Bank for Your Prosperity

As at 4th quarter end of FY 2074/75

Unaudited Financial Results (Quarterly)

Rs. In '000 As per NRB Directive No. 4 **Previous Quarter Ending** Corresponding Previous Year This Quarter Ending **Particulars** 16.07.2018 13.04.2018 "Audited' Group Siddhartha Bank Group Siddhartha Bank Group Siddhartha Bank Total Capital and Liabilities (1.1 to 1.8) 119,471,262 119,132,263 106,428,526 106,120,409 90,034,037 90,056,149 1.1 Paid Up Capital 8,464,385 8,464,385 8,012,171 8,012,171 1.2 Reserve and Surplus 4,471,086 4,273,464 3,790,210 3,601,582 2,418,832 1.3 Debenture and Bond 1,203,520 1,203,520 859,894 1.4 Borrowings 972,289 972,289 859,894 505,714 101,414,042 101,748,243 1.5 Deposits (a+b) 89,844,777 90,401,940 76,339,485 77,317,559 101,346,860 89,488,576 90,045,738 76,829,397 a. Domestic Currency 101,012,658 75,851,323 b. Foreign Currency 1.6 Income Tax Liability 1.8 Non-Controlling Interes 147,120 138,478 146,872 119,132,263 2 Total Assets (2.1 to 2.7) 2.1 Cash and Bank Balance 9,165,632 9,154,617 6,496,144 6,486,625 9,743,972 2.2 Money at Call and Short Notice 19,331,282 15,497,004 15,256,195 19,585,421 11,435,219 2.3 Investments 11,272,097 2.4 Loans and Advances (a+b+c+d+e+f) 84,760,515 79,880,802 79,880,802 a. Real Estate Loan 7,726,619 7,726,619 7,441,154 7,441,154 6,735,104 6,735,104 1. Residental Real Estate Loan (Except 84,278 Personal Home Loan upto Rs. 1.5 Crore) 1,134,375 1,134,375 1,150,012 1,150,012 1,226,972 1,226,972 2. Business Complex & Residential Apartment Construction Loan 459,927 459,927 477,418 486,472 486,472 3. Income generating Commercial Complex Loan 4. Other Real Estate Loan 5,729,446 (including Land purchase & plotting) 6,067,241 6,067,241 b. Personal Home Loan of Rs. 1.5 crore or less 4,223,109 4,223,109 4,155,324 4,155,324 3,948,804 c. Margin Type Loan 18,131,562 18,131,562 16,631,665 16,631,665 35,126,355 e. Overdraft Loan/ TR Loan/ WC Loan 36,960,925 35,126,355 f. Others 15,707,823 15,707,822 14,690,106 14,690,106 12,865,33 12,865,337 2.5 Fixed Assets 1,084,412 762,347 154,638 Non- Banking Assets 154,638 154,638 154,638 154,638 1,359,449 3 Profit and Loss Account Quarter 3.1 Interest Income 9,934,531 6,864,933 9,967,456 6,651,951 6,587,819 6,620,744 A. Net Interest Income (3.1 -3.2) 3,3 Fees, Commission and Discount 398,179 267,477 267,192 171,303 3.4 Other Operating Income 567,791 571,696 410,320 414,339 702,67 380,686 3.5 Net Foreign Exchange Gain/ (Loss) 267,118 164,756 B. Total Operating Income (A+3.3+3.4+3.5) 4,579,801 4,453,003 3,069,720 2,977,850 3,703,867 3.6 Staff Expenses 822,799 3.7 Other Operating Expenses 772,085 736,994 531,146 507,103 637,018 598,060 C. Operating Profit Before Provision (B-3.6-3.7) 3.8 Provision for Possible Losses 423,289 423,289 386,065 386,065 D. Operating Profit (C-3.8) 1,750,698 3.9 Net Non-Operating Income/ (Expenses) 215,276 135,678 204,182 132,873 220,20! 286,228 3.10 Write Back of Provision for Possible Loss 284,407 284,407 286,228 E. Profit from Regular Activities (D+3.9+3.10) 3,061,310 2,914,286 2,046,344 1,925,185 2,528,528 3.11 Net Extraordinary Income/ (Expenses (73,469 F. Profit before Bonus and Taxes (E+3.11) 3,061,710 2,046,744 3.12 Provision for Staff Bonus 3.13 Provision for Taxes 828,329 794,914 552,875 525,338 645,95 579,512 G. Net Profit/Loss (F- 3.12-3.13) (Loss) of Subsidiary 1,267,323 1,488,043 H. Net Profit/(Loss) 1,905,925 1,854,800 1,225,193 At the end At the end of Corresponding Ratios

