# **Siddhartha Bank Limited Unaudited Financial Results**

2<sup>nd</sup> 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	8,419,657,360	6,198,805,271	8,494,783,854	5,976,055,588		
Due from Nepal Rastra Bank	8,337,950,402	7,740,641,992	8,337,950,402	7,740,641,992		
Placements with Bank and Financial Institutions	1,031,188,889	3,308,708,365	1,031,188,889	3,308,708,365		
Derivative financial instruments	102,294,965	52,423,253	102,294,965	52,423,253		
Other trading assets	213,012,025	243,946,370	-	-		
Loans and advances to B/FIs	6,711,650,517	6,027,862,003	6,711,650,517	6,027,862,003		
Loans and advances to customers	176,890,898,412	158,589,984,140	176,881,957,040	158,579,235,014		
Investment securities	32,353,114,259	41,940,769,770	31,923,138,259	41,825,293,770		
Current tax assets	197,565,177	126,424,328	196,897,150	127,218,846		
Investment in subsidiaries	-	-	51,000,000	51,000,000		
Investment in associates	-	-	-	-		
Investment property	339,291,965	291,042,098	339,291,965	291,042,098		
Property and equipment	1,527,352,153	1,466,037,615	1,519,529,257	1,451,931,803		
Goodwill and Intangible assets	70,371,300	81,767,169	69,281,608	81,501,245		
Deferred tax assets	-	-	-	-		
Other assets	2,308,430,682	3,518,219,472	2,244,655,551	3,429,045,936		
Total Assets	238,502,778,106	229,586,631,845	237,903,619,457	228,941,959,915		
Liabilities						
Due to Bank and Financial Institutions	5,507,590,110	7,717,011,244	5,507,590,110	7,717,011,244		
Due to Nepal Rastra Bank	9,094,934,166	5,859,906,910	9,094,934,166	5,859,906,910		
Derivative financial instruments	-	-	-	-		
Deposits from customers	188,525,694,174	180,438,924,523	188,798,429,606	180,924,009,324		
Borrowing	949,600,000	-	949,600,000	-		
Current Tax Liabilities	-	-	-	-		
Provisions	-	-	-	-		
Deferred tax liabilities	784,163,724	971,343,097	779,539,856	966,719,229		
Other liabilities	3,653,561,981	5,625,142,991	3,162,797,048	4,909,947,881		
Debt securities issued	8,162,559,000	8,162,559,000	8,162,559,000	8,162,559,000		
Subordinated Liabilities	-	-	-	-		
Total liabilities	216,678,103,155	208,774,887,766	216,455,449,786	208,540,153,589		
Equity						
Share capital	12,524,426,835	10,962,299,199	12,524,426,835	10,962,299,199		
Share premium	-	-	-	-		
Retained earnings	937,859,356	1,913,477,937	852,673,219	1,808,628,800		
Reserves	8,152,911,173	7,710,107,443	8,071,069,617	7,630,878,326		
Total equity attributable to equity holders	21,615,197,364	20,585,884,580	21,448,169,671	20,401,806,326		
Non-controlling interest	209,477,587	225,859,500	-	<u> </u>		
Total equity	21,824,674,951	20,811,744,080	21,448,169,671	20,401,806,326		
Total liabilities and equity	238,502,778,106	229,586,631,845	237,903,619,457	228,941,959,915		

