

As at 17 October 2011 (1st quarter of FY 2011/12)

**Publication of Information as Required by Securities Registration and Issuance Regulation 2065 (Related to Sub Rule (2) of Rule 22)**

**1. a) Related Party Disclosure:**

There is no transaction with related party during the review period.

**b) Major Financial Indicators**

Earning Per Share (annualized)	6.49
Market Value Per Share	Rs. 235
Price Earnings Ratio (P/E Ratio)	36.23
Liquidity ratio	24.33
Net Assets value per share	1515.35
Net worth Per Share	136.91

**2. Management Analysis**

1. Given the limited lending opportunities and volatile cost of sourcing, the Bank has opted to contain the size of business during the quarter. However due to the pressure in interest spread and low yield on investment, the net interest income has decreased.
2. Business sectors including banking industry has been facing challenging conditions for quite some time now and it is obvious to have these factors affect Bank's overall profitability. However the Bank has been able to effectively utilize the limited available opportunities and has been accordingly able to post a healthy growth on non-interest revenues. Bank remains committed in its thrust on diversification of business and accordingly newer business avenues are being looked into.
3. Due to the proposed cash dividend of 12.79%, some pressure has been observed in the capital adequacy ratio, which, however remains well above the level prescribed by the regulator giving a comfortable cushion for future business growth.
4. The Bank has been regularly introducing various new products and has been re-aligning its existing products as per the changing market needs. The Bank has recently introduced Club Siddhartha, a loyalty based product with various value added benefits. The Bank is introducing various alternate payment solution products like credit card, prepaid card, application based mobile banking services along with SMS alert.
5. The Bank has been giving continuity to its business process reengineering approach to achieve optimum operational efficiency

**3. Details Regarding Legal Actions**

a) Case filed by or to organized institution during the quarter-

The Bank has filed case to Revenue Tribunal against IRD/LIPO with regard to income tax assessment for FY 2061/62, FY 2062/63 and FY 2063/64. Apart from this there are no other major cases except those arising in normal course of banking business.

b) Case filed by or against the Promoter or Director of organized institution regarding disobedience of prevailing law or commission of criminal offence- None to our knowledge.

c) Case filed against any Promoter or Director of organized institution regarding commission of financial crime-None to our knowledge.

**4. Analysis of share transaction and progress of organized institution**

a) Management's view of share transactions of organized institution of securities market:

Since various market forces, economic variables, government policies etc are the major influencing factors for movement in share price, the management holds a neutral view on share transaction and its movement.

b) Maximum, minimum and last share price of the organized institutions including total transaction and transacted days during the quarter. (Source: [www.nepalstock.com](http://www.nepalstock.com))

Maximum Price	Rs. 293
Minimum Price	Rs. 220
Closing Price	Rs. 235
Total Transaction	68,760 Shares
Transacted Day	56 Days

## 5. Problems and Challenges

### Internal

- a) Continuous improvement in business process to enhance operational efficiency,
- b) Increasing cost of operations,
- c) Difficulties in recruiting and retaining quality human resource.

### External

- a) Unstable socio- political situation,
- b) Uncertainty on government plan and policy,
- c) Limited business opportunities,
- d) Competitive environment.

### Strategy to Overcome Challenges

- a) Identification of new business avenues,
- c) Optimum utilization of resources,
- d) Continuous enhancement of quality of product & services,
- e) Diversification of products & services,
- f) Continuous focus on operational efficiency,
- g) Implementation of better cost management practice
- h) Developing human resource through training and development programs.

## 6. Corporate Governance

We believe in growth that is equally matched by uncompromising compliance to legal, statutory and regulatory requirements. Proper work ethics, integrity and transparency of our operation are paramount to our business philosophy. The entire business operations and working culture have been designed to meet the highest level of corporate governance. We are cautiously focused in streamlining policies, guidelines and operating manuals as per the dynamics of the business environment and ensuring compliance to these policies for smooth operations. In line with our commitment in corporate governance, as required by NRB's directive no 6/2068, the required plans, procedures, structures etc are in place and regularly reviewed and monitoring by board, board level committee and the management of the bank.

## 7. Declaration by CEO

I, as individually accept responsibility for the accuracy of the information and details contained in this report. I also hereby declare that to the best of my knowledge and belief, the information contained in this report is true, accurate and complete and there are no other matters concealed that can adversely affect the informed investment decision by the investors.