

Publication as per Rule 22(2) of Security Registration and Issue Rules 2065

1. Financial Statements

(a) Ratios

Analytical Ratio		As At	
		15 July 2009	15 July 2008 (Audited)
1	Net Worth Per Share (Rs)	359	354
2	Total Assets Per Share (Rs)	4,542	5,388
3	Price Earning Ratio	45.89	48.70
4	Earning Per Share	106.77	108.31
5	Liquid Assets/ Deposits Ratio	20.43	29.05
6	Number of Equity Share	9,657,470	6,892,160

(b) Related Party Transactions

1. Transactions with directors / promoters having significant influence on Bank's management.
2. Transactions with businesses having substantially owned by the directors / promoters having significant influence on the Bank's management.
3. Transactions with the key management person (CEO, MD).

During the quarter under review, no transaction of such nature has taken place.

2. Management Analysis

(a) Particulars of reasons for changes in quarterly reserves, income and liquidity,

1. **Increased reserves through profit retention,**
2. **Increased income due mainly through rise in business volume and improved spread,**
3. **Decline in liquid assets due mainly to reduction in short term investments.**

(b) Particulars of management analysis on Business Plan for future period,

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) Particulars of analysis of events, situations that could affect on Bank's reserves, income and cash flow based on past experience.

There was no such material events/situations faced during the quarter.

3. Details Related to Legal Proceedings

- (a) Legal case filed against the Bank during the quarter,
- (b) Case filed by or filed against the promoter / director for violating prevailing regulations or for criminal offences,
- (c) Case filed against any promoter / director for financial frauds

During the quarter under review, no such case of material nature has been filed by/or against the Bank.

4. Analysis of Bank's shares transactions

- (a) Management's opinion on shares transactions on Nepal Stock Exchange: 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. 4920; minimum: Rs. 3550; last transaction price: Rs. 4899; total traded days: 64 days; total traded volume: 36734 number of shares

5. Problems and Challenges

- (a) Problems and challenges faced by the Bank and strategy of the Bank adopted to mitigate internal and external 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
- Plan in place for uninterrupted power supply
- Adoption of best HR practices

6. Corporate Governance

- (a) Particulars of action taken by the management to strengthen the 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/informations

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.