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 1st Quarter (31/06/2082) for the Fiscal Year 2082/083

## Statement of Financial Position

**As on 31 Ashwin 2082 (17 October 2025)**

Amount in NPR

| Particulars | Ashwin end 2082 | Ashadh end 2082 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalent | 2,499,675,700 | 2,454,326,693 |
| Due from Nepal Rastra Bank | 2,140,443,420 | 2,498,535,495 |
| Placement with Bank and Financial Institutions | - | - |
| Derivative financial instruments. | - | - |
| Other trading assets | - | - |
| Loan and advances to B/FIs | 1,697,573,063 | 2,868,266,918 |
| Loans and advances to customers | 43,080,303,910 | 43,021,486,725 |
| Investment securities | 11,342,197,040 | 10,979,490,324 |
| Current tax assets | - | - |
| Investment in subsidiaries | - | - |
| Investment in associates | - | - |
| Investment property | 528,099,838 | 528,099,838 |
| Property and equipment | 717,398,807 | 730,612,928 |
| Goodwill and Intangible assets | 15,381,066 | 16,461,269 |
| Deferred tax assets | 82,186,720 | 61,035,278 |
| Other assets | 459,144,845 | 259,717,103 |
| **Total Assets** | **62,562,404,408** | **63,418,032,571** |
| **Liabilities** | | |
| Due to bank and financial institutions | 1,422,629,827 | 1,530,882,452 |
| Due to Nepal Rastra Bank | - | - |
| Derivative financial instruments | - | - |
| Deposits from customers | 53,867,440,959 | 54,668,494,389 |
| Borrowing | - | - |
| Current Tax Liabilities | 37,909,618 | 5,710,892 |
| Provisions | - | - |
| Deferred tax liabilities | - | - |
| Other liabilities | 874,906,661 | 892,620,979 |
| Debt securities issued | 747,212,038 | 747,212,038 |
| Subordinated Liabilities | - | - |
| **Total Liabilities** | **56,950,099,103** | **57,844,920,750** |
| **Equity** | | |
| Share capital | 3,556,255,720 | 3,556,255,720 |
| Share premium | - | - |
| Retained earnings | 351,481,338 | 413,845,637 |
| Reserves | 1,704,568,248 | 1,603,010,465 |
| **Total equity attributable to equity holders** | **5,612,305,305** | **5,573,111,821** |
| Non-controlling interest | - | - |
| **Total Equity** | **5,612,305,305** | **5,573,111,821** |
| **Total Liabilities and Equity** | **62,562,404,408** | **63,418,032,571** |

