SHINE RESUNGA DEVELOPMENT BANK LTD.

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Unaudited Financial Results (Quarterly)

For the Quarter ended 31st Chaitra 2081

Condensed Statement of Financial Position

For the Quarter ended 31st Chaitra 2081

Particulars	This Quarter Ending	Immediate Previous year Ending (Audited)
Assets	**Amount in NPR**	**Amount in NPR**
Cash and cash equivalent	1,873,522,009	2,224,033,789
Due from Nepal Rastra Bank	2,797,684,002	2,738,488,699
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	1,316,551,835	1,759,277,363
Loan and advances to Customers	54,727,801,238	52,002,767,569
Investment Securities	14,925,071,295	13,604,205,803
Current Tax Assets	110,988,165	56,477,550
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investment Property	151,994,995	130,017,343
Property & equipment	601,674,683	611,967,762
Goodwill and intangible assets	136,594,509	139,469,886
Deferred tax assets	-	-
Other assets	359,142,003	360,612,716
Total Assets	**77,002,024,734**	**73,656,418,480**
Liabilities		
Due to Bank and Financial Institutions	354,019,821	369,025,734
Due to Nepal Rastra Bank	-	-
Derivative Financial Instruments	-	-
Deposit from customer	69,084,125,620	65,956,224,347
Borrowings	365,678	4,610,241
Current Tax Liabilities	-	-
Provisions	-	-
Deferred Tax Liabilities	56,845,025	41,311,498
Other Liabilities	301,189,058	393,341,894
Debt Securities Issued	-	-
Subordinated Liabilities	-	-
Total Liabilities	**69,796,545,202**	**66,764,513,714**
Equity		
Share Capital	4,875,701,680	4,733,690,951
Share Premium	-	-
Retained Earnings	387,194,211	417,351,437
Reserves	1,942,583,641	1,740,862,378
Total Equity Attributable to equity holders	**7,205,479,532**	**6,891,904,766**
Non-controlling interest	-	-
Total Equity	**7,205,479,532**	**6,891,904,766**
Total Liabilities and Equity	**77,002,024,734**	**73,656,418,480**

Statement of Distributable Profit or Loss

As on 31st Chaitra 2081 (As per NRB Regulation)

Amount in NPR

Particulars	Current year	Previous Year Corresponding (Un-Audited)
Net profit or (Loss) as per statement of profit or Loss	**514,014,417**	**514,659,152**
Appropriations:		
a. General reserve	(102,802,883)	(102,931,830)
b. Foreign exchange fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	(5,140,144)	(5,146,592)
e. Employees' training fund	-	-
f. Other	-	-
Profit or (loss) before regulatory adjustment	**406,071,390**	**406,580,730**
Regulatory adjustment :		
a. Interest Receivable(-)/ previous accured interest received(+)	(63,796,356)	(268,532,914)
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(+)	6,263,017	7,040,349
e. Deffered tax assets recognized (-)/ reversal(+)	-	-
f. Goodwill recognized (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognized(-)/reversal(+)	-	-
h. Actuarial loss recognized (-)/reversal(+)	-	-
i. Other	-	-
Net profit for the quarter end available for distribution	**348,538,051**	**145,088,165**
Opening Retained Earnings Sharawan 1, 2081	417,351,437	477,279,572
Share Premium	-	-
Distribution		
Bonus Share Issued	(142,010,729)	(449,807,737)
Cash Dividend Paid	(236,684,548)	(23,674,091)
Total Distributable Profit or (Loss) as on Quater end Chaitra 31, 2081	**387,194,211**	**148,885,909**
Distributable Profit Per share (Annualized)	**10.59%**	**4.19%**

1. *Above Financial Statements are prepared in accordance with Nepal Financial Reporting Standard (NFRS) as per NRB directive except Guideline on Expected Credit Loss (ECL) Model.*
2. *Previous year figures have been regrouped, rearranged and restated wherever necessary.*
3. *If the Statutory and Supervisory authority notify any remarks to change, the unaudited statement of financial position and statement of profit or loss could be changed accordingly.*
4. *Detail Interim Financial Reports are published in www.srdb.com.np*

Condensed Statement of Profit or Loss

For the Quarter ended 31st Chaitra 2081

Amount in NPR

Particulars	Current Year		Corresponding Previous Year ((Un-Audited)	
	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Interest Income	1,508,929,531	4,752,605,531	1,743,903,551	5,331,839,262
Interest Expenses	877,548,494	2,821,348,929	1,154,253,476	3,700,827,271
Net Interest Income	**631,381,037**	**1,931,256,602**	**589,650,075**	**1,631,011,991**
Fees and commission income	66,002,123	231,255,493	72,122,948	252,321,784
Fees and commission expenses	8,253,922	22,048,151	6,954,125	18,052,730
Net Fees and commission income	**57,748,201**	**209,207,342**	**65,168,823**	**234,269,054**
Net Interest, fee and commission income	**689,129,238**	**2,140,463,944**	**654,818,898**	**1,865,281,045**
Net trading income	-	-	-	-
Other operating income	2,464,317	29,214,690	734,204	9,309,810
Total operating income	**691,593,555**	**2,169,678,634**	**655,553,102**	**1,874,590,855**
Impairment charge/(reversal) for loans and other losses	180,246,282	676,949,153	226,628,879	371,857,093
Net operating income	**511,347,273**	**1,492,729,481**	**428,924,223**	**1,502,733,762**
Operating expense				
Personnel expenses	145,719,014	442,911,699	121,518,774	415,411,737
Other operating expense	81,645,754	243,055,643	70,864,187	223,522,813
Depreciation & Amortisation	19,832,978	59,590,729	16,848,302	51,073,603
Operating profit	**264,149,527**	**747,171,410**	**219,692,960**	**812,725,609**
Non operating income	1,100,000	1,100,000	-	500,000
Non operating expenses	3,226,786	11,150,283	1,811,484	3,986,640
Profit before income tax	**262,022,741**	**737,121,127**	**217,881,476**	**809,238,969**
Income Tax Expense				
Current Tax	78,864,889	223,106,710	74,430,220	294,579,817
Deferred Tax	-	-	-	-
Profit/(loss) for the period	**183,157,852**	**514,014,417**	**143,451,256**	**514,659,152**

