Nepal SBI Bank Ltd.
Unaudited Interim Financial Statement of FY2081/82

Condensed Consolidated Statement of Financial Position
As on Poush 29, 2081 (13.01.2025)

Amount in NPR

Particulars	Group		Bank	
	This Quarter ending Poush 29, 2081	Immediate Previous Year Ending Asadh 31, 2081	This Quarter ending Poush 29, 2081	Immediate Previous Year Ending Asadh 31, 2081
Assets				
Cash and cash equivalent	8,552,899,195	11,217,326,825	8,552,885,020	11,217,312,652
Due from Nepal Rastra Bank	8,861,887,898	9,672,790,114	8,861,887,898	9,672,790,114
Placement with Bank and Financial Institutions	10,148,317,123	2,766,819,189	10,068,517,123	2,766,819,189
Derivative financial instruments	-	1,631,672	-	1,631,672
Other trading assets	238,905,276	194,094,078	81,308,000	81,551,000
Loan and advances to B/FIs	6,068,646,035	6,265,884,193	6,068,646,035	6,265,884,193
Loans and advances to customers	133,361,428,678	125,979,115,095	133,361,428,678	125,979,115,095
Investment securities	51,459,300,369	47,833,055,676	51,459,300,369	47,833,055,676
Current tax assets	473,083,065	511,841,238	473,083,065	510,037,482
Investment in subsidiaries	-	-	188,888,889	188,888,889
Investment in associates	-	-	-	-
Investment property	347,012,570	324,222,120	347,012,570	324,222,120
Property and equipment	1,237,694,809	1,300,109,589	1,236,221,225	1,298,765,701
Goodwill and Intangible assets	11,809,558	9,289,013	11,646,293	9,024,695
Deferred tax assets	442,651,586	444,440,463	441,853,336	443,642,214
Other assets	1,558,499,735	2,228,334,699	1,518,419,838	2,217,840,820
Total Assets	**222,762,335,897**	**208,748,953,961**	**222,671,098,339**	**208,810,581,507**
Liabilities				
Due to Bank and Financial Institutions	3,202,412,031	3,730,125,507	3,202,412,031	3,730,125,507
Due to Nepal Rastra Bank	-	-	-	-
Derivative financial instruments	35,826,232	-	35,826,232	-
Deposits from customers	189,196,875,224	175,320,160,459	189,269,303,282	175,514,855,972
Borrowing	-	-	-	-
Current tax liabilities	-	-	-	-
Provisions	-	-	-	-
Deferred tax liabilities	-	-	-	-
Other liabilities	4,698,620,020	4,271,217,290	4,678,034,065	4,266,105,840
Debt securities issued	5,844,387,920	5,843,554,047	5,844,387,920	5,843,554,047
Subordinated liabilities	-	-	-	-
Total liabilities	**202,978,121,427**	**189,165,057,304**	**203,029,963,531**	**189,354,641,366**
Equity				
Share capital	10,500,152,282	10,500,152,282	10,500,152,282	10,500,152,282
Share premium	-	-	-	-
Retained earnings	1,334,295,413	1,211,801,190	1,210,675,843	1,101,641,220
Reserves	7,949,766,776	7,871,943,185	7,930,306,683	7,854,146,639
Total equity attributable to equity holders	**19,784,214,470**	**19,583,896,657**	**19,641,134,809**	**19,455,940,141**
Non-controlling interest	-	-	-	-
Total equity	**19,784,214,470**	**19,583,896,657**	**19,641,134,809**	**19,455,940,141**
Total liabilities and equity	**222,762,335,897**	**208,748,953,961**	**222,671,098,339**	**208,810,581,507**

Condensed Consolidated Statement of Profit or Loss and Comprehensive Income
For the Second Quarter Ended Poush 29, 2081 (13.01.2025)