14.56% e Return on Assets 1.56% 1.54%

of this Quarter

155.53%

7.63%

74.23%

11.16%

11.04%

12.34%

7.73%

14.56%

12.47%

1.05%

7.63%

155.53%

74.23%

11.16%

11.04%

12.34%

7.73%

Group represents Siddhartha Bank Ltd. (Parent Co.) and Siddhartha Capital Ltd. (Subsidiary Co.)

All inter company transactions among the group have been eliminated in the above statement related to the group

Non- Banking Assets are presented gross of provision. Provision of NBA is presented under Other Liablities All above financials have been prepared as per NRB Directives no. 4. This is not compliant with NFRS.

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 the paid up capital of Siddhartha

4.1 Capital Fund to Risk Weighted Assets (CAR)

4.2 Non- Performing Loan (NPL) to Total Loan

4.3 Total Loan Loss Provision to Total NPI

4.5 Credit to Deposit & Core Capital Ratio

(CCD Ratio as per NRB Directive)

4.7 Net Interest Spread (as per NRB Directive)

Cost of Deposit - LCY (YTD Average

Yield on Loans & Investment (YTD Average)

4.4 Cost of Funds (YTD Average)

Additional Information

Yield on Loans (YTD Average)

Capital Limited (SCL). SCL is licensed as a Mutual Fund Manager and Depository from b) Maximum, minimum and last share price of the organized institutions including 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. 334.20 million of SCL as at 16 July 2018

- (Ashad end 2075). • Till the end of 4th quarter, SCL earned interest income of Rs. 32.92 million and Rs
- The Bank has received DP related income of Rs. 0.70 million and technical service fee of Rs. 3.20 million from SCL till the end of 4th quarter.
- Above figures have been eliminated from the Balance Sheet and Profit and Loss

Account of the Group. b) Major Financial Indicators

Earnings Per Share	Rs. 21.91
Price Earnings Ratio (P/E Ratio)	13.69
Net Worth Per Share	Rs. 150.49
Total Assets Value Per Share	Rs.1,407.45
Liquidity Ratio	27.39%

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 $% \left\{ 1,2,...,n\right\}$ 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 121 branches (including 3 extension counters) till the end of 4th quarter and is planning to continue branch expansion in coming days as well. Besides this, the Bank is serving its customers through 118 ATMs and $99\,$

3. Details Regarding Legal Actions

a) Case filed by or to organized institution during the quarter: The Bank has filed for administrative review at Inland Revenue Department against

tax assessment decision of Large Tax Payers Office of then Business Universal Development Bank Ltd. (merged with the Bank) of FY 2070/71. Disputed amount of tax is Rs. 107.30 million. Besides, there are normal business related other legal and tax cases 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
- 4. Analysis of share transaction and progress of organized institution

a) Management's view of share transactions of organized institution of securities market

SiddharthaBank

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policies are major influencing factors for the movement in share prices, the management holds a neutral view on share transaction and its movement.

of Previous Quarter

130.82%

7.49%

11.30%

10.88%

11.93%

7.59%

14.16%

12.34%

130.82%

7.49%

11.30%

10.889

11.93%

7.59%

14.16%

Previous Year Quarter

155.40%

5.40%

76.71%

10.38%

3.37%

8.89%

9.75%

5.43%

14.03%

13.219

5.40

10.389

8.89

9.75%

5.439

14.039

total transaction and transacted days during the quarter. (source www.nepalstock.com)

Maximum Price	Rs. 372
Minimum Price	Rs. 290
Closing Price	Rs. 300
Total Traded Shares	1,015,980 Shares
Total Traded Days	63 Davs

5. Problems and Challenges

Internal

a) Increased staff and operational costs

b) Recruiting and retention of quality human resources c) Challenges in increasing non-interest revenue.

