Siddhartha Bank Limited Unaudited Financial Results

(2nd Quarter of Fiscal Year 2080/81)

25,753,532,801

287,388,686,819

1,047,083,116

(593,188,166)

(304,536,614)

Condensed Consolidated Statement of Financial Position

	Grou	n	Bank			
	This Quarter Immediate Previous Fending Year Ending (Audited)		This Quarter Ending	Immediate Previous Year Ending (Audited)		
Assets	<u> </u>					
Cash and cash equivalent	9,611,684,248	11,571,313,935	9,723,592,366	11,554,080,479		
Due from Nepal Rastra Bank	10,916,001,282	9,000,713,492	10,916,001,282	9,000,713,492		
Placements with Bank and Financial Institutions	3,022,646,501	5,011,346,934	3,022,646,501	5,011,346,934		
Derivative financial instruments	37,500,193	17,320,155	37,500,193	17,320,155		
Other trading assets	104,160,890	109,407,897		-		
Loans and advances to B/FIs	5,783,991,786	5,170,773,907	5,783,991,786	5,170,773,907		
Loans and advances to customers	190,924,530,820	184,019,363,443	190,915,239,458	184,009,571,040		
Investment securities	56,682,730,280	62,728,867,192	56,217,447,034	62,480,476,034		
Current tax assets	754,010,100	267,328,784	756,014,880	263,764,947		
Investment in subsidiaries	-	-	51,000,000	51,000,000		
Investment in associates	-	-	-	-		
Investment property	649,941,740	654,537,489	649,941,740	654,537,489		
Property and equipment	3,527,363,663	3,579,515,879	3,499,887,456	3,548,089,446		
Goodwill and Intangible assets	163,053,408	167,612,308	161,510,124	166,000,283		
Deferred tax assets	-	-	-	-		
Other assets	5,678,612,440	4,073,870,027	5,653,913,997	4,050,241,119		
Total Assets	287,856,227,351	286,371,971,442	287,388,686,819	285,977,915,326		
Liabilities						
Due to Bank and Financial Institutions	14,203,879,314	11,613,657,572	14,203,879,314	11,613,657,572		
Due to Nepal Rastra Bank	391,922,787	288,453,474	391,922,787	288,453,474		
Derivative financial instruments	38,089,964	23,887,253	38,089,964	23,887,253		
Deposits from customers	220,733,429,906	223,307,001,273	221,078,293,416	223,654,669,691		
Borrowing	7,386,188,653	7,312,480,160	7,386,188,653	7,312,480,160		
Current tax liabilities	-	-	-	-		
Provisions	-	-	-	-		
Deferred tax liabilities	447,227,970	489,092,725	463,469,571	501,929,292		
Other liabilities	6,863,830,383	5,968,405,789	6,410,751,312	5,613,687,917		
Debt securities issued	11,662,559,000	11,662,559,000	11,662,559,000	11,662,559,000		
Subordinated Liabilities	-	-	-	-		
Total liabilities	261,727,127,978	260,665,537,246	261,635,154,018	260,671,324,359		
Equity						
Share capital	14,089,980,190	14,089,980,190	14,089,980,190	14,089,980,190		
Share premium	-	-	-	-		
Retained earnings	(222,235,108)	756,129,848	(304,536,614)	663,610,438		
Reserves	12,052,336,671	10,639,410,976	11,968,089,225	10,553,000,339		
Total equity attributable to equity holders	25,920,081,753	25,485,521,014	25,753,532,801	25,306,590,967		
Non-controlling interest	209,017,620	220,913,182	-	-		

