

Siddhartha Bank Limited

Unaudited Financial Results

3rd Quarter of Fiscal Year 2078/79

Condensed Consolidated Statement of Financial Position

Amount in NPR

Particulars	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending (Audited)	This Quarter Ending	Immediate Previous Year Ending (Audited)
Assets				
Cash and cash equivalent	9,109,134,172	6,198,805,271	9,192,580,959	5,976,055,588
Due from Nepal Rastra Bank	6,110,466,303	7,740,641,992	6,110,466,303	7,740,641,992
Placements with Bank and Financial Institutions	350,365,781	3,308,708,365	350,365,781	3,308,708,365
Derivative financial instruments	11,776,991	52,423,253	11,776,991	146,940,556
Other trading assets	179,736,650	243,946,370	-	-
Loans and advances to B/FIs	6,530,485,131	6,027,862,003	6,530,485,131	6,027,862,003
Loans and advances to customers	177,383,238,356	158,589,984,140	177,374,293,493	158,579,235,014
Investment securities	42,973,492,346	41,940,769,770	42,486,516,346	41,825,293,770
Current tax assets	424,689,706	126,424,328	408,137,958	127,218,846
Investment in subsidiaries	-	-	51,000,000	51,000,000
Investment in associates	-	-	-	-
Investment property	216,284,527	291,042,098	216,284,527	291,042,098
Property and equipment	1,695,549,578	1,466,037,615	1,687,908,147	1,451,931,803
Goodwill and Intangible assets	66,747,067	81,767,169	64,748,611	81,501,245
Deferred tax assets	-	-	-	-
Other assets	2,708,385,663	3,518,219,472	2,638,677,180	3,429,045,936
Total Assets	247,760,352,271	229,586,631,845	247,123,241,427	229,036,477,217
Liabilities				
Due to Bank and Financial Institutions	4,082,715,143	7,717,011,244	4,082,715,143	7,717,011,244
Due to Nepal Rastra Bank	19,752,194,753	5,859,906,910	19,752,194,753	5,859,906,910
Derivative financial instruments	28,225,129	-	28,225,129	94,517,303
Deposits from customers	188,871,195,175	180,438,924,523	189,069,069,052	180,924,009,324
Borrowing	975,200,000	-	975,200,000	-
Current Tax Liabilities	-	-	-	-
Provisions	-	-	-	-
Deferred tax liabilities	620,208,895	971,343,097	615,585,027	966,719,229
Other liabilities	3,822,539,539	5,625,142,991	3,365,757,268	4,909,947,881
Debt securities issued	7,662,559,000	8,162,559,000	7,662,559,000	8,162,559,000
Subordinated Liabilities	-	-	-	-
Total Liabilities	225,814,837,634	208,774,887,766	225,551,305,372	208,634,670,892
Equity				
Share capital	12,524,426,835	10,962,299,199	12,524,426,835	10,962,299,199
Share premium	-	-	-	-
Retained earnings	1,102,651,175	1,913,477,937	1,018,793,466	1,808,628,800
Reserves	8,110,393,122	7,710,107,443	8,028,715,754	7,630,878,326
Total equity attributable to equity holders	21,737,471,132	20,585,884,580	21,571,936,055	20,401,806,326
Non-controlling interest	208,043,505	225,859,500	-	-
Total equity	21,945,514,637	20,811,744,080	21,571,936,055	20,401,806,326
Total liabilities and equity	247,760,352,271	229,586,631,845	247,123,241,427	229,036,477,217

Information about reportable segments

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.

Particulars	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
Revenues from external customers	367,225,804	256,385,469	43,098,865	45,649,025	2,078,674,700	1,871,115,448	252,695,678	402,595,364	13,640,377,183	10,481,626,395	16,382,072,230	13,057,281,700
Intersegment revenues	-	-	124,547,858	76,074,512	83,584,211	69,118,855	-	-	5,303,105,889	4,490,746,533	5,511,237,958	4,635,939,900
Segment Profit (Loss) before tax	115,332,520	83,739,189	43,887,079	55,755,831	1,298,942,641	1,434,316,867	238,907,856	334,375,041	1,314,088,228	1,076,185,092	3,011,158,324	2,984,372,019
Segment assets	425,987,622	318,518,127	2,140,202,407	1,562,519,813	20,104,108,370	18,933,455,354	3,031,438,187	2,678,589,833	221,421,594,841	206,164,547,488	247,123,241,427	229,657,630,615
Segment liabilities	304,229,821	228,557,808	2,094,069,312	1,504,830,061	18,803,871,928	17,482,981,027	2,790,445,997	2,342,044,100	223,130,624,370	208,099,217,619	247,123,241,427	229,657,630,615

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. 197.87 million of SCL as at 13 April 2022 (Chaitra end 2078).
- Till the end of 3rd quarter of FY 2078/79, SCL earned interest income of Rs. 4.21 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. 22.38
Price Earnings Ratio (P/E Ratio)	17.65
Net Worth Per Share	Rs. 172.24
Total Assets Value Per Share	Rs. 1,973.13
Liquidity Ratio	19.02%

2. Management Analysis

- 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.
- The Bank has been giving continuity to its business process reengineering to achieve optimum efficiency.
- The Bank has utilized its capital to the optimum level. This has put stress on the business growth of the Bank.

3. Details Regarding Legal Actions

- 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.
- 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.
- 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

- 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.
- Maximum, minimum and last share price of the organized institution including total transaction and transacted days during the quarter.