- a) Cut throat competition. b) Volatility in money/ capital market.

efficiency and productivity.

- Strategies to overcome Challenges
- a) Focus on new and high yielding products and services.
- c) Focus on SME, retail loans and non funded business.
- d) Expansion of branches for increasing customer base and growth. e) Exploring new avenues of resources and investment
- f) Implementation of better cost management practices by continuous focus on
- 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 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

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As per NRB Circular No. Bai.Bi.Ni.Bi/Niti/Paripatra/KaKhaGa/10/074/75 and Bai.Bi.Ni.Bi/Niti/Paripatra/KaKhaGa/23/074/75

						RS. In '000	
Statement of Financial Position	This Quar	This Quarter Ending Previous Quarter Ending		arter Ending	Corresponding Previous Year		
				Quarter Ending			
Assets	Group	Bank	Group	Bank	Group	Bank	
Cash and Cash Equivalent	4,058,148	3,996,595	4,964,266	3,887,107	3,880,261	3,880,242	
Due From NRB and Placements with BFIs	6,914,465	6,914,465	5,922,341	5,807,511	8,283,401	7,592,286	
Loan and Advances	86,133,315	86,133,315	81,397,404	81,512,234	67,137,262	67,137,262	
Investment Securities	20,558,707	20,251,611	13,816,026	13,521,829	12,107,235	11,893,113	
Investment in Subsidiaries	-	51,000	-	51,000	-	51,000	
Property and Equipment	1,103,750	1,075,970	910,709	882,788	748,795	718,726	
Goodwill and Intangible Assets	13,384	12,089	22,589	21,524	13,552	12,661	
Other Assets	2,619,263	2,578,497	1,833,285	1,806,720	1,355,128	1,284,382	
Total Assets	121,401,033	121,013,543	108,866,620	107,490,712	93,525,634	92,569,672	
Capital and Liabilities							
Paid Up Capital	8,464,385	8,464,385	8,012,171	8,012,171	6,628,879	6,628,879	
Reserves and Surplus	6,198,469	5,850,903	5,288,941	4,961,562	5,223,938	4,954,806	
Deposits	101,756,769	101,748,243	91,375,488	90,401,940	77,400,099	77,400,099	
Borrowings	972,289	972,289	859,894	859,894	505,714	505,714	
Bond and Debenture	1,256,763	1,256,763	1,230,343	1,230,343	1,256,679	1,256,679	
Other Liabilities and Provisions	2,752,357	2,720,959	2,099,783	2,024,802	2,510,325	1,823,496	
Total Capital And Liabilities	121,401,033	121,013,543	108,866,620	107,490,712	93,525,634	92,569,672	

