तपाईंको सजिलो वित्तीय साझेदार

९ औं वार्षिक प्रतिवेदन

आ. व. २०७६/०७७

सालपा विकास बैंक लि.
SALAPA BIKAS BANK Ltd.

"नेपाल राष्ट्र बैंकबाट इजाजतपत्र प्राप्त सोह्र जिल्ला कार्यक्षेत्र भएको 'ख' वर्गको वित्तीय संस्था"

सञ्चालक समिति

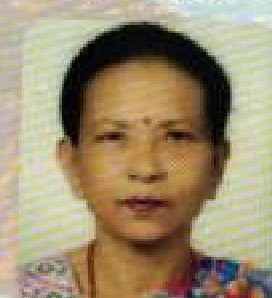
श्री टंक राई
अध्यक्ष

श्री शरण कुमार राई
सञ्चालक

श्री हरिन्द्र प्रसाद राई
सञ्चालक

श्री लव कुमार राई
सञ्चालक

श्री चन्द्र बहादुर खड्का
सञ्चालक



श्री लता के. सी.
स्वतन्त्र सञ्चालक

श्री ईश्वरमान राई
प्रमुख कार्यकारी अधिकृत/कम्पनी सचिव

अनुसूची २७

दफा ७१ को उपदफा (३) संग सम्बन्धित

(प्रोक्सी फारम)

श्री सञ्चालक समिति

सालपा विकास बैंक लिमिटेड

दिक्तेल, खोटाङ ।

विषय: प्रतिनिधि नियुक्ती गरेको बारे ।

महाशय,

.... जिल्ला .... न.पा. /गा.पा. वडा नं. .... बस्ने म /हामी .... ले त्यस कम्पनीको शेयरधनीको हैसियतले मिति .... का दिन हुने ९ औं वार्षिक साधारण सभामा म / हामी स्वयम् उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा मेरो /हाम्रो तर्फबाट भाग लिन तथा मतदान गर्नका लागि .... जिल्ला .... न.पा. /गा.पा वडा नं. .... बस्ने श्री .... लाई मेरो /हाम्रो प्रतिनिधि नियुक्ती गरी पठाएको छु /छौं ।

प्रतिनिधि नियुक्त भएको व्यक्तिको

हस्ताक्षर नमूना: ....

शेयर प्रमाणपत्र नं. ....

मिति : २०७८/०९.

निवेदकको

दस्तखत : ....

नाम: ....

ठेगाना : ....

शेयर प्रमाण पत्र नं : ....

शेयर संख्या : ....

मिति : २०७८/०९......................

प्रवेश पत्र

शेयरधनीको नाम : ....

शेयर प्रमाणपत्र नं. : ....

शेयरसंख्या : ....

शेयरधनीको दस्तखत : ....

सालपा विकास बैंक लिमिटेडको मिति २०७८/०९/१० गतेका दिन हुने ९औं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेशपत्र ।

नोट : क) शेयरधनी आफैंले खाली कोष्ठहरु भर्नु होला ।

ख) सभा कक्षमा प्रवेश गर्न यो प्रवेशपत्र प्रस्तुत गर्न अनिवार्य छ ।

ईश्वरमान राई
कम्पनी सचिव

विषयक्रम

सालपा विकास बैंक लिमिटेड
SALAPA BIKASH BANK LIMITED

दिक्तेल, खोटाङको

नवऔं वार्षिक साधारण सभा बस्ने बारे सूचना

प्रथम पटक प्रकाशित मिति:२०७८ मंसिर १३ गते सौर्य राष्ट्रिय दैनिक

दोस्रो पटक प्रकाशित मिति:२०७८ पुस ०२ गते सौर्य राष्ट्रिय दैनिक

यस बैंकको मिति :२०७८ साल मंसिर ११ गते बसेको सञ्चालक समितिको २५४ औं बैठकको निर्णय अनुसार यस संस्थाको ९ औ वार्षिक साधारण सभा देहायमा उल्लेखित मिति, स्थान र समयमा देहायका विषयहरु उपर छलफल तथा निर्णय गर्न बस्ने भएकोले शेयरधनी महानुभावहरुको जानकारीको लागि यो सूचना प्रकाशित गरिएको छ।

मिति : २०७८ साल पुस १० गते शनिबार तदनुसार डिसेम्बर २५, २०२१

स्थान : जिल्ला समन्वय समितिको सभा कक्ष दिक्तेल।

समय : बिहान ११:०० बजे

छलफलका विषयहरु :

क. सामान्य प्रस्तावहरु

१. सञ्चालक समितिको वार्षिक प्रतिवेदन छलफल गरी पारित गर्ने।

२. लेखापरीक्षकको प्रतिवेदन सहितको २०७७ असार मसान्तको वासलात तथा आर्थिक वर्ष २०७६/०७७ को नाफा/नोक्सान हिसाब तथा नगद प्रवाह विवरण सहितका अनुसूचीहरु उपर छलफल गरी पारित गर्ने।

३. आर्थिक वर्ष २०७७/७८ को लागि लेखापरीक्षक नियुक्ति गर्ने र निजको पारिश्रमिक तोक्ने।

ख. विशेष प्रस्तावहरु

ग . विविध

आज्ञाले

ईश्वरमान राई

कम्पनी सचिव

नवौं वार्षिक साधारण सभामा बैंक सञ्चालक समितिका अध्यक्षज्यूबाट प्रस्तुत सञ्चालक समितिको प्रतिवेदन

शेयरधनी महानुभावहरु,

सालपा विकास बैंकको नवऔं वार्षिक साधारण सभामा उपस्थित सम्पूर्ण अतिथिगण तथा शेयरधनीज्यूहरुलाई सञ्चालक समिति तथा मेरो आफ्नो तर्फबाट हार्दिक स्वागत गर्दछु । यस अवसरमा यहाँहरु समक्ष मिति २०७७ असार मसान्तको वासलात, आर्थिक वर्ष २०७६/७७ को नाफा नोक्सान हिसाव तथा नगद प्रवाह विवरण सहितको लेखापरीक्षण प्रतिवेदन लगायत बैंकले हाल अवलम्बन गरेको नीति र भविश्यमा कार्यान्वयन गरिने कार्य योजनाहरु स्वीकृतिका लागि पेश गर्ने अनुमति चाहन्छु ।

१. विश्वको आर्थिक अवस्था

सन् २०२० को शुरुवात देखि नै कोभिड-१९ को विश्वव्यापी महामारीले मानवीय तथा आर्थिक सङ्कट उत्पन्न गराईरहेको सर्व विदितै छ। महामारीका कारण विश्वव्यापी आर्थिक क्रियाकलापमा सुस्तता आएसँगै अधिकांश मुलुकको आर्थिक वृद्धि ऋणात्मक भई सन् २०२० मा विश्व अर्थतन्त्र ३.३ प्रतिशतले संकुचन भएको थियो ।

२. देशको आर्थिक अवस्था

आर्थिक वर्ष २०७६/७७ मा कोभिड-१९ को महामारीले नेपालको अर्थतन्त्र प्रभावित हुन गई आर्थिक वृद्धिदर पछिल्लो दुई दशकमै पहिलो पटक २.१२ प्रतिशतले ऋणात्मक रहेको छ जुन आर्थिक वर्ष २०७१/७२ मा गएको विनासकारी भूकम्पबाट सिर्जित आर्थिक क्षति भन्दा उच्च हो । कोभिड-१९ को कारण आर्थिक वर्ष २०७६/७७ मा कर्णाली र सुदूरपश्चिम प्रदेश बाहेक सबै प्रदेशको आर्थिक वृद्धिदर ऋणात्मक रहेको थियो ।

क) कुल गार्हस्थ उत्पादन

आ. व. २०७७/७८ को कुल गार्हस्थ उत्पादनमा (उत्पादकको मूल्यमा) रु. ४२ खर्ब ६६ अर्ब ३२ करोड रहेको थियो । उक्त कुल गार्हस्थ उत्पादनमा बाग्मती प्रदेशको हिस्सामात्र ३७.७ प्रतिशत रहेको छ। आर्थिक वर्ष २०७६/७७ मा संघ, प्रदेश र स्थानीय सरकारको एकिकृत खर्च रु.११ खर्ब ९१ अर्ब ६ करोड मध्ये चालु खर्च ५६ प्रतिशत, पुँजिगत खर्च ३४.१ र वित्तीय व्यवस्था ९.९ प्रतिशत रहेको छ ।

ख) वैदेशिक व्यापार तथा शोधनान्तर स्थिति

आ. व. २०७७/७८ को प्रथम आठ महिनासम्मको शोधनान्तर स्थिति रु. ६८ अर्बले बचत रहेकोमा चालु आ. व. मा पहिलो चार महिनाको आयात रु.६५० अर्ब पुगेकाले व्यापार घाटा ठुलो हुने राष्ट्र बैंकको अनुमान छ। यसैगरी गतसालको भन्दा यस आर्थिक वर्षमा तरलताको पनि अभाव पर्ने संकेतहरु देखा पर्न थालेका छन् । राष्ट्र बैंकको तथ्याङ्क अनुसार गत आ.व.मा रु.२ खर्ब तरलता प्रशोचन गरेकोमा यस वर्ष ठीक विपरित २ खर्ब तरलता प्रवाह गरेको छ।

३. हालका गतिविधिहरु

क. न्यूनतम पुँजि पुऱ्याउन गरिएको पहल

गतसालको ८औं साधारण सभामा नयाँ लगानीकर्ताहरुसँगको सम्झौतालाई निर्णायक बिन्दुमा पुऱ्याउने कार्यलाई सञ्चालक समितिले आफ्नो मुख्य कार्यभारका रुपमा गम्भिरतापुर्वक लिएको थियो । आज आएर उक्त कार्यले साकार रुप लिएको छ। यस कार्यलाई सफल पार्न सञ्चालक समितिले यथेष्ट ध्यान दिई वृहत संख्या, विस्तारित भुगोल एवं विविध पृष्ठभुमि भएका लगानीकर्ताहरुसँग

पटक पटक सम्वाद गरी एकत्रित गर्न सकेकोले आगामी दिनहरुमा सबै लगानीकर्ताहरुको सामुहिक हितलाई सफल पार्ने कार्य सहज हुनेछ भन्ने तथ्यमा सञ्चालक समिति आशावादी रहेको कुरा यहाँहरुलाई व्यक्त गर्न चाहन्छु । पहिला जाहेर गरेको प्रतिबद्धता अनुरुप नयाँ लगानीकर्ताहरुलाई दीर्घकालिन साझेदारका रुपमा स्विकार्दै आपसी हितलाई दिगो, पारदर्शी एवं व्यावहारिक बनाउन पहल गरिनेछ । यस कार्यलाई मूर्त रुपमा रुपान्तरण गर्न बैंकका कार्यकारी प्रमुखको नेतृत्वमा लगानीकर्ताहरुको कागजातहरु अद्यावधिक गर्ने सिलसिला मिलाई कर्मचारीको टोलीले लगानीकर्ताहरुको सघन बसोबास क्षेत्रहरुको सप्ताहव्यापी भ्रमण सम्पन्न गरेको छ ।

ख) तथ्याङ्कको सुरक्षामा सम्बन्धि व्यवस्था

बैंकमा तथ्याङ्कको सुरक्षाका लागि थप जनशक्ति तथा पूर्वाधारको व्यवस्था मिलाइएको छ । ग्राहकहरुको विश्वासलाई अभिवृद्धि गर्न अपरिहार्यताको ख्याल राख्दै सूचना प्रविधि अधिकृतको नेतृत्वमा तथ्याङ्कको सुरक्षाका व्यवस्था मिलाइएको छ । नेपाल राष्ट्र बैंकले तोके बमोजिमको Disaster Recovery Site सञ्चालनमा ल्याई सूचना प्रविधि विभागलाई सुदृढ बनाइएको छ ।

