# Siddhartha Bank Limited **Unaudited Financial Results**

4th Quarter Ended of Fiscal Year 2076/77

### **Condensed Consolidated Statement of Financial Position**

	Gro	up	Bank			
	This Quarter Ending	Immediate Previous Year Ending (Audited)	This Quarter Ending	Immediate Previous Year Ending (Audited)		
Assets						
Cash and cash equivalent	5,962,454,404	8,196,416,706	5,959,208,400	8,155,811,617		
Due from Nepal Rastra Bank	9,507,945,122	6,105,971,370	9,507,945,122	6,105,971,370		
Placements with Bank and Financial Institutions	1,067,033,917	1,033,120,216	1,067,033,917	1,033,120,216		
Derivative financial instruments	11,972,844,047	7,254,007,312	11,972,844,047	7,254,007,312		
Other trading assets	178,081,148	110,711,362	147,021,248	80,731,130		
Loans and advances to B/FIs	4,004,351,952	3,273,145,232	4,004,351,952	3,273,145,232		
Loans and advances to customers	123,454,315,433	104,877,100,287	123,448,089,751	104,876,299,989		
Investment securities	22,827,665,018	17,775,997,054	22,502,829,318	17,490,997,054		
Current tax assets	315,020,547	155,614,886	313,258,188	154,337,310		
Investment in subsidiaries	-	-	51,000,000	51,000,000		
Investment in associates	-	-	-	-		
Investment property	136,607,745	123,350,704	136,607,745	123,350,704		
Property and equipment	1,390,737,623	1,303,844,846	1,379,725,544	1,279,315,069		
Goodwill and Intangible assets	102,314,936	34,537,435	101,985,674	33,939,390		
Deferred tax assets	-	-	-	-		
Other assets	2,114,076,693	1,661,315,938	2,076,906,421	1,623,233,867		
Total Assets	183,033,448,585	151,905,133,348	182,668,807,327	151,535,260,260		
Liabilities						
Due to Bank and Financial Institutions	6,759,236,798	8,404,327,731	6,759,236,798	8,404,327,731		
Due to Nepal Rastra Bank	20,054,195	984,061,065	20,054,195	984,061,065		
Derivative financial instruments	11,862,128,229	7,129,133,079	11,862,128,229	7,129,133,079		
Deposits from customers	139,172,356,368	114,555,895,583	139,609,497,543	114,923,367,534		
Borrowing	-	-	-	-		
Current Tax Liabilities	-	-	-	-		
Provisions	-	-	-	-		
Deferred tax liabilities	130,430,588	70,533,100	130,271,978	70,374,490		
Other liabilities	3,597,901,132	2,418,556,149	3,149,240,519	2,026,882,127		
Debt securities issued	5,162,559,000	2,966,079,000	5,162,559,000	2,966,079,000		
Subordinated Liabilities	-	-	-	-		
Total liabilities	166,704,666,310	136,528,585,708	166,692,988,262	136,504,225,026		
Equity		·	·			
Share capital	9,787,767,142	8,887,604,540	9,787,767,142	8,887,604,540		
Share premium	-	122,091,505	-	122,091,505		
Retained earnings	1,026,378,825	1,882,072,319	944,687,434	1,801,400,742		
Reserves	5,316,694,335	4,290,488,197	5,243,364,489	4,219,938,447		
Total equity attributable to equity holders	16,130,840,302	15,182,256,561	15,975,819,065	15,031,035,234		
Non-controlling interest	197,941,973	194,291,079	-	-		
Total equity	16,328,782,275	15,376,547,640	15,975,819,065	15,031,035,234		
Total liabilities and equity	183,033,448,585	151,905,133,348	182,668,807,327	151,535,260,260		

