

Quarterly Financial Statement

At the Quarter Ended Poush 2073

1. Unaudited Financial Results

Rs. in '000'

S.No.	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
1	Total Capital & Liabilities (1.1 to 1.7)	49,190,401	47,414,822	42,079,222
1.1	Paid-up Capital	4,011,759	4,011,759	3,039,211
1.2	Reserves and Surplus	2,568,204	2,252,594	2,221,586
1.3	Debenture and Bond	-	-	-
1.4	Borrowings	26,487	19,487	-
1.5	Deposits (a+b)	41,037,165	39,603,022	35,501,285
	a. Domestic Currency	40,114,566	38,228,152	34,696,478
	b. Foreign Currency	922,599	1,374,870	804,807
1.6	Income Tax Liabilities	220,021	81,749	128,043
1.7	Other Liabilities	1,326,765	1,446,211	1,189,098
2	Total Assets (2.1 to 2.7)	49,190,401	47,414,822	42,079,222
2.1	Cash & Bank Balance	4,973,491	5,544,785	4,895,085
2.2	Money at call and short Notice	-	-	-
2.3	Investments	6,687,848	6,391,358	6,425,465
2.4	Loans & Advances (a+b+c+d+e+f)	36,201,121	34,272,895	29,171,152
	a. Real Estate Loan	3,220,530	3,450,750	2,980,380
	1. Residential Real Estate Loan (Except Personal Loan upto Rs 10 million)	398,380	389,790	415,310
	2. Business Complex & Residential Apartment Construction Loan	717,810	713,570	777,310
	3. Income generating Commercial Complex Loan	207,820	296,710	250,980
	4. Other Real Estate Loan (Including Land Purchase & Plotting)	1,896,520	2,050,680	1,536,780
	b. Personal Home Loan of Rs. 10 million or less	3,249,540	3,224,610	2,915,280
	c. Margin Type Loan	387,280	440,400	514,410
	d. Term Loan	4,430,080	4,124,170	3,521,580
	e. Overdraft Loan / TR Loan / WC Loan	14,959,261	14,394,340	13,298,325
	f. Others	9,954,430	8,638,625	5,941,177
2.5	Fixed Assets	193,215	189,679	194,664
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	1,134,727	1,016,105	1,392,857
3	Profit and Loss Account			
3.1	Interest income	1,574,067	732,533	1,319,490
3.2	Interest Expense	847,949	403,059	753,570
A	Net Interest Income (3.1-3.2)	726,118	329,474	565,920
3.3	Fees Commission and Discount	328,907	129,490	170,450
3.4	Other Operating Income	96,309	47,149	61,710
3.5	Foreign Exchange Gain/Loss (Net)	82,328	36,527	72,060
B	Total Operating Income (A+3.3+3.4+3.5)	1,233,661	542,641	870,140
3.6	Staff Expenses	199,057	106,125	159,774
3.7	Other Operating Expenses	148,325	72,164	121,819
C	Operating profit Before Provision (B-3.6-3.7)	886,280	364,351	588,547
3.8	Provision for Possible Loss	145,900	163,309	108,427
D	Operating profit (C-3.8)	740,380	201,042	480,120
3.9	Non Operating Income/Expenses (Net)	481	22,795	(3,650)
3.10	Write Back of Provision for Possible Loss	69,088	83,972	55,467
E	Profit From Regular Activities (D+3.9+3.10)	809,949	307,808	531,938
3.11	Extraordinary Income/Expenses (Net)	26,766	29,637	14,340
F	Profit Before Bonus and Taxes (E+3.11)	836,715	337,445	546,278
3.12	Provision For Staff Bonus	(76,065)	(30,677)	(49,662)
3.13	Provision For Tax	(220,021)	(81,749)	(128,043)
G	Net Profit/Loss (F-3.12 -3.13)	540,629	225,019	368,573
4	Ratios			
4.1	Capital Fund to RWA	10.47%	10.61%	10.74%
4.2	Non Performing Loan (NPL) to Total Loan	0.99%	1.16%	1.08%
4.3	Total Loan Loss Provision to Total NPL	179.47%	158.75%	175.58%
4.4	Cost of Funds	4.44%	4.18%	4.46%
4.5	CCD Ratio (Calculated as per NRB Directives)	78.19%	77.74%	73.77%
4.6	Base Rate	7.27%	6.96%	7.41%
4.7	Net Interest Spread (Local Currency)	4.17%	4.48%	4.12%
	Additional Information (Optional)			
	Average Yield (Local Currency)	9.15%	9.24%	10.04%
	Return on Equity (Annualised)	16.43%	14.37%	14.01%
	Return on Assets (Annualised)	2.20%	1.90%	1.75%
	Earning Per Share (Annualised) Rs.	27	22	24
	Net Worth Per Share (Rs.)	164	156	173
	Total Assets Per Share (Rs.)	1,226	1182	1385
	Market Value Per Share (Rs.)	742	905	479
	Price Earning (PE) Ratio	28	40	20
	Net Liquid Assets to Deposits	22.35%	24.39%	26.54%

