



## Quarterly Unaudited Financial Statement

As of 2nd Quarter (30 Poush 2075) of the F/Y 2075/2076

| S.N.       | Particulars  | This Quarter Ending 2075.09.30 (Unaudited)        | Previous Quarter Ending 2075.06.31 (Unaudited)        | Corresponding Previous Year Quarter Ending 2074.09.30 (Unaudited)        |
|------------|--|---|---|--|
| <b>1</b>   | <b>Total Capital &amp; Liabilities (1.1 to 1.7)</b>                            | <b>29,860,488</b>                                 | <b>27,803,824</b>                                     | <b>24,507,918</b>  |
| 1.1        | Paid-up Capital  | 2,175,272   | 2,173,523   | 2,008,878  |
| 1.2        | Reserves and Surplus   | 1,356,110   | 1,227,170   | 1,010,439  |
| 1.3        | Debenture and Bond   | -   | -   | -  |
| 1.4        | Borrowings   | 748,057   | 477,133   | 353,955  |
| <b>1.5</b> | <b>Deposits (a+b)</b>  | <b>23,442,663</b>                                 | <b>21,840,964</b>                                     | <b>19,187,106</b>  |
|            | a. Domestic Currency   | 23,442,576  | 21,840,871  | 19,187,022   |
|            | b. Foreign Currency  | 87  | 93  | 83   |
| 1.6        | Income Tax Liabilities   | 100,547   | 34,764  | 128,528  |
| 1.7        | Other Liabilities  | 2,037,840   | 2,050,270   | 1,819,010  |
| <b>2</b>   | <b>Total Assets (2.1 to 2.7)</b>   | <b>29,860,488</b>                                 | <b>27,803,824</b>                                     | <b>24,507,918</b>  |
| 2.1        | Cash & Bank Balance  | 4,410,684   | 4,122,968   | 3,707,477  |
| 2.2        | Money at call and short Notice   | -   | -   | -  |
| 2.3        | Investments  | 1,717,791   | 1,716,874   | 1,788,994  |
| <b>2.4</b> | <b>Loans &amp; Advances</b>  | <b>21,723,046</b>                                 | <b>20,082,568</b>                                     | <b>17,253,943</b>  |
|            | a. Real Estate Loan  | 2,217,384   | 2,182,481   | 1,912,794  |
|            | 1. Residential Real Estate Loan (Except Personal Home Loan upto Rs 15 million) | 288,265   | 227,921   | 145,730  |
|            | 2. Business Complex & Residential Apartment Construction Loan                  | 119,918   | 170,448   | 87,024   |
|            | 3. Income generating Commercial Complex Loan                                   | 81,142  | 82,684  | 85,592   |
|            | 4. Other Real Estate Loan (Including Land Purchase & Plotting)                 | 1,728,059   | 1,701,428   | 1,594,448  |
|            | b. Personal Home Loan of Rs. 10 million or less                                | 1,865,450   | 1,738,933   | 1,598,966  |
|            | c. Margin Type Loan  | 705,742   | 703,819   | 739,681  |
|            | d. Term Loan   | 4,116,640   | 3,733,925   | 3,324,516  |
|            | e. Overdraft Loan / TR Loan / WC Loan  | 5,183,131   | 4,473,974   | 4,899,298  |
|            | f. Others  | 7,634,698   | 7,249,436   | 4,778,688  |
| 2.5        | Fixed Assets   | 479,755   | 471,641   | 322,358  |
| 2.6        | Non Banking Assets   | 71,137  | 65,131  | 65,579   |
| 2.7        | Other Assets   | 1,458,075   | 1,344,641   | 1,369,567  |
| <b>3</b>   | <b>Profit and Loss Account</b>   | <b>This Quarter Ending 2075.09.30 (Unaudited)</b> | <b>Previous Quarter Ending 2075.06.31 (Unaudited)</b> | <b>Corresponding Previous Year Quarter Ending 2074.09.30 (Unaudited)</b> |
