Standard Chartered Bank Nepal Limited

Naya Baneshwore, Kathmandu

Condensed Consolidated Statement of Financial Position
As on Quarter ended 29 Poush 2081 (13 Jan 2025)

Rs in '000

Assets	This Quarter Ending	Immediate Previous Year Ending
Cash and cash equivalent	45,158,749	28,499,220
Due from Nepal Rastra Bank	4,211,443	3,750,851
Placement with Bank and Financial Institutions	1,427,677	3,092
Derivative financial instruments		702
Other trading assets		
Loan and advances to B/FIs	9,333,807	7,487,458
Loans and advances to customers	78,172,408	81,142,517
Investment securities	11,096,434	17,833,700
Current tax assets	292,875	281,079
Investment in subsidiaries		
Investment in associates		
Investment property		
Property and equipment	444,587	465,521
Goodwill and Intangible assets		
Deferred tax assets	87,109	93,665
Other assets	1,449,549	1,631,268
Total Assets	**151,674,638**	**141,189,071**
Liabilities		
Due to Bank and Financial Institutions	2,716,354	2,341,883
Due to Nepal Rastra Bank		
Derivative financial instruments	51,940	4,300
Deposits from customers	122,165,207	112,483,887
Borrowing		
Current Tax Liabilities		
Provisions		
Deferred tax liabilities		
Other liabilities	3,834,723	3,316,240
Debt securities issued	2,523,261	2,523,939
Subordinated Liabilities		
Total liabilities	**131,291,485**	**120,670,248**
Equity		
Share capital	10,042,368	9,429,454
Share premium		
Retained earnings	1,139,059	2,461,563
Reserves	9,201,725	8,627,806
Total equity attributable to equity holders	**20,383,153**	**20,518,823**
Non-controlling interest		
Total equity	**20,383,153**	**20,518,823**
Total liabilities and equity	**151,674,638**	**141,189,071**

Condensed Consolidated Statement of Profit or Loss
For the Quarter ended 29 Poush 2081 (13 Jan 2025)

Rs in '000

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest income	1,944,361	4,141,986	2,821,387	6,133,645
Interest expense	940,904	1,969,517	1,577,477	3,502,224
Net interest income	**1,003,457**	**2,172,469**	**1,243,909**	**2,631,421**
Fee and commission income	384,133	882,214	515,536	760,829
Fee and commission expense	93,785	186,738	17,385	37,416
Net fee and commission income	**290,348**	**695,476**	**498,151**	**723,413**
Net interest, fee and commission income	**1,293,805**	**2,867,945**	**1,742,060**	**3,354,834**
Net trading income	167,749	329,887	132,316	299,175
Other operating income	12,169	21,024	11,938	6,056
Total operating income	**1,473,723**	**3,218,855**	**1,886,314**	**3,660,065**
Impairment charge/(reversal) for loans and other losses	(193,583)	(250,781)	31,130	51,396
Net operating income	**1,667,306**	**3,469,636**	**1,855,184**	**3,608,670**
Operating expense				
Personnel expenses	382,944	803,441	393,770	791,607
Other operating expenses	134,599	248,882	137,478	265,392
Depreciation & Amortisation	34,342	70,410	36,922	75,774
Operating Profit	**1,115,421**	**2,346,902**	**1,287,013**	**2,475,896**
Non operating income	2,350	4,525		
Non operating expense	5,730	7,670	3,115	9,570
Profit before income tax	**1,112,041**	**2,343,756**	**1,283,898**	**2,466,326**
Income tax expense	333,612	703,127	385,169	739,898
Current Tax	333,612	703,127	385,169	739,898
Deferred Tax				
Profit/ (Loss) for the period	**778,429**	**1,640,630**	**898,729**	**1,726,428**
Condensed Consolidated Statement of Other Comprehensive Income				
Profit/(loss) for the period	778,429	1,640,630	898,729	1,726,428
Other Comprehensive Income	19,915	15,296	258,901	220,583
Total Comprehensive Income	**798,344**	**1,655,926**	**1,157,630**	**1,947,011**
Basic earnings per share	32.67	32.67	36.62	36.62
Diluted earnings per share	32.67	32.67	36.62	36.62
Profit attributable to:				
Equity holders of the Bank	798,344	1,655,926	1,157,630	1,947,011
Non-controlling interest				
Total	**798,344**	**1,655,926**	**1,157,630**	**1,947,011**

