# **Siddhartha Bank Limited Unaudited Financial Results**

4th Quarter of Fiscal Year 2079/80

#### read Consolidated Statement of Einansial Desition

ensed Consolidated Statement of Financial Position  Amount in NPR							
Gro	oup	Ва	nk				
This Quarter Ending	ter Immediate Previous This Quarter Year Ending (Audited) Ending		Immediate Previous Year Ending (Audited)				
11,576,798,795	7,936,444,278	11,560,996,090	7,928,989,024				
9,000,713,492	5,730,448,535	9,000,713,492	5,730,448,535				
5 011 346 034	320 313 255	5 011 346 034	320 313 255				

	This Quarter Ending	Year Ending (Audited)	This Quarter Ending	Year Ending (Audited)
Assets		<u> </u>	<u> </u>	
Cash and cash equivalent	11,576,798,795	7,936,444,278	11,560,996,090	7,928,989,024
Due from Nepal Rastra Bank	9,000,713,492	5,730,448,535	9,000,713,492	5,730,448,535
Placements with Bank and Financial Institutions	5,011,346,934	320,313,255	5,011,346,934	320,313,255
Derivative financial instruments	17,320,155	19,694,323	17,320,155	19,694,323
Other trading assets	86,907,897	158,762,749	-	-
Loans and advances to B/FIs	5,170,773,907	6,403,394,142	5,170,773,907	6,403,394,142
Loans and advances to customers	184,055,470,321	178,597,694,694	184,045,677,918	178,587,363,232
Investment securities	62,942,005,491	57,591,637,732	62,672,975,991	57,368,161,732
Current tax assets	15,855,158	214,652,905	4,738,209	221,065,203
Investment in subsidiaries	-	-	51,000,000	51,000,000
Investment in associates	-	-	-	-
Investment property	654,537,489	213,307,612	654,537,489	213,307,612
Property and equipment	3,564,468,359	3,111,858,718	3,533,041,928	3,077,068,355
Goodwill and Intangible assets	167,612,309	73,722,348	166,000,283	71,490,971
Deferred tax assets	-	-	-	-
Other assets	4,256,634,062	4,364,344,920	4,232,762,619	4,334,727,127
Total Assets	286,520,444,369	264,736,276,211	286,121,885,016	264,327,023,510
Liabilities				
Due to Bank and Financial Institutions	11,613,657,572	7,234,641,506	11,613,657,572	7,234,641,506
Due to Nepal Rastra Bank	288,453,474	24,965,102,753	288,453,474	24,965,102,753
Derivative financial instruments	23,887,253	19,359,606	23,887,253	19,359,606
Deposits from customers	223,307,001,273	191,156,475,501	223,654,669,691	191,550,643,583
Borrowing	7,312,480,160	1,022,800,000	7,312,480,160	1,022,800,000
Current Tax Liabilities	-	-	-	-
Provisions	-	-	-	-
Deferred tax liabilities	558,969,944	222,407,228	563,467,968	239,223,287
Other liabilities	5,891,347,533	6,468,899,300	5,538,028,563	6,034,819,684
Debt securities issued	11,662,559,000	11,662,559,000	11,662,559,000	11,662,559,000
Subordinated Liabilities	-	-	-	-
Total liabilities	260,658,356,210	242,752,244,893	260,657,203,682	242,729,149,419
Equity				
Share capital	14,089,980,190	12,524,426,835	14,089,980,190	12,524,426,835
Share premium	-	-	-	-
Retained earnings	887,077,925	1,449,435,636	795,765,602	1,359,868,480
Reserves	10,665,310,700	7,795,961,806	10,578,935,542	7,713,578,776
Total equity attributable to equity holders	25,642,368,815	21,769,824,277	25,464,681,334	21,597,874,092
Non-controlling interest	219,719,344	214,207,041	-	-
Total equity	25,862,088,159	21,984,031,318	25,464,681,334	21,597,874,092
Total liabilities and equity	206 520 444 260	264 726 276 211	206 121 00F 016	264 227 022 510

