Siddhartha Bank Limited **Unaudited Financial Results**

4th Quarter of Fiscal Year 2078/79

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 | 7,902,526,046 | 6,198,805,271 | 7,898,989,024 | 5,976,055,588 | | |
| Due from Nepal Rastra Bank | 5,730,448,535 | 7,740,641,992 | 5,730,448,535 | 7,740,641,992 | | |
| Placements with Bank and Financial Institutions | 320,313,255 | 3,308,708,365 | 320,313,255 | 3,308,708,365 | | |
| Derivative financial instruments | 19,694,323 | 146,940,556 | 19,694,323 | 146,940,556 | | |
| Other trading assets | 158,762,749 | 243,946,370 | - | - | | |
| Loans and advances to B/FIs | 6,403,394,142 | 6,027,862,003 | 6,403,394,142 | 6,027,862,003 | | |
| Loans and advances to customers | 178,764,609,157 | 158,589,984,140 | 178,754,322,782 | 158,579,235,014 | | |
| Investment securities | 57,591,637,732 | 41,940,769,770 | 57,368,161,732 | 41,825,293,770 | | |
| Current tax assets | 249,216,582 | 126,424,328 | 232,609,029 | 127,218,846 | | |
| Investment in subsidiaries | - | - | 51,000,000 | 51,000,000 | | |
| Investment in associates | - | - | - | - | | |
| Investment property | 213,307,612 | 291,042,098 | 213,307,612 | 291,042,098 | | |
| Property and equipment | 3,084,304,509 | 1,466,037,615 | 3,077,068,355 | 1,451,931,803 | | |
| Goodwill and Intangible assets | 73,722,349 | 81,767,169 | 71,490,971 | 81,501,245 | | |
| Deferred tax assets | - | - | - | - | | |
| Other assets | 4,242,441,253 | 3,518,219,472 | 4,217,198,668 | 3,460,601,613 | | |
| Total Assets | 264,754,378,244 | 229,681,149,148 | 264,357,998,428 | 229,068,032,894 | | |
| Liabilities | | | | | | |
| Due to Bank and Financial Institutions | 7,234,641,506 | 7,717,011,244 | 7,234,641,506 | 7,717,011,244 | | |
| Due to Nepal Rastra Bank | 24,965,102,753 | 5,859,906,910 | 24,965,102,753 | 5,859,906,910 | | |
| Derivative financial instruments | 19,359,606 | 94,517,303 | 19,359,606 | 94,517,303 | | |
| Deposits from customers | 191,156,475,501 | 180,438,924,523 | 191,550,643,583 | 180,924,009,324 | | |
| Borrowing | 1,022,800,000 | - | 1,022,800,000 | - | | |
| Current Tax Liabilities | - | - | - | - | | |
| Provisions | - | - | - | - | | |
| Deferred tax liabilities | 243,985,287 | 971,343,097 | 239,361,419 | 966,719,229 | | |
| Other liabilities | 6,151,830,764 | 5,625,142,991 | 5,748,056,753 | 4,941,503,558 | | |
| Debt securities issued | 11,662,559,000 | 8,162,559,000 | 11,662,559,000 | 8,162,559,000 | | |
| Subordinated Liabilities | - | - | - | | | |
| Total liabilities | 242,456,754,417 | 208,869,405,068 | 242,442,524,620 | 208,666,226,568 | | |
| Equity | | | | | | |
| Share capital | 12,524,426,835 | 10,962,299,199 | 12,524,426,835 | 10,962,299,199 | | |
| Share premium | | | - | | | |
| Retained earnings | 1,694,559,205 | 1,913,477,937 | 1,606,810,921 | 1,808,628,800 | | |
| Reserves | 7,866,394,278 | 7,710,107,443 | 7,784,236,052 | 7,630,878,326 | | |
| Total equity attributable to equity holders | 22,085,380,318 | 20,585,884,580 | 21,915,473,808 | 20,401,806,326 | | |
| Non-controlling interest | 212,243,509 | 225,859,500 | - | | | |
| | | | 24 045 472 000 | 20 404 006 226 | | |
| Total equity | 22,297,623,827 | 20,811,744,080 | 21,915,473,808 | 20,401,806,326 | | |

