



सालपा विकास बैंक लि.

SALAPA BIKAS BANK LTD.

“नेपाल राष्ट्र बैंकबाट इजाजत प्राप्त खोटाङ जिल्ला कार्यक्षेत्र भएको “ख” वर्गको संस्था”

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Unaudited Financial Results (Quarterly)

As on Poush 30 2082

Condensed Consolidated Statement of Financial Position As On Quarter End 30 Poush 2082

Particulars	Amount (NPR)	
	This Quarter Ending	Immediate Previous Year Ending
Assets		
Cash and cash equivalents	310,425,557	331,747,381
Due from Nepal Rastra Bank	-	-
Placement with Bank and Financial Institutions	-	-
Derivative Financial Instruments	-	-
Other Trading Assets	-	-
Loans and advances to B/FIs	-	-
Loans and advances to customers	1,142,941,396	1,096,237,029
Investment securities	409,165,390	307,169,911
Current tax assets	5,789,215	1,580,921
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	4,594,421	754,378
Property and Equipment	24,074,480	25,636,867
Goodwill and Intangible assets	1,994,830	3,314,656
Deferred Tax Assets	5,537,735	6,376,640
Other assets	186,278,826	10,270,001
Total Assets	2,090,801,851	1,783,087,785
Liabilities		
Due to Bank and Financial Institutions	-	-
Due to Nepal Ratsra Bank	-	-
Derivative Financial Instrument	-	-
Deposits from customers	1,531,968,092	1,381,672,817
Borrowings	-	-
Current Tax Liabilities	-	-
Provisions	-	-
Deferred Tax Liabilities	-	-
Other liabilities	29,608,118	35,659,056
Debt securities issued	-	-
Subordinated Liabilities	-	-
Total liabilities	1,561,576,211	1,417,331,873
Equity		
Share Capital	522,388,000	350,000,000
Share Premium	-	-
Retained Earnings	(15,959,907.89)	(10,938,162.86)
Reserves	22,797,548	26,694,075
Total equity attributable to equity holders	529,225,640	365,755,912
Non-controlling interest		
Total Equity	529,225,640	365,755,912
Total Liabilities and Equity	2,090,801,851	1,783,087,785
Net Assets Value Per Share	101.31	104.5

Condensed Statement of Profit and Loss For The Quarter End 30 Poush 2082

Particulars	Amount (NPR)			
	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter(YTD)	This Quarter	Upto This Quarter(YTD)
Interest income	32,324,391.46	67,487,990.88	35,355,679.48	68,787,308.27
Interest expense	18,965,333.48	39,337,506.24	16,050,523.36	32,211,504.50
Net interest income	13,359,057.98	28,150,484.64	19,305,156.12	36,575,803.77
Fees and commission income	476,153.48	1,563,746.50	437,064.95	1,590,437.31
Fees and commission expense	-	-	-	-
Net fee and commission income	476,153.48	1,563,746.50	437,064.95	1,590,437.31
Net interest and commission income	13,835,211.46	29,714,231.14	19,742,221.07	38,166,241.08
Net trading income	-	-	-	-
Other operating income	1,644,486.02	12,650,320.25	382,529.88	3,199,940.04
Total operating income	15,479,697.48	42,364,551.39	20,124,750.95	41,366,181.12
Impairment charge/(reversal) for loans and other losses	(6,262,186.23)	12,674,454.99	(6,211,190.13)	12,823,337.21
Net operating income	21,741,883.71	29,690,096.40	26,335,941.08	28,542,843.91
Operating expense				
Personnel expenses	11,721,174.72	24,309,858.58	11,089,015.85	21,732,039.57
Other Operating expenses	6,787,715.19	10,272,055.29	3,280,985.94	5,727,715.82
Depreciation and Amortisation	3,649,900.51	5,509,386.34	2,476,066.15	2,476,066.15
Operating Profit	(416,906.71)	(10,401,203.81)	9,489,873.14	(1,392,977.63)
Non operating Income	-	-	-	-
Non operating expense	-	-	-	-
Profit before income tax	(416,906.71)	(10,401,203.81)	9,489,873.14	(1,392,977.63)
Income tax expense	-	-	-	-
Current Tax	-	-	-	-
Deferred Tax	-	-	-	-
Profit/(Loss) for the period	(416,906.71)	(10,401,203.81)	9,489,873.14	(1,392,977.63)

