Siddhartha Bank Limited Unaudited Financial Results

2nd Quarter of Fiscal Year 2077/78

Condensed Consolidated Statement of Financial Position

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	Gro	ир	Bank			
	This Quarter Ending	Immediate Previous Year Ending (Audited)	This Quarter Ending	Immediate Previous Year Ending (Audited)	m B	
Assets	·				а	
Cash and cash equivalent	11,881,240,279	5,970,144,076	11,834,249,848	5,959,187,692		
Due from Nepal Rastra Bank	8,571,409,366	9,507,945,122	8,571,409,366	9,507,945,122	P	
Placements with Bank and Financial Institutions	2,873,507,249	1,067,074,180	2,873,507,249	1,067,074,180	I Re	
Derivative financial instruments	13,906,708,921	11,972,844,047	13,906,708,921	11,972,844,047	fn	
Other trading assets	325,004,996	222,536,048	216,043,937	147,021,248	In	
Loans and advances to B/FIs	4,927,804,062	4,004,351,952	4,927,804,062	4,004,351,952	re	
Loans and advances to customers	138,377,248,381	123,578,951,049	138,368,795,208	123,572,725,466	Pr	
Investment securities	26,486,336,592	22,783,305,318	26,103,160,592	22,502,829,318	be Se	
Current tax assets	359,755,583	298,749,292	369,154,995	296,973,967	as	
Investment in subsidiaries	-	-	51,000,000	51,000,000	lia	
Investment in associates	-	-	-	-		
Investment property	136,607,745	136,607,745	136,607,745	136,607,745	ı	
Property and equipment	1,430,065,302	1,433,352,217	1,414,303,950	1,422,340,138	i	
Goodwill and Intangible assets	85,272,983	102,314,935	85,071,540	101,985,674	1	
Deferred tax assets	-	-	-	-	ı	
Other assets	1,810,520,007	1,763,205,398	1,766,409,531	1,725,562,617	ı	
Total Assets	211,171,481,466	182,841,381,377	210,624,226,944	182,468,449,165	i	
Liabilities					i	
Due to Bank and Financial Institutions	4,727,755,377	6,759,236,798	4,727,755,377	6,759,236,798	ı	
Due to Nepal Rastra Bank	4,027,481,042	20,054,195	4,027,481,042	20,054,195	i	
Derivative financial instruments	13,814,793,550	11,862,128,229	13,814,793,550	11,862,128,229	ı	
Deposits from customers	157,518,951,016	139,172,356,368	157,791,481,644	139,609,497,543	i	
Borrowing	-	-	-	-	i	
Current Tax Liabilities	-	-	-	-		
Provisions	-	-	-	-		
Deferred tax liabilities	766,626,535	159,557,228	766,284,848	159,215,541	i	
Other liabilities	3,476,006,179	3,340,584,674	3,011,133,729	2,884,487,184	1	
Debt securities issued	8,162,559,000	5,162,559,000	8,162,559,000	5,162,559,000	ı	
Subordinated Liabilities	-	-	-	-	ı	
Total liabilities	192,494,172,699	166,476,476,491	192,301,489,190	166,457,178,489	1	
Equity		· · · · · · · · · · · · · · · · · · ·			i	
Share capital	9,787,767,142	9,787,767,142	9,787,767,142	9,787,767,142	ı	
Share premium	-	-	-	-	2	
Retained earnings	1,203,687,545	1,327,984,010	1,124,071,372	1,245,988,052	ı	
Reserves	7,487,124,283	5,050,882,970	7,410,899,240	4,977,515,481	ı	
Total equity attributable to equity holders	18,478,578,970	16,166,634,123	18,322,737,754	16,011,270,676	ı	
Non-controlling interest	198,729,796	198,270,764	-	-	ı	
Total equity	18,677,308,766	16,364,904,886	18,322,737,754	16,011,270,676	ı	
Total liabilities and equity	211,171,481,466	182,841,381,377	210,624,226,944	182,468,449,165	ı	