## Statement of Profit or Loss

**For the Quarter ended 31 Ashwin 2082 (17 October 2025)**

Amount in NPR

| Particulars | Ashwin end 2082 | | Ashwin end 2081 | |
|---|---|---|---|---|
| | This Quarter | Upto This Quarter | This Quarter | Upto This Quarter |
| Interest income | 1,216,810,903 | 1,216,810,903 | 1,460,450,389 | 1,460,450,389 |
| Interest expense | 667,694,251 | 667,694,251 | 914,206,798 | 914,206,798 |
| **Net interest income** | **549,116,651** | **549,116,651** | **546,243,590** | **546,243,590** |
| Fee and commission income | 64,730,788 | 64,730,788 | 58,292,325 | 58,292,325 |
| Fee and commission expense | 4,283,397 | 4,283,397 | 3,963,228 | 3,963,228 |
| **Net fee and commission income** | **60,447,391** | **60,447,391** | **54,329,097** | **54,329,097** |
| **Net interest, fee and commission income** | **609,564,042** | **609,564,042** | **600,572,687** | **600,572,687** |
| Net trading income | - | - | - | - |
| Other operating income | 42,008,339 | 42,008,339 | 14,218,796 | 14,218,796 |
| **Total operating income** | **651,572,381** | **651,572,381** | **614,791,484** | **614,791,484** |
| Impairment charge/ (reversal) for loans and other losses | 229,670,297 | 229,670,297 | 253,092,318 | 253,092,318 |
| **Net operating income** | **421,902,084** | **421,902,084** | **361,699,166** | **361,699,166** |
| **Operating expense** | | | | |
| Personnel expenses | 173,709,192 | 173,709,192 | 163,464,455 | 163,464,455 |
| Other operating expenses | 99,199,272 | 99,199,272 | 84,582,911 | 84,582,911 |
| Depreciation & amortization | 23,606,126 | 23,606,126 | 26,308,955 | 26,308,955 |
| **Operating Profit** | **125,387,494** | **125,387,494** | **87,342,845** | **87,342,845** |
| Non operating income | 629,076 | 629,076 | 33,052 | 33,052 |
| Non operating expense | 445 | 445 | 1,405,435 | 1,405,435 |
| **Profit before income tax** | **126,016,126** | **126,016,126** | **85,970,462** | **85,970,462** |
| Income tax expense | 37,804,838 | 37,804,838 | 25,791,139 | 25,791,139 |
| Current Tax | 37,804,838 | 37,804,838 | 25,791,139 | 25,791,139 |
| Deferred Tax Income / Expenses | - | - | - | - |
| **Profit for the year** | **88,211,288** | **88,211,288** | **60,179,323** | **60,179,323** |

## Condensed Statement of Other Comprehensive Income

Amount in NPR

| Particulars | Ashwin end 2082 | | Ashwin end 2081 | |
|---|---|---|---|---|
| | This Quarter | Upto This Quarter | This Quarter | Upto This Quarter |
| Profit for the period | 88,211,288 | 88,211,288 | 60,179,323 | 60,179,323 |
| Total other comprehensive income | (49,353,363) | (49,353,363) | 31,463,819 | 31,463,819 |
| **Total comprehensive income for the period** | **38,857,925** | **38,857,925** | **91,643,143** | **91,643,143** |
| **Profit attributable to:** | | | | |
| Equity holders of the bank | 38,857,925 | 38,857,925 | 91,643,143 | 91,643,143 |
| Non-controlling interest | - | - | - | - |
| **Profit for the period** | **38,857,925** | **38,857,925** | **91,643,143** | **91,643,143** |
| **Earning per share** | | | | |
| Basic earning per share | | 9.92 | | 7.02 |
| Diluted earning per share | | 9.92 | | 7.02 |

## RATIOS AS PER NRB DIRECTIVES

| Particulars | Ashwin end 2082 | | Ashwin end 2081 | |
|---|---|---|---|---|
| | This Quarter | Upto This Quarter | This Quarter | Upto This Quarter |
| Tier 1 Capital to RWA | | 10.99% | | 9.85% |
| CET Capital to RWA | | 10.99% | | 9.85% |
| Capital Fund to RWA | | 14.40% | | 13.21% |
| Non Performing Loan (NPL) to Total Loan | | 6.86% | | 4.65% |
| Total Loan Loss Provision to Total NPL | | 76.21% | | 96.15% |
| Cost of Fund | | 4.49% | | 6.22% |
| Credit to Deposit Ratio | | 82.71% | | 84.77% |
| Base Rate | | 6.54% | | 8.36% |
| Interest Spread Rate | | 4.58% | | 4.51% |
| Return on Assets | | 0.56% | | 0.39% |
| Return on Equity | | 6.31% | | 4.82% |

