनमा प्रस्तुत गरिएको छ ।

ख) प्रमुख वित्तीय अनुपातहरू

प्रति शेयर आम्दानी	रु. ५४.७८	मूल्य आम्दानी अनुपात	२०.९७
प्रति शेयर बेमानी	रु. १७५.९८	प्रति शेयर बजार मूल्य	रु. ३२३
सम्पत्ति अनुपात	२०.०७	खुला जगेडापुँजी प्रतिशत	५.०७

२) व्यवस्थापकीय विश्लेषण

क) वैशाख मसान्त आर्थिक अवस्थिति, नेतृत्वमानव आर्थिक परिचालन तथा आर्थिक प्रतिफलमा आधारित पुनरावलोकन र भूतीयोजना आवश्यक पर्ने बैंकको लिखित प्रस्तावना तथा कार्य भाषती सम्बन्धी यस नेतृमानमा वृद्धि उत्साहजनक रहेको छ । बैंकले यस नेतृमानमा आर्जन जारेको जगाले बैंकको अजेय कोषमा वृद्धि आएको छ ।

ख) व्यवसायिक योजना

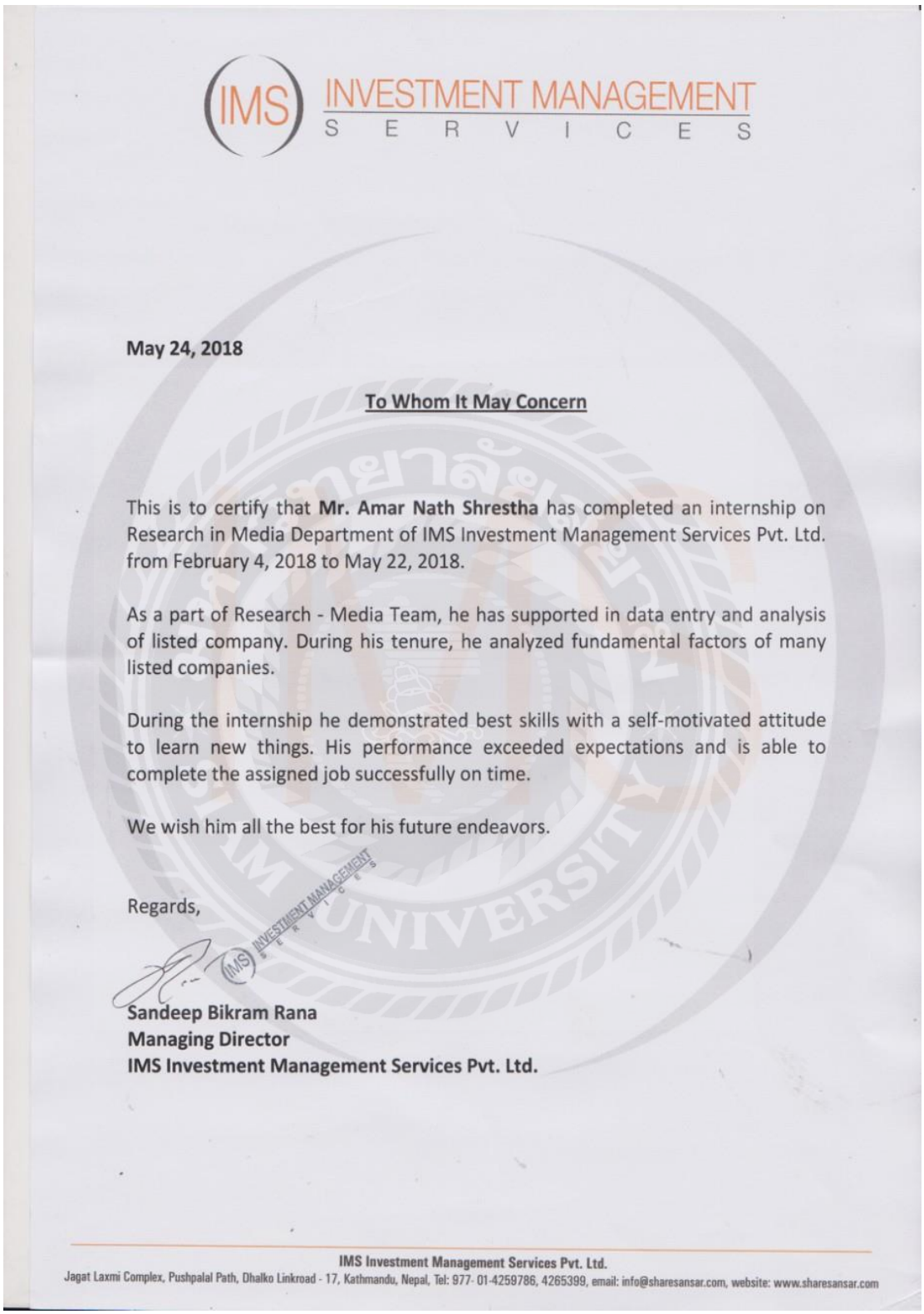
क) लिखित : बैंकको विश्लेषणित भाषीति अनुसार ने यस बैंकले बचत खातामा ब्रिटिश औंठ दिने सुबिधा तथा आर्थिक अनुकूल सुविधा प्रदान गर्दै आएको छ । यस अवधिमा बैंकले नयाँ शाखाहरु खोल्ने र विभिन्न माध्यमबाट बचत आकर्षित बचतमुद्दा अभियान सञ्चालन गरेको थियो । यसबाट उल्लेखनीय बचत आम्दानी सुविधा प्रदान गर्दै आएको छ ।

