



UNAUDITED FINANCIAL RESULTS (QUARTERLY)

As at First Quarter (30/06/2068) of the Fiscal Year 2068/2069 (2011/2012)

Rs in '000'

S. N.	Particulars	This Quarter ending 30/06/2068 (17/10/2011)	Previous Quarter ending (Audited) 32/03/2068 (16/07/2011)	Corresponding Previous Year Quarter ending 31/06/2067 (17/10/2010)
1.	Total Capital & Liabilities (1.1 to 1.7)	26,126,765	25,251,687	23,517,898
1.1	Paid-up Capital	1,604,187	1,604,187	1,359,481
1.2	Reserves and Surplus	965,649	831,002	879,217
1.3	Debenture and Bond	200,000	200,000	200,000
1.4	Borrowings	140,316	464,900	620,852
1.5	Deposits (a+b)	22,162,174	21,018,417	19,565,085
	a. Domestic Currency	20,403,786	19,321,155	17,816,398
	b. Foreign Currency	1,758,388	1,697,262	1,748,687
1.6	Income Tax Liabilities	-	-	-
1.7	Other Liabilities	1,054,439	1,133,181	893,263
2.	Total Assets (2.1 to 2.7)	26,126,765	25,251,687	23,517,898
2.1	Cash & Bank Balance	1,653,940	1,678,931	2,216,151
2.2	Money at call and short Notice	41,314	479,920	39,057
2.3	Investments	5,074,856	4,286,599	3,176,279
2.4	Loans & Advances (a+b+c+d+e+f)	18,404,357	17,956,951	17,247,200
	a. Real Estate Loan	1,727,024	1,752,854	1,942,450
	1. Residential Real Estate Loan (Except Personal Home Loan upto Rs 80 Lacs)	194,068	170,057	185,298
	2. Business Complex & Residential Apartment Construction Loan	214,800	220,322	218,475
	3. Income generating Commercial Complex Loan	202,841	201,290	191,452
	4. Other Real Estate Loan (Including Land Purchase & Plotting)	1,115,315	1,161,185	1,347,225
	b. Personal Home Loan of Rs. 80 lacs or less.	1,234,557	1,267,691	1,317,733
	c. Margin Type Loan	128,710	132,910	186,975
	d. Term Loan	2,522,759	2,381,944	1,937,434
	e. Overdraft Loan / TR Loan / WC Loan	9,032,056	9,075,540	8,599,195
	f. Others	3,759,251	3,346,013	3,263,411
2.5	Fixed Assets	551,035	526,983	530,125
2.6	Non Banking Assets	3,944	3,944	3,944
2.7	Other Assets	397,319	318,358	305,142
3	Profit and Loss Account	Upto this Quarter	Upto previous Quarter	Upto corresponding Previous Year Quarter
3.1	Interest Income	648,327	2,386,780	587,222
3.2	Interest Expense	389,495	1,218,790	286,682
	A. Net Interest Income (3.1-3.2)	258,832	1,167,990	300,540
3.3	Fees, Commission and Discount	44,356	168,508	39,808
3.4	Other Operating Income	12,398	79,726	22,387
3.5	Foreign Exchange Gain/Loss (Net)	40,174	122,098	32,478
	B. Total Operating Income (A+3.3+3.4+3.5)	355,760	1,538,322	395,213
3.6	Staff Expenses	56,349	196,170	51,115
3.7	Other Operating Expenses	72,565	285,992	72,315
	C. Operating profit Before Provision (B-3.6-3.7)	226,846	1,056,160	271,783
3.8	Provision for Possible Loss	24,462	152,748	25,798
	D. Operating profit (C-3.8)	202,384	903,412	245,985
3.9	Non Operating Income/Expenses (Net)	-	5,464	-
3.10	Write Back of Provision for Possible Loss	9,205	43,359	13,563
	E. Profit From Regular Activities (D+3.9+3.10)	211,589	952,235	259,548
3.11	Extraordinary Income/Expenses (Net)	-	675	-
	F. Profit Before Bonus and Taxes (E+3.11)	211,589	951,560	259,548
3.12	Provision For Staff Bonus	19,235	86,505	23,595
3.13	Provision For Tax	57,706	259,903	70,786
	G. Net Profit/Loss (F-3.12 -3.13)	134,648	605,152	165,167
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	12.01%	11.62%	10.81%
4.2	Non Performing Loan (NPL) to Total Loan	1.94%	1.82%	1.84%
4.3	Total Loan Loss Provision to total NPL	141.13%	149.77%	123.14%
4.4	Cost of Funds (Local Currency)	7.80%	6.79%	6.33%
4.5	GD Ratio (Calculated as per NRB Directives)	75.26%	78.54%	86.94%
	Additional Information			
	Average Yield (Local Currency)	11.64%	11.81%	11.64%
	Net Interest Spread (Local Currency)	3.84%	5.03%	5.31%
	Return on Equity	21.21%	25.09%	30.20%
	Return on Assets	2.05%	2.53%	2.80%