Condensed Consolidated Statement of Profit or Loss

Amount in NPR

		Gro	up		Bank						
Particulars	Current	Year	Previous Year (Corresponding	Curren	t Year	Previous Year C	orresponding			
rai ticulai s	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)	з.		
Interest income	3,491,140,734	7,241,578,827	3,746,088,265	7,568,194,484	3,482,824,339	7,224,315,864	3,732,237,330	7,544,433,134			
Interest expense	2,294,715,709	4,690,837,366	2,388,317,066	4,762,233,511	2,295,271,396	4,693,020,678	2,390,223,475	4,770,599,275	l		
Net interest income	1,196,425,025	2,550,741,461	1,357,771,199	2,805,960,973	1,187,552,943	2,531,295,186	1,342,013,855	2,773,833,859			
Fees and commission income	361,740,615	648,897,066	345,778,744	622,315,476	323,003,681	574,603,150	326,286,440	580,842,233			
Fees and commission expense	64,221,468	120,273,041	58,854,210	104,645,708	59,531,495	107,838,249	57,188,652	100,152,419			
Net fee and commission income	297,519,147	528,624,025	286,924,534	517,669,768	263,472,186	466,764,901	269,097,788	480,689,814			
Net interest, fee and commission income	1,493,944,172	3,079,365,486	1,644,695,733	3,323,630,741	1,451,025,129	2,998,060,087	1,611,111,643	3,254,523,674			
Net trading income	227,823,645	335,324,249	145,598,388	253,959,250	220,380,283	326,495,213	143,640,401	254,456,213	4.		
Other operating income	167,435,723	254,436,005	31,639,491	106,833,908	158,538,199	239,291,928	31,419,157	105,946,124			
Total operating income	1,889,203,540	3,669,125,740	1,821,933,612	3,684,423,899	1,829,943,611	3,563,847,228	1,786,171,201	3,614,926,010			
Impairment charge/(reversal) for loan and other losses	445,247,019	706,068,951	207,889,640	523,705,710	445,247,019	706,068,951	207,889,640	523,705,710			
Net operating income	1,443,956,521	2,963,056,789	1,614,043,972	3,160,718,189	1,384,696,592	2,857,778,277	1,578,281,561	3,091,220,300			
Operating expense											
Personnel expense	527,256,035	1,039,980,341	531,233,688	1,055,430,143	515,990,742	1,017,589,972	522,644,358	1,036,856,546			
Other operating expense	210,655,499	409,392,887	237,429,484	452,525,269	206,526,807	401,351,164	233,285,735	443,271,537			
Depreciation & Amortisation	50,680,785	103,988,771	47,838,829	93,250,825	49,503,350	101,879,209	46,550,351	90,492,929			
Operating Profit	655,364,202	1,409,694,790	797,541,971	1,559,511,952	612,675,693	1,336,957,932	775,801,117	1,520,599,287			
Non operating income	338,901	447,802	424,754	542,933	308,901	417,802		114,000			
Non operating expense	-	24,679	37,378,468	37,378,468	-	24,679	37,378,468	37,378,468			
Profit before income tax	655,703,103	1,410,117,913	760,588,257	1,522,676,417	612,984,594	1,337,351,055	738,422,649	1,483,334,819			
Income tax expense											
Current Tax	207,700,212	440,440,961	239,961,372	468,587,821	194,884,660	418,610,904	233,311,690	456,785,342	5.		
Deferred Tax	-	-	-	-	-	-		-	٠.		
Profit for the period	448,002,891	969,676,952	520,626,885	1,054,088,596	418,099,934	918,740,151	505,110,959	1,026,549,478			
Condensed Consolidated State											
Profit or loss for the period	448,002,891	969,676,952	520,626,885	1,054,088,596	418,099,934	918,740,151	505,110,959	1,026,549,478			
Other Comprehensive Income	704,606,575	1,431,516,054	219,438,925	69,875,734	704,606,575	1,431,516,054	219,438,925	69,875,734			
Total Comprehensive Income	1,152,609,466	2,401,193,006	740,065,810	1,123,964,330	1,122,706,509	2,350,256,205	724,549,884	1,096,425,212			
Basic earnings per share	18.77	19.87	21.81	21.60	17.52	18.82	21.16	21.03			
Diluted earnings per share	18.77	19.87	21.81	21.60	17.52	18.82	21.16	21.03			
Profit attributable to:					1						
Equity holders of the Bank	1,137,957,017	2,376,233,974	732,463,006	1,110,470,162	1,122,706,509	2,350,256,205	724,549,884	1,096,425,212			
Non-Controlling Interest	14,652,449	24,959,032	7,602,804	13,494,168	•	-	•				
Total	1,152,609,466	2,401,193,006	740,065,810	1,123,964,330	1,122,706,509	2,350,256,205	724,549,884	1,096,425,212	ı		

