

**As at 14 January 2018 (2<sup>nd</sup> quarter of FY 2074/75)**

**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:**

The Bank has established Siddhartha Capital Limited as a subsidiary company holding 51% of the paid up capital of the Siddhartha Capital Ltd (SCL). SCL is licensed by Securities Board of Nepal as a Mutual Fund Manger and Depository as per the Mutual Fund Regulation 2010 and also obtained the license for merchant banking business from SEBON in 2015. The Bank has appointed subsidiary as its Share Registrar.

The Bank has held call deposit of Siddhartha Capital Ltd, Which stood at Rs 249.29 million as of 14 January 2018 (Poush End, 2074). Till the end of this Quarter, Siddhartha Capital earned interest income of Rs 13.66 million and 0.25 million Share RTS fee from the Bank and the Bank has received DP related income Rs. 0.33 million and Technical service fee Rs. 2.40 million from the Capital till the Quarter. These figures have also been eliminated from the Balance Sheet and Profit and Loss Account of the Group. The first mutual fund of SCL, Siddhartha Investment Growth Scheme-I (SIGS-I) has been matured in this quarter dated 24<sup>th</sup> December, 2017.

**b) Major Financial Indicators**

Earnings Per Share (annualized)	Rs. 22.64
Market Value Per Share	Rs. 375
Price Earnings Ratio (P/E Ratio)	16.56
Liquidity ratio	21.53%
Total Assets value per share	Rs.1,466.21
Net worth Per Share	Rs. 163.51

*Note: Calls in advance Rs. 230,397,900 excluded in share capital while calculating above indicators.*

**2. Management Analysis**

- The Bank has delineated long term and short term plans which will positively contribute to the Bank in the days to come.
- The Bank has been regularly introducing various new products and has been re-aligning its existing products as per the changing market needs.
- The Bank and the group continue to consolidate its business to achieve its future growth target.
- The total assets size of the Bank has reached Rs.100 billion in this Quarter. Total Business volume (Deposit & Loan) of the Bank has been increased by Rs. 18,021 million or 12.47% in this fiscal year. Deposit and Loan & Advances has been increased by 10.66 % and 14.56 % respectively.
- The Bank has established 13 branches in this FY and is planning to continue branch expansion in coming days.

**3. Details Regarding Legal Actions**

- Case filed by or to organized institution during the quarter– There are normal business related legal issues which have no significant impact in the Banks overall business.
- 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.
- 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 variables 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](http://www.nepalstock.com))

Maximum Price	Rs. 434
Minimum Price	Rs. 348
Closing Price	Rs. 375
Total Transaction	644,543 Shares
Transacted Day	57 Days

#### 5. Problems and Challenges

The Bank has considered the following internal and external factors as its problems and challenges.

##### Internal

- a) Increased cost of operations.
- b) Recruiting and retaining quality human resources.

##### External

- a) Increased deposit rate due to volatile liquidity situations.
- b) Competitive environment.
- c) Political uncertainties.
- d) Slow down in remittance growth.
- e) Limited areas for investment.

##### Strategy to Overcome Challenges

- a) Focus on new and high yielding products & services.
- b) Optimum utilization of resources.
- c) Continuous enhancement of quality of products & services and its diversification.
- d) Focus on SME, retail loan & non funded business.
- e) Explore new avenues for resources and investment and expansion of branches.
- f) Continuous focus on operational efficiency and implementation of better cost management practices.
- g) Developing human resources through trainings and motivating them for growths.

#### 6. Corporate Governance

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

#### 7. Declaration by CEO

I, individually accept responsibility for the accuracy of the information and details contained in this report. I also hereby declare that to the best of my knowledge and belief, the information contained in this reports are true, accurate and complete and there are no other matters concealed that can adversely affect the investment decision of the investors.