#### **Condensed Consolidated Statement of Profit or Loss**

**Amount in NPR** 

		Gro	up		Bank					
Particulars	Current	Year	Previous Year C	Previous Year Corresponding		t Year	Previous Year C	Corresponding	ı	
raiticulais	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)	з.	
Interest income	3,937,079,707	15,479,496,186	3,601,094,493	13,009,278,279	3,935,167,752	15,445,928,276	3,600,206,855	12,972,540,680	ı	
Interest expense	2,523,609,033	9,834,706,641	2,325,117,718	8,277,274,812	2,532,705,549	9,858,018,399	2,341,281,716	8,305,212,902	l	
Net interest income	1,413,470,674	5,644,789,545	1,275,976,775	4,732,003,467	1,402,462,203	5,587,909,877	1,258,925,138	4,667,327,777	l	
Fees and commission income	255,695,899	1,147,824,042	325,177,821	1,106,109,151	241,425,884	1,073,838,929	294,890,395	1,016,548,229	ı	
Fees and commission expense	37,301,762	195,650,690	59,815,761	182,165,552	36,075,744	188,581,886	54,025,792	171,261,922	l	
Net fee and commission income	218,394,137	952,173,352	265,362,060	923,943,598	205,350,140	885,257,043	240,864,604	845,286,308	ı	
Net interest, fee and commission income	1,631,864,811	6,596,962,897	1,541,338,835	5,655,947,065	1,607,812,343	6,473,166,920	1,499,789,742	5,512,614,085		
Net trading income	140,773,517	512,791,798	112,963,835	456,136,761	138,760,127	511,718,730	110,652,473	453,355,380	4.	
Other operating income	1,573,777	163,771,180	38,859,046	122,499,466	1,573,768	161,585,533	36,365,390	120,180,985	ı	
Total operating income	1,774,212,105	7,273,525,875	1,693,161,716	6,234,583,292	1,748,146,238	7,146,471,183	1,646,807,605	6,086,150,450	ı	
Impairment charge/(reversal) for loan and other losses	(295,310,362)	727,816,833	(195,696,795)	188,116,798	(295,310,362)	727,816,833	(195,696,795)	188,116,798		
Net operating income	2,069,522,467	6,545,709,042	1,888,858,511	6,046,466,494	2,043,456,600	6,418,654,350	1,842,504,400	5,898,033,652	ı	
Operating expense									ı	
Personnel expense	670,006,689	2,272,898,575	524,926,188	1,725,787,715	662,141,470	2,236,953,110	514,205,062	1,689,202,319	ı	
Other operating expense	242,252,145	934,928,035	276,225,433	800,291,984	239,133,273	919,109,168	272,981,050	783,731,904	l	
Depreciation & Amortisation	56,898,623	201,883,888	43,358,297	149,414,175	55,893,614	196,950,476	41,390,149	141,395,226	ı	
Operating Profit	1,100,365,010	3,135,998,544	1,044,348,593	3,370,972,620	1,086,288,243	3,065,641,596	1,013,928,139	3,283,704,203	l	
Non operating income	8,500	644,497	11,366,407	18,160,018	-	207,064	10,952,052	16,786,100	l	
Non operating expense	1,711,507	39,218,977	1,021,617	1,021,617	1,711,507	39,218,977	1,021,617	1,021,617	ı	
Profit before income tax	1,098,662,003	3,097,424,064	1,054,693,383	3,388,111,021	1,084,576,736	3,026,629,683	1,023,858,575	3,299,468,687	ı	
Income tax expense									l	
Current Tax	383,591,394	1,002,673,745	385,149,335	1,085,174,627	379,365,814	981,435,431	376,114,424	1,058,797,458	5.	
Deferred Tax	(47,576,488)	(47,576,488)	(15,918,590)	(15,918,590)	(47,576,488)	(47,576,488)	(17,017,093)	(17,017,093)	ı	
Profit for the period	762,647,097	2,142,326,807	685,462,638	2,318,854,984	752,787,410	2,092,770,740	664,761,244	2,257,688,323	ı	
Condensed Consolidated State	ment of Comprehensiv								ı	
Profit or loss for the period	762,647,097	2,142,326,807	685,462,638	2,318,854,984	752,787,410	2,092,770,740	664,761,244	2,257,688,323	ı	
Other Comprehensive Income	216,640,734	250,772,611	(96,065,419)	(235,324,594)	216,640,734	250,772,611	(96,065,419)	(235,324,594)	l	
Total Comprehensive Income	979,287,831	2,393,099,418	589,397,219	2,083,530,390	969,428,144	2,343,543,351	568,695,825	2,022,363,729	l	
Basic earnings per share	30.26	21.89	27.19	23.69	29.86	21.38	26.37	23.07	Į	
Diluted earnings per share	30.26	21.89	27.19	23.69	29.86	21.38	26.37	23.07	ı	
Profit attributable to:									ı	
Equity holders of the Bank	974,456,584	2,368,816,945	579,253,536	2,053,558,726	969,428,144	2,343,543,351	568,695,825	2,022,363,729	Į	
Non-Controlling Interest	4,831,247	24,282,473	10,143,683	29,971,664	-	-	-	-	ı	
Total	979,287,831	2,393,099,418	589,397,219	2,083,530,390	969,428,144	2,343,543,351	568,695,825	2,022,363,729	ı	

