Siddhartha Bank Limited
Unaudited Financial Results
(2nd Quarter of Fiscal Year 2081/82)

Condensed Consolidated Statement of Financial Position

Amount in NPR

	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending (Audited)	This Quarter Ending	Immediate Previous Year Ending (Audited)
Assets				
Cash and cash equivalent	5,669,236,804	22,749,858,078	5,695,605,668	22,739,728,891
Due from Nepal Rastra Bank	12,590,555,962	9,453,753,577	12,590,555,962	9,453,753,577
Placements with Bank and Financial Institutions	8,799,176,267	6,562,120,179	8,799,176,267	6,562,120,179
Derivative financial instruments	31,817,281	4,976,896	31,817,281	4,976,896
Other trading assets	132,232,245	197,570,521	-	18,998,790
Loans and advances to B/FIs	6,863,335,326	5,767,824,492	6,863,335,326	5,767,824,492
Loans and advances to customers	205,219,286,823	195,485,263,229	205,207,329,183	195,473,382,509
Investment securities	57,295,195,133	48,169,685,969	56,876,477,238	47,978,959,412
Current tax assets	601,419,589	218,974,001	606,784,183	217,840,347
Investment in subsidiaries	-	-	51,000,000	51,000,000
Investment in associates	-	-	-	-
Investment property	703,889,407	727,570,174	703,889,407	727,570,174
Property and equipment	3,465,667,943	3,520,861,355	3,443,606,127	3,495,827,216
Goodwill and Intangible assets	129,799,532	147,496,201	126,840,108	146,146,602
Deferred tax assets	-	-	-	-
Other assets	5,102,424,978	4,746,408,796	5,072,118,777	4,703,288,420
Total Assets	**306,604,037,289**	**297,752,363,467**	**306,068,535,528**	**297,341,417,505**
Liabilities				
Due to Bank and Financial Institutions	8,826,397,519	3,578,162,810	8,826,397,519	3,578,162,810
Due to Nepal Rastra Bank	391,922,787	391,922,787	391,922,787	391,922,787
Derivative financial instruments	92,581,984	3,984,885	92,581,984	3,984,885
Deposits from customers	243,117,100,183	240,980,783,485	243,796,718,986	241,329,082,024
Borrowing	7,421,914,655	5,964,375,769	7,421,914,655	5,964,375,769
Current Tax Liabilities	-	-	-	-
Provisions	-	-	-	-
Deferred tax liabilities	634,950,745	656,753,735	647,385,884	669,639,275
Other liabilities	6,060,594,138	6,031,822,104	5,245,477,186	5,672,397,480
Debt securities issued	11,662,559,000	11,662,559,000	11,662,559,000	11,662,559,000
Subordinated Liabilities	-	-	-	-
Total liabilities	**278,208,021,011**	**269,270,364,575**	**278,084,958,001**	**269,272,124,030**
Equity				
Share capital	14,089,980,190	14,089,980,190	14,089,980,190	14,089,980,190
Share premium	-	-	-	-
Retained earnings	(267,929,511)	677,779,733	(361,944,567)	580,361,617
Reserves	14,346,880,611	13,487,023,315	14,255,541,904	13,398,951,668
Total equity attributable to equity holders	**28,168,931,290**	**28,254,783,238**	**27,983,577,527**	**28,069,293,475**
Non-controlling interest	227,084,988	227,215,655	-	-
Total equity	**28,396,016,278**	**28,481,998,892**	**27,983,577,527**	**28,069,293,475**
Total liabilities and equity	**306,604,037,289**	**297,752,363,467**	**306,068,535,528**	**297,341,417,505**

