

# Siddhartha Bank Limited

## Unaudited Financial Results

3<sup>rd</sup> Quarter Ended of Fiscal Year 2075/76

### Siddhartha Bank Limited

#### Condensed Consolidated Statement of Financial Position

As on Quarter ended Chaitra, 2075

Amount in NPR

Particulars	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending (Audited)	This Quarter Ending	Immediate Previous Year Ending (Audited)
<b>Assets</b>				
Cash and cash equivalent	4,751,271,104	4,515,436,174	4,728,280,701	4,453,213,255
Due from Nepal Rastra Bank	6,746,594,883	6,454,927,243	6,746,594,883	6,454,927,243
Placements with Bank and Financial institutions	3,300,333,702	1,611,130,000	3,300,333,702	1,611,130,000
Derivative financial instruments	197,590,197	3,705,756	197,590,197	3,705,756
Other trading assets	117,240,858	103,413,532	87,879,987	81,317,739
Loan and advances to B/FIs	3,167,325,182	2,841,166,306	3,167,325,182	2,841,166,306
Loans and advances to customers	101,384,798,782	83,237,582,160	101,383,639,088	83,236,087,535
Investment securities	14,039,473,449	18,877,942,436	13,754,473,449	18,592,942,436
Current tax assets	171,172,996	69,314,347	173,510,843	68,228,757
Investment in subsidiaries	-	-	51,000,000	51,000,000
Investment in associates	-	-	-	-
Investment property	154,637,535	154,637,535	154,637,535	154,637,535
Property and equipment	1,206,707,371	1,100,186,110	1,184,430,196	1,072,322,808
Goodwill and intangible assets	20,741,493	13,301,220	19,935,621	12,089,083
Deferred tax assets	939,895	-	-	-
Other assets	528,873,326	1,274,603,859	505,475,729	1,236,450,112
<b>Total Assets</b>	<b>135,787,700,773</b>	<b>120,257,346,677</b>	<b>135,455,107,113</b>	<b>119,869,218,564</b>
<b>Liabilities</b>				
Due to Bank and financial institutions	9,174,679,369	7,448,514,711	9,174,679,369	7,448,514,711
Due to Nepal Rastra Bank	807,281,968	692,426,920	807,281,968	692,426,920
Derivative financial instruments	-	73,754,800	-	73,754,800
Deposits from customers	105,221,140,969	94,245,389,984	105,635,749,628	94,579,591,123
Borrowing	-	-	-	-
Current tax liabilities	-	-	-	-
Provisions	-	-	-	-
Deferred tax liabilities	132,737,556	260,973,262	132,737,556	261,913,156
Other liabilities	2,298,259,544	2,288,115,239	1,873,582,232	1,906,669,561
Debt securities issued	3,366,079,000	1,203,520,000	3,366,079,000	1,203,520,000
Subordinated liabilities	-	-	-	-
<b>Total Liabilities</b>	<b>121,000,178,406</b>	<b>106,212,694,916</b>	<b>120,990,109,753</b>	<b>106,166,390,271</b>
<b>Equity</b>				
Share capital	8,887,604,540	8,464,385,276	8,887,604,540	8,464,385,276
Share premium	122,091,505	122,091,505	122,091,505	122,091,505
Retained earnings	1,501,867,809	1,266,335,751	1,429,800,306	1,184,426,033
Reserves	4,092,931,260	3,999,355,730	4,025,501,009	3,931,925,480
<b>Total equity attributable to equity holders</b>	<b>14,604,495,114</b>	<b>13,852,168,262</b>	<b>14,464,997,360</b>	<b>13,702,828,293</b>
Non-controlling interest	183,027,253	192,483,499	-	-
<b>Total equity</b>	<b>14,787,522,367</b>	<b>14,044,651,761</b>	<b>14,464,997,360</b>	<b>13,702,828,293</b>
<b>Total liabilities and equity</b>	<b>135,787,700,773</b>	<b>120,257,346,677</b>	<b>135,455,107,113</b>	<b>119,869,218,564</b>

#### Notes

- The above figures are subject to change as per the direction of the Regulators/ External auditor.
- On implementation of NFRS, the figures of corresponding previous quarter 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.
- The figures for previous quarter have been restated, regrouped wherever necessary which might vary from previous quarter published figures.
- Carve-outs have been used to prepare above financials.
- Loans and advances includes accrued interest receivable & staff loans and are presented net of impairment charges. Impairment loss on loans and advances has been measured at higher of amount derived as per norms prescribed by NRB and as per Para 63 of NAS 39.
- Provision for Gratuity and Leave encashment have been provided for as per estimated actuarial valuation and hence actuarial gain/loss has not been separately disclosed. The provision created and expenses booked might vary if actuarial valuation is conducted by a certified actuary.
- Group financial statements include Siddhartha Bank Limited (Parent Company) and Siddhartha Capital Limited (Subsidiary Company) and all intra group transactions are conducted on arm's length basis.
- Detailed interim report has been published in the Bank's website (www.siddharthabank.com)

