Siddhartha Bank Limited Unaudited Financial Results

(1st Quarter of Fiscal Year 2080/81)

Condensed Consolidated Statement of Financial Position

Bank Group **Immediate Previous Immediate Previous** This Quarter Ending This Quarter Ending Year Ending (Audited) Year Ending (Audited) Assets 10,632,534,455 10,325,208,123 Cash and cash equivalent 10,531,587,882 11,571,313,935 11,554,080,479 9,000,713,492 Due from Nepal Rastra Bank 10,325,208,123 9,000,713,492 2,124,368,063 2,124,368,063 5,011,346,934 5,011,346,934 Placements with Bank and Financial Institutions 14,663,592 17,320,155 14,663,592 17,320,155 Derivative financial instruments 109,407,897 Other trading assets 91,951,862 Loans and advances to B/FIs 5,347,060,357 5,347,060,357 5,170,773,907 5,170,773,907 Loans and advances to customer 186,626,829,197 184,019,363,443 186,617,834,739 184,009,571,040 Investment securities 59,296,963,449 62,728,867,192 58,836,697,296 62,480,476,034 254,582,267 263,764,947 252,017,364 267,328,784 Current tax assets Investment in subsidiaries 51,000,000 51,000,000 Investment in associates 635,387,240 654,537,489 635,387,240 654,537,489 Investment property Property and equipment 3,549,168,443 3,579,515,879 3,519,366,982 3,548,089,446 Goodwill and Intangible assets 155,170,788 156,719,292 167,612,308 166,000,283 Deferred tax assets 4,531,997,397 4,506,555,22 4,073,870,02 4,050,241,119 Other assets 283,483,922,262 283,020,429,129 **Total Assets** 286,371,971,442 285,977,915,326 Liabilities Due to Bank and Financial Institutions 15,887,321,986 11,613,657,572 15,887,321,986 11,613,657,572 288,453,474 Due to Nepal Rastra Bank 391,922,787 391,922,787 288,453,474 Derivative financial instrument 23,887,253 16,632,923 23,887,253 16,632,923 Deposits from customers 216.316.898.144 223,307,001,273 216,655,587,22 223,654,669,691 7,252,247,828 7,312,480,160 7,252,247,828 7,312,480,160 Borrowing Current Tax Liabilities Provisions 355,264,020 501,929,292 5,613,687,917 489,092,725 Deferred tax liabilities 368,100,582 6,153,841,715 5,753,873,756 5,968,405,789 Other liabilities Debt securities issued 11,662,559,000 11,662,559,000 11,662,559,000 11,662,559,000 Subordinated Liabilities **Total liabilities** 258,036,688,404 260,665,537,246 257,988,246,090 260,671,324,359 Equity 14,089,980,190 14,089,980,190 14,089,980,190 14,089,980,190 Share capital Share premium 756,129,848 49,033,723 (50,388,412 663,610,438 Retained earnings 10 992 591 26 Reserves 11.079.855.044 10.639.410.976 10 553 000 330 Total equity attributable to equity holders 25.218.868.957 25,485,521,014 25,032,183,039 25,306,590,967 Non-controlling interest 228,364,90 220,913,18 25,447,233,858 25,706,434,196 25,032,183,039 25,306,590,967 Total equity 286,371,971,442 Total liabilities and equit 283,483,922,262 283,020,429,129 285,977,915,326