Statement of Other Comprehensive Income

Profit/(loss) for the period	183,157,852	514,014,417	143,451,256	514,659,152
Other Comprehensive Income	13,899,673	36,244,897	(15,008,220)	26,109,969
Total Comprehensive Income	**197,057,525**	**550,259,314**	**128,443,036**	**540,769,121**
Basic earnings per share (Annualized)		14.06		14.50
Diluted earnings per share (Annualized)		14.06		14.50
Profit attributable to:				
Equity holders of the Bank	197,057,525	550,259,314	128,443,036	540,769,121
Non-controlling interest	-	-	-	-
Total	**197,057,525**	**550,259,314**	**128,443,036**	**540,769,121**

Ratios as per NRB Directive

Particulars	Current Year		Previous Year Corresponding ((Un-Audited)	
	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Capital Fund to RWA		12.59%		12.78%
Tire 1 Capital to RWA		11.24%		11.29%
CET 1 Capital to RWA		11.24%		11.29%
Non-performing loan (NPL) to Total Loan		4.76%		3.41%
Total Loan loss provision to Total NPL		82.83%		79.68%
Cost of Funds		5.09%		7.15%
Credit to Deposit Ratio		82.40%		88.12%
Base Rate		6.95%		9.04%
Interest Rate Spread		4.34%		4.60%
Return on Equity (Annualized) as per NRB Directives		9.72%		10.66%
Return on Assets (Annualized) as per NRB Directives		0.91%		1.03%

Disclosure as per Securities Registration and Issuance Regulation, 2073 Related to Rule 26(1) of Annexure 14

For 3rd Quarter of F/Y 2081/082

1. **Financial Statement:**
   Statement of Financial Position and Statement of Profit or Loss as per Nepal Financial Reporting Standard (NFRS) including key financial indicators and ratios along with this report. There has been no any related party transaction during the period.

   Key Financial Indicators and Ratios:

Earnings per share	NPR14.06 (Annualized)	P/E Ratio	28.93Times
Net Worth per share	NPR 147.78	Net Asset Value per Share	NPR 1,579.30
Liquidity Ratio	27.08%	Capital Adequacy Ratio	12.59%

2. **Management Analysis:**
   a. Financial Indicators during the period were at satisfactory level.
   b. Major areas of focus;
   - Maintaining quality of credit portfolio and managing non-performing loans
   - Operational efficiency
   - Promotion of Digital Service
   - Mitigating cyber security risks
   - Mitigating AML/CFT related risks

   c. As per the current statement, there is no situation which might have material effect on financial position.
3. **Details relating to Legal Action:**
   a. Except for the lawsuit in the normal course of business there are no material cases filed by or against the Institution.
   b. No cases have been reported regarding filing by or filed against the promoter or director of Institution for non compliance of prevailing laws or commission of criminal offence during the period.
   c. No cases have been filed against any promoter or director for financial crime.
4. **Analysis of Stock Performance of Development Bank:**
   a. Share price and transaction are determined as per open market competition.
   b. Maximum, minimum and closing share price including total share transaction number and days of transaction during the period were;

Max. Share Price	: NPR 463.00	Min. Share Price	: NPR 402.10
Closing price of the Share	: NPR 406.60	Number of days traded	: 56 days
Total volume of trading of shares	: 28,74,835 share		

   (source// website of Nepal Stock Exchange Limited)
5. **Problems and Challenges:**
   a **Internal**
   - Operational and digital risk.
   - Management of non-performing loans.

   b **External**
   - Sluggish credit business growth due to less demand.
   - Legal and social aspects adversely affecting management of credit recovery.
   - Significant increment in cyber security risk.

   c **Strategy**
   - Operational and digital service efficiency.
   - Regular investment on skill enhancement of the HR.
   - Process automation of services internally as well as externally.
   - Improving Comprehensive risk management system for adequate mitigation of risks.
   - Efficient management of NPL and NBA.
6. **Corporate Governance:**
   To meet the provision regarding Corporate Governance, Development Bank has strictly followed all the rules & regulation issued to BFIs through Unified Directives, Circulars, BAFIA, Companies Act, SEBON Rules & Regulation and all other rules/regulations issued to BFIs. Development Bank has setup different committees like Audit Committee, Risk Management Committee, Employee Services & Facilities Committee, and Anti-money Laundering Prevention Committee which are active in their respective field and chaired by non-executive member of Board of Directors. Similarly Recruitment Committee, Assets Liability Management Committee and Corporate Governance Cell and other relevant committees are formed at staff level and are active in their respective field. Issues raised & recommendations made by NRB, internal & external auditor have been followed up strictly & in effective manner for better performance of Development Bank.
7. **Declaration by CEO:**
   I, as at the date, hereby individually accept responsibility for the accuracy of the information and details contained in this report. Also hereby declare that to the best of my knowledge and belief, the information contained in this report are true, accurate and complete. No material information for the investors has been concealed.

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