Statement of Distributable Profit or Loss
For the Quarter ended on 29 Poush 2081 (As per NRB Regulation)

Rs in '000

Particulars	Current Year Upto this Quarter YTD	Previous Year Corresponding Quarter YTD
Net profit or (loss) as per statement of profit or loss	**1,640,630**	**1,726,428**
Appropriations		
a. General reserve	*(328,126)*	*(345,286)*
b. Foreign exchange fluctuation fund	*(5,256)*	*(781)*
c. Capital redemption reserve	*(240,000)*	*(240,000)*
d. Corporate social responsibility fund	*(16,406)*	*(17,264)*
e. Employees' training fund		
f. Other		
Profit or (loss) before regulatory adjustment	**1,050,841**	**1,123,098**
Regulatory adjustment		
a. Interest receivable (-)/previous accrued interest received (+)	*31,165*	*2,982*
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 (-)/resersal (+)		
e. Deferred tax assets recognised (-)/ reversal (+)		
f. Goodwill recognised (-)/ impairment of Goodwill (+)		
g. Bargain purchase gain recognised (-)/resersal (+)		
h. Actuarial loss recognised (-)/reversal (+)		
i. Other		
Net Profit for the quarter ended on 29 Poush 2081 available for distribution	**1,082,007**	**1,126,080**
Opening Retained Earning as on Shrawan 1, 2081	2,461,563	2,710,556
Adjustment (+/-)		(913,256)
Distribution:		
Bonus shares issued	(612,915)	
Cash Dividend Paid	(1,791,596)	(1,791,596)
Total Distributable profit or (loss) as on quarter end date	**1,139,059**	**1,131,784**
Annualised Distributable Profit/Loss per share	23.55	23.94

Explanatory Notes:

1. Loans & advances includes loans to BFIs, customers and staff. The fair value of loans & advances is the carrying amount using effective interest rate method. Impairment on loans & advances is calculated at the higher of NRB directive 2 and ECL as per NFRS 9. Loans & advances is calculated as the summation of loan outstanding and accrued interest on these loans less impairment provisions, unamortized fee, unamortized deferred benefits if any.
2. Investment in securities have been marked to market using NFRS 13 input value and has been measured at Fair Value Through Other Comprehensive Income.
3. Effective Interest rate and latest ECL guidelines has been considered for recognition of interest income.
4. Personnel Expenses includes staff bonus and staff benefits amortization.
5. Immediate previous year ending figures in statement of financial position are audited figures.
6. Regulatory adjustments includes accrued interest receivable on loans and advances.
7. The above figures are subject to change as per the instructions and directions from Nepal Rastra Bank /Statutory Auditors.
8. Detailed interim report has been published on the bank's website.

1. Financial Statements: published as part of this report

(a)Related Party Disclosures: The Bank being a subsidiary of an international bank avails of support services from its global support functions governed by approved agreements. Foreign currency funds have mainly been placed with Standard Chartered Bank (SCB) network points. These funds are all under the management of Standard Chartered Group with high governance levels and acceptable country risks and returns.

Transaction during the period (Rs in '000)	1 Shrawan 2081 to 29 Poush 2081
Interest on placements	321,695
Shared Service Center Costs	68,733

Period end Balance (Rs in '000)	29 Poush 2081
Placements	21,669,517
Nostro Balances	373,063
Interest Receivable	8,773
Trade Contingents	31,534,422
Fee Income Receivables	80,227

Transactions with and payments to directors of the bank

Following payments have been made to the directors of the bank

Particulars (Rs in '000)	1 Shrawan 2081 to 29 Poush 2081
Directors' sitting fees	336
Directors' travel and meeting expenses	430
Remuneration and bonus of the executive director	18,599
Other benefits of the executive director	7,278

Ratios as per NRB directive

Ratios	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Capital Fund to RWA		16.94%		16.07%
Non-Performing Loan (NPL) to Total Loans		1.71%		1.60%
Total Loan Loss Provision to Total NPL		143.55%		153.68%
Cost of Funds		3.38%		5.62%
Credit to Deposit Ratio		70.80%		73.21%
Base Rate		5.13%		7.56%
Interest Rate Spread		4.00%		4.00%
Tier 1 Capital to RWA		14.61%		13.26%
CET 1 Capital to RWA		14.61%		13.26%
Return on Equity		16.04%		17.47%
Return on Assets		2.24%		2.32%

