# **Siddhartha Bank Limited Unaudited Financial Results**

2<sup>nd</sup> Quarter of Fiscal Year 2079/80

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

	Grou	ab dr	Bank		
	This Quarter Ending	Immediate Previous Year Ending (Audited)	This Quarter Ending	Immediate Previous Year Ending (Audited)	
Assets	-	<u> </u>	-		
Cash and cash equivalent	6,268,640,481	7,936,444,278	6,562,687,021	7,928,989,024	
Due from Nepal Rastra Bank	9,889,239,323	5,730,448,535	9,889,239,323	5,730,448,535	
Placements with Bank and Financial Institutions	1,159,215,303	320,313,255	1,159,215,303	320,313,255	
Derivative financial instruments	12,771,171	19,694,323	12,771,171	19,694,323	
Other trading assets	132,375,472	158,762,749	-	-	
Loans and advances to B/FIs	5,977,656,778	6,403,394,142	5,977,656,778	6,403,394,142	
Loans and advances to customers	177,613,550,833	178,597,694,694	177,601,676,739	178,587,363,232	
Investment securities	47,926,509,734	57,591,637,732	47,447,883,734	57,368,161,732	
Current tax assets	405,863,581	214,652,905	400,776,892	221,065,203	
Investment in subsidiaries	-	-	51,000,000	51,000,000	
Investment in associates	-	-	-	-	
Investment property	218,938,434	213,307,612	218,938,434	213,307,612	
Property and equipment	3,245,466,056	3,111,858,718	3,214,685,088	3,077,068,355	
Goodwill and Intangible assets	150,822,000	73,722,348	148,910,089	71,490,971	
Deferred tax assets	-	-	-	-	
Other assets	4,640,151,109	4,364,344,920	4,612,552,193	4,334,727,127	
Total Assets	257,641,200,275	264,736,276,211	257,297,992,765	264,327,023,510	
Liabilities					
Due to Bank and Financial Institutions	6,132,319,639	7,234,641,506	6,132,319,639	7,234,641,506	
Due to Nepal Rastra Bank	4,401,361,474	24,965,102,753	4,401,361,474	24,965,102,753	
Derivative financial instruments	12,259,692	19,359,606	12,259,692	19,359,606	
Deposits from customers	204,731,982,624	191,156,475,501	205,129,144,738	191,550,643,583	
Borrowing	-	1,022,800,000	-	1,022,800,000	
Current Tax Liabilities	-	-	-	-	
Provisions	-	-	-	-	
Deferred tax liabilities	370,241,775	222,407,228	387,057,835	239,223,287	
Other liabilities	6,955,363,751	6,468,899,300	6,565,169,252	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	234,266,087,955	242,752,244,893	234,289,871,630	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	174,767,870	1,449,435,636	96,568,499	1,359,868,480	
Reverses	8,905,548,579	7,795,961,806	8,821,572,447	7,713,578,776	
Total equity attributable to equity holders	23,170,296,640	21,769,824,277	23,008,121,136	21,597,874,092	
Non-controlling interest	204,815,680	214,207,041	-	-	
Total equity	23,375,112,320	21,984,031,318	23,008,121,136	21,597,874,092	
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Amount in NPR 2	2
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264,327,023,510

