सांग्रिला डेभलपमेन्ट बैंक लि.
Shangri-la Development Bank Ltd.
स्थानीय विकासको आधार
(नेपाल राष्ट्र बैंकबाट "ख" वर्गको इजाजत प्राप्त संस्था)

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Unaudited Financial Results (Quarterly)

As on 2nd Quarter (29/09/2081) for the Fiscal Year 2081/082

Statement of Financial Position

As on 29 Poush 2081 (13 Jan 2025)

Amount in NPR

Particulars	Poush end 2081	Ashadh end 2081
Assets		
Cash and cash equivalent	2,822,942,715	2,829,192,223
Due from Nepal Rastra Bank	2,211,086,450	2,035,039,344
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	3,492,783,646	3,203,895,233
Loans and advances to customers	43,641,920,104	41,786,970,569
Investment securities	9,928,870,861	10,616,265,854
Current tax assets	32,436,266	-
Investment in susidiaries	-	-
Investment in associates	-	-
Investment property	300,731,842	288,161,842
Property and equipment	638,519,784	676,286,592
Goodwill and Intangible assets	15,391,953	15,013,965
Deferred tax assets	64,633,275	60,548,177
Other assets	374,898,920	701,447,925
Total Assets	**63,524,215,817**	**62,212,821,722**
Liabilities		
Due to Bank and Financial Institutions	1,823,077,038	1,561,069,493
Due to Nepal Rastra Bank	-	-
Derivative financial instruments	-	-
Deposits from customers	54,999,246,626	54,028,104,358
Borrowing	-	-
Current Tax Liabilities	-	14,306,571
Provisions	-	-
Deferred tax liabilities	-	-
Other liabilities	784,118,256	878,090,195
Debt securities issued	746,947,096	746,875,419
Subordinated Liabilities	-	-
Total Liabilities	**58,353,389,016**	**57,228,446,035**
Equity		
Share capital	3,430,971,303	3,430,971,303
Share premium	-	-
Retained earnings	252,501,906	131,878,334
Reserves	1,487,353,592	1,421,526,050
Total equity attributable to equity holders	**5,170,826,801**	**4,984,375,687**
Non-controlling interest	-	-
Total Equity	**5,170,826,801**	**4,984,375,687**
Total Liabilities and Equity	**63,524,215,817**	**62,212,821,722**

Statement of Profit or Loss

For the Quarter ended 29 Poush 2081 (13 Jan 2025)

Amount in NPR

Particulars	Poush end 2081		Poush end 2080	
	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
Interest Income	1,183,105,523	2,643,555,912	1,673,938,474	3,347,933,143
Interest Expense	811,050,619	1,725,257,418	1,155,635,365	2,401,564,974
Net interest income	**372,054,904**	**918,298,494**	**518,303,109**	**946,368,169**
Fees and Commission Income	58,534,746	116,827,071	50,118,133	113,844,761
Fees and Commission Expense	4,991,583	8,954,810	3,978,529	8,732,698
Net fee and Commission income	**53,543,163**	**107,872,260**	**46,139,604**	**105,112,063**
Net interest fee and commission income	**425,598,067**	**1,026,170,754**	**564,442,713**	**1,051,480,231**
Net Trading Income	-	-	-	-
Other Operating Income	12,083,822	26,302,618	1,543,092	5,448,523
Total operating income	**437,681,889**	**1,052,473,372**	**565,985,805**	**1,056,928,754**
Impairment charge/(reversal) for loans and other losses	(44,551,268)	208,541,050	220,017,745	393,257,658
Net Operating income	**482,233,156**	**843,932,322**	**345,968,059**	**663,671,096**
Operating expenses	-		-	
Personnel Expense	162,311,401	325,775,855	145,745,575	292,226,720
Other Operating Expenses	97,899,711	182,482,622	106,432,809	184,249,751
Depreciation and amortisation	26,102,158	52,411,114	16,985,757	41,935,123
Operating Profit	**195,919,886**	**283,262,731**	**76,803,918**	**145,259,502**
Non operating income	113,865	146,918	51,002	66,016
Non operating expense	4,013,226	2,607,791	222,646	2,134,424
Profit before income tax	**194,831,396**	**280,801,858**	**76,632,274**	**143,191,095**
Income tax expense	58,449,419	84,240,557	22,989,682	42,957,329
Current tax	58,449,419	84,240,557	22,989,682	42,957,329
Deferred tax Expenses/(Income)	-	-		
Profit for the period	**136,381,977**	**196,561,300**	**53,642,592**	**100,233,767**