Condensed Consolidated Statement of comprehensive income For The Quarter End 30 Poush 2082

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
	Profit or loss for the year	(416,906.71)	(10,401,203.81)	9,489,873.14
Other comprehensive income				
a) Items that will not be reclassified to Profit or loss				
• Gains/(losses) from Investments in equity instruments measured at fair value		(1,897,383.00)		(339,892.00)
• Gains/(losses) on revaluation				
• Actuarial gains/(losses) on defined benefit plans				
• Income tax relating to above items		569,215.00		101,968.00
Net other comprehensive income that will not be reclassified to profit or loss		(1,328,168.00)		(237,924.58)
b) Items that are or may be reclassified to profit or loss				
• Gains/(losses) on cash flow hedge				
• Exchange gains/(losses) (arising from trasalating financial assets of foreign operation)				
• Income tax relating to above items				
• Reclassify to profit or loss				
Net other comprehensive income that are or may be reclassified to profit or loss				
c) Share of other comprehensive income of associate accounted as per equited method				
Other comprehensive income for the period, net of income tax		(1,328,168.00)		(237,924.58)
Total comprehensive income for the period	(416,906.71)	(11,729,371.81)	9,489,873.14	(1,630,902.21)
Total comprehensive income attributable to:				
Equity holders of the Bank				
Non-controlling interest				
Total comprehensive income for the period				
Earning per share				
Basic earning per share		-1.99		-0.40
Diluted earning per share		-1.99		-0.40

Ratios as per NRB Directives

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
	Capital Fund to RWA		37.07%	
Tier 1 Capital to RWA		36.10%		27.81%
CET 1 Capital to RWA		36.10%		27.81%
Annualized Return on Equity (ROE)		-1.97%		-0.39%
Annualized Return on Assets (ROA)		-0.50%		-0.09%
Non-Performing Loan (NPL) to Total Loan		4.92%		5.71%
Net Non-Performing Loan (NPL) to Total Loan		2.63%		3.03%
Total Loan Loss Provision to Total NPL		74.63%		71.55%
Cost of Funds		5.22%		5.60%
Credit to Deposit Ratio (CD)		66.45%		76.12%
Base Rate		9.99%		10.90%
Interest Rate Spread		4.59%		4.56%

Statement of Distributable Profit or Loss For The Quarter End 30 Poush 2082 (As per NRB Regulation)

Particulars	Amount (NPR)	
	Current Year Upto this Quarter (YTD)	Previous Year Corresponding Quarter YTD
Net Profit/(loss) as per Statement of Profit or Loss	(10,401,204)	(1,392,978)
Appropriation		
a. General Reserve	-	-
b. Foreign Exchange Fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	-	-
e. Employees training fund	-	(352,701)
f. Other	-	-
Profit/(loss) before regulatory adjustment	(10,401,204)	(1,745,679)
Regulatory Adjustments:		
a. Interest Receivable (-)/previous accrued interest received(+)	(2,247,927)	(2,980,896)
b. Short loan loss provision in accounts(-)/reversal(+)	-	-
c. Short provision for possible losses on investment(-)/reversal(+)	-	-
d. Short provision for possible losses on Non-Banking Assets (-)/reversal(+)	-	-
e. Deferred Tax Assets recognized(-)/reversal(+)	(1,494,663)	(477,921)
f. Goodwill recognized (-)/Impairment of Goodwill(+)	-	-
g. Bargain purchase gain recognized (-)/reversal(+)	-	-
h. Actuarial Loss recognized (-)/reversal(+)	-	-
i. Other (+/-)	-	-
Total regulatory adjustments	(3,742,590)	(3,458,817)
Net Profit for the Year End 2082 available for distribution	(14,143,794)	(5,204,495.35)
Opening Retained Earning	(10,347,878)	(16,220,489)
Adjustment (+/-)	-	-
Distribution		
Bonus Share Issued	-	-
Cash Dividend Issued	-	-
Total Distributable Profit or (Loss) as on End Date	(24,491,672)	(21,424,984)
Annualised Distributable Profit/Loss per Share	(4.69)	(6.12)

Notes to Interim Financial Statement:

- The above financial statement has been prepared in accordance with Nepal Financial Reporting Standards (NFRS) in line with NRB Directives.
- Loans and advances include interest receivable of loans and are presented net of loan impairments.
- Above figures are subject to change if directed by regulator or external audit.
- Wherever necessary, figures have been regrouped and rearranged.

