

As at 14 January 2015 (2nd quarter of FY 2014/15)

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:

The bank has established Siddhartha Capital Limited as a subsidiary company holding 51% of the paid up capital of the Siddhartha Capital Ltd (SCL). SCL is licensed by Securities Board of Nepal as a Mutual Fund Manger and Depository as per the Mutual Fund Regulation 2010.

The Bank has held call deposit of Siddhartha Capital Ltd, Which stood at Rs 25.77 million as of 14 January 2015 (Poush End 2071). Till the end of this quarter, Siddhartha Capital earned interest of Rs 0.32 million from the Bank. These figures have also been eliminated from the Balance Sheet and Profit and Loss Account of the Group.

b) Major Financial Indicators

Earning Per Share (annualized)	32.11
Market Value Per Share	Rs. 664
Price Earnings Ratio (P/E Ratio)	20.68
Liquidity ratio	24.65
Net Assets value per share	2,248.66
Net worth Per Share	163.77

2. Management Analysis

- a. Bank has delineated long term and short term plans whose impact on performance of the Bank will positively contribute to the Bank in the days to come.
- b. The Bank has been regularly introducing various new products and has been re-aligning its existing products as per the changing market needs.
- c. The Bank and the group continue to consolidate its business despite adverse market condition. The Bank hopes to achieve its future growth target.

3. Details Regarding Legal Actions

- a) Case filed by or to organized institution during the quarter–
The Bank has filed a case to Revenue Tribunal against IRD/LTPO with regard to income tax assessment for FY 2061/62, FY 2062/63, 2063/64 and FY 2064/65. 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 factors such as market forces, economic variables and government policies are the major influencing factors for movement in share prices, 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)

Maximum Price	Rs. 713
Minimum Price	Rs. 552
Closing Price	Rs. 664
Total Transaction	239,844 Shares
Transacted Day	58 Days

5. Problems and Challenges

Internal

- a) Maintaining cost of operations at reasonable level,
- b) Difficulties in recruiting and retaining quality human resource,
- c) Maintaining interest spread.

External

- a) Volatile foreign exchange market,
- b) High trade deficit,
- c) Issues of credit in the real estate sector,
- d) Limited business opportunities,
- e) Competitive environment.

Strategy to Overcome Challenges

- a) Focus on new and highly yielding services by optimum utilization of fund,
- b) Optimum utilization of resources,
- c) Continuous enhancement of quality of product & services,
- d) Diversification of products & services,
- e) Continuous focus on operational efficiency,
- f) Implementation of better cost management practice,
- g) 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, the required plans, procedures, structures etc are in place and regularly being reviewed and monitored 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 investment decision of the investors.