

FOURTH QUARTER REPORT AT THE END OF ASADH, 2075 OF FY2074/75

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

1. Financial Statements:

- a. **Quarterly Financial Report comprises Statement of Financial Position and Statement of Profit and Loss as per Nepal Financial Reporting Standard:** Published along with this report.

Transactions held between the Related Parties:

- Group comprises of Nepal SBI Bank Ltd (NSBL) and its wholly owned subsidiary Nepal SBI Merchant Banking Ltd (NSMBL) conducting merchant and investment banking business.
- All intra group transactions are conducted at arm's length basis and intra group transactions has been excluded in consolidated balance sheet.
- The Bank has deputed its employee as Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Subsidiary. Further, employees working at the Bank's Shares Department have also been deputed to subsidiary as an interim arrangement. NSBL has entered into Service Level Agreement with its Subsidiary to provide operational and technical assistance for an annual fee of Rs. 12 lakh. Similarly, NSBL has appointed Subsidiary as its Registrar to Share and for handling the Depository Participant Service, at a cost of Rs. 6 lakh per annum for each service.
- At the end of Ashad 2075, Subsidiary, NSMBL, has outstanding deposit balance of NPR 191,097 thousand with the NSBL. The Bank has paid NPR 13,569 thousand interest amount to its subsidiary in respect of its deposit during the year. The NSMBL has receivable of Rs.1,543 thousand from NSBL at the end of this quarter.

b. Minimum Major Financial Ratios:

- Per Share Net worth: Rs.159.01
- Per Share Total Assets Value: Rs.1,275.55
- Earnings Per Share: Rs. 23.32
- PE Ratio: 21.40 Times
- Liquidity Ratio: 26.01%

2. Management Analysis:

- a. **If there have been any changes in stock/reserve, income and liquidity of the Institution during the quarter, details for the reasons thereof:**

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

ii. **Income:** Net Profit of Rs.187.65 Crores has been registered up to the Fourth Quarter of the Fiscal Year 2074/75 compared to Rs 156.47 Crores in the same period last Fiscal

Year 2073/74 in NFRS financial, thereby registering a growth of 19.93%. The progress is mainly because of growth in income from Bank's overall business.

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

b. Management's analytical detail on Future Business Plan:

With political stability in the country, there may increase business activities and require more lendable fund. However, decrease in remittance growth, which is a major source of lendable fund, and low capital expenditure by the government may impose limitations in growth of banking business.

To tap the opportunities our Bank's network has spread over the country covering 40 district with total of 83 outlets and ATM/CDM/CRMs that includes 72 full-fledged Branches, 7 Extension Counters, 1 INTOUCH Outlet, 3 Administrative Offices and a Corporate Office. This will help us to reach/serve people residing in all areas of Nepal from East to West. This wide range of presence helps us to build up larger customer base with low cost deposit and better service to the customers.

c. Analytical details, if there are incidents or situations which may have major impact on stock/reserve, profit or cash flow of Organized Institution, based on previous experience:

Opening of branches at rural areas as per NRB's instruction may impact in business growth and profitability of the Bank.

3. Legal Proceedings:

a. (i) Lawsuits filed by/against the Bank: The Bank has filed an Administrative Review before Inland Revenue Department against the Amended Tax Assessment by Large Tax Payers Office for FY 2070-71. Six different lawsuits have been filed against the Bank in respect of general matter during the quarter.

(ii) Lawsuits filed by the Bank against different defaulting borrowers/guarantors for recovery of its dues: No lawsuit has been filed by the Bank against defaulting borrowers/guarantors for recovery of its dues during the quarter.

b. 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.

c. 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. 634
• Minimum Share Price	:	Rs. 481
• Closing Share Price	:	Rs. 499
• Total no. of transactions	:	2,315
• Total Transacted no. of days	:	63
• Total traded number of Shares	:	307,890

5. Problems and Challenges:

a. Problems and Challenges Faced:

i. External:

- ❖ Lack of long-term lendable funds in the banking channel.
- ❖ Limited avenue for long term Lending & Investments.

ii. Internal

- ❖ Maintaining consistency in Return on Equity amidst increase in capital.
- ❖ Maintaining liquidity and regulatory prescribed ratios, with growth of business.

b. Strategy followed by the management in solving such problems and challenges:

- ❖ Increased focus on Retail loan portfolio.
- ❖ More focus on CASA deposits by offering better service, product and opening of outlets in new areas.
- ❖ Use of state of art technology for better service.
- ❖ Regular trainings to enhance work performance of the staff.
- ❖ Good industrial relations.
- ❖ Focus on business with compliance.

6. Corporate Governance

- The Bank has been fully complying with the directives, guidelines issued by NRB and other regulators regarding Corporate Governance.
- Board of Directors and its Committees' meeting on regular basis.
- ALCO and Risk Management Committee (Operation, Credit and Market) meetings are held regularly.
- Regular Central Management Committee Meetings to review progress in various areas of operations.

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

सूचनाको हक सम्बन्धि ऐन, २०६४ को दफा ५ को उपदफा (३) बमोजिमको आ.व. २०७४/७५ को चौथो त्रयमाशको विवरण बैंकको वेब साइट www.nepalsbi.com.np मा प्रकाशन गरिएको वेबोरा जानकारी गराउँदछौं ।