Condensed Consolidated Statement of Profit or Loss

286,371,971,442

Condensed Consolidated Statement of Profit or Loss Amount in NPR									
		Gro	ир			Bai	ık		_
Particulars	Curren	t Year	Previous Year (Corresponding	Curren	t Year	Previous Year Corresponding		2.
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	6,624,862,836	13,542,842,861	6,574,130,483	13,444,697,195	6,619,563,876	13,532,660,471	6,564,189,204	13,422,628,340	
Interest expense	4,482,622,582	9,422,743,893	4,671,434,820	9,399,116,082	4,485,586,923	9,428,801,962	4,674,892,295	9,404,754,192	
Net interest income	2,142,240,254	4,120,098,968	1,902,695,662	4,045,581,113	2,133,976,953	4,103,858,509	1,889,296,909	4,017,874,148	
Fees and commission income	450,148,775	957,249,102	403,013,896	828,355,057	418,473,675	865,826,924	387,479,666	774,657,421	
Fees and commission expense	107,790,204	225,416,579	91,114,079	177,450,892	105,475,791	208,564,712	88,028,315	161,845,930	
Net fee and commission income	342,358,571	731,832,523	311,899,817	650,904,165	312,997,884	657,262,212	299,451,352	612,811,491	
Net interest, fee and commission income	2,484,598,825	4,851,931,491	2,214,595,479	4,696,485,278	2,446,974,837	4,761,120,721	2,188,748,260	4,630,685,639	
Net trading income	72,120,547	119,802,268	91,012,263	127,196,137	63,097,800	126,232,647	68,919,678	123,940,807	
Other operating income	66,674,085	165,684,019	69,688,230	214,587,845	68,567,007	163,810,959	64,483,378	203,201,092	3.
Total operating income	2,623,393,457	5,137,417,778	2,375,295,971	5,038,269,260	2,578,639,644	5,051,164,327	2,322,151,316	4,957,827,539	
Impairment charge/(reversal) for loan and other losses	(249,499,264)	1,184,064,219	299,409,863	1,192,475,570	(249,499,264)	1,184,064,219	299,409,863	1,192,475,570	
Net operating income	2,872,892,720	3,953,353,559	2,075,886,108	3,845,793,690	2,828,138,908	3,867,100,108	2,022,741,453	3,765,351,969	
Operating expense									
Personnel expense	877,902,222	1,490,529,521	748,684,253	1,440,004,178	865,610,323	1,465,491,717	736,751,408	1,418,441,305	
Other operating expense	329,508,446	631,680,100	299,384,654	593,623,738	325,911,743	623,521,650	293,857,224	583,191,163	
Depreciation & Amortisation	63,323,867	127,482,351	57,929,399	110,849,826	60,831,272	122,522,900	55,730,657	106,452,064	
Operating Profit	1,602,158,186	1,703,661,587	969,887,803	1,701,315,948	1,575,785,570	1,655,563,841	936,402,165	1,657,267,436	
Non operating income	1,100,000	1,428,803	1,100,000	1,187,045	1,100,000	1,428,803	1,100,000	1,187,045	4.
Non operating expense	4,920,018	14,599,016	-	-	4,920,018	14,599,016	-	-	
Profit before income tax	1,598,338,168	1,690,491,374	970,987,803	1,702,502,993	1,571,965,552	1,642,393,628	937,502,165	1,658,454,481	
Income tax expense									
Current Tax	485,917,756	520,000,487	284,598,387	510,469,250	478,005,971	505,571,164	274,552,696	497,254,696	
Deferred Tax	-	-	-	-	-	-	-	-	
Profit for the period	1,112,420,412	1,170,490,887	686,389,416	1,192,033,743	1,093,959,580	1,136,822,465	662,949,469	1,161,199,785	
Condensed Consolidated Statemer									
Profit or loss for the period	1,112,420,412	1,170,490,887	686,389,416	1,192,033,743	1,093,959,580	1,136,822,465	662,949,469	1,161,199,785	
Other Comprehensive Income	214,582,550	(97,684,426)	557,939,364	344,947,278	222,527,629	(89,739,348)	557,939,364	344,947,278	
Total Comprehensive Income	1,327,002,962	1,072,806,460	1,244,328,780	1,536,981,021	1,316,487,209	1,047,083,116	1,220,888,833	1,506,147,063	
Basic earnings per share	32.23	16.48	19.87	16.75	31.84	16.18	19.52	16.53	
Diluted earnings per share	32.23	16.48	19.87	16.75	31.84	16.18	19.52	16.53	
Profit attributable to:									