Condensed Consolidated Statement of Profit or Loss

Amount in NPR

Particulars	Group				Bank			
	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)
Interest income	5,454,927,999	11,324,082,589	6,624,862,836	13,542,842,861	5,450,677,042	11,316,423,953	6,619,563,876	13,532,660,471
Interest expense	3,423,517,477	7,200,426,304	4,482,622,582	9,422,743,893	3,422,910,700	7,200,370,339	4,485,586,923	9,428,801,962
Net interest income	**2,031,410,521**	**4,123,656,285**	**2,142,240,254**	**4,120,098,968**	**2,027,766,342**	**4,116,053,614**	**2,133,976,953**	**4,103,858,509**
Fees and commission income	555,111,145	1,124,134,805	450,148,775	957,249,102	521,777,825	1,020,386,917	418,473,675	865,826,924
Fees and commission expense	133,423,576	258,517,882	107,790,204	225,416,579	129,642,324	240,352,543	105,475,791	208,564,712
Net fee and commission income	**421,687,569**	**865,616,923**	**342,358,571**	**731,832,523**	**392,135,501**	**780,034,375**	**312,997,884**	**657,262,212**
Net interest, fee and commission income	**2,453,098,090**	**4,989,273,208**	**2,484,598,825**	**4,851,931,491**	**2,419,901,843**	**4,896,087,989**	**2,446,974,837**	**4,761,120,721**
Net trading income	4,816,241	73,233,294	72,120,547	119,802,268	12,983,821	75,196,491	63,097,800	126,232,647
Other operating income	150,919,961	306,561,938	66,674,085	165,684,019	148,845,279	302,106,446	68,567,007	163,810,959
Total operating income	**2,608,834,291**	**5,369,068,441**	**2,623,393,457**	**5,137,417,778**	**2,581,730,943**	**5,273,390,926**	**2,578,639,644**	**5,051,164,327**
Impairment charge/(reversal) for loan and other losses	1,260,132,241	2,265,145,984	(249,499,264)	1,184,064,219	1,260,132,241	2,265,145,984	(249,499,264)	1,184,064,219
Net operating income	**1,348,702,051**	**3,103,922,457**	**2,872,892,720**	**3,953,353,559**	**1,321,598,702**	**3,008,244,943**	**2,828,138,908**	**3,867,100,108**
Operating expense								
Personnel expense	709,407,892	1,470,331,694	877,902,222	1,490,529,521	697,868,426	1,439,421,669	865,610,323	1,465,491,717
Other operating expense	348,857,618	697,214,738	329,508,446	631,680,100	341,673,908	681,975,440	325,911,743	623,521,650
Depreciation & Amortisation	68,986,739	136,925,002	63,323,867	127,482,351	66,209,257	131,441,025	60,831,272	122,522,900
Operating Profit	**221,449,802**	**799,451,024**	**1,602,158,186**	**1,703,661,587**	**215,847,111**	**755,406,808**	**1,575,785,570**	**1,655,563,841**
Non operating income	52,200	9,709,940	1,100,000	1,428,803	50,134	9,707,874	1,100,000	1,428,803
Non operating expense	2,431,023	2,431,023	4,920,018	14,599,016	2,431,023	2,431,023	4,920,018	14,599,016
Profit before income tax	**219,070,980**	**806,729,942**	**1,598,338,168**	**1,690,491,374**	**213,466,223**	**762,683,659**	**1,571,965,552**	**1,642,393,628**
Income tax expense								
Current Tax	67,002,923	253,318,073	485,917,756	520,000,487	65,321,496	232,454,189	478,005,971	505,571,164
Deferred Tax	-	-	-	-	-	-	-	-
Profit for the period	**152,068,057**	**553,411,868**	**1,112,420,412**	**1,170,490,887**	**148,144,727**	**530,229,471**	**1,093,959,580**	**1,136,822,465**
Condensed Consolidated Statement of Comprehensive Income								
Profit or loss for the period	152,068,057	553,411,868	1,112,420,412	1,170,490,887	148,144,727	530,229,471	1,093,959,580	1,136,822,465
Other Comprehensive Income	(586,892,303)	(51,295,276)	214,582,550	(97,684,426)	(425,950,393)	(52,346,212)	222,527,629	(89,739,348)
Total Comprehensive Income	**(434,824,247)**	**502,116,593**	**1,327,002,962**	**1,072,806,460**	**(277,805,666)**	**477,883,259**	**1,316,487,209**	**1,047,083,116**
Basic earnings per share	3.72	7.53	32.23	16.48	4.31	7.55	31.84	16.18
Diluted earnings per share	3.72	7.53	32.23	16.48	4.31	7.55	31.84	16.18
Profit attributable to:								
Equity holders of the Bank	477,747,259	477,747,259	1,321,850,243	1,060,202,022	(277,805,666)	477,883,259	1,316,487,209	1,047,083,116
Non-Controlling Interest	24,369,334	24,369,334	5,152,719	12,604,439	-	-	-	-
Total	**502,116,593**	**502,116,593**	**1,327,002,962**	**1,072,806,460**	**(277,805,666)**	**477,883,259**	**1,316,487,209**	**1,047,083,116**