ग) लघुवित्त कार्यक्रमको अवस्था तथा कार्यक्रमको सवलिकरण

हाल बैंकले ऐसेलुखर्क, वाक्सिला, सिम्पानी र चिसापानी शाखाहरुबाट लघुवित्त कार्यक्रम अन्तर्गत सेवा प्रदान गरिरहेको छ । २०७८ मंसिर मसान्तको तथ्याङ्क अनुसार सबै शाखाहरुबाट २१३ वटा केन्द्रहरुमा १ हजार ९ सय ९४ जना सदस्यहरुलाई कार्यक्रममा आवद्ध गरी २ करोड ७ लाख ५८ हजार ९२० रुपैंया निक्षेप परिचालन गर्दै १३ करोड ५१ लाख ८९ हजार ५३ रुपैंया कर्जा प्रवाह गरेको छ । उक्त कर्जा रकम कुल कर्जाको २०.९१ प्रतिशत हुन आउँछ । साथै यस कार्यक्रम मार्फत प्रवाह भएका कर्जाहरु सन्तोषजनक रहेको पनि यहाँहरुलाई अवगत गराउन चाहन्छु ।

लघुवित्त कार्यक्रमलाई अझ सशक्त एवं सवल बनाउन विस्तारित रुपमा गोष्ठिहरु सञ्चालन गर्न शुरु गरिएको छ । साविकमा एउटा शाखाबाट एक दिने गोष्ठिको सट्टा धेरै ठाउँहरुमा गोष्ठिहरु सञ्चालन गर्न थालिएको छ । ऐसेलुखर्क शाखा अन्तर्गत मिति २०७८/०८/२६ गते महेश्वरीमा ३६ जना सोही दिन वाकाचोलमा २६ जना, मंसिर २७ गते ज्यामिरेमा ३८ जना, मंसिर २९ गते ऐसेलुखर्कमा ८३ जना र पुस २ गते माक्पामा ४३ जना गरी जम्मा २२६ जना सदस्यहरु बीचमा ज्ञान आदान प्रदान गर्ने कार्य सम्पन्न भएको छ । विस्तारित गोष्ठि मार्फत साविकको तुलनामा केन्द्र प्रमुखहरुका अतिरिक्त अन्य सदस्यहरुलाई पनि समावेश गरिएकोले स्वरोजगारी मार्फत आर्थिक स्वावलम्बन हासिल गर्नमा प्रत्यक्ष टेवा पुग्नेमा दुई मत छैन । गोष्ठिमा बैंकका प्राविधिक कर्मचारीद्वारा करेसाबारी व्यवस्थापन, बेर्ना उत्पादन लगायत माग बमोजिमका कृषि सम्बन्धि अन्य विषयहरुमा तालिम दिने समेत व्यवस्था मिलाइएको छ । बैंकका अन्य शाखाहरुमा पनि यस कार्यलाई निरन्तरता दिइने छ ।

घ) सामाजिक उत्तरदायित्वमा जोड

सामाजिक उत्तरदायित्वलाई जोड दिंदै यस बैंकले जिल्ला स्थित स्थानीय सरकार मार्फत वितरण हुने सामाजिक सुरक्षा भत्ता वितरणमा सहयोग गर्दै आएको छ । यस सन्दर्भमा केपिलासगढी गाउँपालिकाको ७ वटै वडाहरु, जन्तेढुङ्गा गाउँपालिकाको ६ वटै वडाहरु, दिक्तेल रुपाकोट मझुवागढी नगरपालिकाको १५ वटा वडाहरु मध्ये ११ वटा र हलेसी तुवाचुङ नगरपालिकाको ३ वटा वडाहरुमा सामाजिक सुरक्षा भत्ता वितरण गर्ने कार्य यस बैंकबाट भइरहेको छ । यस कार्यबाट बैंकलाई प्रत्यक्ष व्यावसायिक लाभ नभए पनि तरलता व्यवस्थापनमा भने टेवा पुगि रहेको छ ।

ङ) वित्तीय सचेतना कार्यक्रम

वित्तीय सचेतना जगाउने कार्यलाई बैंकले आफ्नो घोषित कार्यक्रमका रुपमा अगाडि बढाएको छ । यस आर्थिक वर्ष देखि चेक मार्फत कारोबार गरी फजुल खर्च रोक्ने, नोट चलन चल्तिमा ल्याउँदा धेरै समय सफा राख्दा राष्ट्र बैंकले पटक पटक नोट छाप्न नपर्ने हुँदा राष्ट्रको खर्च घटाउन सकिने, बचत गर्ने बानीको विकास गर्ने र सो मार्फत छरिएर रहेको रकमलाई बैंकिङ माध्यमबाट लगानीयोग्य कोष निर्माण गरी आय र रोजगारी सिर्जना गर्ने आयोजनाहरुमा लगानी गर्न सम्भव हुने चेतनामूलक ज्ञान बाड्ने काम शुरु गरिएको छ । सचेतना कार्यमा किशोरावस्थाका बाल बालिका तथा विद्यार्थीहरु लक्षित गरिएको छ ।

४. बैंकका अवसर तथा चुनौतिहरु

सालपा विकास बैंकले निम्नानुसारका बुँदाहरु अवसर तथा चुनौतिका रुपमा विश्लेषण गरेको छ ।

क) अवसरहरु

अ. वित्तीय चेतनामा अभिवृद्धि

विगतका दिनहरु भन्दा आम जनतामा वित्तीय चेतनामा अभिवृद्धि भएकाले कारोबारमा सकारात्मक प्रभाव परेको छ । सामाजिक सुरक्षा भत्ताको भुक्तानी बैंकिङ माध्यमबाट हुनाले सेवाग्राहीहरुले बैंक खाता मार्फत सेवा प्राप्त गर्ने गरेका छन् ।

आ. विस्तारित कार्यक्षेत्र

तोकिएको पुँजी पुऱ्याएर थप जिल्लाहरुमा कार्यक्षेत्र बढाउँदा स्वभाविक रुपमा बैंकलाई नयाँ अवसर सिर्जना हुनेछ । यस बैंकको कार्यक्षेत्र विस्तार गर्दा वित्तीय कारोबारमा बृद्धि हुन गई संस्था तथा सरोकारवाला सबैमा सकारात्मक प्रभाव पर्नेछ ।

इ. दक्ष जनशक्तिको आपूर्ति

यस बैंकको कार्यक्षेत्र विस्तार हुँदा वित्तीय कारोबारका हिसाबले उन्नत शहरहरुमा आवागमन सहज स्थानहरुमा हुने हुनाले अझ दक्ष एवं उच्च प्रतिष्पर्धात्मक क्षमताका जनशक्तिलाई सेवामा आवद्ध गर्न सहज हुनेछ । यसको प्रत्यक्ष सकारात्मक प्रभाव संस्थालाई पर्न जानेछ ।

ई. लागतमा कटौति

व्यापारको आकारमा हुने बृद्धिको तुलनामा अप्रत्यक्ष लागतहरुमा गिरावट आउनाले समग्र लागतमा कटौति गर्न सकिनेछ । लागतमा हुने कटौतिले सरोकारवालाको हितमा सकारात्मक प्रभाव पार्नेछ ।

ख) चुनौतिहरु

अ. बढ्दो प्रतिष्पर्धाः

बैंकिङ व्यवसायमा दिनानुदिन प्रतिष्पर्धा बढ्दो रहेको छ । यस बैंकले आफ्नो प्रतिष्पर्धात्मक लाभ बिश्लेषण गर्दै आफ्नो बजारलाई कायम गर्दै अरु बजार बिस्तार गर्न लागि परेको छ । यस बैंकले आफ्नो कार्यक्षेत्र भरिका बढी भन्दा बढी जनतामा वित्तीय सेवा बिस्तार गर्दै जाने नीति अवलम्बन गरेको व्यहोरा यस सम्मानित सभामा अवगत गराउन चाहन्छु ।

आ. थप कानूनी अनुपालना

संस्था सञ्चालन गर्ने सिलसिलामा श्रम ऐन, सम्पत्ति शुद्धिकरण ऐन लगायत अन्य नियम कानुनहरुको प्रावधानहरुको परिपालना गर्नु पर्ने भएकोले बैंकको विनियमहरुको सामयिक संसोधन एवं नियमित रुपमा प्रतिवेदनहरु सम्वन्धित निकायहरुमा पेश गर्नु पर्ने भएकाले सोको लागत निश्चित रुपमा लाग्ने परिस्थिति आइसकेको छ । यसले गर्दा संस्था सञ्चालनको लागत बढ्न गई लगानीकर्ताहरुको मुनाफालाई असर पर्न जानेछ ।

५. बैंकको भावी नीतिहरु

क) तथ्याङ्क तथा सञ्जाल सुरक्षामा जोड

बैंकले राख्नु पर्ने तथ्याङ्कमा अनधिकृत व्यक्तिहरुको पहुँचलाई शून्यप्राय बनाउने अभिप्रायले तथ्याङ्क तथा सञ्जाल सुरक्षाका लागि आवश्यक जनशक्ति तथा पूर्वाधार थप गर्दै जाने नीति अवलम्बन गरिनेछ । यसबाट परिस्थितिद्वारा सिर्जना हुन सक्ने अवाञ्छित जोखिमलाई न्यूनिकरन गर्दै आम निक्षेपकर्ताहरुको विस्वाश आर्जन गर्न सहयोग पुग्नेछ ।

ख) पुँजी योजना तथा कार्यक्षेत्र विस्तार

व्यापारमा वृद्धि हासिल गर्ने प्रमुख आधार नै बैंकले कायम गर्नुपर्ने पुँजी कोष अनुपात हो । वर्तमान अवस्थामा तोकिएको पुँजी जुटि सकेकाले विगतका वर्षहरुमा पुँजीको अभावले रोकिएका कामहरु क्रमश: अगाडि बढाइने छ । हाल विकास बैंकहरुको वर्गीकरण राष्ट्रिय स्तर र प्रादेशिक स्तर मात्र कायम भएको छ । त्यसैले यस बैंकले साविकका शेयरधनीहरु र नयाँ लगानीकर्ताहरुबाट समेत गरी तोकिएको चुक्ता पुँजी पुऱ्याएर प्रदेश भित्रका अन्य जिल्लाहरुमा थप कार्यक्षेत्र विस्तारका लागि पहल गर्नेछ । नयाँ लगानीकर्ताहरुलाई शेयरधनीमा रुपान्तरण गर्ने कार्यलाई अगाडि बढाइएको छ । प्रति व्यक्ति लगानी रकमको आकार सानो हुनाका कारणले लगानीकर्ताहरुको संख्या बढी हुनाले आवश्यक कागजातहरु तयार गर्न केही समय लाग्ने निश्चित छ । तोकिएको प्रक्रिया पुरा गरे पश्चात थप कार्यक्षेत्रका लागि नेपाल राष्ट्र बैंकसँग थप कार्यक्षेत्र विस्तारका लागि इजाजत लिई कार्यक्षेत्र विस्तार गरिने छ ।