Condensed Consolidated Statement of Profit or Loss

| | Group | | | | | Bank | | | | | |
|---|----------------------|-----------------------------|-----------------|-----------------------------|--------------------------|-----------------------------|-----------------|-----------------------------|--|--|--|
| Bentlenten | Current | Year | Previous Year C | orresponding | Current | Year | Previous Year C | orresponding | | | |
| 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 | 6,634,242,143 | 21,046,850,520 | 4,033,775,344 | 14,980,136,398 | 6,621,598,028 21,008,959 | | 4,027,738,776 | 14,949,205,421 | | | |
| Interest expense | 4,343,456,001 | 13,965,253,439 | 2,450,272,593 | 9,435,980,749 | 4,344,831,129 | 13,970,835,875 | 2,450,648,660 | 9,438,998,984 | | | |
| Net interest income | 2,290,786,142 | 7,081,597,081 | 1,583,502,751 | 5,544,155,649 | 2,276,766,899 | 7,038,123,370 | 1,577,090,116 | 5,510,206,437 | | | |
| Fees and commission income | 445,703,853 | 1,698,368,835 | 395,067,644 | 1,498,793,312 | 392,508,052 | 1,500,945,659 | 343,291,876 | 1,337,101,297 | | | |
| Fees and commission expense | 75,818,249 | 333,551,669 | 35,294,193 | 235,876,891 | 59,988,982 | 285,888,969 | 25,375,431 | 204,493,070 | | | |
| Net fee and commission income | 369,885,604 | 1,364,817,166 | 359,773,451 | 1,262,916,421 | 332,519,070 | 1,215,056,690 | 317,916,445 | 1,132,608,227 | | | |
| Net interest, fee and commission income | 2,660,671,746 | 8,446,414,247 | 1,943,276,202 | 6,807,072,070 | 2,609,285,969 | 8,253,180,060 | 1,895,006,561 | 6,642,814,664 | | | |
| Net trading income | 64,903,503 | 374,735,704 | 182,815,546 | 797,285,839 | 87,892,429 | 442,926,681 | 179,560,470 | 777,640,273 | | | |
| Other operating income | 8,860,468 | 550,365,769 | 507,939,802 | 1,074,690,740 | 8,860,468 | 532,489,900 | 498,887,523 | 1,042,360,844 | | | |
| Total operating income | 2,734,435,717 | 9,371,515,720 | 2,634,031,550 | 8,679,048,649 | 2,706,038,866 | 9,228,596,641 | 2,573,454,554 | 8,462,815,781 | | | |
| Impairment charge/(reversal) for loan and other losses | 17,214,192 | 446,906,931 | 381,073,514 | 793,069,069 | 17,214,192 | 446,906,931 | 381,073,514 | 793,069,069 | | | |
| Net operating income | 2,717,221,525 | 8,924,608,789 | 2,252,958,036 | 7,885,979,580 | 2,688,824,674 | 8,781,689,710 | 2,192,381,040 | 7,669,746,712 | | | |
| Operating expense | | | | | | | | | | | |
| Personnel expense | 604,994,200 | 2,765,857,290 | 683,101,698 | 2,413,975,577 | 594,794,820 | 2,723,733,004 | 670,500,358 | 2,368,241,381 | | | |
| Other operating expense | 355,626,990 | 1,179,649,351 | 293,738,915 | 949,786,140 | 350,301,536 | 1,156,188,959 | 288,710,451 | 932,137,985 | | | |
| Depreciation & Amortisation | 49,724,326 | 189,701,016 | 51,262,274 | 206,643,398 | 49,078,471 | 186,725,057 | 50,388,903 | 202,641,830 | | | |
| Operating Profit | 1,706,876,009 | 4,789,401,132 | 1,224,855,149 | 4,315,574,465 | 1,694,649,847 | 4,715,042,690 | 1,182,781,328 | 4,166,725,516 | | | |
| Non operating income | 1,018,650 | 8,840,127 | 716,326 | 1,198,837 | 999,900 | 8,609,620 | 87,938 | 540,449 | | | |
| Non operating expense | (150,000) | 16,694,239 | - | 24,679 | (150,000) | 16,694,239 | - | 24,679 | | | |
| Profit before income tax | 1,708,044,659 | 4,781,547,020 | 1,225,571,475 | 4,316,748,623 | 1,695,799,747 | 4,706,958,071 | 1,182,869,266 | 4,167,241,286 | | | |
| Income tax expense | | | | | | | | | | | |
| Current Tax | 609,105,981 | 1,550,405,606 | 415,463,556 | 1,366,638,594 | 605,432,508 | 1,528,028,922 | 408,583,486 | 1,327,716,985 | | | |
| Deferred Tax | (40,812,300) | (40,812,300) | (11,021,860) | (11,021,860) | (40,812,300) | (40,812,300) | (15,304,042) | (15,304,042) | | | |
| Profit for the period | 1,139,750,978 | 3,271,953,714 | 821,129,779 | 2,961,131,889 | 1,131,179,539 | 3,219,741,449 | 789,589,822 | 2,854,828,343 | | | |
| Condensed Consolidated State | ment of Comprehensiv | | | | | | | | | | |
| Profit or loss for the period | 1,139,750,978 | 3,271,953,714 | 821,129,779 | 2,961,131,889 | 1,131,179,539 | 3,219,741,449 | 789,589,822 | 2,854,828,343 | | | |
| Other Comprehensive Income | (778,068,752) | (1,597,381,890) | (389,651,941) | 1,808,103,054 | (778,068,752) | (1,597,381,890) | (389,651,941) | 1,808,103,054 | | | |
| Total Comprehensive Income | 361,682,226 | 1,674,571,824 | 431,477,838 | 4,769,234,943 | 353,110,787 | 1,622,359,559 | 399,937,881 | 4,662,931,397 | | | |
| Basic earnings per share | 35.21 | 25.92 | 25.25 | 23.23 | 35.07 | 25.71 | 24.74 | 22.79 | | | |
| Diluted earnings per share | 35.21 | 25.92 | 25.25 | 23.23 | 35.07 | 25.71 | 24.74 | 22.79 | | | |
| Profit attributable to: | | | | | | | | | | | |
| Equity holders of the Bank | 357,482,221 | 1,648,987,814 | 416,023,259 | 4,717,146,205 | 353,110,787 | 1,622,359,559 | 399,937,881 | 4,662,931,397 | | | |
| Non-Controlling Interest | 4,200,005 | 25,584,010 | 15,454,579 | 52,088,738 | - | - | - | - | | | |
| Total | 361,682,226 | 1,674,571,824 | 431,477,838 | 4,769,234,943 | 353,110,787 | 1,622,359,559 | 399,937,881 | 4,662,931,397 | | | |
| Ratios as per NRR Di | rectives | | | | | | | | | | |

