Siddhartha Bank Limited Unaudited Financial Results

3rd Quarter of Fiscal Year 2077/78

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		<u>'</u>				
Cash and cash equivalent	16,471,992,030	5,970,144,076	16,303,906,359	5,959,187,692		
Due from Nepal Rastra Bank	5,956,169,355	9,507,945,122	5,956,169,355	9,507,945,122		
Placements with Bank and Financial Institutions	3,045,895,820	1,067,074,180	3,045,895,820	1,067,074,180		
Derivative financial instruments	13,771,229,907	11,972,844,047	13,771,229,907	11,972,844,047		
Other trading assets	300,875,722	222,536,048	195,642,045	147,021,248		
Loans and advances to B/FIs	5,354,857,766	4,004,351,952	5,354,857,766	4,004,351,952		
Loans and advances to customers	153,066,309,255	123,578,951,049	153,055,395,151	123,572,725,466		
Investment securities	27,352,220,398	22,783,305,318	27,026,344,398	22,502,829,318		
Current tax assets	309,636,974	298,749,292	317,747,724	296,973,967		
Investment in subsidiaries	-	-	51,000,000	51,000,000		
Investment in associates	-	-	-	-		
Investment property	165,057,745	136,607,745	165,057,745	136,607,745		
Property and equipment	1,438,530,373	1,433,352,217	1,423,592,935	1,422,340,138		
Goodwill and Intangible assets	79,574,021	102,314,935	79,423,987	101,985,674		
Deferred tax assets	-	-	-	-		
Other assets	2,963,794,675	1,763,205,398	2,911,367,422	1,725,562,617		
Total Assets	230,276,144,041	182,841,381,377	229,657,630,614	182,468,449,165		
Liabilities						
Due to Bank and Financial Institutions	3,833,858,461	6,759,236,798	3,833,858,461	6,759,236,798		
Due to Nepal Rastra Bank	6,417,262,383	20,054,195	6,417,262,383	20,054,195		
Derivative financial instruments	13,869,500,076	11,862,128,229	13,869,500,076	11,862,128,229		
Deposits from customers	172,053,126,359	139,172,356,368	172,311,891,372	139,609,497,543		
Borrowing	-	-	-	-		
Current Tax Liabilities	-	-	-	-		
Provisions	-	-	-	-		
Deferred tax liabilities	1,095,014,653	159,557,228	1,094,672,966	159,215,541		
Other liabilities	4,526,903,396	3,340,584,674	4,028,364,445	2,884,487,184		
Debt securities issued	8,162,559,000	5,162,559,000	8,162,559,000	5,162,559,000		
Subordinated Liabilities	-	-	-	-		
Total liabilities	209,958,224,328	166,476,476,491	209,718,108,703	166,457,178,489		
Equity						
Share capital	10,962,299,199	9,787,767,142	10,962,299,199	9,787,767,142		
Share premium	-	-	-	-		
Retained earnings	1,018,244,443	1,327,984,010	927,813,290	1,245,988,052		
Reserves	8,126,971,148	5,050,882,970	8,049,409,422	4,977,515,481		
Total equity attributable to equity holders	20,107,514,790	16,166,634,123	19,939,521,911	16,011,270,676		
Non-controlling interest	210,404,923	198,270,764	-	-		
Total equity	20,317,919,713	16,364,904,886	19,939,521,911	16,011,270,676		