ग) शाखा सञ्जालको विस्तार

बैंकको कार्यक्षेत्रमा विस्तार गर्ने योजना अनुसार सम्भाव्यताका आधारमा शाखा सञ्जाल विस्तार गर्दै लगिनेछ । शाखाहरुको विस्तार गर्दा व्यावसायिक प्रतिफललाई प्रमुख आधार मानिनेछ । शाखा विस्तार कार्यक्रम भौगोलिक अवस्थिति, व्यापारको सम्भाव्यता, सञ्चालनमा मितव्ययिता जस्ता वस्तुगत आधारहरुमा आधारित गरिनेछ । यसका अतिरिक्त शाखाहरुले समग्र व्यावसायिक प्रगतिमा लिएको गतिलाई समेत यथेष्ट ध्यान दिइनेछ ।

घ) मानव संसाधन विकासमा जोड

बैंकले मानव संसाधन विकासलाई महत्वकासाथ अघि बढाउने छ । कार्यक्षेत्र तथा व्यापारको विस्तारलाई सुदृढ ढंगले हाँक्न उच्च व्यवस्थापन लगायत आवश्यक सबै तहहरुमा पदपूर्ति गर्दै लगिनेछ । यसका लागि उत्तराधिकार नीति तर्जुमा भै सकेकाले मानव संसाधनको आपूर्तिआई शाखाहरुको विस्तार, शाखा विस्तारमा लाग्ने लागत, बैंकको समग्र परिस्थिति आदिलाई ध्यान दिइनेछ । उच्च ज्ञान तथा सीपयुक्त जनशक्तिलाई सेवामा आकर्षित गर्न निश्पक्ष, पारदर्शी एव विस्वाशिलो कर्मचारी भर्ना तथा छनौट प्रणालीको विकास गर्दै लगिनेछ । माथिल्लो निकायमा तर्जुमा भएका नीति तथा कार्यक्रमहरु कार्यान्वयन गर्ने कर्मचारी वर्गलाई दिगो बनाउन श्रम बजार तथा बैंकको परिस्थितिसँग समयानुकुल परिमार्जन गर्ने नीति अख्तियार गरिनेछ । कार्यरत कर्मचारी वर्गको वृत्ति विकासका लागि यथेष्ट ध्यान दिने नीति अवलम्बन गरिनेछ ।

ङ) ग्राहकहरुको सन्तष्टिलाई सफलताको सूचक मानिने

ग्राहकको सन्तुष्टिलाई संस्था सञ्चालन तथा सफलताको मेरुदण्डका रुपमा अंगिकार गरिनेछ । यसका लागि कानूनी प्रावधानहरुमा सम्झौता नगरी कुशलतापूर्वक छिटो छरितो सेवा प्रदान गरिनेछ । ग्राहकको सन्तुष्टिलाई मापन गर्न खाता संख्या, निक्षेप परिचालन, कर्जा प्रवाह तथा सो को गुणवत्ता जस्ता वस्तुगत आधारहरु तय गरिनेछ । नतिजामुलक सफलता हासिल गर्ने शाखाका कर्मचारीहरुलाई प्रोत्साहन गर्न यथोचित व्यवस्था मिलाइनेछ ।

च. प्रतिफल योजना

बैंकको अन्तिम लक्ष्य भनेको लगानीकर्ताहरुलाई अपेक्षित प्रतिफलको सुनिश्चित गर्नु नै हो । यसमा दुई मत छैन । राष्ट्रिय नीतिगत व्यवस्थाले थप पुंजी लगानी गर्नुपर्ने बाध्यात्मक अवस्थाबारे सबै जना शेयरधनीहरु जानकार हुनुहुन्छ । जो हाम्रो काबु बाहिरको परिस्थिति हो । आगामी बर्षहरुमा शाखा सञ्जालको विस्तार गर्न थप जनशक्ति लिन तथा पूर्वाधार निर्माणमा केन्द्रित हुनु पर्ने भएकाले सन्तोषजनक प्रतिफल हासिल गर्न सकिएन भने धैर्यधारण गर्न सम्पूर्ण शेयरधनीज्यूहरुमा आजै सञ्चालक समिति अनुरोध गर्दछ ।

अन्त्यमा यस सभामा उपस्थित भई सभालाई सफलतापूर्वक सम्पन्न गर्न सहयोग पुर्‍याउनुहुने सम्पूर्ण शेयरधनीज्यूहरु, अतिथिगण, पत्रकारबर्ग तथा सम्पूर्ण कर्मचारीहरुलाई धन्यवाद व्यक्त गर्दछु । सभा कक्ष प्रदान गरी सहयोग गर्ने समन्वय समिति परिवारलाई विशेष धन्यवाद अर्पण गर्दछु ।

टंक राई

अध्यक्ष

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INDEPENDENT AUDITOR'S REPORT
The shareholders of Salapa Bikas Bank Limited

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of M/s. Salapa Bikas Bank Limited, Diktel, Khotang, Nepal (hereinafter referred to as "the bank"), which comprises the statement of financial position as at Ashad 31, 2078 (July 15, 2021) and statement of profit or loss, statement of cash flow & statement of changes in equity for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory notes (hereinafter referred to as "the financial statements").

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the fund as at Ashad 31, 2078 (July 15, 2021) and its financial performance and its cash flows for the year then ended on that date in accordance with Nepal Financial Reporting Standards (NFRS).

Basis of Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the fund in accordance with the Institute of Chartered Accountant of Nepal's code of ethics for professional accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Kathmandu
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In association with
MOORE

Key Audit Matters	Our Audit Approach and Responses
1. Interest Recognition Interest Income of the bank has to be recognised on accrual basis and in line with Interest Income Recognition Guidelines 2019 issue by NRB. However, in case of bad loans and advances (overdue for more than 12 months), this guidelines requires cessation of interest recognition on accrual basis. This requires careful observation and calculation for interest recognition, hence we have considered it as key audit matter.	Our audit approach regarding verification of process of interest recognition included: a. Obtaining clear understanding of the process of accrual of interest income on loan and advances in the core banking software of the bank. b. Test check of interest recognition with manual computation.
2. Impairment of Loan and Advances As per NRB Directive 4 read with carve out issued by ASB, bank shall measure impairment loss on loans and advances at the higher of : a. Amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision; and b. Amount determined as per para 63 of NAS 39 adopting Incurred Loss Model As per the norms prescribed by NRB provision, provision on loan and advances shall be created based on overdue status as well as utilization status of the facility, security status, borrower's whereabouts etc. As per NAS 39 read with NFRS 9, impairment of loan and advances should be made on collective as well as individual basis. For individually significant loan and advances, individual impairment is measeured as the difference between the assets carrying amount and present value of estimated future cash flows. For homogeneous groups of loans and advances that are not individually significant, collective impairment is done. Under collective impairment, loss is determined after taking into account the historical loss experience in portfolios of similar credit risk and management judgement based on experience as to whether current economic and credit conditions are such that the actual level of inherent losses at the reporting date is likely to be greater or less than that suggested by historical experiences. In view of complexity in loan loss provision based on NRB directive and NAS 39, we have considerd it as key audit matter for our audit.	Our audit approach regarding verification of impairment of loan and advances included: a. Review of the overdue status of loans and advances by obtaining data from the system and verified manually. b. Sample credit files were reviewed among other things from the prespective of utilization of loans and advances for the intended purpose by way of scrutiny of financial statements, account movement, account turnover etc. c. Collateral Valuation of the security along with expected future cash flow has been reviewed in sample basis for individually significant loans and advances. d. In case of homogenous loans, we assessed the probability of default and loss for given default calculated based on the historical loss experiences.

Key Audit Matters	Our Audit Approach and Responses
3. COVID-19 Impact and Regulatory Relief & Relaxations thereon: Nepal had undergone nationwide lockdown from Chaitra 11, 2076 due to the outbreak of COVID-19 which was declared as global pandemic by World Health Organization on March 31, 2020. Due to restrictions imposed by government, revenue of the bank was highly affected. Further, Nepal Rastra Bank has issued various circulars to mitigate the risk posed by the pandemic. NRB has thereon issued circulars directing banks to provide 10% discount on interest and 2 % rebate on applicable interest as of April 12, 2020 for the fourth quarter. As these matters affect the revenue and overall profitability, we have considered this as our Key Audit Matter.	We have modified our audit procedures in response to NRB circulars issued till the date of our review which includes: a. Making enquiries and gathering necessary details to verify the compliance made by the bank in respect of discount and rebate on interest provided. b. Verification and crosschecking of the rebate provided by the bank to the customer in sample basis based on details provided by the credit administration department.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the fund's financial reporting process.

Kathmandu
Nepal

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidences that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

We have obtained information and explanations asked for, which, to the best of our knowledge and belief were necessary for the purpose of our audit. In our opinion, proper books of account as required by law have been kept by the bank in so far as it appears from our examination of those books of account of the bank. In our opinion the statement of financial position, statement of profit or loss, statement of other comprehensive income, statement of changes in equity & statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes have been prepared in accordance with the requirements of Companies Act, 2063 and are in agreement with the books of accounts maintained by the bank. In our opinion and to the best of information and according to the explanation given to us and from the examination of the books of accounts of the bank, we have not come across any case where the board of directors or any employee of the bank have acted contrary to legal provisions relating to accounts, or committed any misappropriation or caused any loss or damage to the bank.

In our opinion, so far as appeared from our examination of the books, the bank has maintained adequate capital funds and adequate provision for possible impairment of assets in accordance with the directives issued by Nepal Rastra Bank. However, the paid up capital requirement set forth by NRB has not been met with.

To the best of our knowledge and according to the explanation given to us and from the examination of the books of accounts of the bank, we have not come across any case where the board of directors or any employee of the bank have acted contrary to legal provisions relating to accounts, or committed any misappropriation or caused any loss or damage to the bank or its property and violated any directives of Nepal Rastra Bank or acted in a manner to jeopardize the interest and security of the bank, its depositors and it's investors.

For N. B. S. M. & Associates
Chartered Accountants

CA. Durga Prasad Gnawali, FCA
Partner
Date: 2021/10/27
Place: Kathmandu, Nepal
UDIN: 211027CA00461uwaPF

Salapa Development Bank Limited
Diktel, Khotang

Statement of Financial Position
As at 31st Ashadh 2077 (15 July 2020)

Particulars	Note	As at Ashadh 31, 2077	As at Ashadh 31, 2076
ASSETS			
Cash and cash equivalents	4.1	228,945,839	146,821,309
Due from Nepal Rastra Bank	4.2	-	-
Placement with Bank and Financial Institutions	4.3	-	-
Derivative Financial Instruments	4.4	-	-
Other Trading Assets	4.5	-	-
Loans and advances to B/FIs	4.6	-	-
Loans and advances to customers	4.7	412,035,675	354,294,431
Investment securities	4.8	-	-
Current tax assets	4.9	1,946,049	2,186,739
Investment in subsidiaries	4.10	-	-
Investment in associates	4.11	-	-
Investment property	4.12	-	-
Property and Equipment	4.13	18,511,876	18,463,412
Goodwill and Intangible assets	4.14	713,313	967,563
Deferred Tax Assets	4.15	2,000,230	1,445,966
Other assets	4.16	5,936,437	6,375,522
Total Assets		**670,089,419**	**530,554,941**

Particulars	Note	As at Ashadh 31, 2077	As at Ashadh 31, 2076
Liabilities			
Due to Bank and Financial Institutions	4.17	5,280,790	5,747,340
Due to Nepal Ratsra Bank	4.18	-	-
Derivative Financial Instrument	4.19	-	-
Deposits from customers	4.20	568,085,099	461,187,884
Borrowings	4.21	-	-
Current Tax Liabilities	4.9	-	-
Provisions	4.22	1,162,785	-
Deferred Tax Liabilities	4.15	-	-
Other liabilities	4.23	10,901,557	7,993,700
Debt securities issued	4.24	-	-
Subordinated Liabilities	4.25	-	-
Total liabilities		**585,430,231**	**474,928,925**
Equity			
Share Capital	4.26	28,000,000	28,000,000
Share Premium		-	-
Retained Earnings		(19,172,066)	4,789,179
Reserves	4.27	75,831,254	22,836,838
Total equity attributable to equity holders		**84,659,188**	**55,626,016**
Non-controlling interest		-	-
Total Equity		**84,659,188**	**55,626,016**
Total Liabilities and Equity		**670,089,419**	**530,554,941**
Contingent Liabilities and commitment	4.28	7,924,888	8,183,077
Net Assets Value Per share		**302.35**	**198.66**

The accompanying notes are integral part of these financial statements.