1,244,328,780 1,536,981,021

Ratios as per NRB Directives									
		Gro	ир		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	11.69%	11.69%	12.33%	12.33%	11.68%	11.68%	12.33%	12.33%	
Non-Performing Loan (NPL) to Total Loan	2.56%	2.56%	2.87%	2.87%	2.56%	2.56%	2.87%	2.87%	
Total loan loss provision to Total NPL	120.78%	120.78%	93.96%	93.96%	120.78%	120.78%	93.96%	93.96%	
Cost of Funds	7.27%	7.27%	8.70%	8.70%	7.27%	7.27%	8.70%	8.70%	
Credit to Deposit Ratio	81.77%	81.77%	83.30%	83.30%	81.77%	81.77%	83.30%	83.30%	
Base Rate	9.28%	9.28%	10.91%	10.91%	9.28%	9.28%	10.91%	10.91%	
Interest Rate Spread	3.99%	3.99%	4.22%	4.22%	3.99%	3.99%	4.22%	4.22%	
Return on Equity (Annualized)	17.60%	9.06%	12.34%	10.41%	17.57%	8.93%	12.33%	10.44%	
Return on Assets (Annualized)	1.59%	0.82%	1.07%	0.90%	1.56%	0.80%	1.05%	0.89%	

Return on Assets (Annualized)

Cash dividend paid

Total Distributable profit or (loss) as on Poush 29, 2080

Annualized Distributable Profit/Loss per share

Equity holders of the Bank

Non-Controlling Interest

Total equity

1. The above figures are subject to change as per the direction of the regulators and/or statutory auditor. 2. The figures for previous year quarter have been restated and regrouped wherever necessary.

1,060,202,02

- 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. Average base rate of preceeding three months of the Bank as of Poush 2080 is 9.41%
- 6. The Bank has deposited Rs. 218 million in accordance with the provision of section 27 of Finance Act 2080 related to income tax liability arising from bargain purchase gain from merger of the entities and this has been presented under advance tax till the receipt of full text of Supreme Court's decision so as to have clarity on the tax treatment.
- 7. 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
- 8. Detailed interim report has been published in Bank's website (www.siddharthabank.com).

Statement of Distributable Profit

Amount in NPR

96,568,499

	Bai	nk
Particulars	Current Year (Upto this Qtr YTD)	Previous Year (Upto this Qtr YTD)
Net profit or (loss) as per statement of profit or loss	1,136,822,465	1,161,199,785
Appropriations:		
a. General reserve	(227,364,493)	(232,239,957)
b. Foreign exchange fluctuation fund	(5,002,875)	(6,525,624)
c. Capital redemption reserve	(730,213,250)	(730,213,250)
d. Corporate social responsibility fund	(11,368,225)	(11,611,998)
e. Employees' training fund	-	-
f. Other	-	-
Profit or (loss) before regulatory adjustment	162,873,622	180,608,956
Regulatory adjustments:		
a. Interest receivable (-)/previous accrued interest received (+)	(540,727,830)	(292,410,619)
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 (+)	2,895,322	(3,547,418)
e. Deferred tax assets recognised (-)/ reversal (+)	-	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	1	-
h. Actuarial loss recognised (-)/reversal (+)	-	-
i. Other	-	-
Net Profit for the quarter ended Poush 2080 available for distribution	(374,958,887)	(115,349,081)
Opening Retained Earning as on Shrawan 1, 2080	663,610,438	1,359,868,480
Adjustment (+/-)	-	-
Distribution:		·
Bonus shares issued	-	(1,065,553,357)
	(=== .== .==)	

Amount in NPR Information about reportable segments

ne Bank has identified the key segments of business on the basis of nature of operations that assist the Executive Committee the bank in decision making process and to allocate the resources. It will help the management to assess the performance of e business segments. The business segments identified are Banking (including loans, deposits and trade operations), Payment olutions (Cards), Remittance and Treasury. Treasury Department acts as the fund manager of the Bank.