Ratios as per NRB Directives

Particulars	Group				Bank			
	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	11.20%	11.20%	11.69%	11.69%	11.19%	11.19%	11.68%	11.68%
Tier-I capital to RWA	9.06%	9.06%	9.16%	9.16%	9.05%	9.05%	9.15%	9.15%
CET I Capital to RWA	9.06%	9.06%	9.16%	9.16%	9.05%	9.05%	9.15%	9.15%
Non-Performing Loan (NPL) to Total Loan	4.50%	4.50%	2.56%	2.56%	4.50%	4.50%	2.56%	2.56%
Net Non-Performing Loan to Total Loan	2.11%	2.11%	1.07%	1.07%	2.11%	2.11%	1.07%	1.07%
Total loan loss provision to Total NPL	84.95%	84.95%	120.78%	120.78%	84.95%	84.95%	120.78%	120.78%
Cost of Funds	4.99%	4.99%	7.27%	7.27%	4.99%	4.99%	7.27%	7.27%
Credit to Deposit Ratio	83.78%	83.78%	81.77%	81.77%	83.78%	83.78%	81.77%	81.77%
Base Rate (monthly)	6.93%	6.93%	9.28%	9.28%	6.93%	6.93%	9.28%	9.28%
Interest Rate Spread	3.99%	3.99%	3.99%	3.99%	3.99%	3.99%	3.99%	3.99%
Return on Equity (Annualized)	2.19%	3.90%	17.60%	9.06%	2.17%	3.79%	17.57%	8.93%
Return on Assets (Annualized)	0.21%	0.37%	1.59%	0.82%	0.20%	0.35%	1.56%	0.80%

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.
4. In accordance with NFRS 9- Expected Credit Loss Related Guidelines, 2024 issued by Nepal Rastra Bank, impairment charge on loans and advances has been measured at higher amount derived as per existing regulatory provisions in Unified Directives and ECL calculation methodology.
5. Provision for Gratuity and Leave encashment have been provided for as per estimated actuarial valuation and hence actuarial gain/loss has not been separately disclosed. The provision created and expense booked might vary if actuarial valuation is conducted by certified actuary.
6. Average base rate of preceeding three months of the Bank as of Poush 2081 is 7.13%.
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 basis.
8. Detailed interim report has been published in Bank's website (www.siddharthabank.com).

Statement of Distributable Profit

Amount in NPR

Particulars	Bank	
	Current Year (Upto this Qtr YTD)	Previous Year (Upto this Qtr YTD)
Net profit or (loss) as per statement of profit or loss	**530,229,471**	**1,136,822,465**
Appropriations:		
a. General reserve	(106,104,923)	(227,364,493)
b. Foreign exchange fluctuation fund	(34,378,128)	(5,002,875)
c. Capital redemption reserve	(730,213,250)	(730,213,250)
d. Corporate social responsibility fund	7,438,276	(11,368,225)
e. Employees' training fund	-	-
f. Other		-
i) Investment Adjustment Reserve	(30,000,000)	-
ii) Transfer of realised gain/(loss) up to previous year on equities/mutual funds measured at fair value through OCI sold/matured during the year from fair value reserve (Net of tax)	(421,633)	-
Profit or (loss) before regulatory adjustment	**(363,450,188)**	**162,873,622**
Regulatory adjustments:		
a. Interest receivable (-)/previous accrued interest received (+)	(123,300,241)	(540,727,830)
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 (+)	108,043,452	2,895,322
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 Poush 2081 available for distribution	**(378,706,976)**	**(374,958,887)**
Opening Retained Earning as on Shrawan 1, 2081	**580,361,617**	**663,610,438**
Adjustment (+/-)	-	-
Distribution:		
Bonus shares issued	-	-
Cash Dividend Paid	(563,599,208)	(593,188,166)
Total Distributable profit or (loss) as on Poush 29, 2081	**(361,944,567)**	**(304,536,614)**
Annualised Distributable Profit/Loss per share	-	-

Notes:

1. The Bank has allocated NPR 730 million to Capital Redemption Reserve on account of outstanding debentures for redemption purpose.

