

Paired Analysis: NBB Vs SANIMA Vs CZBIL

Financial Comparisons as per 3rd quarter financial report			
Particular	NBB	SANIMA	CZBIL
Market Capitalization	15,293,311,010.00	26,930,534,400.00	24,215,347,154.30
Last Traded Price (LTP) as of 28/04/2016	629.00	880.00	787.00
Paid up Capital	3,039,211,000.00	3,060,288,000.00	3,065,234,000.00
Reserve and surplus	2,553,418,000.00	1,040,821,000.00	1,399,427,000.00
Net worth	5,592,629,000.00	4,101,109,000.00	4,464,661,000.00
No. of shares	30,392,110.00	30,602,880.00	30,652,340.00
Total Deposit	35,819,564,000.00	43,441,963,000.00	44,373,501,000.00
Total Loan and advances	31,388,128,000.00	36,469,545,000.00	37,843,384,000.00
Total Assets	44,621,558,000.00	49,955,541,000.00	54,215,307,000.00
Net profit	700,408,000.00	670,416,000.00	724,779,000.00
Profit Growth against corresponding quarter of last year	36.51%	58.41%	58.28%
Interest Income	2,052,146,000.00	2,330,920,000.00	2,482,711,000.00
Interest Expenses	1,080,379,000.00	1,122,299,000.00	1,322,567,000.00
Gross Income	2,572,616,000.00	2,665,055,000.00	2,836,039,000.00
Operating Expenses	439,603,000.00	416,271,000.00	485,389,000.00
Employees Expenses	252,897,000.00	184,604,000.00	222,703,000.00
Total Branches	33.00	38.00	54.00
Number Of Employee	507.00	415.00	532.00

Ratios Comparisons		Pair Group		
S.N.	Ratio	NBB	SANIMA	CZBIL
Capital Adequacy Ratio ( C )				
	Capital Fund To RWA	10.57	11.12	11.85
Assets Quality/Efficiency Ratio (A)				
	NPL To Total Loan %	1.63	0.05	1.78
	LLP To NPL %	129.43	912.7	140.75
Management Efficiency Ratio (M)				
	Employee Expenses/Operating Expenses %	57.53	44.35	45.88
	Cost Of Fund %	4.25	3.91	3.95
Profitability (Earning) Ratio (E)				
	Net Profit Margin %	27.23	25.16	25.56
	ROE %	16.70	21.80	23.66
	Net Profit/Total Assets %	1.57	1.34	1.34
	Net Profit/Loans & Advances %	2.23	1.84	1.92
	Interest Income/Loan And Advances (A) %	6.54	6.39	6.56
	Interest Expenses/Total Deposit (B) %	3.02	2.58	2.98
	Interest Spread (A-B)	3.52	3.81	3.58
	Interest Rate Spread (As Per NRB)	4.4	4.94	4.39
Liquidity Ratios (L)				
	CD Ratio (As Per NRB) %	78.09	77.66	77.95
	Loan To Deposit %	87.63	83.95	85.28
	Liquidity Ratio %	23.41	24.82	22.74
Sensitive to Market Ratios (S)				
	Net worth Per Share (NPS) (in Rs)	184.02	134.01	145.65
	Earnings Per Share (EPS) (in Rs)	31.00	29.21	31.53
	PE Ratio (Price Earning)	20.29	29.79	25.15
	PB Ratio (Market To Book Value)	3.42	6.49	5.44
	EPS Growth	-5.95%	9.23%	29.16%
	DPS (Including Bonus Share) %	26.32	21.05	20
	Cash Dividend %	1.32	1.05	1.05

**BEST PERFORMER IN EACH HEAD**

Particular	NBB	SANIMA	CZBIL
Market Capitalization			
Last Traded Price (LTP) as of 26/04/2016			
Paid up Capital			
Reserve and surplus			
Net worth			
No. of shares			
Total Deposit			
Total Loan and advances			
Total Assets			
Net profit			
Profit Growth			
Interest Income			
Interest Expenses			
Gross Income			
Operating Expenses			
Employee Expenses			
Total Branches			
Number Of Employee			