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

**Amount in NPR** 

	Group				Bank					
Particulars	Current Year Previous Year Corresponding		Corresponding	Curren	orresponding					
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)		
Interest income	4,492,825,710	8,993,175,477	3,491,140,736	7,241,578,829	4,484,575,436	8,978,589,285	3,482,824,339	7,224,315,80		
Interest expense	3,226,063,238	5,969,222,789	2,294,715,709	4,690,837,366	3,227,868,198	5,971,640,264	2,295,271,396	4,693,020,6		
Net interest income	1,266,762,472	3,023,952,688	1,196,425,027	2,550,741,463	1,256,707,238	3,006,949,021	1,187,552,942	2,531,295,18		
Fees and commission income	375,339,806	867,436,241	361,740,615	648,897,066	344,104,081	764,115,887	323,003,681	574,603,1		
Fees and commission expense	85,594,797	166,812,028	45,187,093	101,238,666	80,059,280	149,540,407	48,614,240	88,803,83		
Net fee and commission income	289,745,009	700,624,213	316,553,522	547,658,400	264,044,801	614,575,480	274,389,441	485,799,27		
Net interest, fee and commission income	1,556,507,481	3,724,576,901	1,512,978,549	3,098,399,863	1,520,752,039	3,621,524,501	1,461,942,384	3,017,094,46		
Net trading income	133,361,851	235,402,858	227,823,645	335,324,249	119,123,604	252,585,534	220,380,283	326,495,2		
Other operating income	99,704,498	461,826,419	167,435,722	254,436,004	99,677,509	445,062,903	158,538,199	239,291,9		
Total operating income	1,789,573,830	4,421,806,178	1,908,237,916	3,688,160,116	1,739,553,152	4,319,172,938	1,840,860,865	3,582,881,60		
Impairment charge/(reversal) for loan and other losses	(137,327,920)	71,185,719	445,247,019	706,068,951	(137,327,920)	71,185,719	445,247,019	706,068,9		
Net operating income	1,926,901,750	4,350,620,459	1,462,990,897	2,982,091,165	1,876,881,072	4,247,987,219	1,395,613,847	2,876,812,6		
Operating expense										
Personnel expense	650,134,277	1,381,190,240	525,256,795	1,037,981,101	638,202,402	1,357,576,869	514,739,788	1,015,590,7		
Other operating expense	272,842,998	529,045,440	229,463,515	428,200,903	267,990,335	518,042,978	216,469,416	420,159,1		
Depreciation & Amortisation	47,013,994	93,219,652	50,680,785	103,988,771	46,184,472	91,515,549	49,503,350	101,879,2		
Operating Profit	956,910,481	2,347,165,127	657,589,802	1,411,920,390	924,503,863	2,280,851,823	614,901,293	1,339,183,53		
Non operating income	7,422,378	7,691,879	338,901	447,802	7,422,978	7,480,147	308,901	417,8		
Non operating expense	15,619,158	16,694,239	2,225,600	2,250,279	15,619,158	16,694,239	2,225,600	2,250,2		
Profit before income tax	948,713,701	2,338,162,767	655,703,103	1,410,117,913	916,307,683	2,271,637,731	612,984,594	1,337,351,0		
Income tax expense										
Current Tax	297,446,724	714,281,442	207,700,212	440,440,961	287,724,918	694,323,931	194,884,660	418,610,9		
Deferred Tax	-	-	-	-	-	-	-			
Profit for the period	651,266,977	1,623,881,325	448,002,891	969,676,952	628,582,765	1,577,313,800	418,099,934	918,740,15		
Condensed Consolidated Stater	ment of Comprehensiv									
Profit or loss for the period	651,266,977	1,623,881,325	448,002,891	969,676,952	628,582,765	1,577,313,800	418,099,934	918,740,1		
Other Comprehensive Income	217,809,324	(436,751,869)	704,606,575	1,431,516,054	217,809,324	(436,751,869)	704,606,575	1,431,516,0		
Total Comprehensive Income	869,076,301	1,187,129,456	1,152,609,466	2,401,193,006	846,392,089	1,140,561,931	1,122,706,509	2,350,256,20		
Basic earnings per share	20.96	25.50	14.19	15.13	20.58	25.12	13.69	14.		
Diluted earnings per share	20.96	25.50	14.19	15.13	20.58	25.12	13.69	14.		
Profit attributable to:										
Equity holders of the Bank	857,961,037	1,164,311,369	1,137,957,017	2,376,233,974	846,392,089	1,140,561,931	1,122,706,509	2,350,256,2		
Non-Controlling Interest	11,115,264	22,818,087	14,652,449	24,959,032	-	-	-			
T-4-1	000 070 201	4 407 430 456	1 152 600 466	2 404 402 006	046 202 000	4 440 EC4 024	4 433 706 500	2 250 256 26		