#### Statement of Distributable Profit

Amount in NPR

Particulars	Amount
<b>Net Profit for the period ended Chaitra 2075</b>	<b>1,592,927,079</b>
<b>1. Appropriations</b>	
<b>1.1 Profit required to be appropriated to Statutory Reserve</b>	<b>463,889,997</b>
a. General Reserve	318,585,416
b. Capital Redemption Reserve	-
c. Exchange Fluctuation Fund	-
d. Corporate Social Responsibility Fund	15,929,271
e. Employees Training Fund	-
f. Debenture Redemption Reserve	129,375,311
g. Others	-
<b>1.2 Profit required to be transfer to Regulatory Reserve</b>	<b>233,639,704</b>
a. Transfer to Regulatory Reserve	233,639,704
b. Transfer from Regulatory Reserve	-
<b>Net Profit for the period ended Chaitra 2075 available for distribution</b>	<b>895,397,378</b>

#### Publication of information as required by Securities Registration and Issue 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 it's Registrar to Share.

- The Bank has held call deposits of Rs. 414.61 million of SCL as at 13 April 2019 (Chaitra end 2075).
- Till the end of 3<sup>rd</sup> quarter, SCL earned interest income of Rs. 20.70 million and Rs. 0.375 million Share RTS fee from the Bank.
- The Bank has received DP related income of Rs. 0.82 million and technical service fee of Rs. 0.59 million from SCL till the end of 3<sup>rd</sup> quarter.
- Above figures have been eliminated from the Statement of Financial Position and Statement of Profit or Loss of the Group.

#### b) Major Financial Indicators:

Earnings Per Share	Rs. 24.71
Price Earnings Ratio (P/E Ratio)	12.71
Net Worth Per Share	Rs. 162.75
Total Assets Value Per Share	Rs.1,524.09
Liquidity Ratio	21.77%

#### 2. Management Analysis:

- The Bank has formulated short term plans and long term strategies which will contribute in growth of the Bank in days ahead.
- The Bank has launched new products and has re-aligned it's existing products as per the changing market needs.
- The Bank has 149 branches (including 4 extension counters) till the end of 3<sup>rd</sup> quarter and is planning to continue branch expansion in coming days as well. Besides this, the Bank is serving it's customers through 160 ATMs and 99 branchless banking locations. The Bank has established 7 provincial and 2 sub provincial offices.
- The Bank has been giving continuity to its business process reengineering approach to achieve optimum efficiency.
- There has been positive changes in the reserve, income and liquidity position of the Bank. There are no such incidents during the period which might have effect on the reserve, profit or cash flow position of the Bank.

#### 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 Bank's 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:

- 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.
- Maximum, minimum and last share price of the organized institutions including total transaction and transacted days during the quarter. (source: www.nepalstock.com.np)

Maximum Price	Rs. 316
Minimum Price	Rs. 273
Closing Price	Rs. 314
Total Traded Shares	763,396 Shares
Total Traded Days	60 Days

#### 5. Problems and Challenges:

##### Internal

- Increased cost of human resources and operations.
- Recruitment and retention of quality human resources.
- Challenges in increasing non-interest revenue.
- Challenges in timely recovery of loans.

##### External

- High competition among banks and financial institutions for deposits solicitation.
- Low development expenditure.
- Deficit in balance of payment.
- Risk of bearish outlook in stock market.
- Pressure to the bank due to changes in policies and directives by the regulators.

#### Strategies to overcome Challenges:

- Focus on new and high yielding products and services.
- Growth of customer base for deposits and no. of accounts through expansion of networks.
- Focus on SME, retail, priority sector loans and micro-credit for portfolio diversification.
- Focus on non-funded business for increment of non-interest revenue.
- Digitization for significant improvement in products and service delivery.
- Defining process flow and related turnaround time of activities to ensure timely services to customers.
- Prudent management of assets, liabilities and optimum utilization of resources.
- Implementation of better cost management practices by continuous focus on efficiency and productivity.
- Developing human resources through trainings and development programs 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.