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), Digital Payment Operations, International Remittance Business and Treasury. Treasury Department acts as the fund manager of the Bank.

Particulars	Digital Payment Operations		International Remittance Business		Treasury		Banking		Total	
	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	362,344,619	321,763,507	30,640,365	33,497,454	1,923,712,428	2,249,220,462	10,390,194,485	12,085,478,382	12,706,891,896	14,689,959,804
Intersegment revenues	8,422,728	9,493,020	170,538,478	176,748,329	68,245,870	61,318,434	4,153,053,283	4,985,046,461	4,400,260,359	5,232,606,245
Segment Profit (loss) before tax	113,560,991	111,955,958	53,051,923	37,305,996	980,546,097	839,270,762	(384,475,351)	653,860,912	762,683,659	1,642,393,628
Segment assets	743,734,612	786,305,469	4,579,685,315	3,984,602,769	9,674,177,832	22,136,425,183	291,070,937,767	260,481,353,398	306,068,535,528	287,388,686,819
Segment liabilities	630,173,622	674,349,511	4,526,633,392	3,947,296,773	8,679,001,029	21,297,154,421	292,232,727,485	261,469,886,115	306,068,535,528	287,388,686,819

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 NPR 35.18 million of SCL as at 13 January 2025 (Poush end 2081).
- Till the end of 2nd quarter of FY 2081/82, SCL earned interest income of NPR 0.73 million and NPR 0.25 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 including dividend income received from SCL amounting NPR 25.5 million.

b) Major Financial Indicators

Earnings Per Share	NPR 7.55
Price Earnings Ratio (P/E Ratio)	39.21
Net Worth Per Share	NPR 198.61
Total Assets Value Per Share	NPR 2,172.24
Liquidity Ratio	25.68%

2. Management Analysis

a) There have been positive changes in liquidity position of the Bank whereas loan loss provision has impacted income and reserves of the Bank in this quarter.

b) The Bank has formulated long term strategies and short-term plans focusing on sustained growth through customer service excellence and digital first approach.

c) The Bank continues to invest in IT infrastructure for digitization, automated work flows and enhanced security mechanism to strengthen digital offerings to customers.

d) The Bank has been optimizing the utilization of the capital.

e) Slowdown in economic activities have hampered loan recovery efforts and led to an increase in the Bank's non-performing assets.

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.

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 during the quarter.

Maximum Price	NPR 370
Minimum Price	NPR 293
Closing Price	NPR 296
Total Traded Shares	2,550,503
Total Transaction No.	8,638
Total Traded Days	55 Days

5. Problems and Challenges

Internal

a) Retaining skilled and experienced human resources.
b) Rising cost of doing business.
c) Limited scope for increasing fees-based revenue.
d) Challenges in loan recovery, leading to deteriorating assets quality.
e) Stress in capital adequacy.

External

a) Unpredictable changes in laws, policies and regulations.
b) Sluggish economic activities.
c) Limited investment opportunities and low returns.
d) Growing incidence of cyber frauds and operational risks in an increasing digital environment

Strategies to overcome challenges

a) Leveraging technology and digital transformation.
b) Strengthening IT infrastructure and implement robust cybersecurity.
c) Intensifying focus on loan recovery and resolution of NPAs.
d) Prioritizing low capital charge consuming portfolios.
e) Diversify revenue streams.
f) Foster employee engagement and instill core values to reduce attrition.
g) Improve customer engagement through seamless omni channel experiences across digital platforms

6. Corporate Governance

- Corporate governance is a critical aspect of the Bank's operations, with its governance framework being crucial in navigating numerous operational and market challenges.
- Strategic leadership, rigorous oversight and compliance-based controls are essential for the Bank's sustainable growth.
- The Board of Directors, along with Board Level Committees and Management Team, are committed to upholding exemplary corporate governance practices that align with regulatory requirements and industry best practices.
- The Board is responsible for formulating a robust risk management policy and overseeing the Bank's risk management and internal control frameworks.
- Risk Management Committee and Audit Committee support the Board in fulfilling its risk management and internal control responsibilities.
- Committees such as Executive Committee, Management Credit Committee, Asset Liability Management Committee and Operation Risk Management Committee ensure the Bank's operations are effective and efficient.
- Good corporate governance is integral to the Bank, safeguarding stakeholder's interest.

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

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