a. Transfer to Regulatory Reserve

b. Transfer from Regulatory Reserve

Ratios as per IARD Directives									
		Gı	oup		Bank				
Particulars	Cur	rent 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	13.85%	13.85%	12.87%	12.87%	13.84%	13.84%	12.86%	12.86%	
Non-Performing Loan (NPL) to Total Loan	1.91%	1.91%	1.55%	1.55%	1.91%	1.91%	1.55%	1.55%	
Total loan loss provision to Total NPL	111.89%	111.89%	115.97%	115.97%	111.89%	111.89%	115.97%	115.97%	
Cost of Funds	5.40%	5.40%	7.27%	7.27%	5.40%	5.40%	7.27%	7.27%	
Credit to Deposit Ratio	76.81%	76.81%	78.41%	78.41%	76.81%	76.81%	78.41%	78.41%	
Base Rate	7.38%	7.38%	10.04%	10.04%	7.38%	7.38%	10.04%	10.04%	
Interest Rate Spread	4.20%	4.20%	5.17%	5.17%	4.20%	4.20%	5.17%	5.17%	
Return on Equity (Annualized)	10.49%	11.10%	14.02%	13.88%	9.99%	10.73%	13.91%	13.82%	
Return on Assets (Annualized)	0.87%	0.92%	1.26%	1.25%	0.81%	0.87%	1.23%	1.22%	

- 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. Carve-outs issued by ICAN 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
- 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 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
- 6. Group financial statements include Siddhartha Bank Limited (Parent Company) and Siddhartha Capital Limited (Subsidiary Company) and all intra group transactions are conducted on 6. Corporate Governance
- arm's length basis. 7. Detailed interim report has been published in Bank's website (www.siddharthabank.com)

Net Profit for the period ended Poush 2077 available for distribution

Statement of Distributable Profit

Amount in NPR

398,795,214

(136,937,684)

398,795,214

Net Profit for the period ended Poush 2077	918,740,151
1. Appropriations	
1.1 Profit required to be appropriated to Statutory Reserve	656,882,621
a. General Reserve	183,748,030
b. Capital Redemption Reserve	-
c. Exchange Fluctuation Fund	3,076,409
d. Corporate Social Responsibility Fund	9,187,402
e. Employees Training Fund	19,232,205
f. Debenture Redemption Reserve	441,638,575
g. Others	-
1.2 Profit required to be transferred to Regulatory Reserve	398.795.214

Information about reportable segments

R 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		Payment Solutions Remittance		Treasury		Microbanking		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	Current Quarter	Corresponding Previous Year Quarter
evenues rom external ustomers	137,523,591	135,486,847	28,939,325	15,344,155	1,056,940,242	719,864,910	274,595,148	242,153,614	6,867,125,650	7,372,942,178	8,365,123,956	8,485,791,704
ntersegment evenues		-	49,728,004	23,663,424	40,085,249	54,262,948	-	-	3,038,190,778	2,735,464,970	3,128,004,031	2,813,391,342
egment rofit (loss) efore tax	32,941,152	15,311,265	35,731,316	10,151,390	780,332,148	424,803,258	33,279,585	40,157,125	455,066,855	992,911,783	1,337,351,055	1,483,334,819
egment ssets	307,659,292	200,344,747	1,467,858,921	644,731,356	17,935,881,270	11,067,203,889	2,623,102,544	72,446,132	188,289,724,919	156,705,982,581	210,624,226,944	168,690,708,704
egment abilities	256,850,166	181,403,978	1,431,236,060	633,567,673	17,155,008,276	10,641,727,287	2,585,715,206	27,788,930	189,195,417,238	157,206,220,836	210,624,226,944	168,690,708,704