Condensed Consolidated Statement of Profit or Loss

		Grou	up		Bank				
Particulars	Current	t Year	Previous Year (Corresponding	Current 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	6,917,980,025	6,917,980,025	6,870,566,713	6,870,566,713	6,913,096,595	6,913,096,595	6,858,439,136	6,858,439,136	
Interest expense	4,940,121,311	4,940,121,311	4,727,681,262	4,727,681,262	4,943,215,038	4,943,215,038	4,729,861,897	4,729,861,897	
Net interest income	1,977,858,714	1,977,858,714	2,142,885,451	2,142,885,451	1,969,881,556	1,969,881,556	2,128,577,239	2,128,577,239	
Fees and commission income	507,100,327	507,100,327	425,341,161	425,341,161	447,353,249	447,353,249	387,177,755	387,177,755	
Fees and commission expense	117,626,375	117,626,375	86,336,813	86,336,813	103,088,922	103,088,922	73,817,615	73,817,615	
Net fee and commission income	389,473,952	389,473,952	339,004,348	339,004,348	344,264,328	344,264,328	313,360,140	313,360,140	
Net interest, fee and commission income	2,367,332,666	2,367,332,666	2,481,889,799	2,481,889,799	2,314,145,884	2,314,145,884	2,441,937,379	2,441,937,379	
Net trading income	47,681,721	47,681,721	36,183,874	36,183,874	63,134,847	63,134,847	55,021,129	55,021,129	
Other operating income	99,009,934	99,009,934	144,899,616	144,899,616	95,243,951	95,243,951	138,717,715	138,717,715	
Total operating income	2,514,024,321	2,514,024,321	2,662,973,289	2,662,973,289	2,472,524,682	2,472,524,682	2,635,676,222	2,635,676,222	
Impairment charge/(reversal) for loan and other losses	1,433,563,483	1,433,563,483	893,065,707	893,065,707	1,433,563,483	1,433,563,483	893,065,707	893,065,707	
Net operating income	1,080,460,838	1,080,460,838	1,769,907,582	1,769,907,582	1,038,961,200	1,038,961,200	1,742,610,516	1,742,610,516	
Operating expense									
Personnel expense	612,627,299	612,627,299	691,319,926	691,319,926	599,881,394	599,881,394	681,689,898	681,689,898	
Other operating expense	302,171,654	302,171,654	294,239,084	294,239,084	297,609,907	297,609,907	289,333,939	289,333,939	
Depreciation & Amortisation	64,158,484	64,158,484	52,920,427	52,920,427	61,691,627	61,691,627	50,721,407	50,721,407	
Operating Profit	101,503,401	101,503,401	731,428,145	731,428,145	79,778,272	79,778,272	720,865,271	720,865,271	
Non operating income	328,803	328,803	87,045	87,045	328,803	328,803	87,045	87,045	
Non operating expense	9,678,998	9,678,998	-	-	9,678,998	9,678,998	-	-	
Profit before income tax	92,153,206	92,153,206	731,515,190	731,515,190	70,428,077	70,428,077	720,952,316	720,952,316	
Income tax expense									
Current Tax	34,082,731	34,082,731	225,870,863	225,870,863	27,565,193	27,565,193	222,702,000	222,702,000	
Deferred Tax	-	-	-	-	-	-	-	-	
Profit for the period	58,070,475	58,070,475	505,644,328	505,644,328	42,862,884	42,862,884	498,250,316	498,250,316	
Condensed Consolidated Statemer									
Profit or loss for the period	58,070,475	58,070,475	505,644,328	505,644,328	42,862,884	42,862,884	498,250,316	498,250,316	
Other Comprehensive Income	(312,266,977)	(312,266,977)	(212,992,086)	(212,992,086)	(312,266,977)	(312,266,977)	(212,992,086)	(212,992,086)	
Total Comprehensive Income	(254,196,502)	(254,196,502)	292,652,242	292,652,242	(269,404,093)	(269,404,093)	285,258,230	285,258,230	
Basic earnings per share	1.41	1.41	15.73	15.73	1.19	1.19	15.61	15.61	
Diluted earnings per share	1.41	1.41	15.73	15.73	1.19	1.19	15.61	15.61	
Profit attributable to:									
Equity holders of the Bank	(261,648,221)	(261,648,221)	289,029,176	289,029,176	(269,404,093)	(269,404,093)	285,258,230	285,258,230	
Non-Controlling Interest	7,451,719	7,451,719	3,623,066	3,623,066	-	-	-	-	
Total	(254,196,502)	(254,196,502)	292,652,242	292,652,242	(269,404,093)	(269,404,093)	285,258,230	285,258,230	

Ratios as per NRB Directives

		Gro	oup		Bank			
Particulars	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
Farticulars	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	12.08%	12.08%	12.51%	12.51%	12.07%	12.07%	12.51%	12.51%
Non-Performing Loan (NPL) to Total Loan	3.44%	3.44%	2.15%	2.15%	3.44%	3.44%	2.15%	2.15%
Total loan loss provision to Total NPL	95.79%	95.79%	112.73%	112.73%	95.79%	95.79%	112.73%	112.73%
Cost of Funds	7.50%	7.50%	8.35%	8.35%	7.50%	7.50%	8.35%	8.35%
Credit to Deposit Ratio	81.59%	81.59%	88.10%	88.10%	81.59%	81.59%	88.10%	88.10%
Base Rate	9.53%	9.53%	10.43%	10.43%	9.53%	9.53%	10.43%	10.43%
Interest Rate Spread	3.96%	3.96%	3.92%	3.92%	3.96%	3.96%	3.92%	3.92%
Detune on Faulty (Annualized)	0.000/	0.000/	0.700/	0.700/	0.670/	0.670/	0.070/	0.070/

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.