As per our report of even date attached

For N. B. S. M. & Associates
Chartered Accountants

	Tanka Rai Chairman	Chandra Bahadur Khadka Director	Sharan Kumar Rai Director
CA. Durga Prasad Gnawali, FCA Partner			
Date: Place: Kathmandu Nepal	Harindra Prasad Rai Director	Lab Kumar Rai Director	Ishwor Man Rai Chief Executive Officer

Salapa Development Bank Limited
Diktel, Khotang

Statement of Profit or Loss
For the period commencing on Shrawan 1, 2076 and ending on Ashad 31, 2077

Figures in NPR

Particulars	Note	Year Ended 31st Ashad 2077	Year Ended 31st Ashad 2076
Interest income	4.29	72,406,131	56,346,008
Interest expense	4.30	(39,277,236)	(29,761,676)
Net interest income		**33,128,895**	**26,584,332**
Fees and commission income	4.31	6,127,792	5,833,957
Fees and commission expense	4.32	(349,688)	(135,210)
Net fee and commission income		**5,778,104**	**5,698,747**
Net interest and commission income		**38,906,999**	**32,283,079**
Net trading income	4.33	-	-
Other operating income	4.34	3,342,634	24,300
Total operating income		**42,249,633**	**32,307,379**
Impairment charge/(reversal) for loans and other losses	4.35	21,881,392	4,232,813
Net operating income		**20,368,242**	**28,074,566**
Operating expense			
Personnel expenses	4.36	(25,791,901)	(20,706,105)
Other Operating expenses	4.37	(12,226,612)	(6,745,756)
Depreciation and Amortization	4.38	(3,434,667)	(2,260,297)
Operating Profit		**(21,084,938)**	**(1,637,592)**
Non operating Income	4.39	-	-
Non operating expense	4.40	-	-
Profit before income tax		**(21,084,938)**	**(1,637,592)**
Income tax expense	**4.41**	**(534,388)**	**403,909**
Current Tax Expense		-	641,896
Deferred Tax Expense (Income)		(534,388)	(237,987)
Profit for the period		**(20,550,550)**	**(2,041,502)**
Profit attributable to:			
Equity holders of the Bank		(20,550,550)	(2,041,502)
Non-controlling interests		-	-
Profit for the period		**(20,550,550)**	**(2,041,502)**
Earnings Per Share (EPS)			
Basic EPS		(73.39)	(7.29)
Diluted EPS		(73.39)	(7.29)

The accompanying notes are integral part of these financial statements.

As per our report of even date attached

For N. B. S. M. & Associates
Chartered Accountants

Tanka Rai
Chairman

Chandra Bahadur Khadk
Director

Sharan Kumar Rai
Director

CA. Durga Prasad Gnawali, FCA
Partner

Date:
Place: Kathmandu Nepal

Harindra Prasad Rai
Director

Lab Kumar Rai
Director

Ishwor Man Rai
Chief Executive Officer

Salapa Development Bank Limited

Diktel, Khotang

Statement of Cash Flows

For the year ended 31st Ashad 2077 (15 July 2020)

Figures in NPR

Particulars	Year Ended 31st Ashad 2077	Year Ended 31st Ashad 2076
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	69,596,080	55,161,586
Fees and other income received	6,127,792	5,833,957
Receipts from other operating activities	6,438	24,300
Interest paid	(39,277,236)	(29,761,676)
Commission and fees paid	(349,688)	(136,210)
Cash payment to employees	(25,211,192)	(20,917,473)
Other expense paid	(12,226,612)	(6,745,756)
Operating cash flows before changes in operating assets and liabilities	**(1,334,417)**	**3,459,728**
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	-	-
Placement with Bank and Financial Institutions	-	-
Other trading assets	-	-
Loans and advances to bank and financial institutions	-	-
Loans and advances to customers	(75,561,496)	(112,459,945)
Other assets	1,118,792	(3,560,638)
Increase/(Decrease) in operating liabilities		
Due to bank and financial institutions	(466,550)	(16,073,260)
Due to Nepal Rastra Bank	-	-
Deposits from customers	106,897,215	157,322,823
Borrowings	-	-
Other liabilities	4,070,642	948,719
Net cash flow from operating activities before tax paid	**34,724,185**	**29,637,228**
Income taxes paid	882,586	(1,830,562)
Net cash flow from operating activities	**35,606,771**	**27,806,666**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investment securities	-	-
Proceeds from sale of investment securities	-	-
Purchase of property and equipment	(3,112,340)	(12,372,678)
Proceeds from the sale of property and equipment	-	-
Acquisition of intangible assets	-	-
Proceeds from the sale of intangible assets	-	-
Purchase of investment properties	-	-
Proceeds from the sale of investment properties	-	-
Interest received	-	-
Dividend received	-	-
Other (Merger)	-	-
Net cash used in investing activities	**(3,112,340)**	**(12,372,678)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of debt securities	-	-
Repayment of debt securities	-	-
Receipts from issue of subordinated liabilities	-	-
Repayment of subordinated liability	-	-
Receipts from issue of shares (Share Application Money)	49,630,100	-
Dividends paid	-	-
Interest paid	-	-
Other receipt/payment	-	-
Net cash from financing activities	**49,630,100**	**-**
Net increase (decrease) in cash and cash equivalents	**82,124,531**	**15,433,988**
Cash and cash equivalents Beginning of the Period	146,821,309	131,387,321
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-
Cash and cash equivalents at 31 Asadh 2077	**228,945,839**	**146,821,309**

The accompanying notes are integral part of these financial statements.

As per our report of even date attached

For N. B. S. M. & Associates
Chartered Accountants

Tanka Rai	Chandra Bahadur Khadka	Sharan Kumar Rai
Chairman	Director	Director

CA. Durga Prasad Gnawali, FCA
Partner

Date:
Place: Kathmandu Nepal

Harindra Prasad Rai	Lab Kumar Rai	Ishwor Man Rai
Director	Director	Chief Executive Officer

Salapa Development Bank Limited

Diktel, Khotang

Statement of Other Comprehensive Income

For the year ended 31st Ashad 2077 (15 July 2020)

Figures in NPR

Particulars		Note	Year Ended 31st Ashad 2077	Year Ended 31st Ashad 2076
Profit for the year			(20,550,550)	(2,041,502)
Other Comprehensive Income, net of income tax				
a	**Items that will not be reclassified to Profit or Loss**			
	Gains / (Losses) from investment in equity instruments measured at fair value		-	-
	Gains / (Losses) on revaluation		-	-
	Actuarial Gains / (Losses) on defined benefit plans		(66,255)	(211,368)
	Income tax relating to above items		19,877	63,410
Net other Comprehensive Income that will not be reclassified to Profit or Loss			(46,379)	(147,958)
b	**Items that are or may be reclassified to Profit or Loss**			
	Gains (Losses) on cash flow hedge		-	-
	Exchange gains (Losses) (arising from translation 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 equity method		-	-
Other Comprehensive income for the year, net of income tax			(46,379)	(147,958)
Total Comprehensive income for the year			(20,596,929)	(2,189,459)
Total Comprehensive income attributable to:				
	Equity shareholder of the bank		(20,596,929)	(2,189,459)
	Non controlling interest		-	-
Total Comprehensive income for the period			(20,596,929)	(2,189,459)

The accompanying notes are integral part of these financial statements.

As per our report of even date attached

For N. B. S. M. & Associates
Chartered Accountants

	Tanka Rai Chairman	Chandra Bahadur Khadka Director	Sharan Kumar Rai Director
CA. Durga Prasad Gnawali, FCA Partner			
Date: Place: Kathmandu Nepal	Harindra Prasad Rai Director	Lab Kumar Rai Director	Ishwor Man Rai Chief Executive Officer

Salapa Development Bank Limited

Diktel, Khotang

Statement of Changes in Equity

For the year ended 31st Ashad 2077 (15 July 2020)

Figures in NPR

Particulars	Share Capital	Share premium	General reserve	Exchange equalization reserve	Regulatory Reserve	Investment adjustment reserve	Fair value reserve	Revaluation Reserve	Retained earning	Other reserve	Total	Non-controlling interest	Total equity
	Attributable to equity holders of the Bank												
Balance at 1 Shrawan 2075	28,000,000	-	3,985,848	-	606,500	-	-	-	10,141,496	15,081,632	57,815,476		57,815,476
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-		-
Adjusted/Restated balance at 1 Shrawan 2075	28,000,000	-	3,985,848	-	606,500	-	-	-	10,141,496	15,081,632	57,815,476		57,815,476
Comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-		(2,041,502)	-	(2,041,502)		(2,041,502)
Other comprehensive income, net of tax													-
Gains / (Losses) from investment in equity instruments measured at fair value											-		-
Gains / (Losses) on revaluation													-
Actuarial Gains / (Losses) on defined benefit plans										(147,958)	(147,958)		(147,958)
Gains / (Losses) on Cash Flow Hedge											-		-
Exchange gains / (Losses) arising from translating financial assets of foreign operation											-		-
Total Comprehensive income for the year													-
Transfer to reserve during the year			-		3,259,463				-	51,353	3,310,816		3,310,816
Transfer from reserve during the year									(3,310,816)		(3,310,816)		(3,310,816)
Other Adjustments									-	-	-		
Transactions with owners, directly recognized in equity													-
Share issued											-		-
Share based payment											-		-
Calls in advance										-	-		-
Dividends to equity holders											-		-
Bonus shares issued									-		-		-
Cash dividend paid											-		-
Total contributions by and distributions to owners													
Balance at 31st Asadh 2076	28,000,000	-	3,985,848	-	3,865,963	-	-	-	4,789,179	14,985,027	55,626,016	-	55,626,016

Salapa Development Bank Limited

Diktel, Khotang

Statement of Changes in Equity

For the year ended 31st Ashad 2077 (15 July 2020)

Figures in NPR

Particulars	Attributable to equity holders of the Bank												
	Share Capital	Share premium	General reserve	Exchange equalization reserve	Regulatory Reserve	Investment adjustment reserve	Fair value reserve	Revaluation Reserve	Retained earning	Other reserve	Total	Non-controlling interest	Total equity
Balance at 1 Shrawan 2076	**28,000,000**	-	**3,985,848**	-	**3,865,963**	-	-	-	**4,789,179**	**14,985,027**	**55,626,018**		**55,626,018**
Adjustment/Restatement	-	-	-	-		-				-	-		-
Adjusted/Restated balance at 1 Shrawan 2076	28,000,000	-	3,985,848	-	3,865,963	-	-	-	4,789,179	14,985,027	55,626,018		55,626,018
Comprehensive income for the year													
Profit for the year									(20,590,550)		(20,590,550)		(20,590,550)
Other comprehensive income, net of tax											-		-
Gains / (Losses) from investment in equity instruments measured at fair value							-				-		-
Gains / (Losses) on revaluation											-		-
Actuarial Gains / (Losses) on defined benefit plans										(46,379)	(46,379)		(46,379)
Gains / (Losses) on Cash Flow Hedge											-		-
Exchange gains / (Losses) arising from translating financial assets of foreign operation											-		-
Total Comprehensive income for the year											-		-
Transfer to reserve during the year					3,410,894				(3,410,894)	-	-		-
Transfer from reserve during the year									-		-		-
Other Adjustments					-		-	-	-		-		-
Transactions with owners, directly recognized in equity											-		-
Share issued	-	-									-		-
Share based payment											-		-
Dividends to equity holders											-		-
Bonus shares issued	-								-		-		-
Cash dividend paid									-		-		-
Advance for Share Capital										49,630,100	49,630,100		49,630,100
Total contributions by and distributions to owners													
Balance at 31st Asadh 2077	**28,000,000**	-	**3,985,848**	-	**7,276,857**	-	-	-	**(19,172,066)**	**64,568,749**	**84,659,188**	-	**84,659,188**

The accompanying notes are integral part of these financial statements.

