

**As at 16 July 2019 (4<sup>th</sup> quarter of FY 2075/76)**

**Publication of Information as Required by Securities Registration and Issuance Regulation 2073 (Related to Sub Rule (1) of Rule 26)**

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

Group comprises of Siddhartha Bank Ltd. (Parent Co.) and Siddhartha Capital Ltd. (Subsidiary Co.). The Bank has 51% shareholding in Siddhartha Capital Limited (SCL) and SCL is licensed as a Mutual Fund Manager and Depository from Securities Board of Nepal (SEBON) as per Mutual Fund Regulation 2010 and also obtained the license for merchant banking business from SEBON in 2015. The Bank has appointed subsidiary as its Registrar to Share.

- The Bank has held call deposits of Rs. 367.47 million of SCL as at 16 July 2019 (Ashad end 2076).
- SCL earned interest income of Rs. 27.94 million and Rs. 0.69 million Share RTS fee from the Bank in FY 2075/76.
- The Bank has received DP related income of Rs. 1.06 million and technical service fee of Rs. 0.59 million from SCL in FY 2075/76.
- Above figures have been eliminated from the Statement of Financial Position and Statement of Profit or Loss of the Group.

**b) Major Financial Indicators**

Earnings Per Share	Rs. 26.59
Price Earnings Ratio (P/E Ratio)	11.96
Net Worth Per Share	Rs. 169.77
Total Assets Value Per Share	Rs.1,625.63
Liquidity Ratio	23.29%

**2. Management Analysis**

- a. The Bank has formulated short term plans and long term strategies which will contribute in growth of the Bank in days ahead.
- b. The Bank has launched new products and has re-aligned its existing products as per the changing market needs.
- c. The Bank has 159 branches (including 4 extension counters) till the end of 4<sup>th</sup> quarter and is planning to continue branch expansion in coming days as well. Besides this, the Bank is serving its customers through 172 ATMs and 101 branchless banking locations. The Bank has established 7 provincial and 2 sub provincial offices.
- d. The Bank is continuously monitoring the targets set and periodically reviews the achievements vis-à-vis targets.
- e. The Bank has been giving continuity to its business process reengineering and service excellency to achieve optimum efficiency.
- f. There has been positive changes in the reserve, income and liquidity position of the Bank. There are no such incidents during the period which might have effect on the reserve, profit or cash flow position of the Bank.

**3. Details Regarding Legal Actions**

- a) Case filed by or to organized institution during the quarter:  
There are normal business related legal issues which have no significant impact in the Bank's overall 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 conditions and government policies are major influencing factors for the 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.np](http://www.nepalstock.com.np))

Maximum Price	Rs. 361
Minimum Price	Rs. 312
Closing Price	Rs. 318
Total Traded Shares	2,118,976 Shares
Total Traded Days	64 Days

#### 5. Problems and Challenges

##### Internal

- a) Increment in cost of human resources and operations.
- b) Recruitment and retention of quality human resources.
- c) Challenges in increasing non-interest revenue.

##### External

- a) Competition among banks.
- b) Deficit in balance of payment.
- c) Risk of bearish stock market.
- d) Risk due to changes in policies and directives by the regulators.
- e) Shortage of loanable fund.

##### Strategies to overcome Challenges

- a) Continue to enhance and innovate high yielding products and services.
- b) Growth of customer base through expansion of networks.
- c) Focus on SME, retail and micro-credit.
- d) Focus on non-funded business for increment of non-interest revenue.
- e) Prudent management of assets, liabilities and optimum utilization of resources.
- f) Drive digitization and automation to improve efficiency and productivity.
- g) Implementation of better cost management practices.
- h) Developing human resources through trainings and motivating for growth.

#### 6. Corporate Governance

The Bank is committed to maintain high standards of corporate governance as required by Bank and Financial Institutions Act, 2073 and NRB directives/circulars. Proper work ethics, integrity and transparency are paramount to the Bank's business.

The Audit Committee reviews the internal and external audit reports, provides recommendations and feedback to the management regarding internal controls and compliance issues as appropriate. Executive Committee (EXCOM) and Asset Liability Management Committee (ALCO) are in place to ensure effective and efficient operations of the Bank.

The required policies, process and structures are in place and regularly being reviewed and monitored by Board, Board Level Committees who meets on a regular basis. Good Corporate Governance is an integral part of the Bank to safeguard the interest of stakeholders.

#### 7. Declaration by CEO

I, CEO of the Bank, accept responsibility for the truthfulness of the information and details disclosed in this report. I also hereby declare that to the best of my knowledge and belief, the information disclosed in this report are true, fair and complete and have not concealed any matters that can adversely affect the investment decision of the investors.