

Report: 1st Quarter of FY 2009/10 (2066/067)

1. Unaudited Financial Results

AS AT 1ST QUARTER OF THE FISCAL YEAR 2009/10

Rs. Thousand

S.N.	Particulars	As at		
		17 October 2009	15 July 2009 (Audited)	16 October 2008
1.	Total Capital and Liabilities (1.1 to 1.7)	46,498,401	43,867,398	39,712,766
1.1	Paid up Capital	1,449,124	965,747	965,747
1.2	Reserve and Surplus	1,943,561	2,164,494	1,693,427
1.3	Debenture and Bonds	300,000	300,000	300,000
1.4	Borrowings	456,770	1,681,305	3,018,540
1.5	Deposits (a+b)	41,174,926	37,348,256	32,075,087
	Domestic Currency (a)	34,559,243	30,171,215	25,687,777
	Foreign Currency (b)	6,615,683	7,177,041	6,387,310
1.6	Income Tax Liability	112,409	80,232	21,542
1.7	Other Liabilities	1,061,611	1,327,364	1,638,422
2.	Total Assets (2.1 to 2.7)	46,498,401	43,867,398	39,712,766
2.1	Cash and Bank Balance	2,181,331	3,372,512	3,719,684
2.2	Money at Call and Short Notice	573,368	552,888	710,572
2.3	Investments	11,694,275	10,826,379	9,961,689
2.4	Loans and Advances	30,426,062	27,589,933	24,111,663
2.5	Fixed Assets	666,303	660,989	502,500
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	957,062	864,696	706,659
3.	Profit and Loss Account	1st Quarter This Year	Last Year	1st Quarter Last Year
3.1	Interest Income	805,076	2,798,486	604,171
3.2	Interest Expense	353,457	1,153,280	257,061
A	Net Interest Income (3.1-3.2)	451,618	1,645,206	347,110
3.3	Fees, Commission and Discount	70,461	179,693	45,056
3.4	Other Operating Income	30,088	144,164	28,756
3.5	Foreign Exchange Gain/Loss (Net)	69,586	251,920	76,239
B	Total Operating Income (A+3.3+3.4+3.5)	621,753	2,220,983	497,161
3.6	Staff Expense	87,969	339,898	64,338
3.7	Other Operating Expense	80,596	265,158	65,195
C	Operating Profit Before Provision (B-3.6-3.7)	453,189	1,615,927	367,628
3.8	Provision for Possible Losses	51,136	45,722	56,712
D	Operating Profit (C-3.8)	402,053	1,570,205	310,916
3.9	Non Operating Income/(Expenses) Net	2,967	2,190	211
3.10	Write Back of Provision for Possible Loss	-	10,618	-
E	Profit from Regular Activities (D+3.9+3.10)	405,019	1,583,013	311,127
3.11	Extra Ordinary Income/Expense (Net)	7,393	43,522	37,692
F	Profit before Bonus and Taxes (E+3.11)	412,413	1,626,534	348,818
3.12	Provision for Staff Bonus	37,492	147,867	31,711
3.13	Provision for Tax	112,476	447,615	95,132
G	Net Profit/(Loss) (F-3.12-3.13)	262,445	1,031,053	221,975

4.	Ratios & Others (%)	As at		
		17 October 2009	15 July 2009 (Audited)	16 October 2008
4.1	Capital Fund to RWA	10.36	10.70	10.73
4.2	Non Performing Loan to Total Loan	1.16	0.80	1.06
4.3	Total Loan Loss Provision to Total NPL	128.33	181.95	173.20
4.4	Price Earning (Annualized)	39.76	45.89	43.29
4.5	Liquid Assets/ Deposits	31.40	47.62	41.90
4.6	Net Worth Per Share (Rs)	234	324	275
4.7	Total Assets Per Share (Rs)	3,209	4,542	4,112
4.8	Earning Per Share (Annualized) (Rs)	72.44	106.76	91.94
4.9	Number of Equity Shares	14,491,240	9,657,470	9,657,470

Note:

1 Figures regrouped wherever necessary.

2 Above figures may vary with the audited figures if modified by the external auditors and regulators.

- During the review period, there were no transactions with related parties.

2. Management Analysis

- a. The Bank continues to record growth in its business volume and profit. Though some fluctuation in the liquidity position is observed at quarter ends, liquidity position during the period has been very comfortable.
- b. Bank's activities are guided by long term and short term plans and accordingly management expects to increase market share under various heads without compromising quality, through network expansion, launching innovative / new products, competitive pricing and improved service standards.
- c. There were no such events/situations observed during the quarter which could have material impact on the Bank's balance, profitability and cashflow.

3. Details Related to Legal Proceedings

During the quarter under review, there is no legal case of material nature filed by or filed against the Bank and filed by or filed against the promoter/ director for violating prevailing regulations or committing criminal offences and financial frauds.

4. Analysis of Bank's shares transactions

- (a) The management has no comment on the share transactions at Nepal Stock Exchange as it is operating under the supervision of Securities Board of Nepal.
- (b) Maximum, Minimum, Last transaction prices, total traded days and total traded volume during the quarter:
maximum: Rs. 5240; minimum: Rs. 2600; last transaction price: Rs. 2880; total traded days: 55 days; total traded volume: 91106 number of shares

5. Problems and Challenges

Internal:

- Increased cost of operation,
- Retention of human assets,

External:

- Global financial crisis,
- High inflation,
- Deteriorated business environment due to worsening law and order situation,
- Political instability
- Cut throat competition among banks and financial institutions

Bank's strategy to mitigate problems and challenges:

- Introducing new products
- Continuous improvement in service standards,
- Expanding distribution networks,
- Analyzing each cost component minutely
- Cautious approach in some high risk business segments
- Adoption of best HR practices

6. Corporate Governance

The Board of Directors, Audit Committee and various management committees are committed to uphold good corporate governance practices in the Bank. Bank's organization structure and work flow has been devised keeping best corporate governance practices in mind.

7. Declaration of CEO about the truthfulness of financials/information

I, CEO of the Bank personally take the responsibility on the truthfulness of the information and particulars disclosed in this report. Further, I declare that the particulars mentioned in this report are true, fair and complete as far as I know and understand and have not concealed any necessary particulars, notices and information to the investors to take informed decisions.