Note: 1. The unaudited financial figure may change if directed by Statutory Auditor/ Supervisory Authorities
2. Figures of previous periods have been regrouped wherever necessary as per NRB Directives.
3. Paid up capital of previous quarter ending and corresponding previous year quarter ending is inclusive of proposed bonus shares.

Securities Registration and Issuance Rules 2067

(Rule # 22 (2), Annexure 14)

1st Quarter Report FY 2068-69

1. Financial Indicators

Earning per Share (Annualized)	33.57
Price Earning Ratio (Annualized)	13.19
Net worth per Share	160.20
Assets per Share	1,628.66
Liquidity Ratio	24.86%

2. Management Analysis

- a. The deposit volume grew by NPR 1.14 billion in the first quarter of FY 2068-69 registering growth 5.44% in comparison to last quarter. Similarly loans and advances increased by NPR 0.45 billion registering the growth of 2.49% in comparison to last quarter. The bank maintained comfortable liquidity position during the period. However the high cost of deposit affected the profit.
- b. Bank has set out its goal and is focus on achieving it by providing quality service standards, introducing new product and services and expanding its reach to cover untapped market segment.
- c. No specific incident observed that could have impact on deposit volume, profitability and cash flow of the bank.

3. Details Pertaining to Legal Proceedings

- a. There were no legal cases filed by or filed against the Bank during the review quarter period.
- b. There were no legal cases filed by or file against promoters or directors of the Bank during the review quarter period.
- c. There were no legal cases filed against promoter or directors of the Bank regarding financial misappropriation.

4. Analysis of Bank's Share Transactions

- a. No abnormal incidents occurred during the review quarter period that could have a material effect on the share prices of the Bank.
- b. Share Transaction Detail of the Review Quarter Period

Months	Maximum Share Price	Minimum Share Price	Last Share Price	Total Traded Days	Total Transaction Nos
Shrawan	689	537	572	23	216046
Bhadra	588	408	427	17	166309
Ashwin	455	408	443	16	31243

5. Problems and Challenges

Internal

- Maintaining interest spread
- Managing increased operation cost

External

- Competitive environment with growing financial institutions
- Limited market
- Volatile liquidity condition
- Volatile foreign exchange market
- Change in policies and regulations having direct impact in the business
- Political instability and insecurity marring the business environment
- Adverse investment climate discouraging foreign indirect investment
- Recession in global economy

Bank's Strategy to mitigate problems and challenges

- Focus on new and high yielding services by optimum utilization of funds
- Provide quality and latest technology based services to customers
- Expand network so as to broaden the reach to targeted markets
- Closely monitor the cost component to remain competitive in the market
- Proactive approach in providing provisions
- Closely follow activities in international market

6. Corporate Governance

- High Public Shareholding: Public shareholders' own 58.19% share of this bank where as Promoter shareholders' own 41.81% of this bank.
- Safeguard of depositors and shareholders rights and interests: The bank has been providing timely and regularly all the necessary financial information to all the stakeholders and conducting annual general meetings in time as required by law.
- Effective Audit Committee: The independent audit committee has ensured the establishment of effective internal controls and provides suggestions and guidance to the management if necessary.
- Effective Compliance: To ensure that the prevalent laws and rules are followed, the bank has developed policies and clear authorities to guide the function of management which is monitored by:
 - Integrated Risk Management and Compliance Department
 - Internal Audit Department
 - Audit Committee

7. Details as per Rule 22 (5) related to special incident or condition

The bank conducted its 17th Annual General Meeting (AGM) on 29 September 2011. The AGM has appointed S.R. Pandey & Company to continue as the Auditor of the bank for FY 2011-12. The AGM has approved 16.75% cash dividend and bonus share of 18%. The increase in capital has been approved by Company Registrar's Office. AGM had also approved few amendments in MOA & AOA which have been recorded at Company Registrar's Office on 06 November 2011. The share transaction book was closed from 13 September 2011 to 29 September 2011 for 17th AGM and Dividend.

8. Declaration by CEO regarding True Financial Information

I personally take the responsibility for the correctness of the information disclosed in the report. I also declare that as far as I understand the information provided in the report are true, fair and complete and have not concealed any factual information and notices from investors to take investment decisions.