ख) कार्य तथा भाषती : बैंक खुली, कार्य, पर्यटन अवस्था व्यवसायिक बैंकहरुमा भएको वृद्धि गर्दै सम्बिधित चौतर्फी तथा यस क्षेत्रिको भाषण सम्बन्धित व्यवसायहरु तथा विभिन्न कार्य कार्यालय सर्भ परिवेक्षण गरेको छ र उक्त कार्य व्यवस्थित उत्साहजनक वृद्धि समेत समिक्षा गरेको छ ।

ग) शाखा जोडाल विस्तार : यस वैशाखमा बैंकको Dhangadhi, बुटवल, जनकपुर, नेपालगंज, जनकपुरधाम, नेपालगंज, बर्दघाट, भरतपुर, बिराटनगर, भक्तपुर, पोखरा, धरान, धनगढी, बिराटनगर, बुटवल, बिराटनगर, बुटवल, बिराटनगर, बुटवल

Appendix 2: Group photo with the team

Appendix 3: Office trip



IMS INVESTMENT MANAGEMENT SERVICES

May 24, 2018

To Whom It May Concern

This is to certify that **Mr. Amar Nath Shrestha** has completed an internship on Research in Media Department of IMS Investment Management Services Pvt. Ltd. from February 4, 2018 to May 22, 2018.

As a part of Research - Media Team, he has supported in data entry and analysis of listed company. During his tenure, he analyzed fundamental factors of many listed companies.

During the internship he demonstrated best skills with a self-motivated attitude to learn new things. His performance exceeded expectations and is able to complete the assigned job successfully on time.

We wish him all the best for his future endeavors.

Regards,

Sandeep Bikram Rana
Managing Director
IMS Investment Management Services Pvt. Ltd.

IMS Investment Management Services Pvt. Ltd.
Jagat Laxmi Complex, Pushpalal Path, Dhalko Linkroad - 17, Kathmandu, Nepal, Tel: 977- 01-4259786, 4265399, email: info@sharesansar.com, website: www.sharesansar.com

Appendix 4: Internship certificate

Bibliography

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Department: Finance and Banking

Faculty: IBBA, Finance

Address: Madhyapur Thimi-13, Bhaktapur, Nepal

Rewards:

Special interests: Travelling, Stock market, Photography, football