# **Siddhartha Bank Limited Unaudited Financial Results**

# 4th Quarter of Fiscal Year 2077/78

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

	Group Bank							
	Gro	·						
	This Quarter Ending	Immediate Previous Year Ending (Audited)	This Quarter Ending	Immediate Previous Year Ending (Audited)				
Assets			· ·					
Cash and cash equivalent	6,079,927,016	5,970,144,076	5,976,055,588	5,959,187,692				
Due from Nepal Rastra Bank	7,740,641,992	9,507,945,122	7,740,641,992	9,507,945,122				
Placements with Bank and Financial Institutions	3,308,708,365	1,067,074,180	3,308,708,365	1,067,074,180				
Derivative financial instruments	16,399,607,509	11,972,844,047	16,399,607,509	11,972,844,047				
Other trading assets	253,950,104	222,536,048	-	147,021,248				
Loans and advances to B/FIs	6,027,862,003	4,004,351,952	6,027,862,003	4,004,351,952				
Loans and advances to customers	158,550,906,036	123,578,951,049	158,541,874,108	123,572,725,466				
Investment securities	41,761,121,395	22,783,305,318	41,645,615,645	22,502,829,318				
Current tax assets	275,154,560	298,749,292	279,741,739	296,973,967				
Investment in subsidiaries		-	51,000,000	51,000,000				
Investment in associates	-	-	-	-				
Investment property	291,042,098	136,607,745	291,042,098	136,607,745				
Property and equipment	1,466,037,615	1,433,352,217	1,451,931,804	1,422,340,138				
Goodwill and Intangible assets	81,767,169	102,314,935	81,501,245	101,985,674				
Deferred tax assets	-	-	-	-				
Other assets	3,297,360,103	1,763,205,398	3,221,106,302	1,725,562,617				
Total Assets	245,534,085,965	182,841,381,377	245,016,688,398	182,468,449,165				
Liabilities								
Due to Bank and Financial Institutions	7,717,011,244	6,759,236,798	7,717,011,244	6,759,236,798				
Due to Nepal Rastra Bank	5,859,906,910	20,054,195	5,859,906,910	20,054,195				
Derivative financial instruments	16,347,184,255	11,862,128,229	16,347,184,255	11,862,128,229				
Deposits from customers	180,438,924,523	139,172,356,368	180,924,009,324	139,609,497,543				
Borrowing	-	-	-	-				
Current Tax Liabilities	-	-	-	-				
Provisions	-	-	-	-				
Deferred tax liabilities	897,542,147	159,557,228	897,200,460	159,215,541				
Other liabilities	5,444,130,834	3,340,584,674	4,843,841,616	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	224,867,258,913	166,476,476,491	224,751,712,809	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	1,370,398,864	1,327,984,010	1,269,322,095	1,245,988,052				
Reserves	8,112,231,772	5,050,882,970	8,033,354,295	4,977,515,481				
Total equity attributable to equity holders	20,444,929,835	16,166,634,123	20,264,975,589	16,011,270,676				
Non-controlling interest	221,897,217	198,270,764	-	-				
Total equity	20,666,827,052	16,364,904,886	20,264,975,589	16,011,270,676				
Total liabilities and equity	245,534,085,965	182,841,381,377	245,016,688,398	182,468,449,165				