# Ratios as per NRB Directives

		Gı	oup		Bank				
Particulars	Curi	rent Year	Previous Ye	ar Corresponding	Cur	rent 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)	
Capital Fund to RWA	13.00%	13.00%	12.82%	12.82%	12.97%	12.97%	12.77%	12.77%	
Non-Performing Loan (NPL) to Total Loan	1.56%	1.56%	0.75%	0.75%	1.56%	1.56%	0.75%	0.75%	
Total loan loss provision to Total NPL	122.10%	122.10%	206.88%	206.88%	122.10%	122.10%	206.88%	206.88%	
Cost of Funds	6.59%	6.59%	7.54%	7.54%	6.59%	6.59%	7.54%	7.54%	
Credit to Deposit Ratio	72.85%	72.85%	76.85%	76.85%	72.85%	72.85%	76.85%	76.85%	
Base Rate	9.03%	9.03%	10.57%	10.57%	9.03%	9.03%	10.57%	10.57%	
Interest Rate Spread	4.33%	4.33%	4.95%	4.95%	4.33%	4.33%	4.95%	4.95%	
Return on Equity (Annualized)	18.68%	13.51%	18.09%	15.76%	18.85%	13.50%	17.97%	15.71%	
Return on Assets (Annualized)	1.62%	1.17%	1.75%	1.53%	1.60%	1.15%	1.70%	1.49%	

- 1. The above figures are subject to change as per the direction of the Regulators/ External auditor.
- 2. The figures for corresponding previous year quarter have been restated and regrouped wherever necessary. Carve-outs have been used to prepare above financials.

Net Profit for the period ended Ashad 2077

a. Transfer to Regulatory Reserve

b. Transfer from Regulatory Reserve

1.2 Profit required to be transfer to Regulatory Reserve

Net Profit for the period ended Ashad 2077 available for distribution

- Loans and advances include 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 draft actuarial valutation report. The provision created and expense booked might vary with certified actuarial valuation report.
- As per NRB circular dated 2077/01/06, interest rate has been deducted by 2% for eligible borrowers which has been adjusted in interest income of 4th quarter.
- Interest rate spread for corresponding previous year quarter has been restated . Group financial statements include Siddhartha Bank Limited (Parent Company) and Siddhartha Capital Limited (Subsidiary Company) and all intra group transactions are conducted on 6. Corporate Governance
- arm's length basis.

## . Detailed interim report has been published in Bank's website (www.siddharthabank.com)

#### Statement of Distributable Profit **Amount in NPR**

1.1 Profit required to be appropriated to Statutory Reserve	907,925,638
a. General Reserve	418,554,148
b. Capital Redemption Reserve	-
c. Exchange Fluctuation Fund	
d. Corporate Social Responsibility Fund	20,927,707
e. Employees Training Fund	- 468,443,783
f. Debenture Redemption Reserve	400,443,763
g. Others	-

#### Information about reportable segments

Amount in NPR 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. The business segments identified are Banking (including loans, deposits and trade operations), Payment Solutions (Cards), Remittance, Treasury and Micro Banking. Treasury Department acts as the fund manager of the Bank.