Maximum Price	Rs. 486.30
Minimum Price	Rs. 385
Closing Price	Rs. 395
Total Traded Shares	3,695,680
Total Transaction No.	19,494
Total Traded Days	58 Days

5. Problems and Challenges

Internal

- Attainment of reasonable level of cost of operations.
- Challenges in increasing non-interest revenue.
- Challenges in recovery of loans.
- Increment of interest spread to the level of regulatory limit.

External

- Risk to the bank due to changes in policies and regulations.
- Competition among banks and financial institutions.
- Increasing trend of cyber frauds.
- Pressure in liquidity and loanable funds.

Strategies to overcome Challenges

- The Bank has established a continuity mechanism to interact regularly with the borrowers impacted by COVID-19 pandemic which would help to address the borrower's needs. This further helps to monitor and 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.
- Implementation of better cost management practices.
- Further strengthening risk based pricing model.
- Focus on new, diversified and high yielding products and services.
- Focus on low capital requiring business.
- Focus on non-funded business and explore new avenues for investment diversification for generation of non-interest revenue.
- Business sourcing through digital channels.
- Building Performance Culture for growth.
- Prudent management of assets and liabilities for optimum utilization of resources and improvement in assets portfolio mix.
- Customer experience enhancement through implementation of CRM system.

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), 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.

Condensed Consolidated Statement of Profit or Loss

Amount in NPR

Particulars	Group				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)
Interest income	5,419,432,900	14,412,608,378	3,704,782,224	10,946,361,054	5,408,771,932	14,387,361,217	3,697,150,782	10,921,466,645
Interest expense	3,652,574,649	9,621,797,439	2,294,870,789	6,985,708,156	3,654,364,482	9,626,004,746	2,295,329,645	6,988,350,324
Net interest income	1,766,858,251	4,790,810,939	1,409,911,435	3,960,652,898	1,754,407,450	4,761,356,471	1,401,821,136	3,933,116,321
Fees and commission income	385,228,741	1,252,664,982	454,525,656	1,103,422,722	344,321,720	1,108,437,607	419,206,271	993,809,421
Fees and commission expense	90,921,392	257,733,420	66,893,466	168,132,132	76,359,580	225,899,987	57,863,199	146,667,073
Net fee and commission income	294,307,349	994,931,562	387,632,190	935,290,590	267,962,140	882,537,620	361,343,071	847,142,348
Net interest, fee and commission income	2,061,165,600	5,785,742,501	1,797,543,625	4,895,943,488	2,022,369,590	5,643,894,091	1,763,164,207	4,780,258,670
Net trading income	74,429,343	309,832,201	279,146,044	614,470,293	102,448,718	355,034,252	271,584,589	598,079,803
Other operating income	79,678,882	541,505,301	312,314,935	566,750,939	78,566,529	523,629,432	304,181,394	543,473,322
Total operating income	2,215,273,825	6,637,080,003	2,389,004,604	6,077,164,720	2,203,384,837	6,522,557,775	2,338,930,191	5,921,811,794
Impairment charge/(reversal) for loan and other losses	358,507,020	429,692,739	(294,073,396)	411,995,555	358,507,020	429,692,739	(294,073,396)	411,995,555
Net operating income	1,856,766,805	6,207,387,264	2,683,078,000	5,665,169,165	1,844,877,817	6,092,865,036	2,633,003,586	5,509,816,239
Operating expense								
Personnel expense	779,672,850	2,160,863,090	692,892,777	1,730,873,878	771,361,315	2,128,938,184	682,150,290	1,697,741,023
Other operating expense	294,976,921	824,022,361	256,979,030	685,179,933	287,844,445	805,887,423	252,704,009	672,863,187
Depreciation & Amortisation	46,757,038	139,976,690	51,392,353	155,381,124	46,131,037	137,646,586	50,373,719	152,252,927
Operating Profit	735,359,996	3,082,525,123	1,681,813,840	3,093,734,230	739,541,020	3,020,392,843	1,647,775,569	2,986,959,101
Non operating income	129,598	7,821,477	34,709	482,511	129,573	7,609,720	34,709	452,511
Non operating expense	150,000	16,844,239	789,314	3,039,593	150,000	16,844,239	789,314	3,039,593
Profit before income tax	735,339,594	3,073,502,361	1,681,059,235	3,091,177,148	739,520,593	3,011,158,324	1,647,020,963	2,984,372,019
Income tax expense								
Current Tax	227,018,183	941,299,625	510,734,077	951,175,038	228,272,483	922,596,414	500,522,595	919,133,499
Deferred Tax	-	-	-	-	-	-	-	-
Profit for the period	508,321,411	2,132,202,736	1,170,325,158	2,140,002,110	511,248,110	2,088,561,910	1,146,498,369	2,065,238,520
Condensed Consolidated Statement of Comprehensive Income								
Profit or loss for the period	508,321,411	2,132,202,736	1,170,325,158	2,140,002,110	511,248,110	2,088,561,910	1,146,498,369	2,065,238,520
Other Comprehensive Income	(382,561,269)	(819,313,138)	1,493,148,420	2,197,754,995	(382,561,269)	(819,313,138)	1,493,148,420	2,197,754,995
Total Comprehensive Income	125,760,142	1,312,889,598	2,663,473,578	4,337,757,105	128,686,841	1,269,248,772	2,639,6	