RS. In '000						
Statement of Profit or Loss Upto this Quarter Upto Previous Quarter						resopnding
Statement of Front of 2000	opto ti	opto rievious quarter		Previous Year Quarter		
Particulars	Group	Bank	Group	Bank	Group	Bank
Interest Income	10,133,366	10,134,590	6,869,697	6,873,823	6,620,813	6,625,303
Interest Expense	(6,587,819)	(6,620,744)	(4,664,411)	(4,690,208)	(3,973,959)	(3,998,165)
Net Interest Income	3,545,547	3,513,846	2,205,286	2,183,614	2,646,853	2,627,137
Fees and Commission Income	865,500	839,230	604,438	585,642	524,981	502,209
Fees and Commission Expense	(103,924)	(103,924)	(71,070)	(71,070)	(100,643)	(100,643)
Net Fees and Commission Income	761,575	735,306	533,368	514,572	424,338	401,566
Other Operating Income	557,256	403,140	447,784	324,959	664,851	337,488
Total Operating Income	4,864,378	4,652,291	3,186,437	3,023,145	3,736,043	3,366,192
Impairment Charge/ Reversal for Loans and Other Losses	361,578	361,578	229,404	229,404	405,018	405,018
Net Operating Income	5,225,956	5,013,869	3,415,841	3,252,549	4,141,060	3,771,210
Personnel Expenses	(1,163,609)	(1,126,154)	(769,856)	(741,021)	(913,977)	(853,911)
Other Operating Expenses	(674,131)	(633,070)	(465,639)	(436,033)	(541,018)	(497,417)
Operating Profit	3,388,215	3,254,645	2,180,346	2,075,495	2,686,066	2,419,882
Non-Operating Income/Expenses	-	-	-	-	-	-
Profit Before Tax	3,388,215	3,254,645	2,180,346	2,075,495	2,686,066	2,419,882
Income Tax	(825,846)	(794,914)	(551,888)	(525,338)	(436,415)	(369,971)
Profit /(Loss) For the Period	2,562,369	2,459,731	1,628,458	1,550,157	2,249,651	2,049,911
Other Comprehensive Income	(497,452)	(497,452)	(601,255)	(601,255)	159,877	159,877
Total Comprehensive Income	2,064,917	1,962,279	1,027,203	948,901	2,409,528	2,209,789
Share of Non-Controlling Interest on Profit of Subsidiary	(50,293)	-	(39,281)	-	(97,872)	-
Total Comprehensive Income after Share of NCI	2,014,625	1,962,279	987,922	948,901	2,311,656	2,209,789

Distributable Profit						
Net Profit/ (Loss) as per Profit or Loss	2,562,369	2,459,731	1,628,458	1,550,157	2,249,651	2,049,911
Add/Less: Regulatory Adjustment as per NRB Directive	(656,445)	(604,931)	(361,135)	(324,964)	(761,608)	(663,735)
Free Profit/ (Loss) after Regulatory Adjustments	1,905,925	1,854,800	1,267,323	1,225,193	1,488,043	1,386,176
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╛	Ratios						
	Capital Fund to RWA	12.47%	12.43%	12.34%	12.30%	13.21%	13.16%
1	Non-Performing Loan (NPL) to Total Loan (As per NRB Directive)	1.05%	1.05%	1.31%	1.31%	1.15%	1.15%
1	Total Loss Loan Provision to Total NPL (As per NRB Directive)	155.53%	155.53%	130.82%	130.82%	155.40%	155.40%
П	Costs of Funds	7.63%	7.63%	7.49%	7.49%	5.40%	5.40%
1	Credit to Deposit Ratio (As per NRB Directive)	74.23%	74.23%	78.10%	78.10%	76.71%	76.71%
	Base Rate	11.16%	11.16%	11.30%	11.30%	10.38%	10.38%
П	Basic Earning Per Share		29.06		25.80		30.92
П	Diluted Farning Per Share		34.16		30.50		38.88

Notes to NFRS Compliant Financials as per NRB circular no Bai.Bi.Ni.Bi/Niti/Paripatra/KaKhaGa/23/074/75. 1. The above figures are subject to change as per the direction of the Regulators/ External Auditor.

- 2. On implementation of NFRS, the previous periods' figures have been revised, wherever necessary in accordance with the NFRS Compliant Financial Statement format provided by NRB and the principles and policies adopted by the Bank in accordance with NFRS.
- 3. Interest income on Loans and Advances are shown on accrual basis.
- 4. Personnel Expenses include employment bonus provision calculated at 10 percent of profit before bonus and tax calculated as per NRB Directive No. 4 5. The taxation shown in the NFRS compliant financial statement as per NRB Directive No.4
- 6. All the reserves and surplus have been created based on the net profit as per NRB Directive No. 4 and the difference in the profit as per NFRS and NRB Directive No. 4 have been transferred to Regulatory Reserve. 7. Provision for Gratuity and Leave have been provided for as per estimated acturial valutation and hence acturial gain/loss has not been seperately
- disclosed and it will change as per the Actuary Valuation Report, 8. The distributable free profit / (loss) after regulatory adjustments may change on account of taxation effect on retained earnings adjusted directly for

- 1. Group financial statements include Siddhartha Bank Limited (Parent Company) and Siddhartha Capital Limited (Subsidiary Company).
- 2. All Intra group transactions are conducted in arm's length basis.
- 3. The intercompany transactions between the Bank and its subsidiaries upto this quarter are as follows:

difference on account of changes in accounting principle as per NFRS and NRB Directive No. 4.

