



NEPAL BANGLADESH BANK LTD.

HEAD OFFICE

Bijuli Bazar, New Baneshwor, Kathmandu

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Unaudited Financial Result (Quarterly)

AT THE END OF THE 3RD QUARTER END OF FISCAL YEAR 2067/68 (2010-2011)

Rs. in '000'

S. No.	Particulars	This Quarter Ending (13/4/2011)	Previous Quarter Ending (14/01/2011)	Corresponding Previous Year Ended (13/04/2010)
1.	Total Capital and Liabilities (1.1 to 1.7)	15,875,969	15,170,381	14,680,698
	1.1 Paid-Up Capital	2,010,315	1,860,315	1,860,315
	1.2 Reserves and Surplus	46,182	558,429	47,752
	1.3 Debenture and Bond	-	-	-
	1.4 Borrowings	-	-	-
	1.5 Deposits (a+b)	10,612,081	10,184,927	9,318,284
	a Domestic Currency	10,239,707	9,771,465	9,177,009
	b Foreign Currency	372,374	413,462	141,275
	1.6 Income Tax Liability	15,769	78,247	110,195
	1.7 Other Liabilities	3,191,621	2,488,463	3,344,151
2.	Total Assets (2.1 to 2.7)	15,875,969	15,170,381	14,680,698
	2.1 Cash & Bank Balance	1,276,366	1,310,647	1,118,901
	2.2 Money at Call and Short Notice	-	242,420	80,000
	2.3 Investments	2,094,725	1,853,791	1,681,624
	2.4 Loans and Advances	10,791,597	10,263,067	10,033,524
	a Real Estate Loan	801,675	1,206,999	929,541
	1. Residential Real Estate Loan (Except Personal home loan upto Rs. 60 lacs)	238,604	600,855	604,636
	2. Commercial Building & Apartment Construction construction Loan	-	34,000	-
	3. Business Complexes	39,500	97,044	-
	4. Others Real Estate Loan including Land Purchase & Land Plotting	523,570	475,100	324,905
	b. Individual Housing Loan (Up to Rs.60 lacs)	478,806	-	-
	c. Margin Type Loan	1,102	1,230	-
	d. Term Loan	2,132,067	1,577,135	1,240,200
	e. Overdraft Loan / TR Loan / WC Loan	5,386,095	5,497,712	5,874,399
	f. Others	1,991,853	1,979,992	1,989,384
	2.5 Fixed Assets	325,185	171,216	153,614
	2.6 Non Banking Assets (Net)	-	-	-
	2.7 Other Assets	1,388,096	1,329,241	1,613,034
3.	Profit and Loss Account	Up to this Quarter	Up to Previous Quarter	Up to Corresponding Previous Year Quarter
	3.1 Interest Income	1,022,477	627,368	793,070
	3.2 Interest Expense	544,359	338,517	337,491
	A Net Interest Income	478,118	288,851	455,579
	3.3 Fees, Commission and Discount	98,912	65,557	86,473
	3.4 Other Operating Income	49,480	27,627	37,665
	3.5 Foreign Exchange gain/loss (Net)	45,906	31,538	40,776
	B Total Operating Income	672,416	413,573	620,494
	3.6 Staff Expense	114,364	71,833	92,482
	3.7 Other Operating Expense	90,913	55,845	84,221
	C Operating Profit Before Provision	467,139	285,895	443,791
	3.8 Provision for Possible Losses/NBA	390,326	51,407	119,019
	D Operating Profit	76,812	234,488	324,772
	3.9 Non Operating Income/Expense (Net)	32,058	11,266	14,129
	3.10 Write Back of Provision for possible losses	169,117	75,322	657,722
	E Profit from Regular Activities	277,987	321,076	996,622
	3.11 Extraordinary Income Expenses (Net)	91,971	78,653	-
	F Profit Before Bonus and Taxes	369,958	399,729	996,622
	3.12 Provision for Staff Bonus	33,633	36,339	90,602
	3.13 Provision for Tax	139,669	78,247	110,195
	G Net Profit/Loss	196,657	285,144	795,825
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 RWA	10.24%	11.61%	11.50%
	4.2 Non Performing Loan (NPL) to Total Loan	19.44%	14.39%	14.97%
	4.3 Total Loan Loss Provision to Total NPL	89.99%	88.88%	119.63%
	4.4 Average Yield	11.29%	10.73%	9.14%
	4.5 Average Cost of Fund	7.05%	6.72%	4.69%
	4.6 Net Interest Spread	4.24%	4.01%	4.45%
	4.7 CCD Ratio (Calculated as per NRB Directives)	91.33%	86.89%	93.53%
	4.8 Return on Equity	12.75%	23.58%	41.71%
	4.9 Return on Assets	1.24%	3.76%	5.42%

Note: Unaudited financial figures are subject to change from Supervisory Authority and Statutory Auditor.