Financial Ratios	Paired Group		
	NBB	SANIMA	CZBIL
Capital Adequacy Ratio ( C )			
Capital Fund To RWA			
Assets Quality/Efficiency Ratio (A)			
NPL To Total Loan			
LLP To NPL			
Management Efficiency Ratio (M)			
Employee Expenses/Operating Expenses			
Cost Of Fund			
Profitability (Earning) Ratio (E)			
Net Profit Margin			
ROE			
Net Profit/Total Assets			
Net Profit/Loans & Advances			
Interest Income/Loan And Advances (A)			
Interest Expenses/Total Deposit (B)			
Interest Spread (A-B)			
Interest Rate Spread (As Per NRB)			
Liquidity Ratios (L)			
CD Ratio (As Per NRB)			
Loan To Deposit			
Liquidity Ratio			
Sensitive to Market Ratios (S)			
Net worth Per Share (NPS)			
Earnings Per Share (EPS)			
PE Ratio (Price Earning)			
PB Ratio (Market To Book Value)			
EPS Growth			
DPS (Including Bonus Share)			
Cash Dividend			
Dividend Payout Ratio			
Total Scores	10	17	15

## News on Pair Companies Comparisons:

Date	News & Info.	Sources
2016-04-27	Sanima Bank & Citizens Bank to come up with 50% & 55% right share respectively; Know in which to pour your money	sharebazar.com
2016-04-19	Citizens Bank registers impressive profit growth of 59.18% in Q3 as write back doubles; Reserve surges by 67.70%	Merolagani.com
2016-04-03	Citizens Bank is acquiring stake of several private companies which are in loss	Sharebazar Weekly
2016-03-21	Citizen Bank to open CBIL Capital Ltd.	Merolagani.com
2016-04-22	Sanima Bank Q3 earning surges by 58.41%; Reserve & Surplus increases to Rs 1.04 billion	Sharesansar.com
2016-01-24	Investor(s) off load shares of Sanima Bank through Broker #4; Broker #4 sells Rs 20.31 crore worth of Sanima shares	Sharesansar.com
2016-04-26	Nepal Bangladesh Bank outstanding profit growth of 36.51%, EPS at Rs 31	Sharesansar.com
2016-03-15	60,78,422 units bonus share of Nepal Bangladesh Bank Ltd. has been listed for trading.	Nepalstock.com

## Paid Up Capital Plan Comparisons:

Amount in billion (RS)

Bank	FY 2072/73					FY 2073/74						FY 2074/75				
	Paid Up	Bonus	Rights	M&A	Total	Paid Up	Bonus	Rights	FPO	M&A	Total	Paid Up	Bonus	Rights	FPO	Total
CZBIL	3.06	0.74	1.7	0.036	5.50	5.50	0.65	1.85	0	0	8.00	8.00	0	0	0	8
SANIMA	2.55	0.51	1.53		4.59	4.59	0.55	2.06	0	0	7.2	7.2	0.828	0	0	8.028
NBB	2.43	0.61	0.00		3.04	3.04	1.34	0	0	2.5	6.88	6.88	1.17			8.05

## Comparisons of Share Price Details:

NBB



SANIMA





Bank	From (Shrawan 1 <sup>st</sup> to Baishak 15 <sup>th</sup> of FY 2072/73)					Max Diff Point
	Max	Min	Avg. Price	Traded Shares	Volume	
CZBIL	804.00	461.00	627.00	4,298,721.00	2,784,412,286.00	66.00
SANIMA	900.00	556.00	719.00	3,959,042.00	2,913,969,811.00	73.00
NBB	719.00	399.00	545.00	5,384,702.00	3,063,376,415.00	58.00

### Comparative Analysis of Stock Valuation and Investors Perspective for Risk, Return and Growth

Particulars	NBB	SANIMA	CZBIL
LTP	629.00	870.00	793.00
P E Ratio	20.29	30.13	24.96
EPS (in Rs)	31.00	29.21	31.53
Expected Growth Rate %	28	45.82	29.94
Expected EPS	39.68	42.59	40.97
Forwarded PE Ratio	15.85	20.43	19.36
PEG	0.57	-55.42	-35.35
Investor willing to buy NBB		-97.90	-62.44
Investor willing to buy SANIMA	-0.01		0.64
Investor willing to buy CZBIL	-0.02	1.57	