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

								Amount in NPR		
		Grou	Bank							
Particulars	Current	Year	Previous Year C	orresponding	Curren	t Year	Previous Year Corresponding			
Faiticulais	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	4,063,265,978	15,009,627,032	3,917,867,370	15,466,133,327	4,057,384,076	14,978,850,721	3,921,391,750	15,432,152,273		
Interest expense	2,450,272,594	9,435,980,750	2,518,169,188	9,835,116,274	2,450,648,660	9,438,998,984	2,532,702,042	9,858,014,892		
Net interest income	1,612,993,384	5,573,646,282	1,399,698,182	5,631,017,053	1,606,735,416	5,539,851,737	1,388,689,707	5,574,137,381		
Fees and commission income	385,168,982	1,488,894,650	257,910,927	1,150,164,069	345,243,664	1,339,053,085	241,422,784	1,073,835,829		
Fees and commission expense	64,943,999	233,076,131	30,342,848	160,093,197	57,116,400	203,783,473	27,394,820	151,302,384		
Net fee and commission income	320,224,983	1,255,818,519	227,568,079	990,070,872	288,127,264	1,135,269,612	214,027,963	922,533,445		
Net interest, fee and commission income	1,933,218,367	6,829,464,801	1,627,266,261	6,621,087,925	1,894,862,680	6,675,121,349	1,602,717,671	6,496,670,826		
Net trading income	182,819,280	797,289,573	140,868,717	512,886,998	179,560,470	777,640,273	138,760,127	511,718,730		
Other operating income	507,946,777	1,074,697,715	1,573,776	163,771,180	498,887,523	1,042,360,844	1,573,768	161,585,533		
Total operating income	2,623,984,424	8,701,452,089	1,769,708,754	7,297,746,103	2,573,310,673	8,495,122,466	1,743,051,566	7,169,975,089		
Impairment charge/(reversal) for loan and other losses	448,079,721	860,075,276	(336,706,668)	686,420,527	448,079,721	860,075,276	(336,706,668)	686,420,527		
Net operating income	2,175,904,703	7,841,376,813	2,106,415,422	6,611,325,576	2,125,230,952	7,635,047,190	2,079,758,234	6,483,554,562		
Operating expense										
Personnel expense	678,321,680	2,409,195,559	589,207,176	2,192,099,062	667,076,381	2,364,817,404	581,375,083	2,156,186,723		
Other operating expense	260,891,212	949,389,003	257,213,657	978,613,126	255,777,661	931,655,762	254,190,872	962,765,346		
Depreciation & Amortisation	51,262,274	206,643,398	56,898,623	201,883,888	50,388,903	202,641,830	55,893,614	196,950,476		
Operating Profit	1,185,429,537	4,276,148,853	1,203,095,966	3,238,729,500	1,151,988,007	4,135,932,194	1,188,298,665	3,167,652,017		
Non operating income	151,638	634,149	8,512	644,509	87,938	540,449	-	207,064		
Non operating expense	-	24,679	1,711,507	39,218,977	-	24,679	1,711,507	39,218,977		
Profit before income tax	1,185,581,175	4,276,758,323	1,201,392,971	3,200,155,032	1,152,075,945	4,136,447,964	1,186,587,158	3,128,640,105		
Income tax expense										
Current Tax	409,457,246	1,360,632,284	399,742,081	1,018,824,432	399,405,677	1,318,539,176	395,650,035	997,719,652		
Deferred Tax	(18,205,359)	(18,205,359)	(12,510,185)	(12,510,185)	(18,205,359)	(18,205,359)	(12,693,262)	(12,693,262)		
Profit for the period	794,329,288	2,934,331,398	814,161,075	2,193,840,785	770,875,627	2,836,114,147	803,630,385	2,143,613,715		
Condensed Consolidated Statement of Comprehensive Income										
Profit or loss for the period	794,329,288	2,934,331,398	814,161,075	2,193,840,785	770,875,627	2,836,114,147	803,630,385	2,143,613,715		
Other Comprehensive Income	(433,311,012)	1,764,443,983	202,781,519	236,913,396	(433,311,012)	1,764,443,983	202,781,519	236,913,396		
Total Comprehensive Income	361,018,276	4,698,775,381	1,016,942,594	2,430,754,181	337,564,615	4,600,558,130	1,006,411,904	2,380,527,111		
Basic earnings per share	28.44	26.77	28.84	20.01	27.60	25.87	28.47	19.55		
Diluted earnings per share	28.44	26.77	28.84	20.01	27.60	25.87	28.47	19.55		
Profit attributable to:										
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#### Information about reportable segments

nt 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	Solutions	Remitt	ance	Trea	sury	Microba	anking	Banking		Total	
Particulars	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
Revenues from external customers	348,856,443	282,951,418	62,331,656	34,104,709	2,891,468,131	1,454,004,285	507,686,602	527,057,100	14,328,102,539	14,881,381,917	18,138,445,371	17,179,499,430
Intersegment revenues	-	-	108,874,387	59,339,421	98,067,066	87,689,387	-	-	6,107,795,254	5,863,550,250	6,314,736,708	6,010,579,058
Segment Profit (loss) before tax	109,062,699	45,619,193	77,053,512	25,126,538	2,246,500,167	791,235,473	441,182,413	83,784,447	1,262,649,174	2,182,874,454	4,136,447,965	3,128,640,105
Segment assets	311,480,051	227,793,189	1,705,830,469	996,414,055	25,254,501,703	12,135,363,009	2,767,609,714	151,404,941	214,977,266,462	168,957,473,972	245,016,688,398	182,468,449,165
Segment	193,482,732	175,206,514	1,626,034,701	969,225,373	23,048,697,812	11,343,750,605	2,323,402,199	55,332,869	217,825,070,954	169,924,933,804	245,016,688,398	182,468,449,165

### 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. 485.08 million of SCL as at 15 July 2021 (Ashadh end 2078).
- Till the end of 4th quarter of FY 2077/78, SCL earned interest income of Rs. 3.02 million and Rs. 0.68
- 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. 25.87
Price Earnings Ratio (P/E Ratio)	19.48
Net Worth Per Share	Rs. 184.86
Total Assets Value Per Share	Rs. 2,235.08
Liquidity Ratio	25.46%

#### 2. Management Analysis

- a) Lockdown imposed by the government to contain spread of second wave of COVID-19 pandemic has jeopardized the economy which was on verge of recovery from impact of first wave. This has put stress on the Bank's business growth, reserves and profitability as well.
- b) The Bank has formulated its strategy comprising long term as well as short-term plans which focuses on sustainable growth, product diversification, operational efficiency, risk mitigation and customer service excellency through digitization.
- c) The Bank has been giving continuity to its business process reengineering to achieve optimum efficiency.

