



UNAUDITED FINANCIAL RESULTS (QUARTERLY)

As at Second Quarter (30/09/2072) of the Fiscal Year 2072/2073 (2015/2016)

Rs in '000'

S. N.	Particulars	This Quarter Ending 30/09/2072 (14/01/2016)	Previous Quarter Ending 30/06/2072 (17/10/2015)	Corresponding Previous Year Quarter Ending 30/09/2071 (14/01/2015)
1	Total Capital & Liabilities (1.1 to 1.7)	49,228,058	48,415,115	41,354,121
1.1	Paid-up Capital	2,671,468	2,671,468	2,120,212
1.2	Reserves and Surplus	1,515,371	1,351,395	1,759,108
1.3	Debtenture and Bond	1,000,000	1,000,000	400,000
1.4	Borrowings	43,000	1,083,000	1,392,005
1.5	Deposits (a+b)	41,811,017	40,169,662	34,155,072
a.	Domestic Currency	40,494,255	38,669,144	32,496,554
b.	Foreign Currency	1,316,762	1,500,518	1,658,518
1.6	Income Tax Liabilities	-	-	-
1.7	Other Liabilities	2,187,202	2,139,590	1,527,724
2	Total Assets (2.1 to 2.7)	49,228,058	48,415,115	41,354,121
2.1	Cash & Bank Balance	4,486,586	5,276,589	4,679,806
2.2	Money at call and short Notice	585,140	8,660	52,171
2.3	Investments	10,585,107	7,504,399	4,687,819
2.4	Loans & Advances (a+b+c+d+e+f)	32,286,478	34,187,637	30,607,502
a.	Real Estate Loan	791,516	809,925	935,546
1.	Residential Real Estate Loan (Except Personal Home Loan upto Rs 10 million)	52,772	52,122	59,380
2.	Business Complex & Residential Apartment Construction Loan	96,582	89,457	71,983
3.	Income generating Commercial Complex Loan	291,087	302,962	332,045
4.	Other Real Estate Loan (Including Land Purchase & Plotting)	351,075	365,384	472,138
b.	Personal Home Loan of Rs. 10 million or less	2,141,806	2,080,548	1,953,899
c.	Margin Type Loan	56,373	56,370	60,559
d.	Term Loan	4,689,891	4,772,035	4,279,975
e.	Overdraft Loan / TR Loan / WC Loan	18,075,231	18,942,070	17,108,094
f.	Others	6,531,661	7,526,689	6,269,429
2.5	Fixed Assets	603,227	594,344	561,761
2.6	Non Banking Assets	278	278	278
2.7	Other Assets	681,242	843,208	764,784
3	Profit and Loss Account	Upto This Quarter	Upto Previous Quarter	Upto Corresponding Previous Year
3.1	Interest Income	1,511,327	763,266	1,357,002
3.2	Interest Expense	814,203	415,937	655,050
	A. Net Interest Income (3.1-3.2)	697,124	347,329	701,952
3.3	Fees, Commission and Discount	107,361	59,281	121,797
3.4	Other Operating Income	40,283	17,265	35,684
3.5	Foreign Exchange Gain/Loss (Net)	95,029	53,661	83,114
	B. Total Operating Income (A+3.3+3.4+3.5)	939,797	477,536	942,547
3.6	Staff Expenses	209,872	104,176	204,868
3.7	Other Operating Expenses	195,448	96,780	185,778
	C. Operating profit Before Provision (B-3.6-3.7)	534,477	276,580	551,901
3.8	Provision for Possible Loss	34,391	25,765	38,271
	D. Operating profit (C-3.8)	500,086	250,815	513,630
3.9	Non Operating Income/Expenses (Net)	14,467	12,687	(191)
3.10	Write Back of Provision for Possible Loss	2,752	1,674	6,816
	E. Profit From Regular Activities (D+3.9+3.10)	517,305	265,176	520,255
3.11	Extraordinary Income/Expenses (Net)	-	-	2,500
	F. Profit Before Bonus and Taxes (E+3.11)	517,305	265,176	522,755
3.12	Provision For Staff Bonus	47,028	24,107	47,523
3.13	Provision For Tax	141,083	72,321	144,470
	G. Net Profit/Loss (F-3.12 -3.13)	329,194	168,748	330,762
4	Ratios	At the End of This Quarter	At the End of Previous Quarter	At the End of Corresponding Previous Year
4.1	Capital Fund to RWA	13.93%	12.95%	11.81%
4.2	Non Performing Loan (NPL) to Total Loan	3.93%	3.57%	1.12%
4.3	Total Loan Loss Provision to total NPL	120.09%	124.13%	172.82%
4.4	Cost of Funds (Local Currency)	4.22%	4.37%	3.98%
4.5	CD Ratio (Calculated as per NRB Directives)	70.15%	75.76%	79.88%
4.6	Base Rate	6.93%	7.05%	7.06%
4.7	Average Interest Spread (Calculated as per NRB Circular)	3.61%	4.06%	4.57%
	Additional Information			
	Average Yield (Local Currency)	7.53%	7.77%	8.04%
	Net Interest Spread (Local Currency)	3.31%	3.39%	4.06%
	Return on Equity (Annualised)	16.25%	16.99%	17.68%
	Return on Assets (Annualised)	1.37%	1.42%	1.61%

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.

**Securities Registration and Issuance Rules 2065
(Rule # 22 (2), Annexure 14)
2nd Quarter Report – FY 2072-73**

1. Financial Indicators

Earning Per Share (Annualized)	24.65
Price Earning Ratio (Annualized)	23.74
Net Worth Per Share	156.72
Assets Per Share	1,842.73
Liquidity Ratio	31.43%

2. Management Analysis

a. The deposit volume of the Bank has increased in the second quarter of FY 2072-73 by NPR 1,641 million (4.1%) in comparison of the first quarter of FY 2072-73. However, the credit volume has been decreased by NPR 1,901 million (5.56%) in comparison to the first quarter of FY 2072-73. The bank achieved net profit of NPR 329 million.

b. 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 major legal cases filed by or filed against the Bank during the review quarter period.

b. There were no legal cases filed by or filed 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.
Kartik 2072	607	555	585	16	420
Mangsir 2072	620	537	582	20	1049
Poush 2072	596	570	585	7	388

5. Problems and Challenges

Internal

- Maintaining interest spread
- Managing increased operation cost

External

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

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
- Explore new prospective lending sectors so as to broaden the scope of lending
- 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.
- **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 coordinated by Integrated Risk Management and Compliance Department and monitored by Internal Audit Department.

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

The Bank has signed a Memorandum of Understanding (MOU) for merger with Lumbini Bank Ltd.

The share transaction book has been closed from 18 January 2016 to 07 February 2016 for 21st 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.