257,297,992,765

	C	ondensed C	onsilidated	Statement	of Profit or	Loss		Amount in NPR	2
		Gro	up			Ва	nk		ı
Particulars	Curren		Previous Year	Corresponding	Curren	t Year	Previous Year	Corresponding	ı
Particulars	This Quarter	Up To This Quarter (YTD)							
Interest income	6,574,130,483	13,444,697,195	4,492,825,710	8,993,175,477	6,564,189,204	13,422,628,340	4,484,575,436	8,978,589,285	ı
Interest expense	4,671,434,820	9,399,116,082	3,226,063,238	5,969,222,789	4,674,892,295	9,404,754,192	3,227,868,198	5,971,640,264	ı
Net interest income	1,902,695,662	4,045,581,113	1,266,762,472	3,023,952,688	1,889,296,909	4,017,874,148	1,256,707,238	3,006,949,021	ı
Fees and commission income	403,013,896	828,355,057	375,339,806	867,436,241	387,479,666	774,657,421	344,104,081	764,115,887	3
Fees and commission expense	91,114,079	177,450,892	85,594,797	166,812,028	88,028,315	161,845,930	80,059,280	149,540,407	Ĭ
Net fee and commission income	311,899,817	650,904,165	289,745,009	700,624,213	299,451,352	612,811,491	264,044,801	614,575,480	ı
Net interest, fee and commission income	2,214,595,479	4,696,485,278	1,556,507,481	3,724,576,901	2,188,748,260	4,630,685,639	1,520,752,039	3,621,524,501	
Net trading income	91,012,263	127,196,137	133,361,851	235,402,858	68,919,678	123,940,807	119,123,604	252,585,534	ı
Other operating income	69,688,230	214,587,845	99,704,498	461,826,419	64,483,378	203,201,092	99,677,509	445,062,903	ı
Total operating income	2,375,295,971	5,038,269,260	1,789,573,830	4,421,806,178	2,322,151,316	4,957,827,539	1,739,553,152	4,319,172,938	ı
Impairment charge/(reversal) for loan and other losses	299,409,863	1,192,475,570	(137,327,920)	71,185,719	299,409,863	1,192,475,570	(137,327,920)	71,185,719	4
Net operating income	2,075,886,108	3,845,793,690	1,926,901,750	4,350,620,459	2,022,741,453	3,765,351,969	1,876,881,072	4,247,987,219	ı
Operating expense									ı
Personnel expense	748,684,253	1,440,004,178	650,134,277	1,381,190,240	736,751,408	1,418,441,305	638,202,402	1,357,576,869	ı
Other operating expense	299,384,654	593,623,738	272,842,998	529,045,440	293,857,224	583,191,163	267,990,335	518,042,978	ı
Depreciation & Amortisation	57,929,399	110,849,826	47,013,994	93,219,652	55,730,657	106,452,064	46,184,472	91,515,549	ı
Operating Profit	969,887,803	1,701,315,948	956,910,481	2,347,165,127	936,402,165	1,657,267,436	924,503,863	2,280,851,823	ı
Non operating income	1,100,000	1,187,045	7,422,378	7,691,879	1,100,000	1,187,045	7,422,978	7,480,147	ı
Non operating expense	-	-	15,619,158	16,694,239	-	-	15,619,158	16,694,239	ı
Profit before income tax	970,987,803	1,702,502,993	948,713,701	2,338,162,767	937,502,165	1,658,454,481	916,307,683	2,271,637,731	ı
Income tax expense									ı
Current Tax	284,598,387	510,469,250	297,446,724	714,281,442	274,552,696	497,254,696	287,724,918	694,323,931	ı
Deferred Tax	-	-	-	-	-	-	-	-	ı
Profit for the period	686,389,416	1,192,033,743	651,266,977	1,623,881,325	662,949,469	1,161,199,785	628,582,765	1,577,313,800	ı
Condensed Consolidated Stateme	•								5
Profit or loss for the period	686,389,416	1,192,033,743	651,266,977	1,623,881,325	662,949,469	1,161,199,785	628,582,765	1,577,313,800	ı
Other Comprehensive Income	344,947,278	344,947,278	217,809,324	(436,751,869)	344,947,278	344,947,278	217,809,324	(436,751,869)	ı
Total Comprehensive Income	1,031,336,694	1,536,981,021	869,076,301	1,187,129,456	1,007,896,747	1,506,147,063	846,392,089	1,140,561,931	ı
Basic earnins per share	19.87	16.75	18.63	22.66	19.52	16.53	18.30	22.33	ı
Diluted earnings per share	19.87	16.75	18.63	22.66	19.52	16.53	18.30	22.33	ı
Profit attributable to:									ı

264,736,276,211

257,641,200,275

### Ratios as per NRB Directives

1,164,311,369

1,187,129,456

1,007,896,747

1,007,896,747

1,506,147,063

294,169,842

857,961,037

869,076,301

		Gro	oup		Bank				
Particulars	Current Year		Previous Year	Corresponding	Curren	t Year	Previous Year Corresponding		
Turteuris	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	13.03%	13.03%	12.89%	12.89%	13.02%	13.02%	12.88%	12.88%	
Non-Performing Loan (NPL) to Total Loan	2.87%	2.87%	0.37%	0.37%	2.87%	2.87%	0.37%	0.37%	
Total loan loss provision to Total NPL	93.96%	93.96%	478.17%	478.17%	93.96%	93.96%	478.17%	478.17%	
Cost of Funds	8.70%	8.70%	6.59%	6.59%	8.70%	8.70%	6.59%	6.59%	
Credit to Deposit Ratio	83.30%	83.30%	88.60%	88.60%	83.30%	83.30%	88.60%	88.60%	
Base Rate	10.91%	10.91%	8.58%	8.58%	10.91%	10.91%	8.58%	8.58%	
Interest Rate Spread	4.22%	4.22%	2.68%	2.68%	4.22%	4.22%	2.68%	2.68%	
Return on Equity (Annualized)	12.34%	10.41%	12.32%	14.98%	12.33%	10.44%	12.32%	15.03%	
Return on Assets (Annualized)	1.07%	0.90%	1.12%	1.36%	1.05%	0.89%	1.08%	1.35%	