As per our report of even date attached

For N. B. S. M. & Associates
Chartered Accountants

CA. Durga Prasad Gnawali, FCA Partner	Tanka Rai Chairman	Chandra Bahadur Khadka Director	Sharan Kumar Rai Director	Hemdra Prasad Rai Director	Lab Kumar Rai Director	Ishwor Man Rai Chief Executive Officer

Date:
Place: Kathmandu, Nepal

Salapa Development Bank Limited

Diktel, Khotang

Statement of Distributable Profit or Loss

For the Year ended 31st Ashad 2077

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Opening Retained Earning (Adjusted)	**4,789,179**	**10,141,496**
Net Profit/(loss) as per Statement of Profit or Loss	(20,550,550)	(2,041,502)
Appropriation		
a. General Reserve	-	-
b. Foreign Exchange Fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	-	-
e. Employees training fund	-	(51,353)
f. Other		
Profit/(loss) before regulatory adjustment	**(15,761,371)**	**8,048,642**
Regulatory Adjustments:		
a. Interest Receivable (-)/previous accrued interest received(+)	(2,810,051)	(1,540,620)
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(+)	(554,264)	(1,445,966)
f. Goodwill recognized (-)/Impairment of Goodwill(+)		
g. Bargain purchase gain recognized (-)/reversal(+)		
h. Actuarial Loss recognized (-)/reversal(+)	(46,379)	(272,878)
i. Other (+/-)		
Investment Provision as per NRB Directive no. 8		
Total regulatory adjustments	**(3,410,694)**	**(3,259,463)**
Profit or (Loss) after Regulatory Adjustments	**(19,172,066)**	**4,789,179**

Salapa Development Bank Limited

Diktel, Khotang

Notes to Financial Statements

For the Year ended 31st Ashad 2077

1. Reporting Entity

Salapa Development Bank Limited (referred as 'the Development Bank', the Company' or 'the Bank') is a public company incorporated under the Companies Act, 2063 and licensed by Nepal Rastra Bank to conduct banking transaction as a "B" Class Financial Institution under the Bank and Financial Institution Act, 2073. The Development Bank has its Corporate Office at Diktel, Khotang. The Development Bank received the license to commence banking operations. The Development Bank's equity shares hasnot been listed in Nepal Stock Exchange. The objective of the Development Bank is to uplift the economic status of Nepal by investing in different economic sectors under economic liberalization policy, understanding diverse customer needs and providing broad mix of financial services to business and individuals.

The authorized capital of the company is Rupees 800,000,000/-, the issued capital is 500,000,000/- and the paid-up capital is 28,000,000/-. 100 per cent of the paid-up capital is held by the promoter and calls in advance received from promoters amounts to 64,717,100/-. The shares of the Company are not listed at Nepal Stock Exchange Limited (NEPSE).The Board of Directors acknowledges the responsibility of preparation of financial statements of the Bank.The approved financial statements have been recommended for approval by the shareholders in the annual general meeting of the Bank.

1.1 Subsidiaries

The bank has no wholly owned or partially owned subsidiaries company during the financial year 2076/77.

2. Basis of Preparation

The financial statements of the Bank have been prepared on accrual basis of accounting except the Cash Flow information, which is prepared on a cash basis, using the direct method. The financial statements comprise the Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to Financial Statement of the Bank. The accounting policies are consistently applied to all the years presented, except for the changes in accounting policies disclosed specifically.

2.1. Statement of Compliance

The financial statements have been prepared and approved by the Board of Directors in accordance with Nepal Financial Reporting Standards (NFRS) and as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN) and as per the provisions of Bank and Financial Institutions Act,2073 in the format issued by Nepal Rastra Bank in Directive No. 4 of NRB Directives, 2076.

2.1.1 Use of Carve-out

ICAN has provided carve out on specific areas for alternative treatment of the items of financial statements required as per NFRS. Based on such, the bank has used following carve out for preparation and presentation of financial statements in line with NFRS.

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a) Impairment Loss on Loan and Advances

As per para 63 of NAS 39 Financial Instruments: Recognition and Measurement, impairment loss is calculated on incurred loss model. However, the carve out has allowed to recognise loan loss provision at higher of loss calculated as per para 63 or the same as per NRB Directives No. 02/076. Accordingly , the bank has used this carve out and recognised impairment loss as per NRB directive as the same was higher in comparision to impairment loss calculated as per NAS 39 .

Financial Year	F.Y 2076/77	F.Y 2075/76
Provision as per NRB Directive	32,431,516	10,515,326
Provision as per NFRS	6,408,324	671,502

b) Effective Interest Rate

As per the definition of effective interest rate (EIR) as per para 9 of NAS 39, all the initial points paid or received is required to be considered for calculation of EIR and the same EIR is used to calculate interest on loans and advances. As per the carve out, if calculation of EIR is impracticable or immaterial, then such could be ignored.The bank has used the carve out and has not considered initial points paid or received on loans to be part of EIR, rather such amount has been accounted as income on accrual basis.

c) Interest income on amortized loan after impairment recognition

As per para AG63 of NAS 39, Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The carve out provides that interest income can be calculated on gross carrying amount of loan.The bank has used the stated carve out in preparing the financial statements.

3. Reporting Period and Approval of Financial Statements

Reporting Period is a period from the first day of Shrawan (mid-July) of any year to the last day of Ashadh (mid-July) of the next year as per Nepalese calendar.

Particulars	Nepaleses Calander	English Calandar
Current Year	F.Y 2076.77	F.Y 2019/20
Previous Year	F.Y 2075.76	F.Y 208/19
Reporting Period	Shrawan 1, 2076 to Ashad 31, 2077	July 16, 2019 to July 15, 2020

The financial statements prepared in accordance with the requirement of Nepal Financial Reporting Standards and were approved by the board of directors on 240th board meeting dated Kartik 09, 2076.

2.3 Functional and presentation currency

The financial statements are presented in Nepalese Currency (NPR) (rounded to the nearest Rupee unless otherwise stated), which is the company's functional currency. The Development Bank determines the functional currency and items included in the financial statements are measured using that functional currency.

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Notes to Financial Statements

For the Year ended 31st Ashad 2077

2.4 Use of estimates, assumptions and judgments

The preparation of the Development Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Information about assumptions and estimation that have a significant risk of resulting in a material adjustment within the next financial year are:

- Key assumptions used in discounted cash flow projections.
- Measurement of defined benefit obligations.
- Provisions, commitments and contingencies.
- Determination of net realizable value.
- Determination of useful life of the property, plants and equipment.
- Assessment of the Development Bank's ability to continue as going concern.
- Determination of fair value of financial instruments; and property and equipment.
- Impairment of financial and non-financial assets.
- Assessment of current as well as deferred tax.

2.5 Changes in accounting policies

The Company has consistently applied the accounting policies to all periods presented in these financial statements except for new or revised statements and interpretations implemented during the year. The nature and effect of new standards and interpretations are discussed in note that follows.

2.6. New Reporting standards issued but not effective

For the reporting of financial instruments, NAS 32 Financial Instruments Presentation, NAS 39 Financial Instruments Recognition and Measurements and NFRS 7 Financial Instruments – Disclosures have been applied. NFRS 9 has been complied for the classification of Financial Instruments. Few carve-outs on applicable Accounting Standards as provided by the Institute of Chartered Accountants of Nepal have been used by the Bank, the quantitative and qualitative impact of the same have been disclosed in detail in Notes to the Accounts. Further, NAS 17 Leases has not been incorporated in this financial statement regarding operating lease since the effect of the same was considered not material by the management. Further, a number of new standards and amendments to the existing standards and interpretations have been issued by International Accounting Standard Board after the pronouncements of NFRS with varying effective dates. Those become applicable when Accounting Standard Board Nepal incorporates them within NFRS.

A number of new standards and amendments to the existing standards and interpretations have been issued by IASB after the pronouncements of IFRS with varying effective dates. Those become applicable when ASB Nepal incorporates them within NFRS.

2.7. Discounting

Non- current assets and liabilities are discounted where discounting is material. Interest income and expenses have been recognized on unwinding of financial assets and liabilities respectively.

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Notes to Financial Statements
For the Year ended 31st Ashad 2077

2.8. Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately, unless they are immaterial as permitted by the Nepal Accounting Standard – NAS 1 on 'Presentation of Financial Statements'. Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the bank. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.9. Going Concern

The Board has made an assessment of the company's ability to continue as a going concern and satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.10. Prior Period Errors

Prior Period Errors are omissions or misstatements in an entity's financial statements. Such omissions may relate to one or more prior periods. Correction of an error is done by calculating the cumulative effect of the change on the financial statements of the period as if new method or estimate had always been used for all the affected prior years' financial statements. Sometimes such changes may not be practicable. In such cases, it is applied to the latest period possible by making corresponding adjustment to the opening balance of the period.

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Notes to Financial Statements

For the Year ended 31st Ashad 2077

3. Significant Accounting Policies

The principal accounting policies applied by the Development Bank in the preparation of these financial statements are presented below. These policies have been consistently applied to all the years presented unless stated otherwise.

3.1 Basis of Measurement

The financial statements are prepared on the historical-cost basis except for the following material items in the statement of financial position:

- Investment property is measured at fair value.
- Liabilities for cash-settled, share-based-payment arrangements are measured at fair value.
- Available for sale financial assets are measured at fair value.
- Investments held-for-trade is measured at fair value.
- Derivative financial instruments are measured at fair value.
- Defined benefit schemes, surpluses and deficits are measured at fair value.
- Impairment of asset is measured at fair value and related disposal cost.

Estimates and underlying assumptions are reviewed on an on-going basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company. Any revision to accounting estimates is recognised prospectively in the period in which the estimates are revised and in the future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in notes that follow.

Distinction of Current and Non-Current

Assets

All the assets except the property, plant and equipment's and deferred tax assets are classified as current assets unless specific additional disclosure is made in the notes.

Liabilities

All the liabilities except the defined benefit plan obligations are classified as current liabilities unless specific additional disclosure is made in the notes.

Materiality and Aggregation

In compliance with NFRS 1 - Presentation of Financial Statements, each material class of similar items is presented separately in the financial Statements. Items of dissimilar nature or functions are presented separately unless they are material.

3.2 Basis of Cosolidation

The Development Bank does not have any subsidiaries or special purpose entities over which it exercises control. Hence, only standalone financial statement is prepared.

