

As at 14 January 2019 (2nd 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. 414.66 million of SCL as at 14 January 2019 (Poush end 2075).
- Till the end of 2nd quarter, SCL earned interest income of Rs. 11.77 million and Rs. 0.25 million Share RTS fee from the Bank.
- The Bank has received DP related income of Rs. 0.72 million and technical service fee of Rs. 0.59 million from SCL till the end of 2nd quarter.
- 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. 24.70
Price Earnings Ratio (P/E Ratio)	11.86
Net Worth Per Share	Rs.158.48
Total Assets Value Per Share	Rs.1,435.22
Liquidity Ratio	21.06%

2. Management Analysis

- a. The Bank has formulated long term as well as short term plans which will positively contribute in the days to come.
- b. The Bank has introduced new products and has re-aligned its existing products as per the changing market needs.
- c. The Bank is continuously monitoring the targets set and periodically reviews the achievements vis-à-vis targets.
- d. The Bank has 137 branches (including 3 extension counters) till the end of 2nd quarter and is planning to continue branch expansion in coming days as well. Besides this, the Bank is serving its customers through 142 ATMs and 99 branchless banking locations. The Bank has established 7 provincial and 2 sub provincial offices.

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)

Maximum Price	Rs. 350
Minimum Price	Rs. 287
Closing Price	Rs. 293
Total Traded Shares	779,391 Shares
Total Traded Days	60 Days

5. Problems and Challenges

Internal

- a) Increment in staff and operational costs.
- b) Recruitment and retention of quality human resources.
- c) Challenges in increasing non-interest revenue.
- d) Challenges in timely recovery of loans.

External

- a) Scarcity of deposit resources leading to high competition among banks for deposits solicitation.
- b) Deficit in balance of payment.
- c) Risk of bearish trend of stock market.
- d) Risk to the bank due to changes in policies and directives by the regulators.

Strategies to overcome Challenges

- a) Focus on new and high yielding products and services.
- b) Optimum utilization of resources.
- c) Focus on SME, retail loans and non funded business.
- d) Expansion of branches for increasing customer base and growth.
- e) Exploring new avenues for resources.
- f) Implementation of better cost management practices by continuous focus on efficiency and productivity.
- g) Developing human resources through trainings and motivating them for growth.

6. Corporate Governance

The Bank believes in growth that is equally matched by uncompromising compliance to legal, statutory and regulatory requirements. Proper work ethics, integrity and transparency of operations are paramount to the Bank's business. The entire business operations and working culture have been designed to meet the highest level of corporate governance. The Bank has focused in streamlining policies, guidelines and operational manuals as per the dynamics of the business environment and ensuring compliance to these policies for smooth operations. In line with commitment to corporate governance, as required by NRB directive and circulars, the required plans, procedures and structures are in place and regularly being reviewed and monitored by Board, Board Level Committees and Management of the Bank.

7. Declaration by CEO

I, CEO of the Bank, take 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.