

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. 485.08 million of SCL as at 15 July 2021 (Ashadh end 2078).
- Till the end of 4th quarter of FY 2077/78, SCL earned interest income of Rs. 3.02 million and Rs. 0.68 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. 25.87
Price Earnings Ratio (P/E Ratio)	19.48
Net Worth Per Share	Rs. 184.86
Total Assets Value Per Share	Rs. 2,235.08
Liquidity Ratio	25.46%

2. Management Analysis

- a) Lockdown imposed by the government to contain spread of second wave of COVID-19 pandemic has jeopardized the economy which was on verge of recovery from impact of first wave. This has put stress on the Bank's business growth, reserves and profitability as well.
- b) The Bank has formulated its strategy comprising long term as well as short-term plans which focuses on sustainable growth, product diversification, operational efficiency, risk mitigation and customer service excellency through digitization.
- c) The Bank has been giving continuity to its business process reengineering to achieve optimum efficiency.

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 insignificant 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. 533
Minimum Price	Rs. 509
Closing Price	Rs. 504
Total Traded Shares	11,245,661
Total Transaction No.	39,577
Total Traded Days	65 Days

5. Problems and Challenges

Internal

- a) Attainment of reasonable level of cost of operations.
- b) Challenges in increasing non-interest revenue.
- c) Challenges in recovery of loans.

External

- a) COVID-19 pandemic jeopardized the economy of the country which has affected on the repayment capacity of borrowers. With increasing no. of cases again, there is threat in the economy which was just on the road to recovery and these erratic waves of COVID pandemic might dent the fragile recovery and will definitely impact the credit quality.
- b) Risk to the bank due to changes in policies and regulations.
- c) Competition among banks and financial institutions.
- d) Increasing trend of cyber frauds.

Strategies to overcome Challenges

- a) COVID-19 pandemic:
 - The Bank has conducted COVID-19 impact survey among the borrowers and regularly updating the survey information on various parameters related to borrowers regarding their financials, past performance with the Bank, security coverage, duration of relationship with the Bank and their view on effect of pandemic to analyze the actual impact on borrowers.
 - The Bank has established a mechanism to interact regularly with the borrowers and has been addressing their problems to the extent possible.
 - The Bank shall continue to focus on borrower's needs to help them recover from the impact of pandemic and more attention has been given to highly impacted customer segments.
 - The Bank shall monitor the effect of this pandemic regularly so as to maintain desired NPA level.
 - The situation has forced many new users to uptake digital banking services for conducting transactions. Like in the past, the Bank will further encourage customers to shift towards digital transactions. The infrastructure shall be strengthened accordingly for security of digital transactions to curb the cyber risk.
- b) Implementation of better cost management practices.
- c) Focus on new, diversified and high yielding products and services.
- d) Focus on non-funded business and explore new avenues for investment diversification and generation of non-interest revenue.
- e) Drive digitization and automation to improve efficiency and productivity.
- f) Developing human resources and motivating them for growth.
- g) Prudent management of assets and liabilities for optimum utilization of resources.

6. Corporate Governance

- The Bank is committed to maintain high standards of corporate governance by compliance to legal, statutory and regulatory requirements.
- Executive Committee (EXCOM), Asset Liability Management Committee (ALCO), Management Credit Committee and Operation Risk Management Committee are in place to ensure effective and efficient operations of the Bank.

- Audit Committee ensures the establishment of effective internal controls and provides recommendations to the management regarding internal controls and compliance issues as appropriate.
- Required policies, process and structures are in place and are regularly being reviewed and monitored by Board of Directors and 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, 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.