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 (30/09/2082) for the Fiscal Year 2082/083

Statement of Financial Position

As on 30 Poush 2082 (14 January 2026)

Amount in NPR

Particulars	Poush end 2082	Ashadh end 2082
Assets		
Cash and cash equivalent	1,695,068,444	2,454,642,710
Due from Nepal Rastra Bank	2,350,654,682	2,497,928,135
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	1,576,651,046	2,868,266,918
Loans and advances to customers	44,408,323,930	42,823,895,737
Investment securities	11,342,809,374	10,979,490,324
Current tax assets	-	-
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	505,529,838	528,099,838
Property and equipment	716,621,386	733,378,400
Goodwill and Intangible assets	16,156,889	16,461,269
Deferred tax assets	61,247,176	53,980,914
Other assets	730,864,048	575,269,438
Total Assets	**63,403,926,813**	**63,531,413,683**
Liabilities		
Due to bank and financial institutions	1,625,066,328	1,530,882,450
Due to Nepal Rastra Bank	-	-
Derivative financial instruments	-	-
Deposits from customers	54,392,446,625	54,668,494,391
Borrowing	-	-
Current Tax Liabilities	27,648,936	56,216,196
Provisions	-	-
Deferred tax liabilities	-	-
Other liabilities	889,408,483	901,007,453
Debt securities issued	747,298,958	747,212,038
Subordinated Liabilities	-	-
Total Liabilities	**57,681,869,330**	**57,903,812,528**
Equity		
Share capital	3,734,068,506	3,556,255,720
Share premium	-	-
Retained earnings	94,661,157	368,366,412
Reserves	1,893,327,821	1,702,979,022
Total equity attributable to equity holders	**5,722,057,484**	**5,627,601,154**
Non-controlling interest	-	-
Total Equity	**5,722,057,484**	**5,627,601,154**
Total Liabilities and Equity	**63,403,926,814**	**63,531,413,683**

Statement of Profit or Loss

For the Quarter ended 30 Poush 2082 (14 January 2026)

Amount in NPR

Particulars	Poush end 2082		Poush end 2081	
	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
Interest income	1,120,093,226	2,336,904,129	1,183,105,523	2,643,555,912
Interest expense	581,137,427	1,248,831,679	811,050,619	1,725,257,418
Net interest income	**538,955,799**	**1,088,072,451**	**372,054,904**	**918,298,494**
Fee and commission income	62,961,874	127,692,662	58,534,746	116,827,071
Fee and commission expense	3,356,253	7,639,650	4,991,583	8,954,810
Net fee and commission income	59,605,622	**120,053,012**	**53,543,163**	**107,872,260**
Net interest, fee and commission income	**598,561,421**	**1,208,125,463**	**425,598,067**	**1,026,170,754**
Net trading income	-	-	-	-
Other operating income	7,151,407	49,159,747	12,083,822	26,302,618
Total operating income	**605,712,828**	**1,257,285,209**	**437,681,889**	**1,052,473,372**
Impairment charge/(reversal) for loans and other losses	(52,827,530)	176,842,767	(44,551,268)	208,541,050
Net operating income	**658,540,358**	**1,080,442,442**	**482,233,156**	**843,932,322**
Operating expense				
Personnel expenses	196,824,640	370,533,832	162,311,401	325,775,855
Other operating expenses	112,722,318	211,921,590	97,899,711	182,482,622
Depreciation & amortization	23,067,640	46,673,767	26,102,158	52,411,114
Operating Profit	**325,925,759**	**451,313,254**	**195,919,886**	**283,262,731**
Non operating income	1,008,354	1,637,430	113,865	146,918
Non operating expense	19,024,580	19,025,025	1,202,356	2,607,791
Profit before income tax	**307,909,533**	**433,925,658**	**194,831,396**	**280,801,858**
Income tax expense	93,522,983	131,327,820	58,449,419	84,240,557
Current Tax	93,522,983	131,327,820	58,449,419	84,240,557
Deferred Tax Income / Expenses	-	-	-	-
Profit for the year	**214,386,550**	**302,597,838**	**136,381,977**	**196,561,300**

