

Standard Chartered Bank Nepal Ltd.

Naya Baneshwore, Kathmandu

UNAUDITED FINANCIAL RESULTS (QUARTERLY)

2nd Quarter ended of Fiscal Year 2075/76

Rs in '000

Statement of Financial Position	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
Assets			
Cash and cash equivalent	10,681,291	27,588,141	26,538,892
Due from NRB and placements with BFs	12,858,936	2,148,121	5,037,910
Loan and advances	50,968,614	47,804,358	42,976,586
Investments Securities	7,409,292	3,712,151	5,836,092
Investment in subsidiaries and associates	-	-	-
Goodwill and intangible assets	-	-	-
Other assets	606,992	627,794	724,099
Total Assets	82,525,125	81,880,565	81,113,579
Capital and Liabilities			
Paid up Capital	8,011,431	8,011,431	8,011,431
Reserves and surplus	7,039,850	6,789,101	4,822,224
Deposits	65,984,118	65,470,922	66,072,253
Borrowings	-	-	-
Bond and Debenture	-	-	-
Other liabilities and provisions	1,489,726	1,609,111	2,207,671
Total Capital and Liabilities	82,525,125	81,880,565	81,113,579

Statement of Profit or Loss	Up to this Quarter	Up to Previous Quarter	Up to Corresponding Previous Year Quarter
Interest income	3,013,268	1,502,747	2,296,236
Interest expense	1,361,416	660,378	681,673
Net interest income	1,651,852	842,368	1,614,563
Fee and commission income	400,811	227,084	329,500
Fee and commission expense	46,426	17,022	32,393
Net fee and commission income	354,385	210,062	297,107
Other operating income	455,032	288,099	397,873
Total operating income	2,461,269	1,340,529	2,309,543
Impairment charge/(reversal) for loans and other losses	54,479	7,340	31,403
Net operating income	2,406,791	1,333,189	2,278,140
Personnel expenses	502,607	261,008	481,085
Other operating expenses	267,975	166,276	264,854
Operating profit	1,636,208	905,905	1,532,201
Non operating income/expense	-	-	-
Profit before tax	1,636,208	905,905	1,532,201
Income tax	490,862	271,771	459,660
Profit / (loss) for the period	1,145,346	634,133	1,072,541
Other comprehensive income	(19,567)	(5,134)	(32,881)
Total comprehensive income	1,125,779	628,999	1,039,660
Distributable Profit			
Net profit/(loss) as per profit or loss	1,145,346	634,133	1,072,541
Add/Less: Regulatory adjustment as per NRB Directive	(147,195)	(49,600)	(113,050)
Free profit/(loss) after regulatory adjustments	998,151	584,533	959,491
Ratios			
Capital fund to RWA	22.03%	23.44%	22.96%
Non performing loan (NPL) to total loan (As per NRB Directive)	0.20%	0.21%	0.17%
Total loan loss provision to Total NPL (As per NRB Directive)	581.77%	552.43%	685%
Cost of Funds	5.13%	4.82%	2.42%
Credit to Deposit Ratio (As per NRB Directive)	75.81%	68.12%	78.97%
Base Rate	7.55%	8.14%	5.80%
Basic Earning Per Share (Annualized)	28.59	31.66	26.78
Diluted Earning Per Share (Annualized)	28.59	31.66	26.78

Segmental Reporting	Rs in '000				
Particulars	Retail	Commercial	CIB	Others	Total
Net Revenue	1,100,941	442,020	728,568	189,740	2,461,269
Interest revenue	1,492,863	899,931	236,717	383,758	3,013,268
Interest expense	672,991	83,429	602,893	2,104	1,361,416
Net interest revenue	819,873	816,502	(366,177)	381,654	1,651,852
Depreciation and amortisation	13,201	2,065	4,250	-	19,516
Segment profit / (loss)	395,774	215,859	402,154	131,558	1,145,346
Entity's interest in the profit or loss of associates accounted for using equity method	-	-	-	-	-
Other material non-cash items:	-	-	-	-	-
Impairment of assets	-	-	-	-	-
Segment assets	25,776,703	15,315,387	5,741,886	35,691,150	82,525,125
Segment liabilities	33,470,418	4,432,351	30,363,644	14,258,712	82,525,125