Note:1. Unaudited financial figures are subject to change from Supervisory Authority and Statutory Auditor.

2. Figures are regrouped/rearranged wherever necessary.

3. Above Financial Statements are prepared as per NRB Directives and prevailing banking practice.

2. Management Analysis

- a) Bank has maintaining reasonable deposit volume, sufficiency of capital adequacy requirement, liquidity position, lending portfolio, acceptable NPL and initiation in recovery of bad loans etc. during this quarter also. However, growth in deposit and lending are 3.62% and 5.63% respectively as compared to previous quarter.
- b) As per the business expansion plan of the bank, it has opened 6 new branches at Karsia of Morang District, Galchhi of Dhadhing District, Phidhim of Paachthar District, Khairahani of Chitwan District, Jhalari of Kanchanpur District and Musikot of Rukum District during the quarter. Similarly, bank is regularly introducing various new products and has been re-aligning its existing products as per the changing market needs.
- c) There is no any past experience that will have effect on total deposits, income and liquidity of the Bank.

3. Details Relating to Legal Actions

- a) Any law-suit filed by or against the body corporate:
Bank has filed some cases in DRT for the recovery of bad loan and few customers have filed cases against the bank for the action taken for recovery of loans.
- b) Law-suit filed by or against the promoter or director of body corporate involving violation of statutory regulations or criminal offences:
No such case noticed till date.
- c) Law-suit filed against any promoter or director for economic offences:
No such case noticed till date.

4. Analysis pertaining to share transactions of the bank

- a) Since shares of the bank are traded on the basis of the trust of investors towards the bank and analysis of its return, no major fluctuations are noted in the share price of the bank and there has been satisfactory trading of shares in the capital market.
- b) Maximum, minimum and last share price of bank including total transacted number of shares and transacted day during the quarter are as follows: (as published in the website of Nepal Stock Exchange Ltd.)
- | | | |
|--------------------------------|---|-----------------|
| Maximum share price | : | Rs. 899; |
| Minimum share price | : | Rs. 633; |
| Last share price | : | Rs. 742; |
| Total transaction days | : | 57 days |
| Total no. of transactions | : | 6,302 |
| Total no. of transacted shares | : | 1,070,197 units |

5. Problem and Challenges

The bank has considered the following internal and external impediments as its problems and challenges:

- Lack of deposit growth due to unfavorable price competition
- Challenge of assets growth in the backdrop of low economic growth
- The market is overcrowded with financial institutions further intensifying competition.
- Increasing cost of operation and decreasing spread.
- Depressive global economy leading to slow down in remittance growth
- Political instability, unfavorable business environment etc.

6. Corporate Governance

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

7. Declaration of true and fair status by Chief Executive Officer

I, CEO of the bank, take responsibility on the truthfulness of the information and details contained in this report. Further, I declared that the particulars mentioned in this report to the best of my knowledge are true, fair and complete and have not knowingly concealed any necessary particulars, notices and information to the investors to take informed decisions.

- Chief Executive Officer