	Payment	Payment Solutions		Remittance		Treasury		Microbanking		Banking		tal
Particulars	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter						
Revenues from external customers	282,951,418	248,375,793	34,104,709	26,103,180	1,453,984,731	1,147,254,187	527,057,100	318,298,011	14,895,180,572	12,839,380,201	17,193,278,531	14,579,411,373
Intersegment revenues	-	-	59,339,421	24,688,635	87,689,387	47,140,094	-	-	5,863,550,250	5,102,703,057	6,010,579,058	5,174,531,785
Segment Profit (loss) before tax	45,846,370	64,039,084	25,193,775	3,873,921	791,253,459	622,091,818	87,486,978	106,076,144	2,076,849,101	2,503,387,720	3,026,629,683	3,299,468,687
Segment assets	227,793,189	238,448,799	996,414,055	339,659,330	12,135,343,455	7,238,251,853	151,404,941	126,732,124	169,157,851,689	143,592,168,155	182,668,807,328	151,535,260,260
Segment liabilities	175,206,514	166,144,994	969,225,373	333,139,538	11,342,872,162	6,655,691,969	55,332,869	23,201,494	170,126,170,410	144,357,082,266	182,668,807,328	151,535,260,260

### 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. 437.14 million of SCL as at 15 July 2020 (Ashad end 2077).
- Till the end of 4th quarter, SCL earned interest income of Rs. 23.31 million and Rs. 0.70 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. 21.38
Price Earnings Ratio (P/E Ratio)	13.84
Net Worth Per Share	Rs. 163.22
Total Assets Value Per Share	Rs. 1,866.30
Liquidity Ratio	24.15%

#### 2. Management Analysis

- a) COVID-19 pandemic has resulted in an unprecedented disruption to the economic activity and has put stress on the financial sector too. This has put pressure on the business growth, reserve and profitability of the Bank.
- b) The Bank has formulated its strategy with long term and short-term plans which focuses on business growth, investment and product diversification, network expansion, operational efficiency, risk mitigation and digitization.
- c) The Bank continuously monitors the targets set and reviews the achievements on periodic basis.
- The Bank has introduced new products and has re-aligned its existing products as per the requirement
- e) The Bank has been giving continuity to its business process reengineering and service excellency 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. 317
Minimum Price	Rs. 252
Closing Price	Rs. 296
Total Traded Shares	296,015 Shares
Total Transaction No.	1,175
Total Traded Days	15 Days

## 5. Problems and Challenges

## Internal

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

## External

- a) COVID-19 pandemic:
  - The pandemic has adverse effect on the economy and has put pressure on the borrower's repayment capacity. Due to this, the quality of credit may deteriorate.
  - · Remittance inflow has contributed significantly in the country's GDP. In current crisis, remittance inflow has decreased and the downturn in remittance may create severe impact on overall consumption in the country.
- Risk of bearish trend of stock market.
- c) Risk to the bank due to changes in policies and regulations.
- d) Competition among banks and financial institutions. e) Volatile foreign exchange market.
- f) Pressure in the interest spread.

## **Strategies to overcome Challenges**

- a) COVID-19 pandemic:
- The Bank has carried out COVID-19 impact analysis of the borrowers incorporating various parameters related to borrowers regarding their financials, past performance with the Bank, security coverage and duration of relation with the Bank along with their view on impact of COVID-19 on their business and classified them into four categories accordingly.
- The Bank has established a mechanism to interact with the borrowers and will address their problems in line with the regulations issued by NRB.
- The Bank will 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 will be strengthened accordingly for security of digital transactions
- b) Implementation of better cost management practices.
- Focus on new and high yielding products and services. Focus on non-funded business and explore new avenues for investment diversification.
- e) Drive digitization and automation to improve efficiency and productivity.
- f) Prudent management of assets and liabilities for optimum utilization of resources.
- g) Developing human resources through online trainings and motivating them for growth.

- The Bank is committed to maintain high standards of corporate governance by compliance to legal, statutory and regulatory requirements.
- Proper work ethics, integrity and transparency are paramount to the Bank's business.
- Executive Committee (EXCOM) and Asset Liability Management Committee (ALCO) 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:

2,092,770,740

318,360,347

(163,890,313)

866,484,755

482,250,659

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

