



As at 4th quarter end of FY 2074/75

Rs. In

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
As per NFRS

Statement of Profit or Loss	Upto this Quarter		Upto Previous Quarter		Upto Corresponding 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

Ratios						
Capital Fund to RWA	12.47%	12.43%	12.34%	12.30%	13.21%	13.16%
Non-Performing Loan (NPL) to Total Loan (As per NRB Directive)	1.05%	1.05%	1.31%	1.31%	1.15%	1.15%
Total Loss Loan Provision to Total NPL (As per NRB Directive)	155.53%	155.53%	130.82%	130.82%	155.40%	155.40%
Costs of Funds	7.63%	7.63%	7.49%	7.49%	5.40%	5.40%
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%
Basic Earning Per Share		29.06		25.80		30.92
Diluted Earning 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 actuarial valuation and hence actuarial gain/loss has not been separately 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 difference on account of changes in accounting principle as per NFRS and NRB Directive No. 4.

Related Party Disclosures

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:
 - 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."

Segment Reporting:

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 of the Bank.

Rs. In '000						
Particulars	Banking	Payment Solution (Cards)	Remittance	Treasury	Micro Banking	Total
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	735,306
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	3,254,645
Non Operating Income/(Expense)	-	-	-	-	-	-
Profit Before Income Tax	2,313,567	69,463	5,731	785,380	80,504	3,254,645
Income Tax Expense	625,171	19,705	1,729	140,517	7,792	794,914
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

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)
Net NFRS Adjustments for the year	604,931
Profit after tax as per NFRS	2,459,731

Unaudited financial figures may vary if directed by external auditors and supervisory authorities. Figures have been regrouped wherever necessary.

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.

Loans & Advances are net of Loan Loss Provision.

Non- Banking Assets are presented gross of provision. Provision of NBA is presented under Other Liabilities.

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 Capital Limited (SCL). 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. 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.
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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

- The Bank has formulated long term as well as short term plans which will positively contribute in the days to come.
- The Bank has introduced new products and has re-aligned its existing products as per the changing market needs.
- The Bank is continuously monitoring the targets set and periodically reviews the achievements vis-à-vis targets.
- 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 branchless banking.

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 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)

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

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.

External

- a) Cut throat competition.
- b) Volatility in money/ capital market.
- c) Increased trade deficit.

Strategies to overcome Challenges

- Focus on new and high yielding products and services.
- Optimum utilization of resources.
- Focus on SME, retail loans and non funded business.
- Expansion of branches for increasing customer base and growth.
- Exploring new avenues of resources and investment.
- Implementation of better cost management practices by continuous focus on efficiency and productivity.
- 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.



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