Amount in NPR

Particulars	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	This Quarter	Up to This Quarter (YTD) Poush 29, 2081	Corresponding Previous Year This Quarter	Up to This Quarter (YTD) Poush 29, 2080	This Quarter	Up to This Quarter (YTD) Poush 29, 2081	Corresponding Previous Year This Quarter	Up to This Quarter (YTD) Poush 29, 2080
Interest income	3,512,208,067	7,654,204,044	4,511,975,624	9,255,134,890	3,509,486,417	7,650,693,770	4,511,975,625	9,255,134,883
Interest expense	2,563,881,816	5,354,683,394	3,230,333,558	6,582,779,510	2,564,478,738	5,357,326,632	3,235,434,630	6,596,592,262
Net interest income	**948,326,250**	**2,299,520,650**	**1,281,642,066**	**2,672,355,381**	**945,007,678**	**2,293,367,138**	**1,276,540,995**	**2,658,542,621**
Fees and commission income	326,625,912	654,512,969	332,665,828	641,989,164	316,207,380	625,252,018	320,927,835	623,562,080
Fees and commission expense	30,501,822	64,252,053	25,424,082	51,473,963	29,954,368	61,714,906	22,758,644	47,118,330
Net fees and commission income	**296,124,090**	**590,260,915**	**307,241,746**	**590,515,201**	**286,253,012**	**563,537,111**	**298,169,191**	**576,443,750**
Net interest, fees and commission income	**1,244,450,341**	**2,889,781,565**	**1,588,883,812**	**3,262,870,582**	**1,231,260,691**	**2,856,904,249**	**1,574,710,186**	**3,234,986,370**
Net trading income	60,082,087	112,870,420	61,553,444	64,609,506	60,089,053	111,295,913	58,425,392	64,876,319
Other operating income	7,481,201	20,383,346	(5,795,535)	25,163,722	7,481,201	20,383,346	(5,795,535)	25,163,722
Total operating income	**1,312,013,628**	**3,023,035,331**	**1,644,641,722**	**3,352,643,810**	**1,298,830,944**	**2,988,583,508**	**1,627,340,044**	**3,325,026,411**
Impairment charge/ (reversal) for loans and other losses	516,843,584	239,227,693	451,564,754	748,420,871	516,843,584	239,227,693	451,564,754	748,420,871
Net operating income	**795,170,044**	**2,783,807,638**	**1,193,076,968**	**2,604,222,939**	**781,987,360**	**2,749,355,815**	**1,175,775,290**	**2,576,605,541**
Operating expense								
Personnel expenses	396,084,188	897,822,461	416,382,915	882,939,419	391,676,642	886,904,069	411,164,462	874,846,049
Other operating expenses	223,136,451	438,883,574	178,301,229	353,288,032	221,665,494	437,095,184	178,283,444	351,647,796
Depreciation & amortisation	44,130,445	88,012,566	82,956,059	166,506,740	43,500,532	87,197,229	82,821,733	166,142,238
Operating Profit	**131,818,960**	**1,359,089,037**	**515,396,765**	**1,201,488,749**	**125,144,692**	**1,338,159,333**	**503,505,651**	**1,183,969,458**
Non operating income	4,326,534	5,165,127	38,024,696	38,684,518	4,326,534	5,165,127	38,024,696	42,100,929
Non operating expense	-	-	-	-	-	-	-	-
Profit before income tax	**136,145,494**	**1,364,254,164**	**553,421,461**	**1,240,173,267**	**129,471,226**	**1,343,324,460**	**541,530,347**	**1,226,070,387**
Income tax expense								
Current Tax	43,845,738	448,849,967	182,795,778	389,839,779	43,841,368	443,043,408	180,166,859	385,528,871
Deferred Tax income (expense)	-	-	-	-	-	-	-	-
Profit/(loss) for the period	**90,299,756**	**915,404,197**	**370,625,684**	**850,333,488**	**85,629,858**	**900,281,052**	**361,363,489**	**840,541,517**
Earnings per share:								
Basic earnings per share (Annualised)	-	17.44	-	16.20	-	17.15	-	16.01
Diluted earnings per share (Annualised)	-	17.44	-	16.20	-	17.15	-	16.01

Condensed Consolidated Statement of Comprehensive Income

Profit/(loss) for the period	90,299,756	915,404,197	370,625,684	850,333,488	85,629,858	900,281,052	361,363,489	840,541,517
Other Comprehensive Income/ (Expenses)	(7,012,972)	4,174,048	(6,423,318)	(108,652,585)	(7,012,972)	4,174,048	(6,423,318)	(108,652,585)
Total comprehensive Income	**83,286,784**	**919,578,244**	**364,202,365**	**741,680,903**	**78,616,886**	**904,455,099**	**354,940,170**	**731,888,931**
Profit attributable to:								
Equity holders of the Bank	83,286,784	919,578,244	364,202,365	741,680,903	78,616,886	904,455,099	354,940,170	731,888,931
Non-controlling interest	-	-	-	-	-	-	-	-
Total	**83,286,784**	**919,578,244**	**364,202,365**	**741,680,903**	**78,616,886**	**904,455,099**	**354,940,170**	**731,888,931**