Total liabilities and equity		200,5	20,444,309	204,730,2	270,211	200,121,005,0	10	204,327,023,310	
	C	ondensed Co	onsolidated	Statement	of Profit or	Loss		Amount in NPR	
		Gro	ир			Bai	C .		
Particulars	Currer	nt Year	Previous Year Corresponding		Curren	t Year	Previous Year (	Previous Year Corresponding	
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	7,348,352,319	27,686,079,991	6,302,969,911	20,715,578,288	7,341,200,598	27,647,197,757	6,290,202,758	20,677,563,975	
Interest expense	5,235,828,662	19,457,921,198	4,456,565,147	14,078,362,586	5,238,936,065	19,468,775,306	4,454,711,714	14,080,716,460	
Net interest income	2,112,523,657	8,228,158,793	1,846,404,763	6,637,215,702	2,102,264,533	8,178,422,450	1,835,491,044	6,596,847,515	
Fees and commission income	509,933,777	1,816,782,801	452,016,011	1,704,680,993	472,333,380	1,693,118,604	397,154,716	1,505,592,323	
Fees and commission expense	91,438,598	353,510,204	68,724,769	326,458,189	86,183,085	326,740,302	59,988,982	285,888,969	2.
Net fee and commission income	418,495,179	1,463,272,597	383,291,242	1,378,222,804	386,150,295	1,366,378,301	337,165,734	1,219,703,354	
Net interest, fee and commission income	2,531,018,836	9,691,431,390	2,229,696,005	8,015,438,506	2,488,414,828	9,544,800,752	2,172,656,778	7,816,550,869	
Net trading income	55,919,028	186,993,760	64,907,084	374,739,285	46,501,764	191,736,074	87,892,429	442,926,681	
Other operating income	53,438,736	355,030,167	8,860,469	550,365,770	49,098,351	336,328,302	8,860,468	532,489,900	
Total operating income	2,640,376,600	10,233,455,316	2,303,463,558	8,940,543,561	2,584,014,943	10,072,865,128	2,269,409,675	8,791,967,450	
Impairment charge/(reversal) for loan and other losses	(1,034,383,973)	1,127,707,852	177,778,472	607,471,211	(1,034,383,973)	1,127,707,852	177,778,472	607,471,211	
Net operating income	3,674,760,573	9,105,747,465	2,125,685,086	8,333,072,350	3,618,398,916	8,945,157,276	2,091,631,202	8,184,496,238	
Operating expense									
Personnel expense	729,222,968	2,899,648,627	567,845,185	2,728,708,275	716,735,064	2,855,862,094	556,077,260	2,685,015,444	3.
Other operating expense	76,760,526	979,326,961	19,429,776	843,452,137	72,022,517	959,497,530	21,968,408	827,855,831	
Depreciation & Amortisation	283,874,540	452,878,441	274,554,997	414,531,687	281,599,511	444,005,164	267,425,697	405,072,283	
Operating Profit	2,584,902,539	4,773,893,436	1,263,855,128	4,346,380,251	2,548,041,824	4,685,792,489	1,246,159,837	4,266,552,680	
Non operating income	12,191,156	13,471,787	1,321,747	9,143,224	12,191,156	13,471,787	999,900	8,609,620	
Non operating expense	99,642,809	101,194,542	(150,000)	16,694,239	99,642,809	101,194,542	(150,000)	16,694,239	
Profit before income tax	2,497,450,886	4,686,170,681	1,265,326,875	4,338,829,236	2,460,590,171	4,598,069,734	1,247,309,737	4,258,468,061	
Income tax expense									
Current Tax	771,080,133	1,434,407,106	501,098,325	1,442,397,950	770,745,272	1,418,123,799	474,219,905	1,396,816,319	
Deferred Tax	1,627,231	1,627,231	(62,252,228)	(62,252,228)	(10,165,807)	(10,165,807)	(40,812,300)	(40,812,300)	4.
Profit for the period	1,724,743,522	3,250,136,345	826,480,778	2,958,683,514	1,700,010,705	3,190,111,742	813,902,132	2,902,464,042	4.
Condensed Consolidated Stateme									
Profit or loss for the period	1,724,743,522	3,250,136,345	826,480,778	2,958,683,514	1,700,010,705	3,190,111,742	813,902,132	2,902,464,042	
Other Comprehensive Income	766,899,628	781,516,136	(778,391,061)	(1,597,704,199)	765,149,633	780,291,139	(778,391,061)	(1,597,704,199)	
Total Comprehensive Income	2,491,643,151	4,031,652,481	48,089,717	1,360,979,315	2,465,160,339	3,970,402,882	35,511,072	1,304,759,843	
Basic earnings per share	47.17	22.85	22.61	20.80	46.85	22.64	22.43	20.60	
Diluted earnings per share	47.17	22.85	22.61	20.80	46.85	22.64	22.43	20.60	
Profit attributable to:									
Cavity haldows of the Davil	2 470 666 572	4 001 640 177	41 026 101	1 222 421 774	2 405 100 220	2 070 402 002	25 511 072	1 204 750 042	

