# **Siddhartha Bank Limited Unaudited Financial Results**

1st Quarter of Fiscal Year 2079/80

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

	Gro	oup	Bank			
	This Quarter Ending	Immediate Previous Year Ending (Unaudited)	This Quarter Ending	Immediate Previous Year Ending (Unaudited)		
Assets						
Cash and cash equivalent	8,515,489,244	7,902,526,046	8,568,011,193	7,898,989,024		
Due from Nepal Rastra Bank	6,553,094,831	5,730,448,535	6,553,094,831	5,730,448,535		
Placements with Bank and Financial Institutions	331,082,621	320,313,255	331,082,621	320,313,255		
Derivative financial instruments	10,688,246	19,694,323	10,688,246	19,694,323		
Other trading assets	135,648,669	158,762,749	-	-		
Loans and advances to B/FIs	6,172,699,354	6,403,394,142	6,172,699,354	6,403,394,142		
Loans and advances to customers	179,945,174,576	178,764,609,157	179,935,013,489	178,754,322,782		
Investment securities	50,725,127,461	57,591,637,732	50,291,001,461	57,368,161,732		
Current tax assets	21,753,464	249,216,582	24,349,096	232,609,029		
Investment in subsidiaries	-	-	51,000,000	51,000,000		
Investment in associates	-	-	-	-		
Investment property	213,307,612	213,307,612	213,307,612	213,307,612		
Property and equipment	3,136,618,649	3,084,304,509	3,103,867,572	3,077,068,355		
Goodwill and Intangible assets	66,799,360	73,722,349	64,727,716	71,490,971		
Deferred tax assets	-	-	-	-		
Other assets	3,533,280,884	4,242,441,253	3,510,990,774	4,217,198,668		
Total Assets	259,360,764,972	264,754,378,244	258,829,833,967	264,357,998,428		
Liabilities						
Due to Bank and Financial Institutions	8,978,928,823	7,234,641,506	8,978,928,823	7,234,641,506		
Due to Nepal Rastra Bank	17,820,667,435	24,965,102,753	17,820,667,435	24,965,102,753		
Derivative financial instruments	10,496,156	19,359,606	10,496,156	19,359,606		
Deposits from customers	192,818,491,324	191,156,475,501	192,956,142,811	191,550,643,583		
Borrowing	-	1,022,800,000	-	1,022,800,000		
Current Tax Liabilities	-	-	-	-		
Provisions	-	-	-	-		
Deferred tax liabilities	131,263,036	243,985,287	148,079,096	239,361,419		
Other liabilities	5,408,076,854	6,151,830,764	5,066,229,540	5,748,056,753		
Debt securities issued	11,662,559,000	11,662,559,000	11,662,559,000	11,662,559,000		
Subordinated Liabilities	-	-	-	-		
Total liabilities	236,830,482,629	242,456,754,417	236,643,102,862	242,442,524,620		
Equity						
Share capital	12,524,426,835	12,524,426,835	12,524,426,835	12,524,426,835		
Share premium	-	-	-	-		
Retained earnings	1,292,635,744	1,694,559,205	1,225,147,308	1,606,810,921		
Reserves	8,519,889,657	7,866,394,278	8,437,156,962	7,784,236,052		
Total equity attributable to equity holders	22,336,952,236	22,085,380,318	22,186,731,105	21,915,473,808		
Non-controlling interest	193,330,107	212,243,509	-	-		
Total equity	22,530,282,343	22,297,623,827	22,186,731,105	21,915,473,808		
Total liabilities and equity	259,360,764,972	264,754,378,244	258,829,833,967	264,357,998,428		