# Ratios as per NRR Directives

Ratios as per title birectives								
	Gı	roup		Bank				
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)	
12.89%	12.89%	13.85%	13.85%	12.88%	12.88%	13.84%	13.84%	
0.37%	0.37%	1.91%	1.91%	0.37%	0.37%	1.91%	1.91%	
478.17%	478.17%	111.89%	111.89%	478.17%	478.17%	111.89%	111.89%	
6.59%	6.59%	5.40%	5.40%	6.59%	6.59%	5.40%	5.40%	
88.60%	88.60%	82.95%	82.95%	88.60%	88.60%	82.95%	82.95%	
8.58%	8.58%	7.38%	7.38%	8.58%	8.58%	7.38%	7.38%	
2.68%	2.68%	4.20%	4.20%	2.68%	2.68%	4.20%	4.20%	
12.32%	14.98%	10.49%	11.10%	12.32%	15.03%	9.99%	10.73%	
1.12%	1.36%	0.87%	0.92%	1.08%	1.35%	0.81%	0.87%	
	This Quarter 12.89% 0.37% 478.17% 6.59% 88.60% 8.58% 2.68% 12.32%	Current Year           This Quarter         Up To This Quarter (YTD)           12.89%         12.89%           0.37%         0.37%           478.17%         478.17%           6.59%         6.59%           88.60%         88.60%           8.58%         8.58%           2.68%         2.68%           12.32%         14.98%	This Quarter         Up To This Quarter (YTD)         This Quarter           12.89%         12.89%         13.85%           0.37%         0.37%         1.91%           478.17%         478.17%         111.89%           6.59%         6.59%         5.40%           88.60%         88.60%         82.95%           8.58%         7.38%           2.68%         2.68%         4.20%           12.32%         14.98%         10.49%	Current Year         Previous Year Corresponding           This Quarter         Up To This Quarter         Up To This Quarter (YTD)           12.89%         12.89%         13.85%         13.85%           0.37%         0.37%         1.91%         1.91%           478.17%         478.17%         111.89%         111.89%           6.59%         6.59%         5.40%         5.40%           88.60%         88.60%         82.95%         82.95%           8.58%         7.38%         7.38%           2.68%         2.68%         4.20%         4.20%           12.32%         14.98%         10.49%         11.10%	Current Year         Previous Year Corresponding         Cur           This Quarter         Up To This Quarter (YTD)         Up To This Quarter (YTD)         Up To This Quarter (YTD)           12.89%         12.89%         13.85%         13.85%         12.88%           0.37%         0.37%         1.91%         1.91%         0.37%           478.17%         478.17%         111.89%         111.89%         478.17%           6.59%         6.59%         5.40%         5.40%         6.59%           88.60%         82.95%         82.95%         88.60%           8.58%         7.38%         7.38%         8.58%           2.68%         2.68%         4.20%         4.20%         2.68%           12.32%         14.98%         10.49%         11.10%         12.32%	Current Year         Previous Year Corresponding         Current Year           This Quarter         Up To This Quarter (YTD)           12.89%         12.89%         13.85%         13.85%         12.88%         12.88%           0.37%         0.37%         1.91%         1.91%         0.37%         0.37%           478.17%         478.17%         111.89%         111.89%         478.17%         478.17%           6.59%         6.59%         5.40%         5.40%         6.59%         6.59%           88.60%         88.60%         82.95%         82.95%         88.60%         88.60%           8.58%         7.38%         7.38%         7.38%         8.58%           2.68%         2.68%         4.20%         4.20%         2.68%           12.32%         14.98%         10.49%         11.10%         12.32%         15.03%	Current Year         Previous Year Corresponding         Current Year         Previous Year           This Quarter         Up To This Quarter (YTD)         Th	

2,401,193,006

1,152,609,466

846,392,089

1,140,561,931

1,122,706,509

Total

- 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 3. 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

1,187,129,456

- amount derived as per norms prescribed by NRB and as per Para 63 of NAS 39. 4. 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 6. Corporate Governance
- created and expense booked might vary if actuarial valuation is conducted by a certified actuary. . CD ratio of previous year quarter has been restated in line with the current CD ratio computation method as prescribed by NRB.
- Quarterly average base rate of the Bank for second quarter of FY 2078/79 is 8.35% 7. Group financial statements include Siddhartha Bank Limited (Parent Company) and Siddhartha Capital Limited (Subsidiary Company) and all intra group transactions are conducted on
- 8. Detailed interim report has been published in Bank's website (www.siddharthabank.com).