Ratios as per NRB Directives

Particulars	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	This Quarter	Up to This Quarter (YTD) Poush 29, 2081	This Quarter	Up to This Quarter (YTD) Poush 29, 2080	This Quarter	Up to This Quarter (YTD) Poush 29, 2081	This Quarter	Up to This Quarter (YTD) Poush 29, 2080
Capital fund to RWA		12.87%		12.81%		12.87%		12.81%
Tier 1 Capital to RWA		9.73%		9.61%		9.73%		9.61%
Tier 2 Capital to RWA		3.14%		3.20%		3.14%		3.20%
Return on Assets (Annualized)		0.85%		0.86%		0.83%		0.85%
Return on Equity (Annualized)		9.30%		9.24%		9.21%		9.19%
Non-Performing loan (NPL) to total loan		3.55%		2.29%		3.55%		2.29%
Total loan loss provision to Total NPL		96.61%		158.22%		96.61%		158.22%
Cost of Funds		5.58%		7.80%		5.58%		7.80%
Credit to Deposit Ratio (As per NRB)		72.82%		74.47%		72.82%		74.47%
Average Base Rate (As per NRB)		7.14%		9.66%		7.14%		9.66%
Interest Rate Spread		3.77%		3.99%		3.77%		3.99%

Statement of Distributable Profit or Loss
For the Second Quarter Ended Poush 29, 2081 (13.01.2025)

Amount in NPR

Particulars	Current Year (Upto this Quarter YTD)	Previous Year (Corresponding Quarter YTD)
Net profit or (loss) as per statement of profit or loss	**900,281,052**	**840,541,517**
Appropriations:		
a. General reserve	180,056,210	168,108,303
b. Foreign exchange fluctuation fund	3,020,000	4,990,720
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	1,795,300	4,107,165
e. Employees' training fund	10,130,849	6,275,251
f. Other (Debenture Redemption Reserve)	190,342,275	127,118,000
Profit or (loss) before regulatory adjustment	**514,936,417**	**529,942,078**
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	127,456,879	(310,547,449)
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 (+)	(14,357,984)	(43,876,753)
e. Deferred tax assets recognised (-)/ reversal (+)	(1,788,878)	(46,565,394)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Acturial loss recognised (-)/reversal (+)	4,174,048	(15,710,055)
i. Other (+/-) (Fair Value Gain on Trading Assets)	-	-
Net Profit for the First Quarter end available for distirubtion	**630,420,483**	**113,242,427**
Opening Retained Earning as on Shrawan 1	1,101,641,220	1,070,548,188
Adjustment (+/-)	194,296,817	-
Distribution:		
Bonus shares issued	-	-
Cash Dividend Paid	719,260,431	688,202,752
Total Distributable profit or (loss) as on Quarter end date	**1,207,098,088**	**495,587,863**
Annualised Distributable Profit/Loss per share	**17.50**	**5.80**

Disclosure for above financial statement prepared as per Nepal Financial Reporting Standards (NFRS)

1. The above figures may undergo change as per statutory audit and/ or as per direction of Nepal Rastra Bank.
2. The Bank's financial statements have been prepared based on Nepal Financial Reporting Standard.
3. The Bank is currently in the process of implementation of ECL for impairment of loan and advances as per NFRS-9. The impairment loss on loan and advances have been measured as per norms prescribed by Nepal Rastra Bank for loan loss provision which may vary with the implementation of NFRS 9 i.e. impairment under expected credit loss model.
4. Recognition of interest income (accrued) on Non-Performing loan and advances has been suspended on best possible estimate.
5. Group includes Nepal SBI Bank Ltd. (NSBL, Parent Company) and Nepal SBI Merchant Banking Ltd. (NSMBL, Subsidiary Company) where intergroup transactions have been eliminated.
6. Figures have been regrouped/ rearranged wherever necessary for previous year corresponding quarter, however the financial position has been reflected as per local GAAP.
7. Employee bonus has been calculated as per provision of bonus act 2030 and included in personnel expenses.
8. Estimation of current quarter provision for gratuity and leave has been provided as per the bank's policy and as per the actuarial valuation.
9. Share Capital reported above does not included Bonus Share of 3.80% approved by 31st AGM of the Bank citing pending of various regulatory procedures.
10. The detailed interim financial results have also been published in bank's website: nsbl.statebank

