Siddhartha Bank Limited Unaudited Financial Results 2nd Quarter Ended of Fiscal Year 2076/77

Condensed Consolidated Statement of Financial Position As on Quarter ended Poush 2076

As on Quarter ended Poush 2076 Amount in NPR											
	Gro	up	Bar	nk							
	This Quarter Ending	Immediate Previous Year Ending (Audited)	This Quarter Ending	Immediate Previous Year Ending (Audited)							
Assets											
Cash and cash equivalent	8,090,007,661	8,196,416,706	7,633,876,010	8,155,811,617							
Due from Nepal Rastra Bank	5,434,706,591	6,105,971,370	5,434,706,591	6,105,971,370							
Placements with Bank and Financial Institutions	703,095,072	1,033,120,216	703,095,072	1,033,120,216							
Derivative financial instruments	9,264,615,321	7,254,007,312	9,264,615,321	7,254,007,312							
Other trading assets	124,774,414	110,711,362	95,290,545	80,731,130							
Loans and advances to B/FIs	3,960,759,832	3,273,145,232	3,960,759,832	3,273,145,232							
Loans and advances to customers	118,370,914,755	104,877,100,287	118,364,249,817	104,876,299,989							
Investment securities	19,905,981,756	17,775,997,054	19,606,622,056	17,490,997,054							
Current tax assets	265,061,324	155,614,886	267,403,190	154,337,310							
Investment in subsidiaries	-	-	51,000,000	51,000,000							
Investment in associates	-	-	-	-							
Investment property	136,607,745	123,350,704	136,607,745	123,350,704							
Property and equipment	1,325,169,109	1,303,844,846	1,311,222,667	1,279,315,069							
Goodwill and Intangible assets	30,673,516	34,537,435	30,216,436	33,939,390							
Deferred tax assets	-	-	-	-							
Other assets	1,866,648,473	1,661,315,938	1,831,043,422	1,623,233,867							
Total Assets	169,479,015,569	151,905,133,348	168,690,708,704	151,535,260,260							
Liabilities											
Due to Bank and Financial Institutions	9,549,281,566	8,404,327,731	9,549,281,566	8,404,327,731							
Due to Nepal Rastra Bank	950,216,637	984,061,065	950,216,637	984,061,065							
Derivative financial instruments	9,192,409,018	7,129,133,079	9,192,409,018	7,129,133,079							
Deposits from customers	126,020,101,140	114,555,895,583	126,545,075,825	114,923,367,534							
Borrowing	-	-	-	-							
Current Tax Liabilities	-	-	-	-							
Provisions	-	-	-	-							
Deferred tax liabilities	100,479,843	70,533,100	100,321,233	70,374,490							
Other liabilities	3,117,519,115	2,418,556,149	2,135,342,434	2,026,882,127							
Debt securities issued	5,466,079,000	2,966,079,000	5,466,079,000	2,966,079,000							
Subordinated Liabilities	-	-	-	-							
Total liabilities	154,396,086,319	136,528,585,708	153,938,725,713	136,504,225,026							
Equity											
Share capital	9,787,767,142	8,887,604,540	9,787,767,142	8,887,604,540							
Share premium	-	122,091,505	-	122,091,505							
Retained earnings	1,177,559,381	1,882,072,319	1,105,721,034	1,801,400,742							
Reserves	3,930,449,060	4,290,488,197	3,858,494,815	4,219,938,447							
Total equity attributable to equity holders	14,895,775,583	15,182,256,561	14,751,982,991	15,031,035,234							
Non-controlling interest	187,153,667	194,291,079	-	-							
Total equity	15,082,929,250	15,376,547,640	14,751,982,991	15,031,035,234							
Total liabilities and equity	169,479,015,569	151,905,133,348	168,690,708,704	151,535,260,260							

Condensed Consolidated Statement of Profit or Loss For the Quarter ended Poush 2076