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 | Solutions | Remit | tance | Trea | 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 | 510,042,627 | 348,856,443 | 58,714,863 | 62,331,656 | 2,900,438,114 | 2,891,468,131 | 355,548,564 | 507,686,602 | 19,669,186,939 | 14,296,505,450 | 23,493,931,106 | 18,106,848,282 |
| Intersegment revenues | - | - | 177,847,015 | 108,874,387 | 117,096,723 | 98,067,066 | - | - | 7,311,956,820 | 6,107,795,254 | 7,606,900,558 | 6,314,736,708 |
| Segment Profit (loss) before tax | 172,863,237 | 108,996,186 | 52,851,906 | 77,033,097 | 1,601,605,564 | 2,246,487,554 | 328,407,741 | 444,221,871 | 2,551,229,625 | 1,290,502,576 | 4,706,958,071 | 4,167,241,286 |
| Segment assets | 523,184,157 | 311,480,051 | 2,260,282,588 | 1,684,669,822 | 26,910,594,269 | 10,727,481,491 | 2,864,728,018 | 2,770,671,693 | 231,799,209,397 | 213,573,729,837 | 264,357,998,428 | 229,068,032,894 |
| Segment liabilities | 340,048,264 | 193,482,732 | 2,203,877,119 | 1,604,874,055 | 25,297,948,701 | 8,521,677,600 | 2,533,026,298 | 2,323,402,199 | 233,983,098,046 | 216,424,596,307 | 264,357,998,428 | 229,068,032,894 |

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. 394.17 million of SCL as at 16 July 2022 (Ashadh end 2079).
- Till the end of 4th quarter of FY 2078/79, SCL earned interest income of Rs. 5.58 million and Rs. 0.80 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. 25.71 |
|----------------------------------|--------------|
| Price Earnings Ratio (P/E Ratio) | 11.79 |
| Net Worth Per Share | Rs. 174.98 |
| Total Assets Value Per Share | Rs. 2,110.74 |
| Liquidity Ratio | 21.51% |

2. Management Analysis

Amount in NPR

- a) The Bank has formulated its strategy comprising long term as well as short-term plans which focuses on sustainable growth, product diversification, operational efficiency and risk mitigation.
- b) The Bank has continued its business process reengineering to achieve optimum efficiency.
- c) The Bank has utilized its capital to the optimum level which has put stress on further business growth of the Bank.
- d) Due to optimum level of utilization of capital, the Bank has limited scope for business growth.