Condensed Consolidated Statement of Profit or Loss

182,841,381,377

229,657,630,614

230,276,144,041

Amount in NPR

182,468,449,165

	Group				Bank					
Particulars	Current	Current Year Previous Year Corresponding			Current Year Previous Year Corresponding					
Particulars	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	3,704,782,226	10,946,361,054	3,974,221,994	11,548,265,957	3,697,150,781 10,921,466,645		3,966,327,390	11,510,760,524		
Interest expense	2,294,870,789	6,985,708,156	2,548,864,096	7,316,947,086	2,295,329,646	6,988,350,324	2,554,713,576	7,325,312,850		
Net interest income	1,409,911,437	3,960,652,898	1,425,357,898	4,231,318,871	1,401,821,135	3,933,116,321	1,411,613,814	4,185,447,674		
Fees and commission income	454,828,602	1,103,725,668	269,812,667	892,253,142	419,206,271	993,809,421	251,570,812	832,413,045		
Fees and commission expense	80,309,657	200,582,698	53,703,220	158,348,928	71,279,390	179,117,639	52,353,723	152,506,142		
Net fee and commission income	374,518,945	903,142,970	216,109,447	733,904,214	347,926,881	814,691,782	199,217,089	679,906,903		
Net interest, fee and commission income	1,784,430,382	4,863,795,868	1,641,467,345	4,965,223,085	1,749,748,016	4,747,808,103	1,610,830,903	4,865,354,577		
Net trading income	279,146,044	614,470,293	118,059,031	372,018,281	271,584,590	598,079,803	118,502,390	372,958,603		
Other operating income	312,314,933	566,750,938	55,363,495	162,197,404	304,181,393	543,473,321	54,065,642			
Total operating income	2,375,891,359	6,045,017,099	1,814,889,871	5,499,438,770	2,325,513,999	5,889,361,227	1,783,398,935	5,398,324,945		
Impairment charge/(reversal) for loan and other losses			499,421,485	1,023,127,195						
Net operating income	2,669,964,755	5,633,021,544	1,315,468,386	4,476,311,575	2,619,587,395	2,619,587,395 5,477,365,672		4,375,197,750		
Operating expense										
Personnel expense	690,893,538	1,730,873,879	547,461,743	1,602,891,886	680,151,051	1,697,741,023	537,955,095	1,574,811,640		
Other operating expense	246,654,338	656,047,225	240,150,621	692,800,890	242,076,371	643,427,535	236,704,358	679,975,895		
Depreciation & Amortisation	51,392,353	155,381,124	51,734,440	144,985,265	50,373,718	152,252,927	50,563,933	141,056,862		
Operating Profit	1,681,024,526	3,090,719,316	476,121,582	2,035,633,534	1,646,986,255 2,983,944,187		458,754,065	1,979,353,353		
Non operating income	34,709	482,511	93,064	635,997	34,709	452,511	93,064	207,064		
Non operating expense	-	24,679	129,002	37,507,470	-	24,679	129,002	37,507,470		
Profit before income tax	1,681,059,235	3,091,177,148	476,085,644	1,998,762,061	1,647,020,964 2,984,372,019		458,718,127	1,942,052,947		
Income tax expense										
Current Tax	510,734,077	951,175,038	150,494,530	619,082,351	500,522,595 919,133,499		145,284,275	602,069,617		
Deferred Tax	-	-	-	-	-	-	-	-		
Profit for the period	1,170,325,158	2,140,002,110	325,591,114	1,379,679,710	1,146,498,369	2,065,238,520	313,433,852	1,339,983,330		
Condensed Consolidated State	ment of Comprehensiv									
Profit or loss for the period	1,170,325,158	2,140,002,110	325,591,114	1,379,679,710	1,146,498,369	2,065,238,520	313,433,852	1,339,983,330		
Other Comprehensive Income	1,493,148,420	2,197,754,995	(35,743,857)	34,131,877	1,493,148,420	2,197,754,995	(35,743,857)	34,131,877		
Total Comprehensive Income	2,663,473,578	4,337,757,105	289,847,257	1,413,811,587	2,639,646,789	4,262,993,515	277,689,995	1,374,115,207		
Basic earnings per share	43.30	26.20	12.18	16.95	42.42	25.28	11.73	16.46		
Diluted earnings per share	43.30	26.20	12.18	16.95	42.42	25.28	11.73	16.46		
Profit attributable to:										
Equity holders of the Bank	2,651,798,451	4,301,122,946	283,890,199	1,394,360,361	2,639,646,789	4,262,993,515	277,689,995	1,374,115,207		
Non-Controlling Interest	11,675,127	36,634,159	5,957,058	19,451,226	-	-	-			