		Grou	qr		Bank					
Particulars	Current	Year	Previous Year C	orresponding	Curren	t 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	3,746,088,265	7,568,194,484	3,018,289,787	6,105,560,050	3,732,237,330	7,544,433,134	3,010,300,537	6,087,682,406		
Interest expense	2,388,317,066	4,762,233,511	1,958,829,485	3,787,071,676	2,390,223,475	4,770,599,275	1,963,437,512	3,798,845,768		
Net interest income	1,357,771,199	2,805,960,973	1,059,460,302	2,318,488,374	1,342,013,855	2,773,833,859	1,046,863,025	2,288,836,638		
Fees and commission income	345,778,744	622,315,476	257,227,953	497,866,132	326,286,440	580,842,233	237,577,691	460,301,822		
Fees and commission expense	58,854,210	104,645,708	45,032,891	79,142,751	57,188,652	100,152,419	44,166,047	76,204,049		
Net fee and commission income	286,924,534	517,669,768	212,195,062	418,723,381	269,097,788	480,689,814	193,411,644	384,097,773		
Net interest, fee and commission income	1,644,695,733	3,323,630,741	1,271,655,365	2,737,211,755	1,611,111,643	3,254,523,673	1,240,274,669	2,672,934,411		
Net trading income	145,598,388	253,959,250	5,622,164	205,746,511	143,640,401	254,456,213	107,599,637	200,124,347		
Other operating income	31,639,491	106,833,908	156,957,839	79,577,581	31,419,157	105,946,124	50,393,143	80,426,391		
Total operating income	1,821,933,612	3,684,423,899	1,434,235,368	3,022,535,847	1,786,171,201	3,614,926,010	1,398,267,449	2,953,485,149		
Impairment charge/(reversal) for loan and other losses	207,889,640	523,705,710	31,443,101	334,169,262	207,889,640	523,705,710	31,443,101	334,169,262		
Net operating income	1,614,043,972	3,160,718,189	1,402,792,266	2,688,366,585	1,578,281,561	3,091,220,300	1,366,824,348	2,619,315,887		
Operating expense				· · · ·		· · · · ·	· · · · ·			
Personnel expense	531,233,688	1,055,430,143	387,116,402	732,325,676	522,644,358	1,036,856,546	379,197,595	715,044,211		
Other operating expense	237,429,484	452,525,269	180,270,684	327,856,365	233,285,735	443,271,537	176,029,986	318,641,141		
Depreciation & Amortisation	47,838,829	93,250,825	35,944,976	67,732,553	46,550,351	90,492,929	33,926,971	63,687,991		
Operating Profit	797,541,971	1,559,511,952	799,460,204	1,560,451,991	775,801,117	1,520,599,288	777,669,796	1,521,942,544		
Non operating income	424,754	542,933	110,806	5,944,854	-	114,000	-	5,834,048		
Non operating expense	37,378,468	37,378,468	-	-	37,378,468	37,378,468	-	-		
Profit before income tax	760,588,257	1,522,676,417	799,571,010	1,566,396,845	738,422,649	1,483,334,820	777,669,796	1,527,776,592		
Income tax expense				· · · ·		· · · · ·	· · · ·			
Current Tax	239,961,372	468,587,821	239,871,304	469,919,054	233,311,690	456,785,342	233,300,939	458,332,978		
Deferred Tax	-	-	-	-	-	-	-	-		
Profit for the period	520,626,885	1,054,088,596	559,699,707	1,096,477,791	505,110,959	1,026,549,478	544,368,857	1,069,443,614		

Condensed Consolidated Statement of Comprehensive Income

Profit or loss for the period	520,626,885	1,054,088,596	559,699,707	1,096,477,791	505,110,959	1,026,549,478	544,368,857	1,069,443,614			
Other Comprehensive Income	219,438,925	69,875,734	33,953,474	3,254,167	219,438,925	69,875,734	33,953,474	3,254,167			
Total Comprehensive Income	740,065,810	1,123,964,330	593,653,180	1,099,731,958	724,549,884	1,096,425,212	578,322,331	1,072,697,781			
Basic earnings per share	10.94	22.15	12.93	25.32	10.61	21.57	12.57	24.70			
Diluted earnings per share	10.94	22.15	12.93	25.32	10.61	21.57	12.57	24.70			
Profit attributable to:											