Condensed Statement of Other Comprehensive Income

Particulars	Poush end 2081		Poush end 2080	
	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
Profit for the period	136,381,977	196,561,300	53,642,592	100,233,767
Total Other comprehensive income	(40,995,714)	(9,531,895)	43,919,599	(32,957,481)
Total Comprehensive income for the period	**95,386,263**	**187,029,405**	**97,562,191**	**67,276,285**
Profit attributable to:				
Equity holders of the bank	95,386,263	187,029,405	97,562,191	67,276,285
Non-controlling interest				
Profit for the period	**95,386,262.83**	**187,029,405**	**97,562,191**	**67,276,285**
Earning per share				
Basic earning per share		11.46		5.84
Diluted earning per share		11.46		5.84

Ratios as per NRB Directives

Particulars	Poush end 2081		Poush end 2080	
	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
Tier 1 Capital to RWA		10.09%		8.74%
CET Capital to RWA		10.09%		8.74%
Capital Fund to RWA		13.32%		11.52%
Non Performing Loan (NPL) to Total Loan		4.99%		4.89%
Total Loan Loss Provision to Total NPL		85.28%		84.14%
Cost of Fund		5.71%		8.61%
Credit to Deposit Ratio		83.69%		83.41%
Base Rate		7.87%		10.81%
Interest Spread Rate		4.49%		4.58%
Return on Assets		0.62%		0.34%
Return on Equity		7.70%		4.45%

Statement of Distributable Profit or Loss

As on 29 Poush 2081 (13 Jan 2025) (As per NRB Regulation)

Amount in NPR

Particulars	Poush end 2081	Poush end 2080
Net profit or (loss) as per statement of profit or loss	**196,561,300**	**100,233,767**
Appropriations:		
a. General reserve	(39,312,260)	(20,046,753)
b. Foreign exchange fluctuation fund	(112,863)	(57,927)
c. Capital redemption reserve	(53,571,429)	(53,571,429)
d. Corporate social responsibility fund	(1,965,613)	(1,002,338)
e. Employees' training fund	-	-
f. Fair Value Reserve	-	-
g. Investment Adjustment Reserve	-	-
h. Others	-	-
Profit or (loss) before regulatory adjustment	**101,599,136**	**25,555,320**
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	773,708	(137,334,355)
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 (+)	31,867,723	(106,372,925)
e. Deferred tax assets recognised (-)/ reversal (+)	(4,085,098)	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)		-
g. Bargain purchase gain recognised (-)/resersal (+)	-	-
h. Acturial loss recognised (-)/reversal (+)	-	-
i. Other (+/-)	-	-
Unrealised Gain/(Loss) on Investment Securities-Fair value through PL	-	-
Unrealised Gain/(Loss) on Investment Securities	(9,531,895)	(25,823,273)
Net Profit Available for Distribution	**120,623,573**	**(243,975,233)**
Opening Retained Earning as on Shrawan 1	**131,878,334**	**202,296,590**
Adjustment(+,-)		
Distributions:		
Bonus Shares Issued	-	(163,379,586)
Cash Dividend Paid	-	(8,598,926)
Total Distributable Profit or (Loss)	**252,501,907**	**(213,657,155)**
Annualised Distributable Profit/Loss per share	**14.72**	**(12.45)**

Note:

1. Above financial statements are prepared in accordance with Nepal Financial Reporting Standard (NFRS) in line with NRB Directive except for Guidelines of Expected Credit Loss (ECL) Model. However, the bank has de-recognized interest income on loans and advances classified as life-time ECL under Stage 3.
2. Unaudited financial figures are subject to change as instructed by External Auditors and Regulatory Authority.
3. Loan and Advances include staff loan and accrued interest receivable on loans and are presented net of loan impairment.
4. Personnel expenses include employee bonus calculation as per Bonus Act, 2030.
5. Previous year figures have been adjusted wherever necessary.