(b) Key Financial Indicators

Earnings per share (Annualised)	Rs. 32.67
P/E Ratio	20.5
Net Worth per Share	Rs. 202.97
Total Assets to No. of Shares	Rs. 1,510.30
Liquid Assets to Total Deposits	48.65%

2. Management Analysis:

(a) Bank's capital and liquidity position continues to be strong.

(b) Income momentum for the current period over corresponding period of last year has slightly declined owing to muted credit momentum, declining yields, and Stage 3 Assets interest income recognition. Bank has continued the effort to optimize balance sheet and returns. Quality of Balance sheet remains robust and NPL% is slightly improving in last two quarters and expected to further improve.

(c) The liquidity supply in the system has been abundant during the quarter. There is ample lendable headroom in the market at the prevailing level of CD ratio and deposit rates are decreasing. Overall lending rates are falling gradually in line with reduced Base Rate of the Bank. ALCO has been actively managing liquidity and interest rate risks in the Balance Sheet.

(d) The Bank follows prudent approach in its business plans to protect all stakeholders' value and ensure consistent sustainable performance.

3. Details relating to legal proceedings

(a) Case filed by or filed against the Bank in the quarter:
Except for the lawsuits in normal course of business there are no material cases filed by or against the Bank.

(b) Case relating to disobedience of prevailing law or commission of criminal offence filed by or against the Promoter or Director of Organized Institution.
No such information has been received.

(c) Case relating to commission of financial crime filed against any Promoter or Director.
No such information has been received.

4. Analysis of share transaction and progress of Organized Institution

(a) Management view on share transaction happened at Securities Market.
Since price and transactions of the Bank's shares are being determined by the open share market operations through a duly established Stock Exchange, management view on this is neutral.

(b) Maximum, minimum and last share price including total number of shares traded and transacted days during this quarter:
Maximum- Rs. 779.20, Minimum- Rs. 630.10, Last- Rs. 670.30, total number of shares traded 2,322,371 and transacted days 55.

5. PROBLEMS AND CHALLENGES:

INTERNAL

1. For the better management of RWA, focus on the growth of non-interest income
2. For better management of Loan Impairment, continue focus on robust risk management
3. Due to increasing operational costs, place continuous focus on operational efficiency

EXTERNAL

1. Net Interest Spread
2. Surplus liquidity in the industry and limited deployment opportunities

STRATEGY

1. Continued focus on Risk Management with a focus on deploying funding to productive sectors namely Specified Sector Lending (SSL)
2. Innovative practices around Risk Participation
3. Prudent management of balance sheet with a focus on low cost funding sources
4. Continue to enhance and innovate products and services, introduce new digital offerings
5. Continue to build an inclusive culture, focus on employee wellbeing and provide platforms for the development opportunities of colleagues

6. CORPORATE GOVERNANCE

1. The **Board** of Standard Chartered Bank Nepal Limited is responsible and accountable to the shareholders and ensures that proper corporate governance standards are maintained.
2. The **Audit Committee** meets quarterly to review the internal and external inspection reports, control and compliance issues and provides feedback to the Board as appropriate.
3. The **EXCO** (Executive Committee) represented by all Segments, Products and Functions Heads is the apex body managing the day to day operations of the Bank.
4. Responsibility of **Risk Management** rests with the Board supported by Risk Committee, Audit Committee, AML Committee, EXCO, Asset Liability Committee and Executive Risk Committee.
5. We adopt **Standard Chartered Code of Conduct**, which builds on our values and our brand promise, guiding us to the standards required to help us prove that we are **Here for Good**.

7. Declaration of Chief Executive on truthfulness and correctness

I, as at the date, hereby individually accept responsibility for the accuracy of the information and details contained in the report. I also hereby declare that to the best of my knowledge and belief the information contained in this report is true, accurate and complete and there are no other matters concealed, the omission of which shall adversely affect informed investment decision by the investors.

Chief Executive Officer