3.3 Cash & Cash Equivalent

Cash and cash equivalents include cash at vault and agency bank account balances, unrestricted balances with NRB, highly liquid financial assets with original maturity of 3 months from the date of its acquisition and are readily convertible to cash, which are subject to an insignificant risk of changes in value. Cash and Cash equivalent are measured at amortized cost in the statement of financial position.

Statement of Cash Flows has been prepared by using the 'Direct Method' in accordance with NAS 07- Statement of Cash Flows.

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Notes to Financial Statements

For the Year ended 31st Ashad 2077

3.4 Financial Assets & Financial Liabilities

Recognition

The Development Bank initially recognizes a financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. The Development Bank initially recognize loans and advances, deposits; and debt securities/ subordinated liabilities issued on the date that they are originated which is the date that the Development Bank becomes party to the contractual provisions of the instruments. Investments in equity instruments, bonds, debenture, Government securities, NRB bond or deposit auction, reverse repos, outright purchase are recognized on trade date at which the Development Bank commits to purchase/ acquire the financial assets. Regular way purchase and sale of financial assets are recognized on trade date.

Classification

i. Financial Assets

The Development Bank classifies the financial assets as subsequently measured at amortized cost or fair value on the basis of the Development Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The two classes of financial assets are as follows:

1. *Financial assets measured at amortized cost*

The Development Bank classifies a financial asset measured at amortized cost if both of the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. *Financial asset measured at fair value*

Financial assets other than those measured at amortized cost are measured at fair value. Financial assets measured at fair value are further classified into two categories as below:

a) *Financial assets at fair value through profit or loss*

Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs are directly attributable to the acquisition are recognized in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in Statement of Profit or Loss.

b) *Financial assets at fair value through other comprehensive income*

Investment in an equity instrument that is not held for trading and at the initial recognition, the Development Bank makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as financial assets at fair value though other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

ii. Financial Liabilities

The Development Bank classifies the financial liabilities as follows:

a) *Financial liabilities at fair value through profit or loss*

Financial liabilities are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized at profit or loss.

b) *Financial liabilities measured at amortized cost*

All financial liabilities other than measured at fair value though profit or loss are classified as subsequently measured at amortized cost using effective interest method.

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Measurement

Financial assets at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in Statement of Profit and Loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in Statement of Profit and Loss are included in the 'Other operating income' line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

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Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and NFRS 9 permits the entire combined contract to be designated as at FVTPL in accordance with NFRS 9

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in Statement of Profit and Loss. The net gain or loss recognized in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'Other operating income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in Statement of Profit and Loss. The remaining amount of change in the fair value of liability is always recognised in Statement of Profit and Loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to Statement of Profit and Loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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Notes to Financial Statements

For the Year ended 31st Ashad 2077

De-recognition

i. Derecognition of Financial Assets

The Development Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Development Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in such transferred financial assets that qualify for de-recognition that is created or retained by the Development Bank is recognized as a separate asset or liability. On de-recognition of a financial asset, the difference between the carrying amount of the asset, and the sum of

(i) The consideration received and

(ii) Any cumulative gain or loss that had been recognized in other comprehensive income is recognized in Statement of Profit or Loss.

The Development Bank enters into transactions whereby it transfers assets recognized on its Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example repurchase transactions.

ii. Derecognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in Statement of Profit or Loss.

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Determination of fair value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Development Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. If there is no quoted price in an active market, then the Development Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The fair value measurement hierarchy is as follows:

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 portfolios are those where there are unobservable inputs of the instruments. The inputs are not based on observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Development Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability (Level 01 valuation) nor based on a valuation technique that uses only data from observable markets (Level 02 valuation), then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out. In case the fair value is evidenced by a quoted price in an active market for an identical asset or liability (Level 01 valuation), the difference between the transaction price and fair value is recognized in profit or loss immediately.

Impairment

At each reporting date, the Development Bank assesses whether there is objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Development Bank on terms that the Development Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

In case of financial difficulty of the borrower, the Development Bank considers to restructure loans rather than take possession of collateral. This may involve extending the payment arrangements and agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

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Impairment of financial assets measured at amortized cost

The Development Bank considers evidence of impairment for loans and advances and investment securities measured at amortized cost at both specific asset and collective level. The Development Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant and that are not individually significant are assessed on collectively.

If there is objective evidence on that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

All individually significant loans and advances; and investment securities measured at amortized cost found not to be specifically impaired and those that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics.

All individually significant loans and advances and investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

Impairment of loans and advances portfolios is based on the judgments in past experience of portfolio behaviour. In assessing collective impairment, the Development Bank uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortized cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Development Bank. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write off is later recovered, the recovery is recognized in the 'Other operating income'.

Impairment of investment in equity instrument classified as fair value though other comprehensive income

Objective evidence of impairment of investment in an equity instrument is a significant or prolonged decline in its fair value below its cost. Impairment losses are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and the current fair value, less any impairment loss recognized previously in profit or loss.

3.5 Trading Assets

Interest income on all trading assets are considered to be incidental to the Development Bank's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

Interest expense on all trading liabilities are considered to be incidental to the Development Bank's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

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3.6 Derivative Assets & Derivative Liabilities

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the income statement in Net trading income. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the statement of financial position and is also recognised in the income statement in Net trading income.

If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item on termination and the face value is amortised over the remaining term of the original hedge using the recalculated EIR method. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement.

3.7 Property & Equipment

a) Recognition & Measurement

Property and Equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Development Bank and the cost of the asset can be reliably measured. The cost includes expenditures that are directly attributable to the acquisition of the assets. Cost of self-constructed assets includes followings:

- Cost of materials and direct labour;
- Any other cost directly attributable to bringing the assets to the working condition for their intended use; and
- Capitalized borrowing cost

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment loss if any. Neither class of the property and equipment are measured at revaluation model nor is their fair value measured at the reporting date.

Subsequent expenditure is capitalized if it is probable that the future economic benefits from the expenditure will flow to the entity. On-going repairs and maintenance to keep the assets in working condition are expensed as incurred.

Any gain or losses on de-recognition of an item of property and equipment is recognized in profit or loss.

b) Capital Work in Progress

Assets in the course of construction are capitalised in the assets under capital work in progress account (CWIP). At the point when an asset is capable of operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Where an obligation (legal or constructive) exists to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of the estimated cost of dismantling, removing or restoring the site is capitalized along with the cost of acquisition or construction upon completion and a corresponding liability is recognized.

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Notes to Financial Statements

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c) Depreciation

Property and equipment are depreciated from the date they are available for use on property on written down value method over estimated useful lives as determined by the Management. Depreciation is recognized in profit or loss. Land is not depreciated. Charging of depreciation is ceased from the earlier of the date from which the asset is classified as held for sale or is derecognized.

The estimated useful lives of significant items of property and equipment for current year and comparative periods are as follows:

Particulars	Useful Life	As per IT Act 2058
Computer and Accessories	5 Years	25%
Office Equipment	7 Years	15%
Vehicle	7 Years	20%
Furniture Fixture Wood Office	8 Years	25%
Machinery	8 Years	15%
Furniture Fixture Metal Office	10 Years	25%
Lease Hold Assets	10 Years	10 years

- The capitalized value of Software Purchase and installation costs are amortized over a maximum 5 years' period or
- For assets purchased/sold during the year, depreciation is provided up to the date of use on pro-rata basis.

3.8 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The intangible asset with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Certain computer software costs are capitalized and recognised as intangible assets based on materiality, accounting prudence and significant benefits expected to flow therefrom for a period longer than one year.

The estimated useful lives of significant items of intangible assets for current year and comparative periods are as follows:

Class of Assets	Useful Life	Earlier Rate
Computer Software	5 Years	20%

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For the Year ended 31st Ashad 2077

3.9 Investment Property

Investment property is the land or building or both held either for rental income or for capital appreciation or for both, but not for sale in ordinary course of business and owner occupied property. The Development Bank holds investment property that has been acquired through the enforcement of security over the loan and advances.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred. If the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise. Investment property which initially measured at cost and subsequently at Cost Model. Accordingly, such properties are subsequently measured at cost less accumulated depreciation and impairment loss if any.

Fair values are evaluated annually by an accredited external, independent valuer.

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income sta0tement in the year of retirement or disposal.

3.10 Income Tax

The Company is subject to tax laws of Nepal. Income Taxes have been calculated as per the provisions of the Income Tax Act, 2058. Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax law carry-forwards become deductible. The company considers the expected reversal of deferred tax liabilities and projected future taxable income making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

Income tax comprises current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent it relates to items directly recognised in equity or in other comprehensive income.

Current Tax

Current tax is the amount of tax payable based on the taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

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For the Year ended 31st Ashad 2077

Deferred Tax

Deferred tax is recognised on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is determined using tax rates (and laws) enacted or substantively enacted at the reporting date and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are reviewed at each reporting date and reversed if it is no longer probable that the related tax benefits will be realised. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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3.11 Deposits, debt securities issued and subordinated liabilities

Development Bank deposits consist of money placed into the Development Bank by its customers. These deposits are made to deposit accounts such as fixed deposit accounts, savings accounts, margin deposit accounts, call deposit accounts and current accounts. Details and further disclosures about deposits have been explained in Note that follows.

3.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A disclosure for contingent liabilities is made where there is:

· a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

· present obligation that arises from past events but is not recognized because:

it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

3.13 Revenue Recognition

Revenue comprises of interest income, fees and commission, foreign exchange income, cards income, disposal income etc. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Development Bank and the revenue can be reliably measured. Revenue is not recognized during the period in which its recoverability of income is not probable. The bases of incomes recognition are as below:

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Interest income

Interest income is recognized in profit or loss using effective interest method. Effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of financial asset or liability to the carrying amount of the asset or liability. The calculation of effective interest rate includes all transactions cost and fee and points paid or received that are integral part of the effective interest. The transaction costs include incremental costs that are directly attributable to the acquisition or issue of financial assets.

Interest income presented in statement of comprehensive income includes:

- Interest income on financial assets measured at amortized cost calculated on an effective interest rate method. These financial assets include loans and advances including staff loans, investment in government securities, investment in corporate bonds, investment in NRB Bond and deposit instruments, reverse repos, inter banking lending etc.
- Interest on investment securities measured at fair value, calculated on effective interest rate.
- Income on discounted instruments like bills purchased, documents negotiation is recognized over the period of discounting on accrual basis using effective interest rate.

Interest income on all trading assets are considered to be incidental to the Development Bank's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

Fee and commission income

Fees and commission income that are integral to the effective interest rate on a financial asset are included in measurement of effective interest rate. Other fees and commission income including management fee, service charges, syndication fee, forex transaction commission, commission of issue of letter of credit and guarantee are recognized as the related services are performed. When the loan commitment is not utilized to the extent of approved limit, the related commitment fees are recognized on undrawn amount on straight line basis over the period of commitment.

Dividend income

Dividend on investment in resident company is recognized when the right to receive payment is established. Dividend income are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity instruments.

Net trading income

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities held for trading. This includes any ineffectiveness recorded in hedging transactions.

Net income from other financial instrument at fair value through Profit or Loss

Financial assets and financial liabilities classified in this category are those that have been designated by management upon initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument-by-instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.
- The assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- The financial instrument contains one or more embedded derivatives, which significantly modify the cash flows that would otherwise be required by the contract.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in Net gain or loss on financial assets and liabilities designated at fair value through profit or loss is recognised in statement of Profit or Loss. Interest earned or incurred is accrued in Interest income or Interest expense, respectively, using the effective interest rate (EIR), while dividend income is recorded in other operating income when the right to the payment has been established.