## Statement of Distributable Profit or Loss

**As on 31 Ashwin 2082 (17 October 2025) (As per NRB Regulation)**

Amount in NPR

| Particulars | Ashwin end 2082 | Ashwin end 2081 |
|---|---|---|
| **Net profit or (loss) as per statement of profit or loss** | **88,211,288** | **60,179,323** |
| ***Appropriations:*** | | |
| a. General reserve | (17,642,258) | (12,035,865) |
| b. Foreign exchange fluctuation fund | (95,997) | (42,601) |
| c. Capital redemption reserve | (26,785,714) | (26,785,714) |
| d. Corporate social responsibility fund | (882,113) | (601,793) |
| e. Employees' training fund | - | - |
| f. Fair Value Reserve | - | - |
| g. Investment Adjustment Reserve | - | - |
| h. Others | - | - |
| **Profit or (loss) before regulatory adjustment** | **42,805,207** | **20,713,351** |
| ***Regulatory adjustment :*** | | |
| a. Interest receivable (-)/previous accrued interest received (+) | (55,816,142) | (138,670,246) |
| 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 (+) | - | 31,867,723 |
| e. Deferred tax assets recognised (-)/ reversal (+) | - | - |
| 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 | (49,353,363) | 1,333,302 |
| **Net Profit Available for Distribution** | **(62,364,299)** | **(84,755,871)** |
| **Opening Retained Earning as on Shrawan 1** | **413,845,637** | **173,305,743** |
| Adjustment(+,-) | - | - |
| **Distributions:** | | |
| Bonus Shares Issued | - | - |
| Cash Dividend Paid | - | - |
| **Total Distributable Profit or (Loss)** | **351,481,338** | **88,549,872** |
| Annualised Distributable Profit/Loss per share | - | - |

**Note:**

1. *Above financial statements are prepared in accordance with Nepal Financial Reporting Standard (NFRS) in line with NRB Directive. The bank has recognized interest income on cash basis for loans and advances classified as life-time ECL under Stage 3. Separate reporting of impairment calculation as per Expected Credit Loss Model shall be done to NRB.*
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 First Quarter of FY 2082/83

**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 (Annualized) | Rs. 9.92 |
| Return on Equity (ROE) (Annualized) | 6.31% |
| Price Earnings Ratio (P/E Ratio) | Rs. 38.60 |
| Net Worth per Share | Rs. 157.82 |
| Liquidity Ratio | 26.82% |
| Total Assets per Share | Rs. 1759.22 |
| Capital Adequacy Ratio | 14.40% |

**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 Bank does not have the related party, therefore there is no such transaction.

**C. Management Analysis**

i) The 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 decreased by 1.62% and loans and advances has been decreased by 2.42% till the quarter end with reference to immediate previous year ending.

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

iv) The 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 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 closing share price of the Bank including total number of shares traded and days of transaction during the quarter.

| Maximum Value | Minimum Value | Closing Price | Transaction volume (No. of shares) | Days of Transaction |
|---|---|---|---|---|
| Rs. 516.24 | Rs. 383 | Rs. 383 | 6,848,064 | 51 |

**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**

- Political instability affecting investor confidence and long-term planning
- Sluggish economic growth leading to reduced credit demand and slower recovery
- Surge in non-performing loans (NPLs) due to loan defaults
- High inflation and interest rate volatility impacting borrowing and repayment capacity
- Global economic uncertainty affecting remittances and trade, and economy
- Digital disruption and cybersecurity risks requiring rapid tech adaptation

**G. Strategy**

- Strengthen risk management frameworks to proactively identify and mitigate credit, market, and operational risks
- Accelerate digital transformation to improve service delivery, reduce costs, and enhance customer experience
- Promote financial literacy to improve borrower discipline and repayment behavior
- Strengthen internal governance and compliance to maintain public trust and regulatory alignment
- Develop contingency plans for political or economic disruptions to ensure business continuity
- Optimize capital planning to maintain resilience and meet regulatory capital requirements
- Monitor global trends to anticipate external shocks and adjust strategies accordingly
- Invest in staff training to build capacity for handling complex financial and regulatory environments

**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 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 Bank has installed a sound operations system. All activities of the Bank are guided by strong internal policies, manuals and guidelines which are reviewed on a periodic basis to address new developments and requirements. The 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 Bank's information or data that assists investors make their investment decisions have not been concealed in any way.