- The Bank has held call deposits of Rs. 334,20 million of SCL as at 16 July 2018 (Ashad end 2075).
 - Till the end of 4th quarter, SCL earned interest income of Rs. 32,92 million and Rs. 0.50 million Share RTS fee from the Bank, • The Bank has received DP related income of Rs. 0.70 million and technical service fee of Rs. 3.20 million from SCL till the end of 4th quarter.
 - Above figures have been eliminated from the Balance Sheet and Profit and Loss Account of the Group

Net NFRS Adjustments for the year

Profit after tax as per NFRS

The Bank has identified the key segments of business on the basis of nature of operations that assist the Executive Committee of the bank in decision making process and to allocate the resources. It will help the management to assess the performance of the business segments that has been identified as below. The business segments identified are Banking (including loan, deposit and trade operations), Payment Solutions(Cards), Remittance, Treasury and Micro Banking. All operations between the segments are conducted on pre-determined transfer price. Treasury Department acts as the fund manager

Particulars	Banking	Payment Solution	Remittance	Treasury	Micro Banking	Tota
		(Cards)				
Segment Assets	109,043,918	232,965	232,182	11,463,984	40,494	121,013,543
Segment Liabilities	109,043,918	232,965	232,182	11,463,984	40,494	121,013,543
Interest Income	9,511,686	15,995	-	543,977	62,933	10,134,590
Interest Expense	6,583,477	27	4,338	32,902	-	6,620,744
Net Interest Income	2,928,209	15,968	(4,338)	511,075	62,933	3,513,846
Fees and Commission Income	550,450	180,497	29,631	50,694	27,959	839,230
Fees and Commission Expense	3,247	82,400	16,445	1,416	417	103,924
Net Fees and Commission Income	547,202	98,097	13,186	49,278	27,542	735,300
Net Interest, Fees and Commission Income	3,475,411	114,065	8,847	560,353	90,475	4,249,152
Other Operating Income	85,286	4,602	11,209	296,265	5,778	403,140
Total Operating Income	3,560,697	118,667	20,057	856,618	96,253	4,652,291
Impairment Charge/(Reversal) for Loans and Other Losses	(359,349)	2,336	-	-	(4,565)	(361,578
Net Operating Income	3,920,046	116,331	20,057	856,618	100,817	5,013,869
Operating Expenses						
Personnel Expenses	1,025,650	23,621	7,898	51,091	17,893	1,126,154
Other Operating Expenses	580,830	23,247	6,427	20,146	2,420	633,070
Operating Profit	2,313,567	69,463	5,731	785,380	80,504	3,254,64
Non Operating Income/(Expense)	-	-	-	-	-	-
Profit Before Income Tax	2,313,567	69,463	5,731	785,380	80,504	3,254,64
Income Tax Expense	625,171	19,705	1,729	140,517	7,792	794,91
Profit for the period	1,688,396	49,757	4,002	644,863	72,712	2,459,731

Reconciliation of Net Profit of Financial Statement as per NRB Directive No. 4 and NFRS Compliant Financial Statement

2,459,731

	Rs. In '000
Particulars	This Quarter Ending (Asadh 2075)
Profit after tax as per NRB Directive no. 4	1,854,800
Add:	
Reversal of differences in Interest Income on loans to customers due to accounting	
as per accrual basis of accounting in accordance with NFRS	154,934
Interest Income on Staff Loans accrued as per NFRS	12,200
Reversal of Loan Loss Provision created as per NRB Directive No. 2	138,882
Write back of Loan Loss Provision as per impairment test in accordance with NFRS	361,578
Less:	
Amortization of Prepaid Employee Benefit on staff loan as per NFRS	(12,200)
Difference in Gratuity Provision as per employees services by laws of the Bank and	
as per estimated Actuarial Valuation	(22,428)
Difference in Leave Provision as per employees services by laws of the Bank and	
as per estimated Actuarial Valuation	(28,034)