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 3rd Quarter (31/12/2081) for the Fiscal Year 2081/082

Statement of Financial Position

As on 31 Chaitra 2081 (13 April 2025)

Amount in NPR

Particulars	Chaitra end 2081	Ashadh end 2081
Assets		
Cash and cash equivalent	2,536,640,487	2,829,192,223
Due from Nepal Rastra Bank	2,267,306,164	2,035,039,344
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments.	-	-
Other trading assets	-	-
Loan and advances to B/FIs	3,398,041,674	3,203,895,233
Loans and advances to customers	43,496,650,897	41,786,970,569
Investment securities	10,426,981,855	10,616,265,854
Current tax assets	1,951,623	-
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	417,280,748	288,161,842
Property and equipment	625,453,833	676,286,592
Goodwill and Intangible assets	15,448,191	15,013,965
Deferred tax assets	54,046,356	60,548,177
Other assets	336,117,783	701,447,925
Total Assets	**63,575,919,610**	**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	54,789,518,892	54,028,104,358
Borrowing	-	-
Current Tax Liabilities	-	14,306,571
Provisions	-	-
Deferred tax liabilities	-	-
Other liabilities	790,817,831	878,090,195
Debt securities issued	746,947,096	746,875,419
Subordinated Liabilities	-	-
Total Liabilities	**58,150,360,857**	**57,228,446,035**
Equity		
Share capital	3,556,255,719	3,430,971,303
Share premium	-	-
Retained earnings	240,271,269	131,878,334
Reserves	1,629,031,765	1,421,526,050
Total equity attributable to equity holders	**5,425,558,753**	**4,984,375,687**
Non-controlling interest	-	-
Total Equity	**5,425,558,753**	**4,984,375,687**
Total Liabilities and Equity	**63,575,919,610**	**62,212,821,722**

Statement of Profit or Loss

For the Quarter ended 31 Chaitra 2081 (13 April 2025)

Amount in NPR

Particulars	Chaitra end 2081		Chaitra end 2080	
	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
Interest income	1,279,999,473	3,923,555,384	1,555,776,973	4,903,710,116
Interest expense	769,161,643	2,494,419,061	1,054,002,876	3,455,567,851
Net interest income	**510,837,830**	**1,429,136,324**	**501,774,096**	**1,448,142,265**
Fee and commission income	54,887,351	171,714,421	49,821,188	163,665,949
Fee and commission expense	4,938,873	13,893,683	5,427,853	14,160,551
Net fee and commission income	**49,948,478**	**157,820,738**	**44,393,336**	**149,505,398**
Net interest, fee and commission income	**560,786,308**	**1,586,957,062**	**546,167,432**	**1,597,647,663**
Net trading income	-	-	-	-
Other operating income	132,654,729	158,957,347	1,752,125	7,200,648
Total operating income	**693,441,037**	**1,745,914,409**	**547,919,557**	**1,604,848,311**
Impairment charge/ (reversal) for loans and other losses	47,134,671	255,675,721	7,065,469	400,323,127
Net operating income	**646,306,366**	**1,490,238,688**	**540,854,089**	**1,204,525,184**
Operating expense				
Personnel expenses	184,083,156	509,859,011	171,129,993	463,356,713
Other operating expenses	97,510,624	279,993,246	93,572,300	277,822,051
Depreciation & amortization	26,089,925	78,501,038	34,519,290	76,454,413
Operating Profit	**338,622,662**	**621,885,393**	**241,632,506**	**386,892,008**
Non operating income	972,708	1,119,626	141,800	207,817
Non operating expense	85,322	2,693,113	122,820	2,257,244
Profit before income tax	**339,510,048**	**620,311,906**	**241,651,486**	**384,842,581**
Income tax expense	101,853,014	186,093,572	72,495,446	115,452,774
Current Tax	101,853,014	186,093,572	72,495,446	115,452,774
Deferred Tax Income / Expenses	-		-	
Profit for the year	**237,657,033**	**434,218,334**	**169,156,040**	**269,389,807**