	Paymen	nt Solution	Remi	ttance	Treas	Treasurey		Banking		al
Particulars	Current Quarter	Corresponding Previous Year Quarter								
Revenues from external customers	321,763,507	266,974,566	33,497,454	40,209,044	2,249,220,462	1,891,570,257	12,085,478,382	12,326,860,840	14,689,959,804	14,525,614,707
Intersegment revenues	9,493,020	3,087,769	176,748,329	129,593,554	61,318,434	81,790,232	4,985,046,461	5,251,895,356	5,232,606,245	5,466,366,911
Segment Profit (loss) before tax	111,955,958	36,824,712	37,305,996	27,054,209	839,270,762	452,343,683	653,860,912	1,142,231,878	1,642,393,628	1,658,454,481
Segment assets	786,305,469	472,250,605	3,984,602,769	3,087,558,813	22,136,425,183	8,029,890,795	260,654,710,012	245,708,292,552	287,562,043,433	257,297,992,765
Segment liabilities	674,349,511	435,425,893	3,947,296,773	3,060,504,604	21,297,154,421	7,577,547,112	261,469,886,115	246,224,515,156	287,388,686,819	257,297,992,765

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 deposits of Rs. 344.86 million of SCL as at 14 January 2024 (Poush end 2080).
- Till the end of 2nd quarter of FY 2080/81, SCL earned interest income of Rs. 7.18 million and Rs. 0.50 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. 16.18
Price Earnings Ratio (P/E Ratio)	15.45
Net Worth Per Share	Rs. 182.78
Total Assets Value Per Share	Rs. 2,039.67
Liquidity Ratio	25.66%

285,977,915,326

- a) There has been positive changes in total reserves, income and liquidity position of the Bank
- The Bank has formulated its strategy comprising long term as well as short-term plans focusing on sustainable growth through business diversification and customer service excellence with digital first approach.
- The Bank has been reengineering its business and operational processes to attain optimal efficiency.
- The Bank has continued to invest in IT infrastructure for digitalization, automated work flows and enhanced security mechanism so as to strengthen its digital offerings to customers.
- The Bank has been utilizing its capital to the optimum level.
- Slowdown in economic activities in the country has impacted recovery of loans and thereby increasing non-performing

Details regarding legal actions

- 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.
- 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

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

Maximum Price	Rs. 283
Minimum Price	Rs. 223
Closing Price	Rs. 250
Total Traded Shares	1,767,494
Total Transaction No.	5,961
Total Traded Days	49 Days

Problems and Challenges

<u>Internal</u>

1,506,147,063

1,506,147,063

- a) Retention of skilled human resources due to growing trend of moving abroad.
- b) Increased cost of doing business.
- c) Challenges in increment of fees based revenue.
- d) Limited scope of avenues for investment and return.
- e) Challenges in recovery of loans and maintaining assets quality

- a) Changes in unpredictable laws/ policies/ regulations
- Competition among banks and financial institutions
- c) Sluggishness in economic activities.
- d) Increasing trend of cyber frauds and operational risks.
- e) Current international conflicts affecting economy of the country.

Strategies to overcome challenges

- a) Economies in business through automation and continuous process reengineering.
- b) Enhancing security mechanism by strengthening IT Infrastructures.
- c) Improvement in assets portfolio mix.
- Enhanced focus on recovery for improving quality of assets.
- Enhanced focus on low capital charge consuming portfolio.
- Research and development of new products/ services and scaling up existing ones.
- Explore new avenues of revenue generation.
- Building performance culture for growth and instill employee values.
- Customer experience enhancement through digitization.

6. Corporate Governance

- Corporate governance is a critical aspect of the Bank's operations and the Bank's governance framework is of paramount importance, in the face of numerous operational and market challenges
- Strategic leadership, stringent oversight and compliance based controls are crucial in ensuring sustainable growth of
- Board of Directors and Board Level Committees along with Management Team are committed to uphold good corporate governance practices which are in line with regulatory requirements and best practices. The Board is responsible for formulating robust risk management policy and overseeing the Bank's risk management
- Risk Management Committee and Audit Committee assist the Board in fulfilling its risk management and internal control
- 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.

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