| 3.1        | Interest income  | 1,467,977   | 693,620   | 1,129,327  |
| 3.2        | Interest Expense   | 995,076   | 489,235   | 804,377  |
| <b>A</b>   | <b>Net Interest Income (3.1-3.2)</b>   | <b>472,901</b>                                    | <b>204,385</b>  | <b>324,950</b>   |
| 3.3        | Fees Commission and Discount   | 4,426   | 1,908   | 3,462  |
| 3.4        | Other Operating Income   | 74,289  | 37,993  | 59,414   |
| 3.5        | Foreign Exchange Gain/Loss (Net)   | 27  | 350   | (87)   |
| <b>B</b>   | <b>Total Operating Income (A+3.3+3.4+3.5)</b>                                  | <b>551,642</b>                                    | <b>244,636</b>  | <b>387,739</b>   |
| 3.6        | Staff Expenses   | 116,577   | 65,645  | 114,770  |
| 3.7        | Other Operating Expenses   | 106,178   | 52,232  | 102,154  |
| <b>C</b>   | <b>Operating profit Before Provision (B-3.6-3.7)</b>                           | <b>328,886</b>                                    | <b>126,759</b>  | <b>170,815</b>   |
| 3.8        | Provision for Possible Loss  | -   | 11,680  | 46,559   |
| <b>D</b>   | <b>Operating profit (C-3.8)</b>  | <b>328,886</b>                                    | <b>115,079</b>  | <b>124,256</b>   |
| 3.9        | Non Operating Income/(Expenses)(Net)   | 5,725   | 1,491   | 100,823  |
| 3.10       | Write Back of Provision for Possible Loss                                      | 23,160  | -   | -  |
| <b>E</b>   | <b>Profit From Regular Activities (D+3.9+3.10)</b>                             | <b>357,771</b>                                    | <b>116,570</b>  | <b>225,078</b>   |
| 3.11       | Extraordinary Income/(Expenses)(Net)   | 10,900  | 10,900  | 889  |
| <b>F</b>   | <b>Profit Before Bonus and Taxes (E+3.11)</b>                                  | <b>368,671</b>                                    | <b>127,470</b>  | <b>225,968</b>   |
| 3.12       | Provision For Staff Bonus  | 33,516  | 11,588  | 20,543   |
| 3.13       | Provision For Tax  | 100,547   | 34,764  | 61,628   |
| <b>G</b>   | <b>Net Profit/Loss (F-3.12 -3.13)</b>  | <b>234,609</b>                                    | <b>81,117</b>   | <b>143,798</b>   |
| <b>4</b>   | <b>Ratios</b>  | <b>This Quarter Ending 2075.09.30 (Unaudited)</b> | <b>Previous Quarter Ending 2075.06.31 (Unaudited)</b> | <b>Corresponding Previous Year Quarter Ending 2074.09.30 (Unaudited)</b> |
| 4.1        | Capital Fund to RWA  | 15.82%  | 15.44%  | 16.79%   |
| 4.2        | Non Performing Loan (NPL) to Total Loan  | 2.31%   | 2.86%   | 2.50%  |
| 4.3        | Total Loan Loss Provision to total NPL   | 113.63%   | 101.31%   | 118.09%  |
| 4.4        | Cost of Funds  | 8.83%   | 8.61%   | 8.79%  |
| 4.5        | CD Ratio (Calculated as per NRB Directives)                                    | 78.81%  | 78.50%  | 77.07%   |
| 4.6        | Base Rate  | 11.16%  | 11.88%  | 12.36%   |
| 4.7        | Net Interest Spread (Calculated as per NRB Directives)                         | 4.40%   | 4.78%   | 3.85%  |
| 4.8        | Average Yield  | 14.08%  | 14.13%  | 13.39%   |

\*The figures may change subject to instruction, if any, from statutory/regulatory authorities.