Condensed Statement of Other Comprehensive Income

Amount in NPR

Particulars	Poush end 2082		Poush end 2081	
	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
Profit for the period	214,386,550	302,597,838	136,381,977	196,561,300
Total Other Comprehensive Income	32,398,753	(16,954,610)	(40,995,714)	(9,531,895)
Total Comprehensive income for the period	**246,785,303**	**285,643,228**	**95,386,263**	**187,029,405**
Profit attributable to:				
Equity holders of the bank	246,785,303	285,643,228	95,386,263	187,029,405
Non-controlling interest	-	-	-	-
Profit for the period	246,785,303	285,643,228	**95,386,263**	**187,029,405**
Earning per share				
Basic earning per share		16.21		11.46
Diluted earning per share		16.21		11.46

RATIOS AS PER NRB DIRECTIVE

Particulars	Poush end 2082		Poush end 2081	
	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
Tier 1 Capital to RWA		10.70%		10.09%
CET Capital to RWA		10.70%		10.09%
Capital Fund to RWA		14.12%		13.32%
Non Performing Loan (NPL) to Total Loan		6.87%		4.99%
Total Loan Loss Provision to Total NPL		72.74%		85.28%
Cost of Fund		4.11%		5.71%
Credit to Deposit Ratio		83.55%		83.69%
Base Rate (Month end)		6.17%		7.87%
Interest Spread Rate		4.57%		4.49%
Return on Assets		0.96%		0.62%
Return on Equity		10.68%		7.70%

Statement of Distributable Profit or Loss

As on 30 Poush 2082 (14 January 2026)

Amount in NPR

Particulars	Poush end 2082	Poush end 2081
Net profit or (loss) as per statement of profit or loss	**302,597,838**	**196,561,300**
Appropriations:		
a. General reserve	(61,056,292)	(39,312,260)
b. Foreign exchange fluctuation fund	(268,038)	(112,863)
c. Debenture redemption reserve	(53,571,429)	(53,571,429)
d. Corporate social responsibility fund	(3,025,978)	(1,965,613)
e. Employees' training fund	-	-
f. Fair Value Reserve	2,683,620	-
g. Investment Adjustment Reserve	-	-
h. Others	-	-
Profit or (loss) before regulatory adjustment	**187,359,721**	**101,599,136**
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(103,931,653)	773,708
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 (+)	11,233,089	31,867,723
e. Deferred tax assets recognised (-)/ reversal (+)	-	(4,085,098)
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		(9,531,895)
Net Profit Available for Distribution	**94,661,157**	**120,623,573**
Opening Retained Earning as on Shrawan 1	**368,366,412**	**131,878,334**
Adjustment(+,-)	-	-
Distributions:		
Bonus Shares Issued	(177,812,786)	-
Cash Dividend Paid	(190,553,626)	-
Total Distributable Profit or (Loss)	**94,661,157**	**252,501,907**
Annualised Distributable Profit/Loss per share	5.07	14.72

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 as per Guidance Note on Interest Income Recognition, 2025. 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 statutory auditor and regulatory authority.
3. Share capital for the quarter ended Poush 2082, has been accounted for, including approved bonus share from 21st AGM and listing of these bonus shares is under process.
4. For comparative purposes, the annualized distributable profit per share stood at Rs. 6.78 for the quarter ended Poush 2081; after considering the distribution of opening retained earnings as of Shrawan 2081.
5. Loan and advances include staff loan and accrued interest receivable on loans and are presented net of loan impairment.
6. Personnel expenses include employee bonus calculated as per Bonus Act, 2030.
7. 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 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. 16.21	Liquidity Ratio	25.50%
Return on Equity (ROE) (Annualized)	10.68%	Total Assets per Share	Rs.1,697.99
Price Earnings Ratio (P/E Ratio)	24.78	Capital Adequacy Ratio	14.12%
Net Worth per Share	Rs. 153.24		

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 any 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 0.32% and net loans and advances has been increased by 0.64% 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. 426	Rs. 376	Rs. 401.60	1,720,308	55

F. Problem and Challenges

Internal

- Digital operation risk
- Low credit demand
- Asset 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
- 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.