

## **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 deposits of Rs. 344.86 million of SCL as at 14 January 2024 (Poush end 2080).
- Till the end of 2<sup>nd</sup> quarter of FY 2080/81, SCL earned interest income of Rs. 7.18 million and Rs. 0.50 million Share RTS fee from the Bank.
- All intra-group balances and transactions arising from intra-group transactions are eliminated from the Statement of Financial Position and Statement of Profit or Loss of the Group.

### **b) Major Financial Indicators**

Earnings Per Share	Rs. 16.18
Price Earnings Ratio (P/E Ratio)	15.45
Net Worth Per Share	Rs. 182.78
Total Assets Value Per Share	Rs. 2,039.67
Liquidity Ratio	25.66%

### **2. Management Analysis**

- a) There has been positive changes in total reserves, income and liquidity position of the Bank.
- b) The Bank has formulated its strategy comprising long term as well as short-term plans focusing on sustainable growth through business diversification and customer service excellence with digital first approach.
- c) The Bank has been reengineering its business and operational processes to attain optimal efficiency.
- d) The Bank has continued to invest in IT infrastructure for digitalization, automated work flows and enhanced security mechanism so as to strengthen its digital offerings to customers.
- e) The Bank has been utilizing its capital to the optimum level.
- f) Slowdown in economic activities in the country has impacted recovery of loans and thereby increasing non-performing loans.

### **3. Details regarding legal actions**

- a) Case filed by or to organized institution during the quarter:  
There are normal business related legal issues which don't have 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 the price of the share is determined by open market operation, the management holds a neutral view on share transactions and its movement.
- b) Maximum, minimum and last share price of the organized institution including total transaction and transacted days during the quarter.

Maximum Price	Rs. 283
Minimum Price	Rs. 223
Closing Price	Rs. 250
Total Traded Shares	1,767,494
Total Transaction No.	5,961
Total Traded Days	49 Days

#### 5. Problems and Challenges

##### Internal

- a) Retention of skilled human resources due to growing trend of moving abroad.
- b) Increased cost of doing business.
- c) Challenges in increment of fees based revenue.
- d) Limited scope of avenues for investment and return.
- e) Challenges in recovery of loans and maintaining assets quality.

##### External

- a) Changes in unpredictable laws/ policies/ regulations.
- b) Competition among banks and financial institutions.
- c) Sluggishness in economic activities.
- d) Increasing trend of cyber frauds and operational risks.
- e) Current international conflicts affecting economy of the country.

##### Strategies to overcome Challenges

- a) Economies in business through automation and continuous process reengineering.
- b) Enhancing security mechanism by strengthening IT Infrastructures.
- c) Improvement in assets portfolio mix.
- d) Enhanced focus on recovery for improving quality of assets.
- e) Enhanced focus on low capital charge consuming portfolio.
- f) Research and development of new products/ services and scaling up existing ones.
- g) Explore new avenues of revenue generation.
- h) Building performance culture for growth and instill employee values.
- i) Customer experience enhancement through digitization.

#### 6. Corporate Governance

- Corporate governance is a critical aspect of the Bank's operations and the Bank's governance framework is of paramount importance, in the face of numerous operational and market challenges.
- Strategic leadership, stringent oversight and compliance based controls are crucial in ensuring sustainable growth of the Bank.
- Board of Directors and Board Level Committees along with Management Team are committed to uphold good corporate governance practices which are in line with regulatory requirements and best practices.
- The Board is responsible for formulating robust risk management policy and overseeing the Bank's risk management and internal control frameworks.
- Risk Management Committee and Audit Committee assist the Board in fulfilling its risk management and internal control obligations.
- Executive Committee, Management Credit Committee, Asset Liability Management Committee and Operation Risk Management Committee are in place to ensure effective and efficient operations of the Bank.

- 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, 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.