\*The provisions on loans and advances, NBA, Sundry Debtors have been reported under other liabilities. Hence, the corresponding assets are reported in gross value.

\*Figures have been regrouped/rearranged wherever necessary.

### Additional disclosure as per Securities Registration and Issuance Regulation -2073 (Sub-Rule 1 of Rule 26) for Second Quarter of FY 2075/76

#### A. Financial Statement Highlights

##### 1. Related Party Transactions:

- The bank has investment of NPR 40 Million in its subsidiary company Vibor Capital Ltd. The bank holds 57.14% of shares of Vibor Capital.
- The bank pays Vibor Capital Ltd. NPR 300,000.00 per annum for the services rendered as its Registrar to Shares.
- Vibor Capital Ltd. maintains call /current deposit accounts with the bank.

##### 2. Ratios as on Second Quarter End 2075/76.

| Particulars                         | This Quarter Ending |
|-------------------------------------|---------------------|
| Liquidity                           | 21.70%              |
| Return on total Assets (Annualized) | 1.57%               |
| Number of Equity Shares             | 2,17,52,717         |
| Earnings per Share (Annualized)     | 21.57               |
| Net worth per Share                 | 162.34              |
| Price earnings ratio                | 7.93                |

#### B. Management Analysis

##### 1. Quarterly change in Capital, Reserve, Income and the reason thereof if any:

- The bank has registered Rs 234.61 Million net profit (subject to change as per the statutory body/auditors) during the period ending Second quarter of F.Y. 2075/76. The bank is in a comfortable liquidity position.
- While comparing with past performance, bank has made substantial progress in its credit portfolio, net interest income and operating profit before provision. The changes in credit portfolio and interest income are as stated in the financial statement.

##### 2. Management Overview on the business for next period:

The bank is focusing on strengthening the customer service and minimizing the operation cost through introduction of modern technology. The bank focuses on maximizing the return not only through interest income but through wider range of income generating services such as fee based income and cross selling of bank's products, investment and remittance.

#### C. Details Pertaining to Legal Proceedings

- There are some legal cases filed at the courts by our credit customers and in relation to few operational matters and all cases are continued from previous quarter.
- No such information has been received of law suit filed by or against the promoters or directors of the bank involving violation of statutory regulation or criminal offences.

#### D. Analysis of Bank's Share Transactions

Maximum, minimum and last share price of the bank including total transaction and transacted days during the Quarter. (Source www.nepalstock.com)

|                              |          |
|------------------------------|----------|
| Highest Price                | 179.00   |
| Lowest Price                 | 157.00   |
| Total transacted no. of days | 60.00    |
| Closing Price                | 171.00   |
| Total traded no. of shares   | 7,27,278 |
| No. of transactions          | 1,894    |

#### E. Problems and Challenges

##### 1. Internal:

- Recovery of chronic Non-Performing Loan.
- Recruiting and retention of quality human resource.

##### 2. External:

- Competitive business environment.
- Cost of deposit due to volatile liquidity situations.
- Limited credit opportunity in productive industry.
- Increased level of Operational risk in the industry.

##### 3. Strategy:

- Aggressive Recovery of NPL.
- Diversify credit portfolio through quality and small sized lending, e.g. on small, micro, deprived sector and agriculture instead of big loans.
- Identify new avenue of Investment.
- Disposal of Non-Banking Assets.

#### F. Corporate Governance

The Board of Directors, Risk Management Committee, Audit Committee, and Management Team are committed for strengthening good corporate governance within the bank. The bank has written policies, rules and guidelines to perform the banking operation to ensure good corporate governance.

#### G. Disclosure of the Chief Executive Officer

To the best of my knowledge and belief, I, the Chief Executive Officer, declare that the information on the bank's position and performance disclosed in this report are true and fair. I have not intentionally concealed any relevant data or information that in my assessment would adversely affect the investment decision of any depositor or investor.