Additional Disclosure as per Securities Registration and Issuance Regulation - 2073 (Sub-Rule (1) of Rule 26, Annex 14) for Second Quarter of FY 2081/82

A. Financial Statement

i) Statement of Financial Position and Statement of Profit or Loss published along with this report.

ii) Key financial indicators and ratios

Earnings per share	Rs.11.46	Liquidity Ratio	24.28%
Return on Equity (ROE) (Annualized)	7.70%	Total Assets per Share	Rs.1,851.49
Price Earnings Ratio (P/E Ratio)	33.30	Capital Adequacy Ratio	13.32%
Net Worth per Share	Rs. 150.71		

B. Related Party Disclosure

Parties are considered to be related if any one party has the ability to control the other party or exercise the significant influence over the other party in making or operation decision. The Development Bank do not have the related party, therefore there is no such transaction.

C. Management Analysis

i) The Development Bank has been focusing on cost management, diversified investments, technological up-gradation, and optimum utilization of resources and automation of work.

ii) Deposits have been increased by 2.22% and Loans and Advances has been increased by 4.77% till the quarter end with reference to immediate previous year ending.

iii) The Development Bank is improvising its IT Infrastructure as well and adopting digitization.

iv) The Development Bank aims to achieve its financial goals through sustainable profitability and measured growth in balance sheet size. Our business models remain robust and we continue to seek sound growth with a high degree of customers' satisfaction.

D. Details to Legal Action

i) Except in the normal course of business, no lawsuit of material nature has been filed by or against the bank during the review quarter period.

ii) No legal suit related to criminal activity has been filed by or against the directors and promoters of the Development Bank during the period.

iii) No legal suit has been filed against any director of the organization for any kind actions related to financial crime.

E. Analysis of share transaction and progress of the bank

i) Management view on share transaction of the Development Bank at securities market- since price and transaction of the Development Bank's shares are being determined at Nepal Stock Exchange through open share market operation, management view on this is neutral.

ii) Maximum, Minimum and last share price of the Development Bank including total number of shares traded and days of transaction during the quarter.

Maximum Value	Minimum Value	Last Price	Transaction volume (No. of shares)	Days of Transaction
492.90	372.40	393.00	13,194.00	55

F. Problem and Challenges

Internal

- Digital operation risk
- Low credit demand
- Assets quality management
- Challenges in increasing non-interest revenue
- Timely recovery of loans
- Recruitment and retention of quality human resources.

External

- Challenges in credit growth due to slow economic activities.
- Changing regulatory framework and its timely adaptation.
- Political instability and current national economic status have resulted distress in the business environment.
- Global economy, inflation and war has an adverse effect on national economy resulting price hikes .

G. Strategy

- Digital awareness and financial literacy.
- Efficient management of assets and liabilities.
- Focus on NPL and NBA management.
- Focus on internal control and comprehensive risk management.
- Closely monitoring internal and external environment changes and adopting proactive approaches.
- Different strategies around marketing, innovation and digital banking.
- Developing human resources through online trainings and motivating them for growth.

H. Corporate Governance

i) Board of Directors

Committees like Risk Management Committee, Employee Service & Benefit Committee, Audit Committee, AML/CFT Committee have been constituted to carry out banking operations and these committees have been involved in major policy/plans related decisions.

ii) Internal control System

In order to strengthen the internal control mechanism of the Development Bank, a separate independent Internal Audit Department has been established. The Department carries out audit of various auditable areas on a continuous manner and makes necessary recommendations to Audit Committee. Accordingly, Audit Committee holds regular meetings to analyze the recommendation and bring about necessary changes.

iii) Internal policies, regulations and Directives

In order to carry out various functionalities smoothly and to mitigate risks emanating from business functions, the Development Bank has installed a sound operations system. All activities of the Development Bank are guided by strong internal policies, manuals and guidelines which are reviewed on a periodic basis to address new developments and requirements. The Development Bank has Compliance Department to monitor compliance with all regulatory and statutory requirements.

I. Declaration by the Chief Executive Officer on the truthfulness and accuracy of information.

I hereby declare that all the information provided in this document is true, complete and factual and that I take personal responsibility to any deviations thereof. I also declare that the Development Bank's information or data that assists investors make their investment decisions have not been concealed in any way.