#### Interpretation:

- The above table indicates that stock price of all the banks are priced below the expected growth rate. NBB accounted with slight growth as compared to other two banks. SANIMA apparently has higher growth rate than CZBIL and NBB. But market price doesn't found to justify its expected growth rate which makes it undervalued as compared to other two stocks.
- Investors willing to buy NBB may account opportunity pay out of Rs. 160.34 in total (Rs.97.90 for SANIMA and Rs.62.44 for CZBIL) for every Rs.1 investment.
- Investors willing to buy SANIMA may ready to bear opportunity cost of Rs. 0.63 for every Rs 1 investment
- Investors willing to buy CZBIL may ready forego opportunity cost of Rs. 1.55 for every Rs 1 investment

#### Analysis and Opinion:

- The above fundamental analysis of 3 different banks shows that all three has average state of financial condition in commercial banking industry.
- All three banks have similar size of paid up till end of FY 2072/73. However the paid up capital plan depicts that SANIMA is expected to reach to Rs. 7.2 billion at the end of FY 2073/74 by issuing 12 percent of bonus shares and 45 percent of Rights shares. CZBIL plans to provide 12 percent bonus shares in FY 2073/74 and further issue of rights shares of amounting Rs 1.85 billion. NBB plans to offer 44 percent bonus shares in FY 2073/74 and seek merger with BFIs with value of Rs 2.5 billion.
- NBB bank has larger portion of Reserve Fund in comparison which 2.45 times higher than SANIMA and 1.82 times greater than CZBIL. This has intensified the net worth of NBB more than SANIMA and CZBIL.
- Deposit and Loan & Advance figures shows that CZBIL has slightly more amount of deposit than SANIMA. However, NBB seems to have better Fund mobilization than other two banks which is indicated by Loan to Deposit Ratio of 87.63 %, followed by CZBIL and SANIMA with 85.28% and 83.95% respectively.
- Though NBB is the eldest among duo, CZBIL balance sheet size is bigger than NBB, followed by SANIMA in second.
- SANIMA bank recorded greater percentage of growth in Net income than in previous year Q3 which is 58.41%. NBB and CZBIL recorded 36.51 % and 58.28% respectively. CZBIL has greater interest income till last 3 quarters followed by SANIMA and NBB.
- Comparative analysis of income statement of these 3 banks, which reveals the fact that huge percentage of write back noticed for CZBIL and NBB amounting Rs. 15.79 crore and Rs. 25.52 crore respectively that also contributed to boost their profit growth. However, SANIMA appears to be better in generating its profit from its core and consistent business.
- CZBIL has greater Capital Adequacy ratio than other two. However all three banks have maintained the regulatory norms as per NRB.
- SANIMA has outperformed other two banks in terms of Asset quality and it is top bank in maintaining the lowest NPL in banking industry.

## Analysis and Opinion:

- SANIMA and CZBIL comparatively identical in management efficiency but NBB has greater employee expenses ratio and cost of fund.
- In terms of Profitability, NBB has recorded high net profit margin, where SANIMA and CZBIL are in same situation.
- CZBIL has greater ROE than other two banks. Interest Spread rate is higher for SANIMA than other two.
- In terms of Liquidity, SANIMA turns to be better than other two competitors.
- In terms of Net worth per share, NBB bank top the list and followed by CZBIL and SANIMA
- EPS of NBB and CZBIL found to be similar where SANIMA is marginally differs to stand at Rs. 29.21
- SANIMA has greater PE ratio in comparison to other two. It shows it is slightly expensive stocks than other two.
- PB ratio indicates that SANIMA is priced more than 6.49 times its book value where CZBIL and NBB is 5.44 times and 3.42 times respectively.
- Dividend payout ratio is greater for NBB followed by SANIMA and CZBIL.
- Share price history shows from last 3 quarters shows that NBB price is highly fluctuating in comparison to other two banks. SANIMA has greater Average price than other two banks. However in terms of Volume and offering greater liquidity in market, NBB reach the first position.
- According total score for overall performance, SANIMA turns to be first choice and ideal investment for long position hold which shows fundamentally strong prospects of growth in business and return to investors. CZBIL accounts to second favorite stocks for long-term investment which has as strong financial situation as SANIMA. NBB has long history of business as compared to other two and possible to be perfect for long run once it decreases its NPL and improve its management efficiency in upcoming days. However, for short run profit booking purpose, NBB seems suitable.

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