SECOND QUARTER REPORT AT THE END OF POUSH, 2081 OF FY2081/82

(Published for the Purpose of Rule 26 (1) of the Securities Registration and Issue Regulation, 2073)

1. Financial Statements:

a. Statement of Financial Position and Statement of Profit or Loss as per Nepal Financial Reporting Standard: Published along with this report.

b. Related Party Transactions:

Parties are related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decisions, or one other party controls both. The definition includes subsidiaries, associates, directors, key management personnel etc.

Parent company

The parent company, State Bank of India holds 55% of the issued ordinary shares of the Bank, which is also the ultimate parent company.

State Bank of India (SBI) Group	Poush 29, 2081 (Rs. in '000')
Transaction during the quarter	
Technical Service Fees to SBI	20,796.98
Interest on placements with SBI Foreign Offices	203,509.14
Interest on Borrowing	Nil
Quarter End Balance	
Placements and Interest receivable from SBI Offices	16,450,768.71
Borrowing and Interest Payable to SBI Offices	Nil
Nostro Balances in SBI Offices	475,379.93
Card Transaction Payables to SBI	6,021.71

Subsidiary

Transactions between the Bank and its subsidiary, Nepal SBI Merchant Banking Limited (NSMBL), also meet the definition of related party transactions. These transactions are eliminated on consolidation.

Subsidiary - Nepal SBI Merchant Banking Ltd. (NSMBL)	Poush 29, 2081 (Rs. in '000')
Transaction during the Quarter	
Interest Paid on Deposit to NSMBL	760.00
Other receivables from NSMBL	352.44
RTS, D-Mat Service Charge accrued and payable to NSMBL	1,924.42
Quarter End Balance	
Others payable to NSMBL	1,571.97
Deposit maintained with NSBL	72,428.06

Other Principal Promoter Representing in the Board (s)

Employee Provident Fund, Nepal holds 15% shares in the Bank and has a representation to the Bank's Board, is also considered to be the related party of the Bank.

Employee Provident Fund (EPF) Nepal	Poush 29, 2081 (Rs. in '000')
Quarter End Balance	
Deposits	8,484,430.39

Directors and other Key Management Personnel (KMP)

The Bank's Directors, Key Management Personnel and persons connected with them, are also considered to be related parties for disclosure purposes. Personnel representing the Central Management Committee (CENMAC) are considered as KMP.

Transaction during the Quarter (Allowances and Expenses)	Poush 29, 2081 (Rs. in '000')
Board Meetings	540.00
Audit Committee Meetings	
Risk Management Committee Meetings	
Employee Service Facility Committee Meetings	
Asset (money) Laundering Prevention Committee	
Food, Lodging Expenses for Board level Meetings	315.76
Travelling & Halting Expenses for Board level Meetings	

Key Management Personnel

There is no observation of the transactions between the Bank and Key Management Personnel other than as prescribed under staff service byelaws and relating to remuneration.

Salary to the key management personnel deputed from State Bank of India (SBI), is borne by State Bank of India (SBI), the parent company under the "Technical Service Agreement (TSA)" entered with the Bank which is approved by the Nepal Rastra Bank (NRB). These key management personnel are also provided with living, medical and other related facilities as per TSA.

c. Major Financial Ratios:

Financial ratios		
Per Share Net worth	187.07 PE Ratio	26.83
Per Share Total Assets Value	2,120.65 Liquidity Ratio	36.57
Earnings Per Share (Annualized)	17.15	

2. Managerial Analysis

a. Changes in stock/reserve, income and liquidity of the Institution during the quarter, details for the reasons there of.

i. **Stock/Reserve:** N/A

ii. **Income:** Net Profit of Rs. 90.03 Crore has been registered up to the second quarter of the Fiscal Year 2081/82 compared to Rs. 84.05 Crore in the same period last Fiscal Year 2080/81.