# nount in NPR 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 guarter.

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Maximum Price	Rs. 533
Minimum Price	Rs. 509
Closing Price	Rs. 504
Total Traded Shares	11,245,661
Total Transaction No.	39,577
Total Traded Days	65 Days

#### 5. Problems and Challenges

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

## External

- a) COVID-19 pandemic jeopardized the economy of the country which has affected on the repayment capacity of borrowers. With increasing no. of cases again, there is threat in the economy which was just on the road to recovery and these erratic waves of COVID pandemic might dent the fragile recovery and will definitely impact the credit quality.
- b) Risk to the bank due to changes in policies and regulations.
- c) Competition among banks and financial institutions.
- d) Increasing trend of cyber frauds.
- Strategies to overcome Challenges

Equity holders of the Bank	349,525,982	1	1. 1. 1.	2,406,142,917	337,564,615	4,600,558,130	1,006,411,904	2,380,527,111
Non-Controlling Interest	11,492,294	48,126,453	5,160,038	24,611,264	-	-	-	-
Total	361,018,276	4,698,775,381	1,016,942,594	2,430,754,181	337,564,615	4,600,558,130	1,006,411,904	2,380,527,111

#### **Ratios as per NRB Directives**

		G	oup		Bank				
Particulars	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)	
Capital Fund to RWA	13.51%	13.51%	13.23%	13.23%	13.45%	13.45%	13.17%	13.17%	
Non-Performing Loan (NPL) to Total Loan	1.16%	1.16%	1.38%	1.38%	1.16%	1.16%	1.38%	1.38%	
Total loan loss provision to Total NPL	167.98%	167.98%	135.79%	135.79%	167.98%	167.98%	135.79%	135.79%	
Cost of Funds	4.98%	4.98%	6.59%	6.59%	4.98%	4.98%	6.59%	6.59%	
Credit to Deposit Ratio	77.42%	77.42%	72.85%	72.85%	77.42%	77.42%	72.85%	72.85%	
Base Rate	7.16%	7.16%	9.03%	9.03%	7.16%	7.16%	9.03%	9.03%	
Interest Rate Spread	3.70%	3.70%	4.33%	4.33%	3.70%	3.70%	4.33%	4.33%	
Return on Equity (Annualized)	17.15%	15.59%	19.92%	13.75%	17.24%	15.64%	20.10%	13.81%	
Return on Assets (Annualized)	1.48%	1.35%	1.89%	1.31%	1.28%	1.33%	1.87%	1.28%	

#### Notes

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

. 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 amount derived 6. Corporate Governance 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 valuation report. The provision created and expense booked might vary with certified actuarial valuation report.

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.

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

#### Statement of Distributable Profit

Statement of Distributable Profit	Amount in NPR			
Net Profit for the period ended Ashadh 2078	2,836,114,147			
1. Appropriations				
1.1 Profit required to be appropriated to Statutory Reserve	1,481,287,707			
a. General Reserve	567,222,829			
b. Capital Redemption Reserve	885,703,736			
c. Exchange Fluctuation Fund	-			
d. Corporate Social Responsibility Fund	28,361,141			
e. Employees Training Fund	-			
f. Others	-			
1.2 Profit required to be transferred to Regulatory Reserve	137,173,991			
a. Transfer to Regulatory Reserve	137,173,991			
b. Transfer from Regulatory Reserve	-			
Net Profit for the period ended Ashadh 2078 available for distribution	1,217,652,450			

- a) COVID-19 pandemic:
- The Bank has conducted COVID-19 impact survey among the borrowers and regularly updating the survey information 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 impact on borrowers.
- 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 to curb the cyber risk.
- b) Implementation of better cost management practices.
- c) Focus on new, diversified and high yielding products and services.
- d) Focus on non-funded business and explore new avenues for investment diversification and generation of non-interest revenue
- e) Drive digitization and automation to improve efficiency and productivity.
- f) Developing human resources and motivating them for growth.
- g) Prudent management of assets and liabilities for optimum utilization of resources.

- · The Bank is committed to maintain high standards of corporate governance by compliance to legal, statutory and regulatory requirements.
- Executive Committee (EXCOM), Asset Liability Management Committee (ALCO), Management Credit Committee and Operation Risk Management Committee 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.



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