Ratios as per NRR Directives

Total liabilities and equity

Ratios as per NRB Directives								
		Gı	oup		Bank			
Particulars	Curi	rent 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)
Capital Fund to RWA	13.39%	13.39%	11.89%	11.89%	13.37%	13.37%	11.86%	11.86%
Non-Performing Loan (NPL) to Total Loan	0.88%	0.88%	2.24%	2.24%	0.88%	0.88%	2.24%	2.24%
Total loan loss provision to Total NPL	200.19%	200.19%	94.64%	94.64%	200.19%	200.19%	94.64%	94.64%
Cost of Funds	5.09%	5.09%	7.23%	7.23%	5.09%	5.09%	7.23%	7.23%
Credit to Deposit Ratio	78.01%	78.01%	78.77%	78.77%	78.01%	78.01%	78.77%	78.77%
Base Rate	6.99%	6.99%	9.98%	9.98%	6.99%	6.99%	9.98%	9.98%
Interest Rate Spread	3.90%	3.90%	5.00%	5.00%	3.90%	3.90%	5.00%	5.00%
Return on Equity (Annualized)	25.88%	15.66%	8.69%	12.09%	25.87%	15.42%	8.56%	12.01%
Return on Assets (Annualized)	2.06%	1.25%	0.74%	1.03%	2.02%	1.21%	0.72%	1.01%

1,413,811,587

289,847,257

2,639,646,789

- 1. The above figures are subject to change as per the direction of the regulators and/or statutory auditor.
- 2. The figures for corresponding previous year quarter have been restated and regrouped wherever necessary

4,337,757,105

3. Carve-outs issued by ICAN have been used to prepare above financials. 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

Net Profit for the period ended Chaitra 2077

b. Transfer from Regulatory Reserve

2,663,473,578

- amount derived as per norms prescribed by NRB and as per Para 63 of NAS 39. 5. Provision for Gratuity and Leave encashment have been provided for as per estimated actuarial valuation and hence actuarial gain/loss has not been seperately disclosed. The provision
- created and expense 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 Bank's website (www.siddharthabank.com)

Net Profit for the period ended Chaitra 2077 available for distribution

Statement of Distributable Profit

Amount in NPR 2,065,238,520

831,449,304

1. Appropriations	
1.1 Profit required to be appropriated to Statutory Reserve	1,124,075,074
a. General Reserve	413,047,704
b. Capital Redemption Reserve	660,031,277
c. Exchange Fluctuation Fund	2,496,871
d. Corporate Social Responsibility Fund	20,652,385
e. Employees Training Fund	27,846,837
f. Others	-
1.2 Profit required to be transferred to Regulatory Reserve	109,714,141
a. Transfer to Regulatory Reserve	109,714,141

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 xecutive Committee of the bank in decision making process and to allocate the resources. It will help the nanagement 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 nd Micro Banking. Treasury Department acts as the fund manager of the Bank.

Payment	Solutions	Remittance Treasury		Microbanking		Banking		Total			
Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter
256,385,469	207,287,756	45,649,025	24,472,833	1,871,115,448	1,055,428,675	402,505,364	368,090,689	10,481,626,395	11,221,071,048	13,057,281,700	12,876,351,000
-	-	76,074,512	39,356,419	69,118,855	74,781,328	-		4,490,746,533	4,244,174,751	4,635,939,900	4,358,312,498
83,739,189	22,630,071	55,755,831	16,791,629	1,434,316,867	598,021,464	334,375,041	38,166,024	1,076,185,092	1,266,443,758	2,984,372,019	1,942,052,947
318,518,127	210,978,041	1,562,519,813	785,581,864	18,933,455,354	13,673,985,518	2,678,589,833	98,814,625	206,164,547,488	164,582,099,659	229,657,630,614	179,351,459,707
228,557,808	183,693,805	1,504,830,061	767,429,678	17,482,981,027	13,075,113,671	2,342,044,100	54,810,803	208,099,217,619	165,270,411,750	229,657,630,614	179,351,459,707
	Current Quarter 256,385,469 - 83,739,189 318,518,127	Current Quarter Previous Year Quarter 256,385,469 207,287,756 83,739,189 22,630,071 318,518,127 210,978,041	Current Quarter Corresponding Previous Year Quarter Current Quarter 256,385,469 207,287,756 45,649,025 - - 76,074,512 83,739,189 22,630,071 55,755,831 318,518,127 210,978,041 1,562,519,813	Current Quarter Corresponding Previous Year Quarter Current Year Quarter Current Year Quarter Current Year Quarter 256,385,469 207,287,756 45,649,025 24,472,833 - 76,074,512 39,356,419 83,739,189 22,630,071 55,755,831 16,791,629 318,518,127 210,978,041 1,562,519,813 785,581,864	Current Quarter Corresponding Previous Vear Quarter Current Vear Quarter Corresponding Previous Vear Quarter Current Vear Quarter 256,385,469 207,287,756 45,649,025 24,472,833 1,871,115,448 - - 76,074,512 39,356,419 69,118,855 83,739,189 22,630,071 55,755,831 16,791,629 1,434,316,867 318,518,127 210,978,041 1,562,519,813 785,581,864 18,933,455,354	Current Quarter Corresponding Previous Year Quarter Current Quarter Corresponding Previous Previous Quarter Current Quarter Quarter Quarter	Current Quarter Corresponding Previous Year Quarter Current Quarter Corresponding Previous Quarter Current	Current Quarter Corresponding Previous Year Quarter Current Quarter Current Quarter Current Quarter Current Quarter Current Quarter Corresponding Previous Year Quarter Current Quarter Current Quarter Corresponding Previous Year Quarter Current Quarter Corresponding Previous Year Quarter Current Quarter Current Quarter Corresponding Previous Year Quarter Current Quarter Current Quarter Corresponding Previous Year Quarter Current Quarter Current Quarter Current Quarter Corresponding Previous Year Quarter Current Quarter Cu	Current Quarter Corresponding Previous Year Quarter Current Quarter Current Quarter Corresponding Previous Year Quarter Current Quarter Quarter Current Qua	Current Quarter Corresponding Previous Year Quarter Current Quarter	Current Quarter Corresponding Previous Year Quarter Current Quarter