Condensed Statement of Other Comprehensive Income

Amount in NPR

Particulars	Chaitra end 2081		Chaitra end 2080	
	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
Profit for the period	237,657,033	434,218,334	169,156,040	269,389,807
Total Other Comprehensive Income	24,702,811	15,170,916	5,325,661	(27,631,820)
Total Comprehensive income for the period	**262,359,844**	**449,389,250**	**174,481,701**	**241,757,986**
Profit attributable to:				
Equity holders of the bank	262,359,844	449,389,250	174,481,701	241,757,986
Non-controlling interest	-	-	-	-
Profit for the period	**262,359,844**	**449,389,250**	**174,481,701**	**241,757,986**
Earning per share				
Basic earning per share		16.28		10.47
Diluted earning per share		16.28		10.47

RATIOS AS PER NRB DIRECTIVE

Particulars	Chaitra end 2081		Chaitra end 2080	
	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
Tier 1 Capital to RWA		10.57%		9.29%
CET Capital to RWA		10.57%		9.29%
Capital Fund to RWA		13.70%		12.08%
Non Performing Loan (NPL) to Total Loan		4.97%		3.84%
Total Loan Loss Provision to total NPL		85.88%		107.56%
Cost of Funds		5.39%		7.61%
Credit to Deposit Ratio		83.75%		82.78%
Base Rate		7.45%		10.07%
Interest Spread Rate		4.04%		4.58%
Return on Assets		0.91%		0.60%
Return on Equity		10.93%		7.76%

Statement of Distributable Profit or Loss

As on 31 Chaitra 2081 (13 April 2025) (As per NRB Regulation)

Amount in NPR

Particulars	Chaitra end 2081	Chaitra end 2080
Net profit or (loss) as per statement of profit or loss	**434,218,334**	**269,389,807**
Appropriations:		
a. General reserve	(86,843,667)	(53,877,961)
b. Foreign exchange fluctuation fund	(109,530)	(106,503)
c. Capital redemption reserve	(80,357,143)	(80,357,143)
d. Corporate social responsibility fund	(4,342,183)	(2,693,898)
e. Employees' training fund	-	-
f. Fair Value Reserve	-	-
g. Investment Adjustment Reserve	-	-
h. Others	-	-
Profit or (loss) before regulatory adjustment	**262,565,811**	**132,354,302**
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(17,828,610)	(95,996,686)
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 (+)	(26,138,668)	(106,372,925)
e. Deferred tax assets recognised (-)/ reversal (+)	6,501,821	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)		-
g. Bargain purchase gain recognised (-)/reversal (+)		-
h. Acturial loss recognised (-)/reversal (+)		-
i. Other (+/-)	-	-
Unrealised Gain/(Loss) on Investment Securities	15,170,916	(20,497,612)
Net Profit Available for Distribution	**240,271,269**	**(90,512,922)**
Opening Retained Earning as on Shrawan 1	**131,878,334**	**202,296,590**
Adjustment(+,-)		
Distributions:		
Bonus Shares Issued	125,284,417	163,379,586
Cash Dividend Paid	6,593,917	8,598,926
Total Distributable Profit or (Loss)	**240,271,269**	**(60,194,843)**
Annualised Distributable Profit/Loss per share	9.01	(2.34)

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 Third 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. 16.28
Return on Equity (ROE) (Annualized)	10.93%
Price Earnings Ratio (P/E Ratio)	24.51
Net Worth per Share	Rs. 152.56
Liquidity Ratio	24.81%
Total Assets per Share	Rs. 1787.72
Capital Adequacy Ratio	13.70%

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 1.84% and Loans and Advances has been increased by 4.23% 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 bank at securities market- since price and transaction of the 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
Rs. 455	Rs. 379	Rs. 399.10	2,745,349	56

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.