	Payment Solution		Remittance		Treasurey		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	154,482,243	143,613,084	13,925,070	17,296,469	1,219,272,446	1,076,780,207	6,131,477,688	6,201,753,021	7,519,157,446	7,439,442,781
Intersegment revenues	5,742,425	963,880	87,666,066	60,501,180	25,383,166	27,813,849	2,558,999,274	2,405,349,406	2,677,790,931	2,494,628,315
Segment Profit (loss) before tax	55,900,843	29,427,782	16,304,882	14,745,131	430,954,382	358,809,777	(432,732,030)	317,969,626	70,428,077	720,952,316
Segment assets	914,735,870	511,103,658	3,541,800,257	2,472,763,476	24,431,314,963	19,913,133,323	254,132,578,039	235,932,833,509	283,020,429,129	258,829,833,967
Segment liabilities	858,835,028	481,675,875	3,525,495,374	2,458,018,345	24,001,085,759	19,554,323,546	254,635,012,967	236,335,816,200	283,020,429,129	258,829,833,967

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. 338.69 million of SCL as at 17 October 2023 (Ashwin end 2080).
- Till the end of 1st quarter of FY 2080/81, SCL earned interest income of Rs. 3.68 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. 1.19
Price Earnings Ratio (P/E Ratio)	203.61
Net Worth Per Share	Rs. 177.66
Total Assets Value Per Share	Rs. 2,008.66
Liquidity Ratio	26.76%

2. Management Analysis

Amount in NPR

- a) There has been slight changes in reserves and income with positive changes in liquidity position of the Bank.
- b) 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.
- c) The Bank has been reengineering its business and operational processes to attain optimum efficiency.
- d) The Bank has invested in IT infrastructure for automated work flows and enhanced security mechanism.
- e) The Bank has been utilizing its capital to the optimum level.
- f) Slowdown in economic activities in the country has impacted recovery of loans and thereby increasing non-performing loans.

3. 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.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 during the quarter.

Maximum Price	Rs. 290
Minimum Price	Rs. 240.80
Closing Price	Rs. 243.10
Total Traded Shares	3,159,099
Total Transaction No.	11,976
Total Traded Days	61 Days

5. Problems and Challenges

<u>Internal</u>

- 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.

<u>External</u>

a) Changes in policies/ regulations.

Return on Equity (Annualized)	0.89%	0.89%	8.79%	8.79%	0.67%	0.67%	8.87%	8.87%
Return on Assets (Annualized)	0.08%	0.08%	0.75%	0.75%	0.06%	0.06%	0.75%	0.75%

Notes:

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.

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 Ashwin 2080 is 9.71%.

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.

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

Statement of Distributable Profit

Amount in NPR

Statement of Distribute		Amount in NPR
	Bank	(
Particulars	Current Year (Upto this Qtr YTD)	Previous Year (Upto this Qtr YTD)
Net profit or (loss) as per statement of profit or loss	42,862,884	498,250,316
Appropriations:		
a. General reserve	(8,572,577)	(99,650,063)
b. Foreign exchange fluctuation fund	(1,458,524)	(9,124,143)
c. Capital redemption reserve	(365,106,625)	(365,106,625)
d. Corporate social responsibility fund	(428,629)	(4,982,503)
e. Employees' training fund	-	-
f. Other	-	-
Profit or (loss) before regulatory adjustment	(332,703,471)	19,386,981
Regulatory adjustments:		
a. Interest receivable (-)/previous accrued interest received (+)	(393,360,036)	(387,983,887)
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 (+)	12,064,657	-
e. Deferred tax assets recognised (-)/ reversal (+)	-	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	-	-
i. Other	-	-
Net Profit for the quarter ended Ashwin 2080 available for distribution	(713,998,850)	(368,596,906)
Opening Retained Earning as on Shrawan 1, 2080	663,610,438	1,359,868,480
Adjustment (+/-)	-	-
Distribution:		
Bonus shares issued	-	(1,065,553,357)
Cash dividend paid	-	(82,397,545)
Total Distributable profit or (loss) as on Ashwin 30, 2080	(50,388,412)	(156,679,327)
Annualised Distributable Profit/Loss per share	-	-
Neber		

Notes:

The amount reflected in opening retained earnings will change after approval of proposed cash dividend of NPR 593,188,166 by the AGM of the Bank.
Since distributable profit is negative, annualised distributable profit per share has been presented as nil.

- b) Competition among banks and financial institutions.
- c) Sluggishness in economic activities.
- d) Increasing trend of cyber frauds and operational risks.
- e) Volatile and unpredictable market conditions.
- f) 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) Prudent management of assets and liabilities.
- d) Improvement in assets portfolio mix.
- e) Enhanced focus on recovery for improving quality of assets.
- f) Enhanced focus on low capital charge consuming portfolio.
- g) Research and development of new products/ services and scaling up existing ones.
- h) Explore new avenues for non-interest revenue generation
- 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.

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.



Head Office: Naxal, Kathmandu, Nepal PO.Box: 13806, Ph.: 01-5970720, 5970020 Fax: 01-4442921, SWIFT: SIDDNKA Email: info@sbl.com.np / customercare@sbl.com.np Web: www.siddharthabank.com