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

Amount in NPR

		Group			Bank				
Particulars	Current Year Previous Year Corresponding		Curren	Corresponding					
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	6,870,566,713	6,870,566,713	4,500,349,767	4,500,349,767	6,858,439,136	6,858,439,136	4,494,013,849	4,494,013,849	з.
Interest expense	4,727,681,262	4,727,681,262	2,743,159,551	2,743,159,551	4,729,861,897	4,729,861,897	2,743,772,066	2,743,772,066	
Net interest income	2,142,885,451	2,142,885,451	1,757,190,216	1,757,190,216	2,128,577,239	2,128,577,239	1,750,241,783	1,750,241,783	
Fees and commission income	425,341,161	425,341,161	492,096,435	492,096,435	387,177,755	387,177,755	420,011,806	420,011,806	
Fees and commission expense	86,336,813	86,336,813	81,217,231	81,217,231	73,817,615	73,817,615	69,481,127	69,481,127	
Net fee and commission income	339,004,348	339,004,348	410,879,204	410,879,204	313,360,140	313,360,140	350,530,679	350,530,679	
Net interest, fee and commission income	2,481,889,799	2,481,889,799	2,168,069,420	2,168,069,420	2,441,937,379	2,441,937,379	2,100,772,462	2,100,772,462	
Net trading income	36,183,874	36,183,874	102,041,007	102,041,007	55,021,129	55,021,129	133,461,930	133,461,930	
Other operating income	144,899,616	144,899,616	362,121,921	362,121,921	138,717,715	138,717,715	345,385,394	345,385,394	
Total operating income	2,662,973,289	2,662,973,289	2,632,232,348	2,632,232,348	2,635,676,222	2,635,676,222	2,579,619,786	2,579,619,786	
Impairment charge/(reversal) for loan and other losses	893,065,707	893,065,707	208,513,639	208,513,639	893,065,707	893,065,707	208,513,639	208,513,639	4.
Net operating income	1,769,907,582	1,769,907,582	2,423,718,709	2,423,718,709	1,742,610,516	1,742,610,516	2,371,106,147	2,371,106,147	
Operating expense									
Personnel expense	691,319,926	691,319,926	731,055,963	731,055,963	681,689,898	681,689,898	719,374,467	719,374,467	
Other operating expense	294,239,084	294,239,084	256,202,442	256,202,442	289,333,939	289,333,939	250,052,643	250,052,643	
Depreciation & Amortisation	52,920,427	52,920,427	46,205,658	46,205,658	50,721,407	50,721,407	45,331,077	45,331,077	
Operating Profit	731,428,145	731,428,145	1,390,254,646	1,390,254,646	720,865,271	720,865,271	1,356,347,960	1,356,347,960	
Non operating income	87,045	87,045	269,501	269,501	87,045	87,045	57,169	57,169	
Non operating expense	-	-	1,075,081	1,075,081	-	-	1,075,081	1,075,081	
Profit before income tax	731,515,190	731,515,190	1,389,449,066	1,389,449,066	720,952,316	720,952,316	1,355,330,048	1,355,330,048	
Income tax expense									
Current Tax	225,870,863	225,870,863	416,834,718	416,834,718	222,702,000	222,702,000	406,599,013	406,599,013	
Deferred Tax	-	-	-	-	-	-	-	-	
Profit for the period	505,644,328	505,644,328	972,614,348	972,614,348	498,250,316	498,250,316	948,731,035	948,731,035	
Condensed Consolidated State									
Profit or loss for the period	505,644,328		972,614,348	972,614,348	498,250,316	498,250,316	948,731,035	948,731,035	5.
Other Comprehensive Income	(212,992,086)	(212,992,086)	(654,561,193)	(654,561,193)	(212,992,086)	(212,992,086)	(654,561,193)	(654,561,193)	
Total Comprehensive Income	292,652,242	292,652,242	318,053,155	318,053,155	285,258,230	285,258,230	294,169,842	294,169,842	
Basic earnings per share	15.73	15.73	29.79	29.79	15.61	15.61	29.41	29.41	
Diluted earnings per share	15.73	15.73	29.79	29.79	15.61	15.61	29.41	29.41	
Profit attributable to:	200 020 175	200 020 475	206 250 222	206 250 221	205 250 222	205 256 222	204.466.242	204.460.012	1
Equity holders of the Bank	289,029,176	289,029,176	306,350,332	306,350,331	285,258,230	285,258,230	294,169,842	294,169,842	

### 292,652,242 **Ratios as per NRB Directives**

**Opening retained earnings** 

a. Transfer to Regulatory Reserve

b. Transfer from Regulatory Reserve

Total distributable profit as of Ashwin 31, 2079

Non-Controlling Interest

	Group				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	12.51%	12.51%	13.05%	13.05%	12.51%	12.51%	13.05%	13.05%
Non-Performing Loan (NPL) to Total Loan	2.15%	2.15%	0.54%	0.54%	2.15%	2.15%	0.54%	0.54%
Total loan loss provision to Total NPL	112.73%	112.73%	344.50%	344.50%	112.73%	112.73%	344.50%	344.50%
Cost of Funds	8.35%	8.35%	5.55%	5.55%	8.35%	8.35%	5.55%	5.55%
Credit to Deposit Ratio	88.10%	88.10%	87.75%	87.75%	88.10%	88.10%	87.75%	87.75%
Base Rate	10.43%	10.43%	7.57%	7.57%	10.43%	10.43%	7.57%	7.57%
Interest Rate Spread	3.92%	3.92%	3.47%	3.47%	3.92%	3.92%	3.47%	3.47%
Return on Equity (Annualized)	8.79%	8.79%	17.92%	17.92%	8.87%	8.87%	18.02%	18.02%
Return on Assets (Annualized)	0.75%	0.75%	1.58%	1.58%	0.75%	0.75%	1.52%	1.52%

285,258,230

285,258,230

294,169,842

- **Notes** 1. The above figures are subject to change as per the direction of the regulators and/or statutory auditor

292,652,242

318,053,155

- 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 carve out issued by The Institute of Chartered Accountants of Nepal regarding Para 5.5-Impairment. 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 created and expense booked might vary if actuarial valuation is conducted by a certified actuary.