	Statement of Distributable Profit	Amount in NPR
t in NPR	Net Profit for the period ended Poush 2076	1,026,549,478
	1. Appropriations	
vious	1.1 Profit required to be appropriated to Statutory Reserve	452,602,372
dited)	a. General Reserve	205,309,896
	b. Capital Redemption Reserve	-
5,811,617	c. Exchange Fluctuation Fund	-
5,971,370	d. Corporate Social Responsibility Fund	10,265,495
2 1 20 216	e. Employees Training Fund	-
3,120,216	f. Debenture Redemption Reserve	237,026,981
4,007,312	g. Others	-
0,731,130	1.2 Profit required to be transfer to Regulatory Reserve	(968,877)
3,145,232	a. Transfer to Regulatory Reserve	152,928,948
6,299,989	b. Transfer from Regulatory Reserve*	(153,897,825)
0,997,054	Net Profit for the period ended Poush 2076 available for distribution	574,915,984
4,337,310	· · ·	
1,000,000	*It includes Rs.148,450,186.86 which has been transferred from Regulatory Reserve	to Retained earnings as per

NRB circular no.- 06/076/77.

,350,704 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, Treasury and Micro Banking. Treasury Department acts as the fund manager of the Bank.

	Payment	Solutions	Remit	tance	Trea	sury	Micro	banking	Ban	Banking		Total	
Particulars	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter							
Revenues from external customers	135,486,847	111,612,016	15,344,155	15,187,101	719,864,910	540,907,370	242,153,614	127,481,855	7,372,942,178	6,039,180,673	8,485,791,704	6,834,369,015	
Intersegment revenues		-	23,663,424	10,062,011	54,262,948	13,809,634		-	2,735,464,970	2,409,166,564	2,813,391,342	2,433,038,209	
Segment Profit (loss) before tax	15,311,265	28,356,549	10,151,390	4,004,311	424,803,258	278,736,425	40,157,125	33,382,971	992,911,783	1,183,296,337	1,483,334,820	1,527,776,592	
Segment assets	200,344,747	183,159,245	644,731,356	291,388,998	11,067,203,889	10,538,763,128	72,446,132	45,774,396	156,705,982,581	126,815,556,531	168,690,708,704	137,874,642,298	
Segment liabilities	181,403,978	150,956,365	633,567,673	286,140,396	10,641,727,287	10,296,413,403	27,788,930	12,187,342	157,206,220,836	127,128,944,791	168,690,708,704	137,874,642,298	

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

,604,540 Group comprises of Siddhartha Bank Ltd. (Parent Co.) and Siddhartha Capital Ltd. (Subsidiary Co.). The Bank ,091,505 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 ,400,742 for merchant banking business from SEBON in 2015. The Bank has appointed subsidiary as its Registrar to Share. 938,447

- The Bank has held call deposits of Rs. 524.97 million of SCL as at 14 January 2020 (Poush end 2076). • Till the end of 2nd quarter, SCL earned interest income of Rs. 8.37 million and Rs. 0.25 million Share RTS fee from the Bank
- Above figures have been eliminated from the Statement of Financial Position and Statement of Profit or Loss of the Group.

b) Major Financial Indicators

Earnings Per Share	Rs. 21.57
Price Earnings Ratio (P/E Ratio)	14.65
Net Worth Per Share	Rs. 150.72
Total Assets Value Per Share	Rs.1,767.02
Liquidity Ratio	20.96%

2. Management Analysis

a) The Bank has formulated long term as well as short term plans which will positively contribute in the days to come b) The Bank has introduced new products and has re-aligned its existing products as per the changing market needs c) The Bank is continuously monitoring the targets set and periodically reviews the achievements vis-à-vis targets. d) The Bank has 180 branches (including 4 extension counters) till the end of 2nd quarter and is planning to continue branch expansion in coming days as well. Besides this, the Bank is serving its customers through 200 ATMs and 101 branchless banking locations. The Bank has established 7 provincial and 2 sub-provincial offices outside Kathmandu valley and 6 circle offices inside Kathmandu valley.