1. Appropriations

a. General Reserve b. Capital Redemtion Reserve

c. Exchange Fluctuation Fund

e. Employee Training Fund f. Debenture Redemption Reserve

d. Corporate Social Responsibility Fund

b. Transfer from Regulatory Reserve

Equity holders of the Bank

Total

Total liabilities and equity

- 1. The above figures are subject to change as per the direction of the regulators and/or statutory auditor.
- 2. 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 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 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.
- 5. Quarterly average base rate of the Bank for second quarter of FY 2079/80 is 10.71%

Opening retained earnings after distribution of dividend for FY 2078/79

Add: Net Profit for the period ended Poush 2079

Total distributable profit as of Poush 30, 2079

1.1 Profit required to be appropriated to Statutory Reserve

1.2 Profit required to be transferred to Regulatory Reserve

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

1,019,851,120

1,031,336,694

1,521,872,382

1,536,981,021

### Statement of Distributable Profit

1,161,199,785 980,590,829 232,239,957

**Amount in NPR** 

211,917,579

6.525.624 11,611,998

295,958,037

295,958,037

96,568,499

730,213,250

## 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 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.

	Paymen	nt Solution	Remit	ttance	Trea	surey	Banking		Total	
Particulars	Current Quarter	Corresponding Previous Year Quarter								
Revenues from external customers	266,974,566	235,098,414	40,209,044	28,454,430	1,891,570,257	1,494,130,493	12,326,860,840	8,690,150,420	14,525,614,707	10,447,833,757
Intersegment revenues	3,087,769	-	129,593,554	77,731,623	81,790,232	51,567,155	5,251,895,356	3,441,018,224	5,466,366,911	3,570,317,001
Segment Profit (loss) before tax	36,824,712	81,403,140	27,054,209	31,900,934	452,343,683	1,014,618,645	1,142,231,878	1,143,715,012	1,658,454,481	2,271,637,731
Segment assets	472,250,605	362,919,458	3,087,558,813	2,034,502,995	8,029,890,795	9,015,179,858	245,708,292,552	226,491,017,145	257,297,992,765	237,903,619,457
Segment liabilities	435,425,893	276,674,548	3,060,504,604	2,000,930,793	7,577,547,112	7,999,562,961	246,224,515,156	227,626,451,155	257,297,992,765	237,903,619,457

#### 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. 397.16 million of SCL as at 14 January 2023 (Poush end 2079).
- Till the end of 2nd quarter of FY 2079/80, SCL earned interest income of Rs. 5.64 million and Rs. 0.25 million Share
- 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.

### **Major Financial Indicators**

Earnings Per Share	Rs. 16.53
Price Earning Ratio (P/E) Ratio	18.60
Net Worth Per Share	Rs. 163.29
Total Assets Value Per Share	Rs. 1,826.11
Liquidity Ratio	25.43%

#### 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.
- The Bank has continued its process reengineering to achieve optimum efficiency.
- The Bank has made significant investment in IT infrastructure and automated work flows along with improvement in data security for better internal control system and risk management.
- d) The Bank has utilized its capital to the optimum level.
- e) The Bank continuously monitors the targets set and reviews the achievements on periodic basis.

#### 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

Maximum Price	Rs. 341.50
Minimum Price	Rs. 294
Closing Price	Rs. 307.50
Total Traded Shares	1,899,258
Total Transaction No.	9,358
Total Traded Days	52 Days

### 5. Problems and Challenges

### Internal

- Attainment of reasonable level of cost of operations.
- b) Challenges in increment of fees based revenue.
- c) Challenges in maintaining quality of assets.

### **External**

294,169,842

294,169,842

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

### Strategies to overcome Challenges

- a) Economies in business through automation.
- b) IT Infrastructures shall be further strengthened for security of digital transactions.
- c) Prudent management of assets and liabilities for optimum utilization of resources.
- d) Improvement in assets portfolio mix.
- e) Strengthening risk based pricing model and enhanced focus on low capital requiring business.
- f) Research on new products & services and scale up existing ones.
- g) Explore new avenues of investment for generation of non-interest revenue.
- Business sourcing through digital channels.
- Building performance culture for growth and instill employee value.
- 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, 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.
- Audit Committee ensures the establishment of effective internal controls and provides recommendations to the management regarding internal controls and compliance issues as appropriate.
- 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.
- Good corporate governance is an integral part of the Bank to safeguard the interest of stakeholders.

### 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.