Net Profit for the period ended Poush 2078 available for distribution

Net Profit for the period ended Pouch 2078

a. Transfer to Regulatory Reserve

b. Transfer from Regulatory Reserve

869,076,301

# Statement of Distributable Profit

**Amount in NPR** 1.577.313.800

126,296,688

688,389,298

Net Front for the period ended Fousii 2076	1,577,513,800
1. Appropriations	
1.1 Profit required to be appropriated to Statutory Reserve	762,627,815
a. General Reserve	315,462,760
b. Capital Redemption Reserve	-
c. Exchange Fluctuation Fund	-
d. Corporate Social Responsibility Fund	15,773,138
e. Employees Training Fund	-
f. Debenture Redemption Reserve	431,391,917
g. Others	-
1.2 Profit required to be transferred to Regulatory Reserve	126,296,688

### 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.

	Paymen	nt Solutions	Remi	ittance	Trea	asury	Micro	banking	Banking		Total	
Particulars	Current Quarter	Corresponding Previous Year Quarter										
Revenues from external customers	235,098,414	137,523,591	28,454,430	28,939,325	1,494,130,493	1,056,940,242	168,081,569	274,595,148	8,522,068,852	6,867,125,651	10,447,833,757	8,365,123,957
Intersegment revenues			77,731,623	49,728,004	51,567,155	40,085,249			3,441,018,224	3,038,190,778	3,570,317,001	3,128,004,031
Segment Profit (loss) before tax	81,403,140	32,941,152	31,900,934	35,731,316	1,014,618,645	780,332,148	122,747,937	33,279,585	1,020,967,075	455,066,854	2,271,637,731	1,337,351,055
Segment assets	362,919,458	307,659,292	2,034,502,995	1,467,858,921	9,015,179,858	5,136,889,462	3,163,532,373	2,623,102,544	223,327,484,772	187,273,923,177	237,903,619,457	196,809,433,395
Segment liabilities	276,674,548	256,850,166	2,000,930,793	1,431,236,060	7,999,562,961	4,356,016,468	3,039,150,853	2,585,715,206	224,587,300,303	188,179,615,496	237,903,619,457	196,809,433,395

### 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. 272.74 million of SCL as at 14 January 2022 (Poush end 2078)
- Till the end of 2nd quarter of FY 2078/79, SCL earned interest income of Rs. 2.42 million and Rs. 0.25 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. 25.12
Price Earnings Ratio (P/E Ratio)	18.27
Net Worth Per Share	Rs. 171.25
Total Assets Value Per Share	Rs. 1,899.52
Liquidity Ratio	20.12%

### 2. Management Analysis

- 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, risk mitigation and customer service excellency through digitization.
- b) The Bank has been giving continuity to its business process reengineering to achieve optimum efficiency.
- c) COVID-19 pandemic has hampered the economic growth of the country as well as stakeholders of the Bank. This has created stress on the business growth, reserves and profitability of the Bank as well.
- d) The Bank has utilized its capital to the optimum level.
- e) Increasing number of covid cases daily and certain restrictions imposed by the government to contain spread of COVID-19 pandemic, it has put threat on the economy which was on the verge of recovery. This has also put stress on the Bank's business growth, reserves and profitability as well.

### . Details Regarding Legal Actions

None to our knowledge.

- 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:
- 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. 535.30
Minimum Price	Rs. 405
Closing Price	Rs. 459
Total Traded Shares	6,114,664
Total Transaction No.	25,424
Total Traded Days	59 Days

# . 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.
- d) Increment of interest spread to the level of regulatory limit.

# **External**

2,350,256,205

- a) Risk to the bank due to changes in policies and regulations.
- b) Competition among banks and financial institutions. c) Increasing trend of cyber frauds.
- d) COVID pandemic which has affected the business and recovery.
- e) Pressure in liquidity and loanable funds

# **Strategies to overcome Challenges**

# a) COVID-19 pandemic:

- 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 Bank shall further encourage customers to shift towards digital transactions. The infrastructure
- shall be strengthened accordingly for security of digital transactions to restrain the cyber risk.
- b) Implementation of better cost management practices.
- 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 for investment diversification 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 implementation of CRM system.

- 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

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.