  Quarterly average base rate of the Bank for first quarter of FY 2079/80 is 9.93%.
- . 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
- . Detailed interim report has been published in Bank's website (www.siddharthabank.com).

## **Statement of Distributable Profit**

**Amount in NPR** 1,593,744,213

Add: Net Profit for the period ended Ashwin 2079	498,250,316		
1. Appropriations 1.1 Profit required to be appropriated to Statutory Reserve a. General Reserve	<b>478,863,334</b> 99,650,063		
b. Capital Redemption Reserve	99,030,003		
c. Exchange Fluctuation Fund	9,124,143		
d. Corporate Social Responsibility Fund	4,982,503		
e. Employees Training Fund	-		
f. Debenture Redemption Reserve	365,106,625		
g. Others	-		
1.2 Profit required to be transferred to Regulatory Reserve	387,983,887		

387,983,887

1. The amount reflected in opening retained earnings may change after AGM of the Bank for FY 2078-79

1,225,147,307

### Amount in NPR 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 he 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 and reasury. Treasury Department acts as the fund manager of the Bank.

	Payment	Solutions	Remi	ttance	Treasury		Ban	king	Total		
articulars	Current Quarter	Corresponding Previous Year Quarter									
venues om external stomers	143,613,084	111,084,069	17,296,469	62,331,656	1,076,780,207	911,991,967	6,201,753,021	4,307,522,453	7,439,442,781	5,392,930,145	
tersegment venues	963,880	-	60,501,180	108,874,387	27,813,849	28,591,276	2,405,349,406	1,536,909,540	2,494,628,315	1,674,375,203	
gment ofit (loss) fore tax	29,427,782	45,293,320	14,745,131	76,658,512	358,809,777	676,027,589	317,969,626	557,350,627	720,952,316	1,355,330,048	
gment sets	511,103,658	417,426,641	2,472,763,476	1,705,830,469	19,913,133,323	16,478,447,254	235,932,833,509	223,127,505,892	258,829,833,967	241,729,210,256	
gment bilities	481,675,875	369,240,512	2,458,018,345	1,626,034,701	19,554,323,546	15,801,807,776	236,335,816,200	223,932,127,266	258,829,833,967	241,729,210,256	

### Publication of Information as Required by Securities Registration and Issuance Regulation 2073 (Related to Sub Rule (1) of Rule 26)

#### . 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. 137.65 million of SCL as at 17 October 2022 (Ashwin end
- Till the end of 1st quarter of FY 2079/80, SCL earned interest income of Rs. 2.18 million and Rs. 0.125 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. 15.61
Price Earnings Ratio (P/E Ratio)	19.57
Net Worth Per Share	Rs. 177.15
Total Assets Value Per Share	Rs. 2,066.60
Liquidity Ratio	21.55%

#### 264,357,998,428 2. Management Analysis

- a) The Bank has formulated its strategy comprising long term as well as short-term plans which focuses on sustainable growth, business diversification and service excellence through digital first.
- b) The Bank has continued its business process reengineering to achieve optimum efficiency.
- c) The Bank has utilized its capital to the optimum level.
- d) The Bank continuously monitors the targets set and reviews the achievements on periodic basis.

#### . 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
- 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
  - 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. 348			
Minimum Price	Rs. 286			
Closing Price	Rs. 305.50			
Total Traded Shares	2,068,324			
Total Transaction No.	12,752			
Total Traded Days	65 Days			

## 5. Problems and Challenges

## Internal

- a) Attainment of reasonable level of cost of operations.
- b) Challenges in increasing fees based income.
- c) Challenges in maintaining quality of assets. External

294,169,842

- a) Risk to the Bank due to changes in policies/ regulations. b) Competition among banks and financial institutions.
- c) Volatile and unpredictable market conditions
- d) Increasing trend of cyber frauds and operational risks.
- e) Pressure in managing liquidity.

in assets portfolio mix.

# **Strategies to overcome Challenges**

- a) Economies in business through automation.
- b) Infrastructures shall be strengthened for security of digital transactions to restrain the cyber risk. c) Prudent management of assets and liabilities for optimum utilization of resources and improvement
- d) Further strengthening risk based pricing model.
- e) Focus on low capital requiring business.
- f) Research on products & services and scale up existing products and development of new products.
- g) Explore new avenues of investment for generation of non-interest revenue.
- h) Customer segmentation & standardization of products.
- i) Business sourcing through digital channels.
- j) Building performance culture for growth and instill employee value.
- k) Effective use of CRM for customer value maximization.
- 1) Customer experience enhancement through digitization.

- The Bank is committed to maintain high standards of corporate governance by compliance to legal statutory and regulatory requirements. Business operations are defined by good corporate governance
- Executive Committee (EXCOM), Asset Liability Management Committee (ALCO), Management Credit Committee and Operation Risk Management Committee are in place to ensure effective and efficient
- Audit Committee ensures the establishment of effective internal controls and provides recommendations to the management regarding internal controls and compliance issues as
- 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, Officiating 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.