Explanatory Notes:

- Loans & advances includes loans to BFs, customers and staffs. 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 NAS 39. 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.
- Investment in securities have been marked to market using NFRS 13 input value and has been measured at Fair Value Through Other Comprehensive Income.
- Other Assets includes Derivative financial Instruments, Current Tax Assets, Property & Equipment, Deferred Tax Assets and other assets. Other Liabilities includes Current Tax Liabilities and other Liabilities.
- Prior year corresponding period figure has been restated/reclassified as per NFRS as well as those warranting adjustments/restatement Erstwhile it was as per local GAAP.
- Effective Interest rate has been used for recognition of interest income
- Personnel Expenses includes staff bonus and staff benefits amortization
- Regulatory adjustments includes accrued interest receivable on loans and advances
- The above figures are subject to change as per the instructions and directions of Nepal Rastra Bank /Statutory Auditors.

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 to 30 Poush 2075
Placements (total of placements made during the year)	1,021,437,633
Interest on placements	279,652
Shared Service Center Costs	72,463
Period end Balance (Rs in '000)	30 Poush 2075
Placements	15,744,405
Nostro Balances	730,618
Interest Receivable	35,176
Shared Service Cost Payable	47,887
Trade Contingents	6,866,725
Fee Income Receivables	57,183

"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 to 30 Poush 2075
Directors' sitting fees	141
Directors' travel and meeting expenses	850
Remuneration and bonus of the executive director (net of tax)	7846
Other benefits of the executive director (net of tax)	9194

(b) Key Financial Indicators

Earnings per share (Annualised)	Rs 28.59
P/E Ratio	20.63
Net Worth per Share	Rs. 187.87
Total Assets to No. of Shares	Rs. 1030.09
Liquid Assets to Total Deposits	43.99%

2. Management Analysis:

- There have been changes in the Bank's reserve position, income and liquidity. Reserves have grown through retention of profits; income streams have increased.
- Liquidity position has been tightening requiring a closer monitoring. However, Bank has been able to manage client expectation due to its prudent asset liability management approach and has kept its door open for business all the time.
- The Bank follows prudent approach in its business plans to protect all the stakeholders' interests and ensure sustainable growth.
- There were no incidents which have had material impact on reserve, profit or cash flow position of the Bank during the quarter under review.

3. Details relating to legal proceedings

- Case filed by or filed against the Bank in the quarter - There are no material cases filed by or against the Bank.
- 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.
- 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. 714 Minimum- Rs. 550 Last- Rs. 590 total number of shares traded 3,53,817 and transacted days 60

5. PROBLEMS AND CHALLENGES:

- | | |
|--|--|
| INTERNAL | EXTERNAL |
| 1. Rise in cost of operations. | 1. Tightening of liquidity situation leading to interest rate volatility |
| 2. Managing expectations of internal stakeholders. | 2. Cost of Regulatory Compliance. |

STRATEGY

- Drive balance sheet momentum and diversify funding sources
- Proactively monitor changes in the internal and external environment
- Continue to address stakeholder expectations
- Continue to enhance and innovate products and services.
- Achieve service excellence, drive digitization to improve efficiency.
- Effective portfolio management.

6. CORPORATE GOVERNANCE

- The Board of Standard Chartered Bank Nepal Limited is responsible and accountable to the shareholders and ensures that proper corporate governance standards are maintained.
- 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.
- 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.
- Responsibility of Risk Management rests with the Board supported by Risk Committee, Audit Committee, EXCO, Asset Liability Committee and Executive Risk Committee.
- 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 Chairman/Chief Executive on truth, tactfulness

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.

Joseph Silvanus
Chief Executive Officer