Ratios as per NRB Directives								
		Gro	up		Bank			
Particulars	Current Year		Previous Year Corresponding		Current Year		Previous Year 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)
Capital Fund to RWA	12.54%	12.54%	13.02%	13.02%	12.53%	12.53%	13.00%	13.00%
Non-Performing Loan (NPL) to Total Loan	2.01%	2.01%	1.07%	1.07%	2.01%	2.01%	1.07%	1.07%
Total loan loss provision to Total NPL	128.29%	128.29%	189.43%	189.43%	128.29%	128.29%	189.43%	189.43%
Cost of Funds (Monthly)	7.82%	7.82%	7.44%	7.44%	7.82%	7.82%	7.44%	7.44%
Credit to Deposit Ratio	77.16%	77.16%	87.21%	87.21%	77.16%	77.16%	87.21%	87.21%
Base Rate (Monthly)	9.91%	9.91%	9.45%	9.45%	9.91%	9.91%	9.45%	9.45%
Interest Rate Spread	3.99%	3.99%	4.37%	4.37%	3.99%	3.99%	4.37%	4.37%
Return on Equity (Annualized)	27.99%	13.59%	15.00%	13.83%	28.05%	13.56%	15.05%	13.82%
Return on Assets (Annualized)	2.43%	1.18%	1.30%	1.20%	2.40%	1.16%	1.28%	1.18%

Datios as now NDP Divoctives

1,333,431,774

1,360,979,315

2,465,160,339

# Notes:

Annualized Distributable Profit/Loss per share

Equity holders of the Bank

Non-Controlling Interest

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

2,478,666,57

12,976,578

4,001,640,177

4,031,652,481

- The figures for 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.
- 4. 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 report
- 5. Average base rate of preceeding three months of the Bank as of Ashadh 2080 is 10.03%.
- 6. 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.

41,926,181

48,089,717

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

# **Statement of Distributable Profit**

**Amount in NPR** 

1,304,759,843

	Ваг	вапк			
Particulars	Current Year (Upto this Qtr YTD)	Previous Year (Upto this Qtr YTD)			
Net profit or (loss) as per statement of profit or loss	3,190,111,742	2,902,464,042			
Appropriations:					
a. General reserve	(638,022,348)	(584,192,514)			
b. Foreign exchange fluctuation fund	(24,190,256)	(14,572,682)			
c. Capital redemption reserve	(1,460,426,500)	(860,426,500)			
d. Corporate social responsibility fund	(31,901,117)	(29,024,640)			
e. Employees' training fund	(24,612,575)	(31,555,180)			
f. Other	-	26,426,467			
Profit or (loss) before regulatory adjustment	1,010,958,945	1,409,118,992			
Regulatory adjustments:					
a. Interest receivable (-)/previous accrued interest received (+)	(237,889,334)	(137,388,365)			
b. Short loan loss provision in accounts (-)/reversal (+)	-	-			
c. Short provision for possible losses on investment (-)/reversal (+)	-	-			
d. Short loan loss provision on Non-Banking Assets (-)/reversal (+)	(277,974,823)	48,972,726			
e. Deferred tax assets recognised (-)/ reversal (+)	-	-			
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-			
g. Bargain purchase gain recognised (-)/reversal (+)	-	-			
h. Actuarial loss recognised (-)/reversal (+)	88,753,234	(115,746,436)			
i. Other	-	-			
Net Profit for the quarter ended Ashadh 2080 available for distribution	583,848,022	1,204,956,918			
Opening Retained Earning as on Shrawan 1, 2079	1,359,868,480	1,799,256,443			
Adjustment (+/-)	-	-			
Distribution:	· · · · · · · · · · · · · · · · · · ·				
Bonus shares issued	(1,065,553,356)	(1,562,127,636)			
Cash Dividend Paid	(82,397,545)	(82,217,244)			
Total Distributable profit or (loss) as on Ashadh 31, 2080	795,765,602	1,359,868,480			

#### 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 and Treasury. Treasury Department acts as the fund manager of the Bank.