Publication of Information as Required by Securities Registration and Issuance Regulation 2073 (Related to Sub Rule (1) of Rule 26)

. 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. 258.77 million of SCL as at 13 April 2021 (Chaitra end 2077)
- Till the end of 3rd quarter of FY 2077/78, SCL earned interest income of Rs. 2.64 million and Rs. 0.375 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. 25.28
Price Earnings Ratio (P/E Ratio)	17.60
Net Worth Per Share	Rs. 181.89
Total Assets Value Per Share	Rs. 2,094.98
Liquidity Ratio	24.70%

. Management Analysis

- a) The country had started to heave a sigh of relief with the start of vaccine drive, but infection rates has surged up lately. Spread of new strain is more infectious which might result in sporadic lockdowns and again jeopardize the economy. This will create pressure on the Bank's business growth, reserves and profitability as well.
- b) The Bank has formulated its strategy with long term and short-term plans which focuses on sustainable growth, product diversification, operational efficiency, risk mitigation, customer service excellency through digitization.
- c) The Bank has been giving continuity to its business process reengineering to achieve optimum efficiency.

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

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. 451
Minimum Price	Rs. 364
Closing Price	Rs. 445
Total Traded Shares	8,423,770
Total Transaction No.	25,967
Total Traded Days	59 Days

Problems and Challenges

- a) Attainment of reasonable level of cost of operations.
- b) Challenges in increasing non-interest revenue.
- c) Challenges in recovery of loans. d) Challenges in managing liquidity

1,374,115,207

- a) COVID-19 pandemic impacted the economy of the country which has effect on the repayment capacity of the borrowers. With increasing no. of cases, there is again threat in the economy which was on the road to recovery and the second wave might dent the fragile recovery. This will definitely impact the credit quality.
- b) Risk to the bank due to changes in policies and regulations.
- Competition among banks and financial institutions.
- d) Pressure in the interest spread.

Strategies to overcome Challenges

a) COVID-19 pandemic: The Bank has conducted COVID-19 impact survey among the borrowers on various parameters

- related to borrowers regarding their financials, past performance with the Bank, security coverage, duration of relationship with the Bank and their view on effect of pandemic to analyze the actual
- The Bank has established a mechanism to interact regularly with the borrowers and has been addressing their problems to the extent possible.
- The Bank shall continue to focus on borrower's needs to help them recover from the impact of pandemic and more attention has been given to highly impacted customer segments.
- The Bank shall 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 shall be strengthened accordingly for security of digital transactions.
- b) Adapt the operating models to drive efficiency and resilience.
- c) Implementation of better cost management practices. d) Focus on new, diversified and high yielding products and services.
- e) Focus on non-funded business and explore new avenues for investment diversification.
- f) Drive digitization and automation to improve efficiency and productivity.
- g) Developing human resources and motivating them for growth.
- h) Prudent management of assets and liabilities for optimum utilization of resources.

6. Corporate Governance

- The Bank is committed to maintain high standards of corporate governance by compliance to legal, statutory and regulatory requirements.
- 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:

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.