As required by Schedule-14 (Related to Sub-regulation (2) of Regulation 22) of **SECURITIES REGISTRATION AND ISSUE REGULATIONS, 2008**

1. Financial Indicators

1	Earning Per Share (Annualized) (%)	13.04
2	Market Price (Rs.)	188.00
3	Price Earning Ratio	14.42
4	Return on Total Assets (Annualized) (%)	1.65
5	Return on Equity (Annualized) (%)	17.01
6	Net Worth Per Share (Rs.)	102.30
7	Liquidity (%)	27.64

2. Management Analysis

- Various factors such as political instability, low rate of capital expenditure compared to high rate of revenue collection of the government, booming of un-regularized informal sector, downturn of real estate sector and share market etc. has resulted into a liquidity crisis in the banking sector. Despite of all this, we are in comfortable position and able to maintain liquidity position as prescribed by NRB. As compared to corresponding period in the previous year, deposit increased by 14 % and whereas loans and advances increased by 8 %.
- In order to align with competitive market and provide quality services to its customers, the bank has taken a strategy to expand its ATM Network, extend its locker and gold loan facilities and as a step forward to E-Banking, the Bank is at final stage to make an arrangement for utility payment services. In order to provide better product and service, the Bank has recently launched new deposit products "NB 100" and "Karmachari Bachat Khata".
- There is no any past experience that will have effect on total deposits, income and liquidity of the Bank.

3. Details of Legal Actions

- Any law-suit filed by or against the body corporate,
No such case exists.
- Law-suit filed by or against the promoter or director of body corporate involving violation of statutory regulations or criminal offences
No such case exists.
- Law-suit filed against any promoter or director for economic offences.
No such case exists.

4. Analysis of Share Transactions during the Quarter

- Management has no comment on the performance of the shares of the Bank in Stock Exchange.
- Details relating to share transactions

1	Maximum price (Rs.)	221.00
2	Minimum price (Rs.)	129.00
3	Market price of last transaction date (Rs.)	188.00
4	Total days of transaction	34
5	Total traded share	75,269

5. Problem and Challenges

Internal Problems	Strategy of Management
1. Human Resource Turnover Experienced staffs migrating to another Bank has become one of the major problems of the Bank.	<ul style="list-style-type: none"> Providing an opportunity to improve their skills, knowledge and also creating conducive internal environment to work with a dynamic approach.
2. Increasing Operating Cost Power cuts, Inflation, increasing borrowing cost, revision in staff's perks/packages are the major factors to increase the operating cost of the Bank.	<ul style="list-style-type: none"> We have already adopted an effective control mechanism for the operation cost due to which a marginal increment of 7.95% in operating cost is witnessed as compared to previous year's corresponding period figures.
External Problems	
1. Competitive Market Concentration of large number of Banks and Financial Institutions in the locations of the bank branches has increased competition among the Banks and Financial Institutions and in the meantime, contraction in the macro economy has squeezed the opportunity.	<ul style="list-style-type: none"> Increasing ATM Network. Launching of new products. Providing better and quick service to the customers
2. Political Situations	

6. Corporate Governance

- Procedural Manuals, Policies and internal circulars along with directive/circulars issued by NRB are strictly followed so as to mitigate corporate governance related issues.
- Board of Directors is aware of effective corporate governance. Regular Board meeting are held where issues relating to corporate governance are addressed.
- Audit committee meeting are held on regular basis to review Bank's financial condition, internal control and audit programme and recommend to the Board of Directors for action to be taken.
- ALCO meets on a regular basis to manage assets and liabilities of the Bank effectively.

7. Declaration by Chairman/ Chief Executive on the Truthfulness and Accuracy of Information

I, as at the date, hereby individually accept responsibility for the accuracy of the information and details contained in this report. Also hereby declare that to the best of my knowledge and belief, the information contained in this report is true, accurate and complete and there are no other matters concealed the omission of which shall adversely affect the informed investment decision by the investors.