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

| Maximum Price | Rs. 408 |
|-----------------------|------------|
| Minimum Price | Rs. 288.20 |
| Closing Price | Rs. 303 |
| Total Traded Shares | 2,598,024 |
| Total Transaction No. | 15,528 |
| Total Traded Days | 64 Days |

5. Problems and Challenges <u>Internal</u>

- a) Attainment of reasonable level of cost of operations.
- b) Challenges in increasing non-interest revenue.
- c) Challenges in maintaining quality of assets.
- External
- a) Risk to the bank due to changes in policies/ regulations

Ratios as per NRB Directives

| • | | | | | | | | | |
|---|-----------------|-----------------------------|-----------------|-----------------------------|-----------------|-----------------------------|-----------------------------|-----------------------------|--|
| | | G | roup | | Bank | | | | |
| Particulars | Curi | rent Year | Previous Ye | ear 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 | 13.15% | 13.15% | 13.39% | 13.39% | 13.13% | 13.13% | 13.36% | 13.36% | |
| Non-Performing Loan (NPL) to Total Loan | 1.03% | 1.03% | 1.00% | 1.00% | 1.03% | 1.03% | 1.00% | 1.00% | |
| Total loan loss provision to Total NPL | 189.00% | 189.00% | 192.47% | 192.47% | 189.00% | 189.00% | 192.47% | 192.47% | |
| Cost of Funds | 7.55% | 7.55% | 4.98% | 4.98% | 7.55% | 7.55% | 4.98% | 4.98% | |
| Credit to Deposit Ratio | 87.21% | 87.21% | 83.32% | 83.32% | 87.21% | 87.21% | 83.32% | 83.32% | |
| Base Rate | 9.45% | 9.45% | 7.16% | 7.16% | 9.45% | 9.45% | 7.16% | 7.16% | |
| Interest Rate Spread | 4.37% | 4.37% | 3.70% | 3.70% | 4.37% | 4.37% | 3.70% | 3.70% | |
| Return on Equity (Annualized) | 20.46% | 15.06% | 17.34% | 15.93% | 20.76% | 15.22% | 17.02% | 15.68% | |
| Return on Assets (Annualized) | 1.78% | 1.31% | 1.61% | 1.48% | 1.78% | 1.31% | 1.55% | 1.43% | |

Notes

The above figures are subject to change as per the direction of the regulators and/or statutory auditor.
The figures for corresponding previous year quarter have been restated and regrouped wherever necessary.
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 as per norms prescribed by NRB and as per Para 63 of NAS 39.

b. 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 6. Corporate Governance A Provision for Graduty and Leave encasiment have been provided for as per later deductor report.
The current year balance of Property and equipment includes Right of Use Assets of Rs. 1.29 billion calculated as per NFRS 16.
CD ratio of previous year quarter has been restated in line with the current CO ratio computation method as prescribed by NRB.
Quarterly average base rate of the Bank for fourth quarter of FY 2078/79 is 9.34%.
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

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

Statement of Distributable Profit

| Opening retained earnings | 154,911,564 |
|--|--|
| Add: Net Profit for the period ended Ashadh 2079 | 3,219,741,449 |
| 1. Appropriations 1.1 Profit required to be appropriated to Statutory Reserve a. General Reserve b. Capital Redemption Reserve c. Exchange Fluctuation Fund d. Corporate Social Responsibility Fund e. Employees Training Fund f. Debenture Redemption Reserve g. Others i. Transfer from Debenture Redemption Reserve ii. Transfer of realised gain up to previous year on mutual fund measured at fair value through OCI matured during the year from fair value reserve | 1,059,973,306 647,647,995 - 14,572,682 32,197,414 31,555,180 860,426,500 (500,000,000) (26,426,467) 207,868,787 |
| 1.2 Profit required to be transferred to Regulatory Reserve a. Transfer to Regulatory Reserve b. Transfer from Regulatory Reserve | 207,868,787 |
| Total distributable profit as of Ashadh 32, 2079 | 2,106,810,920 |

- b) Cut throat competition among banks and financial institutions.
- c) Increasing trend of cyber frauds.
- d) Pressure in managing liquidity.

Strategies to overcome Challenges

a) Implementation of better cost management practices.

b) Infrastructures shall be strengthened for security of digital transactions to restrain the cyber risk.

- c) Further strengthening risk based pricing model.
- d) Focus on new, diversified and high yielding products and services.
- e) Focus on low capital requiring business.
- f) Focus on non-funded business and explore new avenues of investment for generation of non-interest revenue.
- g) Business sourcing through digital channels.
- h) Building Performance Culture for growth.
- i) Prudent management of assets and liabilities for optimum utilization of resources and improvement in assets portfolio mix.
- j) Customer experience enhancement through digitization.

Amount in NPR

- 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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