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 no 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 various factors such as market forces, economic conditions and government policies are major influencing factors for the movement in share prices, the management holds a neutral view on share transaction and its movement.

b) Maximum, minimum and last share price of the organized institutions including total transaction and transacted days during the quarter. (source: www.nepalstock.com.np)

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Maximum Price	Rs. 324
Minimum Price	Rs. 273
Closing Price	Rs. 316
Total Traded Shares	807,112 Shares
Total Traded Days	59 Days
	Minimum Price Closing Price Total Traded Shares

5. Problems and Challenges

Internal

- a) Increment in staff and operational costs.
- b) Recruitment and retention of quality human resources.

c) Challenges in increasing non-interest revenue.

d) Challenges in timely recovery of loans.

Total	740,065,810	1,123,964,330	593,653,180	1,099,731,958	724,549,884	1,096,425,212	578,322,331	1,072,697,781
Non-Controlling Interest	7,602,804	13,494,168	7,512,116	13,246,747	-	-	-	-
Equity holders of the Bank	/32,463,006	1,110,470,162	586,141,064	1,086,485,211	/24,549,884	1,096,425,212	578,322,331	1,0/2,69/,/81

Ratios as per NRB Directives

		G	roup		Bank				
Particulars	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	12.87%	12.87%	13.18%	13.18%	12.86%	12.86%	13.16%	13.16%	
Non-Performing Loan (NPL) to Total Loan	1.55%	1.55%	1.64%	1.64%	1.55%	1.55%	1.64%	1.64%	
Total loan loss provision to Total NPL	115.97%	115.97%	115.34%	115.34%	115.97%	115.97%	115.34%	115.34%	
Cost of Funds	7.27%	7.27%	7.42%	7.42%	7.27%	7.27%	7.42%	7.42%	
Credit to Deposit Ratio	78.41%	78.41%	78.77%	78.77%	78.41%	78.41%	78.77%	78.77%	
Base Rate	10.04%	10.04%	10.59%	10.59%	10.04%	10.04%	10.59%	10.59%	
Interest Rate Spread	5.17%	5.17%	4.71%	4.71%	5.17%	5.17%	4.71%	4.71%	
Return on Equity (Annualized)	14.02%	13.88%	16.14%	15.46%	13.91%	13.82%	16.07%	15.44%	
Return on Assets (Annualized)	1.26%	1.25%	1.66%	1.59%	1.23%	1.22%	1.62%	1.56%	

Notes

1. The above figures are subject to change as per the direction of the Regulators/ External auditor.

2. The figures for corresponding previous year quarter have been restated and regrouped wherever necessary.

3. Carve-outs have been used to prepare above financials.

4. 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 of amount derived as per norms prescribed by NRB and as per Para 63 of NAS 39.

5. Provision for Gratuity and Leave encashment have been provided for as per estimated actuarial valutation 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.

6. Interest rate spread for corresponding previous year quarter has been restated.

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)

<u>External</u>

a) Range bound trend of stock market.

b) Deficit in balance of payment.

c) Risk to the bank due to changes in policies and directives by the regulators. d) Competition among banks.

Strategies to overcome Challenges

a) Focus on new and high yielding products and services.

b) Optimum utilization of resources

c) Focus on SME, retail loans and non funded business.

d) Expansion of branches for increasing customer base and growth.

e) Exploring new avenues for resources.

f) Better cost management practices by continuous focus on efficiency and productivity.

g) Developing human resources through trainings for growth.

6. Corporate Governance

The Bank believes in growth that is equally matched by uncompromising compliance to legal, statutory and regulatory requirements. Proper work ethics, integrity and transparency of operations are paramount to the Bank's business. The entire business operations and working culture have been designed to meet the highest level of corporate governance. The Bank has focused in streamlining policies, guidelines and operationa manuals as per the dynamics of the business environment and ensuring compliance to these policies for smooth operations. In line with commitment to corporate governance, as required by NRB directive and circulars, the required plans, procedures and structures are in place and regularly being reviewed and monitored by Board, Board Level Committees and Management of the Bank.

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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