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 call deposits of Rs. 272.53 million of SCL as at 13 January 2021 (Poush end 2077). Till the end of 2nd quarter, SCL earned interest income of Rs. 2.18 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.

b) Major Financial Indicators Farnings Per Share

Larrings rei Share	K3. 10.02
Price Earnings Ratio (P/E Ratio)	22.05
Net Worth Per Share	Rs. 187.20
Total Assets Value Per Share	Rs. 2,151.91
Liquidity Ratio	25.79%

2. Management Analysis

- a) COVID vaccine breakthrough is silver lining in this pandemic time but availability of vaccines across the country is still unsure. So, the depth of its severity is still uncertain at current stage. This pandemic has created pressure on the Bank's business growth, reserves and profitability.
- b) The Bank has formulated its strategy with long term and short-term plans which focuses on sustainable growth, product diversification, operational efficiency, risk mitigation, customer satisfaction through digitization and automation.
- c) The Bank continuously monitors the targets set and reviews the progress on periodic basis.
- The Bank has introduced new products and re-aligned its existing products as per the requirement demand of customers.
- e) The Bank has been giving continuity to its business process reengineering and service excellency to achieve optimum efficiency.

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 during the quarter.

Rs. 316
Rs. 415
9,382,625
29,881
58 Days

5. Problems and Challenges

Internal

- a) Attainment of reasonable level of cost of operations.
- b) Challenges in increasing non-interest revenue.
- c) Challenges in recovery of loans.
- d) Challenges in managing surplus liquidity.

External

- a) COVID-19 pandemic has severely hit the economy of the country and contraction in economic activity has adverse effect on credit quality. Due to this, borrower's repayment capacity has been affected.
- b) Risk to the bank due to changes in policies and regulations. c) Competition among banks and financial institutions.
- d) Pressure in the interest spread.

Strategies to overcome Challenges

- a) COVID-19 pandemic:
- · The Bank has conducted COVID-19 impact survey among the borrowers on various parameters related to borrowers regarding their financials, past performance with the Bank, security coverage, duration of relationship with the Bank and their view on effect of pandemic to analyze the actual impact on borrowers.
- The Bank has established a mechanism to interact with the borrowers and has been addressing their problems in line with the regulations issued by NRB
- The Bank will continue to focus on borrower's needs to help them recover from the impact of pandemic. Greater attention has been given to more challenged customer segments.
- The Bank will monitor the effect of this pandemic regularly so as to maintain desired NPA level
- The situation has forced many new users to uptake digital banking services for conducting transactions. Like in the past, the Bank will further encourage customers to shift towards digital transactions. The infrastructure will be strengthened accordingly for security of digital transactions.
- b) Adapt the operating models to drive efficiency and resilience.
- Implementation of better cost management practices.
- d) Focus on new, diversified and high yielding products and services. e) Focus on non-funded business and explore new avenues for investment diversification.
- f) Drive digitization and automation to improve efficiency and productivity.
- g) Developing human resources and motivating them for growth. h) Prudent management of assets and liabilities for optimum utilization of resources.

- · The Bank is committed to maintain high standards of corporate governance by compliance to legal,
- statutory and regulatory requirements. Executive Committee (EXCOM) and Asset Liability Management Committee (ALCO) are in place to ensure effective and efficient operations of the Bank.
- Audit Committee ensures the establishment of effective internal controls and provides recommendations to the management regarding internal controls and compliance issues as appropriate.
- 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.
- 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

