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	-			
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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

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		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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