	Paymer	nt Solution	Remi	ttance	Treasury		Treasury		Banking		Total	
Particulars	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	569,298,448	510,042,627	90,489,156	58,714,863	4,097,053,909	2,900,438,114	25,125,011,012	19,697,986,896	29,881,852,525	23,167,182,500		
Intersegment revenues	10,374,377	-	302,842,711	177,847,015	175,160,636	117,096,723	11,269,441,655	7,311,956,820	11,757,819,378	7,606,900,558		
Segment Profit (loss) before tax	175,569,355	173,857,134	67,762,591	53,190,498	1,537,920,382	1,601,799,198	2,816,817,407	2,429,621,231	4,598,069,734	4,258,468,060		
Segment assets	570,711,325	523,184,157	3,511,705,727	2,260,282,588	18,251,424,732	26,910,594,269	263,788,043,232	234,632,962,497	286,121,885,016	264,327,023,510		
Segment liabilities	395,549,494	340,048,264	3,443,943,137	2,203,877,119	16,715,781,865	25,297,948,701	265,566,610,520	236,485,149,426	286,121,885,016	264,327,023,510		

#### 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 deposits of Rs. 347.67 million of SCL as at 16 July 2023 (Ashadh end 2080).
- Till the end of 4th guarter of FY 2079/80, SCL earned interest income of Rs. 10.85 million and Rs. 0.79 million Share RTS fee from the Bank.
- The Bank has received DP related income of Rs. 1.19 million from SCL in FY 2079/80.
- 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. 22.64
Price Earnings Ratio (P/E Ratio)	11.17
Net Worth Per Share	Rs. 180.73
Total Assets Value Per Share	Rs. 2,030.68
Liquidity Ratio	30.95%

#### **Management Analysis**

264.327.023.510

- a) There has been positive changes in the reserves, income and liquidity position of the Bank
- b) 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 with digital first approach. The Bank has been continuously monitoring the goals set in annual plans.
- c) The Bank has been reengineering its processes so as to achieve optimum efficiency.
- The Bank has invested in IT infrastructure for automated work flows with security for better internal control and risk management.
- e) The Bank has been utilizing its capital to the optimum level.

#### **Details regarding legal actions**

- a) Case filed by or to organized institution during the quarter:
  - There are normal business related legal issues which don't have significant 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

# 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. 264.80
Minimum Price	Rs. 238
Closing Price	Rs. 253
Total Traded Shares	2,069,547
Total Transaction No.	10,332
Total Traded Days	62 Days

# 5. Problems and Challenges

# <u>Internal</u>

- a) Increased cost of operations.
- b) Retention of quality and skilled human resources.
- Challenges in increment of fees based revenue d) Challenges in maintaining quality of assets.

# **External**

- a) Changes in policies/ regulations.
- Competition among banks and financial institutions.
- c) Volatile and unpredictable market conditions.
- d) Sluggishness in economic activities.
- e) Increasing trend of cyber frauds and operational risks.

# Strategies to overcome Challenges

- a) Economies in business through automation and continuous process reengineering.
- b) IT Infrastructures strengthening with enhanced security.
- c) Prudent management of assets and liabilities.
- d) Improvement in assets portfolio mix.
- Enhanced focus on low capital charge consuming portfolio.
- Research and development of new products/ services and scaling up existing ones.
- Explore new avenues for non-interest revenue generation.
- Business sourcing through digital channels.
- i) Building performance culture for growth and instill employee values.
- j) Customer experience enhancement through digitization.

# 6. Corporate Governance

- · The Bank is committed to maintain high standards of corporate governance by compliance to legal and regulatory requirements.
- Board of Directors and Board Level Committees along with Management Team are committed to uphold good corporate governance practices in the Bank. Required policies, SOPs and structures are in place and are regularly being reviewed and monitored on a regular basis.
- · Audit Committee ensures the establishment of effective internal controls and provides recommendations to the management regarding internal controls and compliance issues. Executive Committee, Management Credit Committee, Asset Liability Management Committee and Operation Risk
- Management Committee are in place to ensure effective and efficient operations of the Bank.
- Good corporate governance is an integral part of the Bank to safeguard the interest of stakeholders.

10.86

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.