#### 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.

### Siddhartha Bank Limited

#### Condensed Consolidated Statement of Profit or Loss

For the Quarter ended Chaitra 2075

Amount in NPR

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Up To This Quarter (YTD)	This Quarter	Up To This Quarter (YTD)	This Quarter	Up To This Quarter (YTD)	This Quarter	Up To This Quarter (YTD)
Interest income	3,293,700,921	9,399,260,973	2,560,926,418	7,082,911,919	3,284,651,419	9,372,333,825	2,549,221,726	7,057,421,011
Interest expenses	2,156,162,603	5,943,234,279	1,703,921,611	4,664,410,991	2,165,085,418	5,963,931,186	1,716,058,893	4,690,208,433
<b>Net interest income</b>	<b>1,137,538,318</b>	<b>3,456,026,694</b>	<b>857,004,807</b>	<b>2,418,500,928</b>	<b>1,119,566,001</b>	<b>3,408,402,639</b>	<b>833,162,833</b>	<b>2,367,212,578</b>
Fees and commission income	282,940,197	780,806,330	212,177,523	599,999,848	261,356,011	721,657,834	192,622,221	535,480,121
Fees and commission expense	43,114,621	122,257,372	36,826,685	96,605,606	41,032,081	117,236,130	32,234,266	89,215,451
<b>Net fee and commission income</b>	<b>239,825,576</b>	<b>658,548,958</b>	<b>175,350,838</b>	<b>503,394,242</b>	<b>220,323,930</b>	<b>604,421,704</b>	<b>160,387,955</b>	<b>446,264,670</b>
<b>Net interest, fee and commission income</b>	<b>1,377,363,894</b>	<b>4,114,575,652</b>	<b>1,032,355,645</b>	<b>2,921,895,170</b>	<b>1,339,889,931</b>	<b>4,012,824,343</b>	<b>993,550,788</b>	<b>2,813,477,248</b>
Net trading income	137,426,415	343,172,926	57,073,341	149,319,843	142,578,560	342,702,907	54,834,604	153,664,962
Other operating income	3,970,418	83,548,001	132,762,073	357,175,035	3,389,203	83,815,596	132,865,361	310,052,587
<b>Total operating income</b>	<b>1,518,760,727</b>	<b>4,541,296,579</b>	<b>1,222,191,059</b>	<b>3,428,390,048</b>	<b>1,485,857,694</b>	<b>4,439,342,846</b>	<b>1,181,250,753</b>	<b>3,277,194,797</b>
Impairment charge/(reversal) for loan and other losses	49,644,331	383,813,593	17,246,992	120,985,536	49,644,331	383,813,593	17,246,992	120,985,536
<b>Net operating income</b>	<b>1,469,116,396</b>	<b>4,157,482,986</b>	<b>1,204,944,067</b>	<b>3,307,404,512</b>	<b>1,436,213,363</b>	<b>4,055,529,253</b>	<b>1,164,003,761</b>	<b>3,156,209,261</b>
<b>Operating expenses</b>								
Personnel expenses	468,535,850	1,200,861,527	292,416,222	794,993,266	459,953,046	1,174,997,257	280,716,433	766,118,502
Other operating expenses	196,085,186	523,941,551	126,004,878	347,853,334	192,109,713	510,750,854	122,182,030	333,867,122
Depreciation & Amortisation	38,323,325	106,055,878	32,193,449	89,252,166	36,317,086	100,005,077	30,469,422	84,020,126
<b>Operating Profit</b>	<b>766,172,035</b>	<b>2,326,624,030</b>	<b>754,329,518</b>	<b>2,075,305,746</b>	<b>747,833,518</b>	<b>2,269,776,065</b>	<b>730,635,876</b>	<b>1,972,203,511</b>
Non operating income	848,757	6,793,611	650	509,622	-	5,834,048	-	400,000
Non operating expenses	-	-	-	-	-	-	-	-
<b>Profit before income tax</b>	<b>767,020,792</b>	<b>2,333,417,641</b>	<b>754,330,168</b>	<b>2,075,815,368</b>	<b>747,833,518</b>	<b>2,275,610,113</b>	<b>730,635,876</b>	<b>1,972,603,511</b>
<b>Income tax expenses</b>								
Current Tax	230,106,238	700,025,292	232,659,375	619,104,412	224,350,056	682,683,034	219,369,787	591,960,078
Deferred Tax	-	-	-	-	-	-	-	-
<b>Profit for the period</b>	<b>536,914,554</b>	<b>1,633,392,349</b>	<b>521,670,793</b>	<b>1,456,710,956</b>	<b>523,483,462</b>	<b>1,592,927,079</b>	<b>511,266,089</b>	<b>1,380,643,433</b>

#### Condensed Consolidated Statement of Comprehensive Income

Profit or loss for the period	536,914,554	1,633,392,349	521,670,793	1,456,710,956	523,483,462	1,592,927,079	511,266,089	1,380,643,433
Other Comprehensive Income	(142,513,341)	(139,259,175)	(205,024,082)	(505,126,660)	(142,513,341)	(139,259,175)	(205,024,082)	(478,862,428)
<b>Total Comprehensive Income</b>	<b>394,401,213</b>	<b>1,494,133,174</b>	<b>316,646,711</b>	<b>951,584,296</b>	<b>380,970,121</b>	<b>1,453,667,904</b>	<b>306,242,007</b>	<b>901,781,005</b>
Basic earnings per share	25.36	25.33	30.06	27.47	24.72	24.71	29.46	26.03
Diluted earnings per share	25.36	25.33	30.06	27.47	24.72	24.71	29.46	26.03
<b>Profit attributable to:</b>								
Equity holders of the Bank	387,819,978	1,474,305,192	311,548,406	927,180,683	380,970,121	1,453,667,904	306,242,	