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Notes to Financial Statements

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3.14 Interest expense

Interest expense on all financial liabilities including deposits are recognized in profit or loss using effective interest rate method. Interest expense on all trading liabilities are considered to be incidental to the Development Bank's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

3.15 Employees Benefits

a) Short Term Employee Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is also recognized for the amount expected to be paid under bonus required by the prevailing Bonus Act to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably under short term employee benefits.

Short-term employee benefits include all the following items (if payable within 12 months after the end of the reporting period):

- wages, salaries and social security contributions;
- paid annual leave and paid sick leave;
- profit-sharing and bonuses; and
- non-monetary benefits

b) Post-Employment Benefit Plan

Post-employment benefit plan includes followings:

I. Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed contribution to a separate entity and has no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution plans are recognized as personnel expense in profit or loss in the periods during which the related service are rendered by employees. Pre-paid contributions are recognized as an asset to the extent that cash refund or reduction in future payments is available. Contributions to a defined contribution plan being due for more than 12 months after the end of the period in which the employee render the service are discounted at their present value. The following are the defined contribution plan provided by the Development Bank to its employees:

a) Employees Provident Fund

In accordance with law, all employees of the Development Bank are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Development Bank contribute monthly at a pre-determined rate (currently, 10% of the basic salary plus grades). Development Bank does not assume any future liability for provident fund benefits other than its annual contribution.

ii. Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Development Bank's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on high quality corporate bonds, that have maturity dates approximating the terms of the Development Bank's obligation and that are denominated in the currency in which the benefits are expected to be paid. The calculation of obligation is performed annually by a qualified actuary using projected unit credit method.

The Development Bank recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefits plans in employee benefit are expensed in profit or loss.

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For the Year ended 31st Ashad 2077

The following are the defined benefit plans provided by the Development Bank to its employees:

a) Gratuity

Development Bank provides for gratuity on accrual basis covering eligible employees in terms of Employee Service Byelaws of the Development Bank. The plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent defined days' eligible salary payable for each completed years of service.

b) Leave Salary

The employees of the Development Bank are entitled to carry forward a part of their unavailed/ unutilized leave subject to a maximum limit. The employees can encash unavailed/ unutilized leave partially in terms of Employee Service Byelaws of the Development Bank. The Development Bank accounts for the liability for entire accumulated outstanding leave balance on accrual basis as per Employee Service Byelaws of the Development Bank.

c) Termination Benefits

Termination benefits are recognized as expense when the Development Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal plan to provide termination benefits to employees as a result of an offer made to encourage voluntary redundancy. Termination benefits are recognized if the Development Bank has made an offer for voluntary redundancy, it is probable that the offer will be accepted and the number of acceptance can be measured reliably. If the benefits are payable in more than 12 months after the reporting date, they are discounted to their present value.

3.16 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Company as a Lessee:

Finance leases that transfer to the company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance cost in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases that do not transfer to the company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals are recognised as an expense in the period in which they are incurred.

Company as a lessor

Leases in which the Company does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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Notes to Financial Statements

For the Year ended 31st Ashad 2077

3.17 Foreign Currency Translation

The items included in the financial statements of the entity are measured using the functional currency of the Company.

3.18 Financial Guarantee and Loan Commitment

The Development Bank makes available to its customers guarantees that may require that the Development Bank makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Development Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Development Bank to similar risks to loans and are mitigated by the same control processes and policies.

3.19 Share Capital and Reserves

The Development Bank classifies the capital instruments as equity instruments or financial liabilities in accordance with the substance with the contractual terms of the instruments. Equity is defined as residual interest in total assets of an entity after deducting all its liabilities. Common shares are classified as equity of the Development Bank and distributions thereon are presented in statement of changes in equity.

Incremental costs directly attributable to issue of an equity instruments are deducted from the initial measurement of the equity instruments.

3.20 Earnings per Share including Diluted

Basic earnings per share is computed by dividing the profit/ (loss) for the year by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/ (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of these financial statements which would require the restatement of earnings per share.

3.21 Segment Reporting

An operating segment is a component of the Development Bank that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relating to transactions with any of the Development Bank's other components, whose operating results are reviewed by the management to make decision about resource allocation to each segment and assess its performance. Since the Chief Operating Decision Maker monitors the activities of the Development Bank as a whole, the Development Bank has classified a single operating segment.

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Notes to Financial Statements
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Cash and Cash Equivalent — Note No. 4.1

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Cash in hand	187,425,813	40,027,081
Balance with B/FIs	41,520,027	106,794,228
Money at call and short notice	-	-
Other	-	-
Total	**228,945,839**	**146,821,309**

**Balance with BFIs includes the balance kept in Commercial Bank (Century Bank) for the purpose of statutory liquidity reserve amounting to NPR.20,500,000.00 at Ashadh 31, 2077.*

Due from Nepal Rastra Bank — Note No. 4.2

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Statutory Balances with NRB*	-	-
Securities Purchased under re-sale agreement	-	-
Other deposit and receivable from NRB	-	-
Total	-	-

Placement with Bank and Financial Institutions — Note No.4.3

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Placements with domestic B/FIs	-	-
Placement with foreign B/FIs	-	-
Less: Allowances for Impairment	-	-
Total	-	-

Derivative Financial Instruments — Note No. 4.4

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Held for trading		
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	
Held for risk management		-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
Total	-	-

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Other Trading Assets Note No. 4.5

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Treasury Bills	-	-
Government Bonds	-	-
NRB Bonds	-	-
Domestic Corporate Bonds	-	-
Equities	-	-
Other	-	-
Total		-
Pledged		-
Non-pledged		-

Loans and advances to BF/Is Note No. 4.6

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Loans to microfinance institutions	-	-
Other	-	-
Less: Allowances for Impairment	-	-
		-

Allowances for Impairment Note No. 4.6.1

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Balance at 1 Shrawan	-	-
Impairment loss for the year:	-	-
Charge for the year	-	-
Recoveries/reversals	-	-
Amount written off	-	-
Balance at Asadh end	-	-

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Loans and advances to customers **Note No.4.7**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Loans and advances measured at amortized cost	444,467,191.66	364,809,757
Less:		
Impairment allowances	**32,431,516**	**10,515,326**
Collective Allowances	5,609,301	4,027,225
Individual Allowances	26,822,215	6,488,101
Net amount	**412,035,675**	**354,294,431**
Loans and advances measured at FVTPL	-	-
Total	**412,035,675**	**354,294,431**

Analysis of Loans and advances- By Product **Note 4.7.1**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Product		
Term Loans	185,440,680.00	138,929,173
Overdraft	91,539,090.00	90,295,076
Trust receipt/Import loans		-
Demand and other working capital Loans		-
Personal residential loans		-
Real estate loans		-
Margin lending loans		-
Hire purchase loans	9,508,710.00	2,718,975
Deprived sector loans	74,221,750.00	52,389,358
Bills purchased		-
Staff loans	7,200,755.87	7,336,601
Others	71,599,034.58	70,993,454
Sub Total	**439,510,020**	**362,662,637**
Interest receivable	4,957,171	2,147,120
Grand Total	**444,467,192**	**364,809,757**

Analysis of Loans and advances- By Currency **Note No. 4.7.2**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Nepalese rupee	444,467,192	364,809,757
Indian rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yen	-	-
Other	-	-
Total	**444,467,192**	**364,809,757**

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For the Year ended 31st Ashad 2077

Analysis of Loans and advances- By Collateral **Note No. 4.7.3**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Secured		
Movable/immovable assets	427,020,704	353,276,590
Gold and silver		-
Guarantee of domestic B/Fis		-
Government Guarantee		-
Guarantee of International Rated bank		-
Collateral of export document		-
Collateral of fixed deposit receipt	5,288,561	2,041,000
Collateral of Government securities		-
Counter Guarantee		-
Personal Guarantee		-
Other collateral	7,200,756	7,345,047
Subtotal	**439,510,020**	**362,662,637**
Unsecured	-	-
Interest Receivable	4,957,171	2,147,120
Grand Total	**444,467,192**	**364,809,757**

Note No. 4.7.4

Allowances for Impairment

At each reporting date, the Bank has assessed whether there exists objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

In case of financial difficulty of the borrower, the Bank considers to restructure loans rather than take possession of collateral. This may involve extending the payment arrangements and agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

1. Use of Carve Outs for Financial Assets

a. For Impairment Calculation

An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. If any such evidence exists, the entity shall apply paragraph 63 of NAS 39: Financial Instruments: Recognition and Measurement, to determine the amount of any impairment loss unless the entity is bank or financial institutions registered as per Bank and Financial Institutions Act, 2073. Bank and Financial Institutions shall measure impairment loss on loan and advances as higher of amount derived as per prudential norms prescribed by Nepal Rastra Bank and amount determined as per paragraph 63. However, bank and financial institutions shall apply paragraph 63 of NAS 39: Financial Instruments: Recognition and Measurement to determine the amount of impairment loss on financial assets other than loan and advances.

b. For Using Effective Interest rate

During the reporting period Bank has used the exemption for not calculating Interest Income using Effective Interest Rate (EIR) as Bank has considered such calculation to be impracticable. Accordingly Bank has used Normal interest rate to charge interest income.

c. Interest calculation on Impaired Loan and advances

NAS 39 requires when a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. However the bank has charged interest income by applying the Normal interest rate to the gross carrying amount of a financial asset unless the financial asset is written off either partially or fully.

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For the Year ended 31st Ashad 2077

Impairment of financial assets measured at amortized cost

The Bank considers evidence of impairment for loans and advances and investment securities measured at amortized cost at both specific asset and collective level. The Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant and that are not individually significant are assessed on collectively.

If there is objective evidence on that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

All individually significant loans and advances; and investment securities measured at amortized cost found not to be specifically impaired and those that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics.

All individually significant loans and advances and investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

Impairment of loans and advances portfolios is based on the judgments in past experience of portfolio behaviour. In assessing collective impairment the Bank uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortized cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original Normal interest rate.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Bank. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account.

Impairment allowance for Loans and Advances

During the year, the Bank changed its accounting policy with respect to impairment allowance for Loans and Advances. The Bank now at each reporting date assesses whether there is objective evidence that loans and advances carried at fair value through profit or loss are impaired and impairment provided for if impairment assessment indicates so. Loans and advances is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that loans and advances are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

In case of financial difficulty of the borrower, the Bank considers to restructure loans rather than take possession of collateral. This may involve extending the payment arrangements and agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the Normal Interest rate as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's Normal Interest rate.

Prior to this change in policy, the Bank used to provide for impairment loss of loans and advances at 1% to 100% on the basis of classification of loans and advances in accordance with the directives of Nepal Rastra Bank.

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The Bank believes the new policy is preferable as it more closely aligns the accounting for these transactions with the NFRS and will aid comparability.

Following table below show the NFRS provision under two different models:

A. Movement of Loan Loss Provision as per NRB directive

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Specific allowance for impairment		
Balance at Shrawan 1	**6,488,101**	**3,560,628**
Impairment loss for the year		-
Charge for the year	20,334,114	2,927,473
Recoveries/reversal during the year		-
Write-offs		-
Exchange rate variance on foreign currency		-
Other Movement		-
Balance at Asadh end	**26,822,215**	**6,488,101**
Collective allowance for impairment		
Balance at Shrawan 1	**4,027,225**	**2,721,885**
Impairment loss for the year		-
Charge/(reversal) for the year	1,582,076	1,305,340
Exchange rate variance on foreign currency		-
Other movement		-
Balance at Asadh end	**5,609,301**	**4,027,225**
Total as on Ashad end	**32,431,516**	**10,515,326**

B. IMPAIRMENT AS PER NAS 39

	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Individual Impairment	3,587,373	-
Collective Impairment	2,820,951	671,502
Total Impairment as per NAS 39	**6,408,324**	**671,502**

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Investment securities **Note No. 4.8**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Investment securities measured at amortized cost	-	-
Investment Securities measured at FVTOCI	-	-
Less Provision		
Total	-	-

There is no investment securities held by Bank during the year.