Additional Disclosure as per Securities Registration and Issue regulation, 2073 (Rule 26(1), Annexure 14) 2nd Quarter Report Fiscal Year 2082/083

1. Financial Statement

- Statement of Financial Position and Statement of Profit and Loss as per Nepal Financial Reporting Standard has been published along with this report.
- Key financial indicators and ratios

Earnings Per Share	(1.99)	Total Assets Per Share	400.24
Net Worth Per Share	101.31	Capital Adequacy Ratio	37.07%
Liquidity Ratio	41.46%		

2. Management Analysis

- The Bank has been focusing on cost management, diversified investments, technological up-gradation; and digitization of banking process, products & services including automation of work, optimum utilization of resources and geographical expansion of its business operation.
- Deposits have increased by 10.88% and net loans and advances have increased by 4.26% till the quarter end compared to the immediate previous FY year end Ashadh 2082.
- Owing difficulties in debt recovery, Non-performing Loans (NPLs) have increased to 4.92% in the quarter end which was at 2.80% in the immediate previous fiscal year end figure.
- The Bank's strategic priorities remain centered on maintaining a robust corporate governance practices, organic brand presence, diversifying its products offerings fit for every strata of the nation's economy, prudent risk management practices, optimizing returns, and customer service based on theme "Your Easy Financial Partner" and amicable solutions in recovery process to further strengthen its financial position.

3. Details related to Legal Proceedings

- No information regarding the lawsuit by or against the bank has been filed during the period under review except for the regular cases of debt recovery.
- No cases have been reported regarding filing by or filed against the promoter or director of the Bank for disobedience of prevailing laws or commission of criminal offence during the period.
- No cases have been filed against any promoter or director for financial crime.

4. Problems and Challenges

- Internal**
 - Geographical expansion of its business.
 - Maintaining good health of the credit portfolio.
 - Education and training to the employees in the physical presence of subject experts.
 - Increasing operating costs, mainly for managing compliance and sufficient IT infrastructure.
 - Difficult to liaison with regulatory bodies due to its geographical location of its Head Office.
- External**
 - Slowdown in country's economic activities due to various macroeconomic reasons.
 - Illegal pressure groups activated against the formal loan recovery process.
 - High liquidity in the money market.
 - High rate of outmigration from Khotang District, growth rate of -1.6%, whereas that of Nepal is +0.92% per annum.
 - Threat against Cyber security.
 - Threat of Terrorism Financing and Proliferation using banking system.
 - Intense competition in the industry.
- Strategy**
 - Expansion to the markets with high market potential for banking business.
 - Identify niche market segments.
 - Manage robust IT, legal and compliance framework to manage various risks including ML/TF.
 - Promote digital banking products and digitization of internal banking processes.
 - Optimum utilization of assets and resources of the bank.
 - Strengthen and implement a robust risk management framework.
 - Manage credit health through amicable solutions rather to extreme legal procedures.

5. Corporate Governance

The Bank is dedicated to upholding the highest standards of ethics, corporate governance, and regulatory compliance. Both the Board of Directors and management ensure full adherence to the regulations set by the NRB and other relevant authorities. Additionally, the Bank consistently follows all applicable legal requirements and aligns its operations with industry best practices.

6. CEO Declaration on Accuracy and Integrity of Information

I, CEO of the Bank hereby confirm that the information presented in this document is accurate, complete, and factual to the best of my knowledge. I take full personal responsibility for any discrepancies or omissions. I further affirm that all information disclosed by the Bank, which may influence investor decisions, has been provided transparently and without concealment.