iii. **Liquidity:** Liquidity position of the bank is satisfactory.

b. Management Analysis for future business plan:

i. Bank has formulated a short term, medium term and long-term strategy covering to FY 2085/86 for 5 years. Bank has also formulated Annual Business Plan and Budget for FY 2081/82. Accordingly, Bank's performance is being monitored and reviewed periodically.

ii. To tap the opportunities our Bank's network has spread over the country covering 51 districts with a total of 149 Outlets and 122 ATMs. The outlets include 100 Branches, 22 Extension Counters, 7 Provincial Offices, 19 Branchless Banking Outlets and Corporate Office. This wide presence helps us to provide better services to the customers and increases Bank's reach.

3. Legal Proceedings:

a. Lawsuits filed by/against the Bank: Eight lawsuits have been filed against the Bank and the Bank in respect of general matters has filed no lawsuit during the quarter.

b. Lawsuits filed by the Bank against different defaulting borrowers/guarantors for recovery of its dues: One lawsuit has been filed by the Bank against defaulting borrowers/guarantors for recovery of its dues during the quarter.

c. Lawsuits filed by/against the Promoter or director of the Bank involving violation of statutory regulations or criminal offences: No information has been received by the bank till date.

d. Case filed against any Promoter/Director for financial frauds: No information has been received by the bank till date.

4. Analysis of Stock Performance:

a. Management view on share transactions of the Organized Institution taken place at Securities Market. As the Nepal Stock Exchange is operating under the supervision of Securities Board of Nepal, management has no comment on the same.

b. Maximum, minimum, and closing share price of organized Institution including total transacted number of shares and transacted days during quarter:

Maximum Share Price	Rs. 549.00	Total no. of transactions	13,402
Minimum Share Price	Rs. 419.60	Total Transacted no. of days	55
Closing Share Price	Rs. 460.00	Total Traded number of Shares	5,045,185

5. Problems and Challenges:

a. Problems and Challenges Faced:

i. **External:**
- Limited avenue for long term Lending & Investment.
- Challenges to onboard and book quality assets.
- Challenges due to stress from Global and Nntional Economic Outlook.
- Cut-throat competition on ROI in banking industry.

ii. **Internal:**
- Maintaining consistency in Return on Equity amidst increase in capital.
- Rationalization of cost of operation.
- Challenges for timely recovery of loans & advances.
- Retention of Skilled Manpower

b. Strategy followed by the management in solving such problems and challenges:
- Increased focus on Retail loan portfolio.
- Augmentation in liability products by way of more focus on low-cost deposits.
- Introduction of Alternate Channels/technological platforms to reduce cost.
- Regular In-House training to staff to enhance work performance.
- Good industrial relations.
- Rationalization of expansion plans.
- Focus on regularization of stressed accounts.

6. Corporate Governance

a. The Bank has been fully complying with the directives, guidelines issued by NRB regarding Corporate Governance.

b. Central Management Committee (CENMAC) and Good Governance Committee (GGC) reviews progress in various areas of operations and is conducted on regular basis.

c. Board of Directors and its Committees' meeting are conducted on a regular basis.

d. Assets and Liabilities Committee (ALCO) and Risk Management Committee (Operation risk, Credit risk and Market risk) meetings are conducted regularly.

7. Declaration of Chairman/Chief Executive on truthfulness and correctness:

I, as on date, personally take responsibility on the truthfulness of the information and description presented in this report. Further, I declare that as far as I know and understand, the descriptions in this report are true, fair, and complete and have not concealed any necessary particulars, notices and information to the investors to take informed decision.

Managing Director & CEO

(सूचनाको एक सम्बन्धी ऐन, २०६४ को दफा ४ को उपदफा (३) बमोजिमको आ.व. २०८१/८२ को दोश्रो त्रैमासे (पौष २०८१) को वित्तिय वैकको वेवसाइट: nsbl.statebank मा प्रकाशन भरिएको व्यहोरा जानकारी मर्सेजदाही ।)

नेपाल एसबिआई बैंक लिमिटेड
NEPAL SBI BANK LTD.
Corporate Office
Kamaladi, Kathmandu
Tel: 01-4435613, SWIFT: NSBINPKA