Investment securities measured at amortized cost **Note No. 4.8.1**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Debt securities	-	-
Government bonds	-	-
Government treasury bills	-	-
Nepal Rastra Bank bonds	-	-
Nepal Rastra Bank deposits instruments	-	-
Other	-	-
Less: specific allowances for impairment	-	-
Total	-	-

Investment in equity measured at fair value through other comprehensive income **Note No. 4.8.2**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Equity instrument		
Quoted equity instrument	-	-
Unquoted equity instrument	-	-
Total	-	-

Information relating to investment in equities **Note No. 4.8.3**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Investment in quoted equity	-	-
Investment in unquoted equity	-	
Total	-	-

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Current Tax Assets — Note No. 4.9

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Current tax assets		
Current year income tax assets	1,946,049	2,828,636
Tax assets of prior periods		
Sub-total	**1,946,049**	**2,828,636**
Current tax Liabilities		
Current year income tax liabilities	-	641,896
Tax Liabilities of prior periods	-	
Sub-total	**-**	**641,896**
Total	1,946,049	2,186,739

Investment in Subsidiaries — Note No. 4.10

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Investment in Quoted Subsidiaries	-	-
Investment in Unquoted Subsidiaries	-	-
Total Investment		
Less: Impairment allowances	-	-
Net carrying amount	-	-

Investment in Quoted Subsidiaries — Note No. 4.10.1

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
.... Ltd	-	-
Shares of Rs... each	-	-
.... Ltd	-	-
Shares of Rs... each	-	-
Total	-	-

Investment in Unquoted Subsidiaries — Note No. 4.10.2

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
.... Ltd	-	-
Shares of Rs... each	-	-
.... Ltd	-	-
Shares of Rs... each	-	-
Total	-	-

Note No. 4.10.3

Information relating to subsidiaries of the Bank

Particulars	*Percentage of Ownership held by the Bank* As at Ashadh 31, 2077	As at 31st Ashadh 2076
.... Ltd	-	-
.... Ltd	-	-
Total	-	-

Non controlling Interest of the subsidiaries — Note No. 4.10.4

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Equity Interest held by NCI(%)		
Profit/(Loss) allocated during the year		
Accumulated balances of NCIs as on Asadh end		
Dividend paid to NCI		
Total	-	-

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For the Year ended 31st Ashad 2077

Investment in Associates — **Note No. 4.11**

The Bank has no any associates. Thus, it does not prepare consolidated financial statement and accordingly, equity method of accounting is not used as per Nepal Accounting Standards (NAS 28) on – Investment in Associates and Joint Ventures.

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Investment in Quoted Associates	-	-
Investment in Unquoted Subsidiaries	-	-
Total Investment	-	-
Less: Impairment allowances	-	-
Net carrying amount	-	-

Investment in Quoted Associates — **Note No. 4.11.1**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
.... Ltd	-	-
...... Shares of Rs....... Each	-	-
Total	-	-

Investment in Unquoted Associates — **Note No. 4.11.2**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
.... Ltd	-	-
...... Shares of Rs....... Each	-	-
Total	-	-

Information relating to associates of the Bank — **Note No. 4.11.3**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
.... Ltd	-	-
.... Ltd	-	-
Total	-	-

Equity value of Associates — **Note No. 4.11.4**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
.... Ltd	-	-
.... Ltd	-	-
Total	-	-

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For the Year ended 31st Ashad 2077

Investment Properties — Note No. 4.12

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Investment Properties measured at fair value		
Balance as on Shrawan 1	-	-
Addition/Disposal during the year	-	-
Net changes in fair value during the year	-	-
Adjustment/Transfer	-	-
Net Amount	-	-
Investment Properties measured at cost		
Balance as on Shrawan 1	-	-
Addition/Disposal during the year	-	-
Adjustment/Transfer	-	-
Accumulated impairment loss	-	-
Net Amount	-	-
Total	-	-

*Bank doesnot hold any kind of non-banking assets which is to be shown as Investment Properties as per Nepal Financial Reporting Standards as on the reporting date.

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Notes to Financial Statements
For the Year ended 31st Ashad 2077

Property and Equipment

Note. 4.13

Figures in NPR

Particulars	Land	Building	Leasehold Properties	Computer and Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment and Others	Total As at 31st Ashad 2077
Cost									
Balance as on 1st Shrawan 2075	-	-	3,692,657	912,314	1,849,500	948,090	599,250	4,009,505	12,011,316
Addition during the Year									
Acquisition	-	-	4,991,498	2,025,542	537,870	1,439,697	-	4,496,867	13,491,474
Capitalization									-
Disposal during the year									-
Adjustment/Revaluation									-
Balance as on 31st Asadh 2076	-	-	8,684,154	2,937,856	2,387,370	2,387,787	599,250	8,506,372	25,502,790
Addition during the Year									-
Acquisition	-	-	1,384,576	-	544,800	85,001		1,314,499	3,328,876
Capitalization									-
Disposal during the year	-	-	-	-	(99,995)	-	-	-	(99,995)
Adjustment/Revaluation									-
Balance as on 31st Asadh 2077	-	-	10,068,730	2,937,856	2,832,175	2,472,788	599,250	9,820,871	28,731,671
Depreciation and Impairment									
Balance as on 1st Shrawan 2075			1,549,740	554,002	644,101	691,944	205,317	1,328,901	4,974,005
Depreciation charge for the Year			433,450	301,872	239,260	132,910	80,175	877,705	2,065,372
Impairment for the year									
Disposal			-	-					
Adjustment									
As on 31st Asadh 2076			1,983,191	855,874	883,362	824,854	285,492	2,206,606	7,039,378
Impairment for the year									-
Depreciation charge for the Year			838,311	538,993	319,116	212,513	80,175	1,191,309	3,180,417
Disposals				-	-	-	-	-	-
Adjustment									-
As on 31st Asadh end 2077	-	-	2,821,502	1,394,867	1,202,478	1,037,367	365,666	3,397,915	10,219,795
Capital Work in Progress									
Net Book Value as on 31st Asadh 2075	-	-	2,142,916	358,312	1,205,399	256,146	393,933	2,680,604	7,037,311
Net Book Value as on 31st Asadh 2076	-	-	6,700,964	2,081,982	1,504,008	1,562,933	313,759	6,299,766	18,463,412
Net Book Value as on 31st Asadh 2077	-	-	7,247,229	1,542,989	1,629,697	1,435,421	233,584	6,422,957	18,511,876

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Goodwill and Intangible Assets — **Note. 4.14**

Figures in NPR

Particulars	Goodwill	Software Purchased	Software Developed	Other	Total As at 31st Ashad 2077
Cost					
Balance as on 1st Shrawan 2075		762,750			762,750
Addition during the Year					
Acquisition		508,500			508,500
Capitalization					-
Disposal during the year		-			-
Adjustment/Revaluation					-
Balance as on 31st Asadh 2076		1,271,250			1,271,250
Addition during the Year					-
Acquisition		-			-
Capitalization					-
Disposal during the year					-
Adjustment/Revaluation					-
Balance as on 31st Asadh 2077		1,271,250			1,271,250
Amortization and Impairment					
Balance as on 1st Shrawan 2075		108,763			108,763
Amortization charge for the Year		194,925			194,925
Impairment for the year					-
Disposals		-			-
Adjustment					-
Balance as on 31st Asadh 2076		303,688			303,688
Amortization charge for the Year		254,250			254,250
Impairment for the year					-
Disposals					-
Adjustment					-
Balance as on 31st Asadh 2077		557,938			557,938
Capital Work in Progress					
Net Book Value as on 31st Asadh 2075	-	653,988	-	-	653,988
Net Book Value as on 31st Asadh 2076	-	967,563	-	-	967,563
Net Book Value as on 31st Asadh 2077	-	713,313	-	-	713,313

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For the Year ended 31st Ashad 2077

Deferred Tax — Note No. 4.15

As at Ashadh 31, 2077 — *Figures in NPR*

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/Liabilities
Deferred Tax on Temporary differences on following items:			
Loans and Advances to B/FIs	-	-	-
Loans and Advances to customers	-	-	-
Investment Properties	-	-	-
Investment Securities	-	-	-
Property and equipment	377,966	-	377,966
Employees' defined benefit plan	673,617	-	673,617
Lease liabilities	88,399		88,399
Provisions	-	-	-
Other temporary differences	860,247	-	860,247
Deferred Tax on Temporary differences	2,000,230	-	2,000,230
Deferred Tax on carry forward of unused tax losses			
Deferred tax due to changes in tax rate	-	-	-
Net Deferred tax asset/(liabilities) as on year end of 2076/77	-	-	2,000,230
Deferred tax asset/(liabilities) as on 1st shrawan, 2076"	-	-	1,445,966
Origination/(Reversal) during the year	-	-	554,264
Deferred tax expense/(income) recognized in profit or loss	-	-	(534,388)
Deferred tax expense/(income) recognized in other comprehensive income	-	-	19,877
Deferred tax expense/(income) recognized directly in equity	-	-	-

As at 31st Ashadh 2076 — *Figures in NPR*

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets / (Liabilities)
Deferred Tax on Temporary differences on following items			
Loans and Advances to B/FIs	-	-	-
Loans and Advances to customers	-	-	-
Investment Properties	-	-	-
Investment Securities	-	-	-
Property and equipment	307,869	-	307,869
Employees' defined benefit plan	491,437	-	491,437
Lease liabilities	77,983	-	77,983
Interest Income	-	-	-
Provisions	-	-	-
Other temporary differences	568,678	-	568,678
Deferred Tax on Temporary differences	1,445,966	-	1,445,966
Deferred Tax on carry forward of unused tax losses			-
Deferred tax due to changes in tax rate			-
Net Deferred tax asset/(liabilities) as on year end of 2075/76			1,445,966
Deferred tax asset/(liabilities) as on 1st shrawan, 2075			1,144,568
Origination/(Reversal) during the year			301,397
Deferred tax expense/(income) recognized in profit or loss			(237,987)
Deferred tax expense/(income) recognized in other comprehensive income			(63,410)
Deferred tax expense/(income) recognized directly in equity			-

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Other Assets **Note No. 4.16**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Assets held for sale	-	-
Other Non-Banking Assets	-	-
Bills Receivable	-	-
Accounts receivable	4,475,648	3,510,862
Accrued income	-	-
Prepayments and deposits	174,729	192,477
Income tax deposit	-	-
Deferred Employee Expenditure	355,197	1,034,903
Other	***930,862***	***1,637,280***
Stationary Stock	916,396	1,527,753
Staff TDS Receivables	-	98,308
Other	14,466	11,218
Total	**5,936,437**	**6,375,522**

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Due to Bank and financial institutions **Note. 4.17**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Money market deposits	-	-
Interbank borrowing	-	-
Other deposits from BFIs	5,280,790	5,747,340
Settlement and clearing accounts	-	-
Total	**5,280,790**	**5,747,340**

Due to Nepal Rastra Bank **Note. 4.18**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Refinance from NRB	-	-
Standing liquidity facility	-	-
Lender of last report facility from NRB	-	-
Securities sold under repurchase agreement	-	-
Other payable to NRB	-	-
Total	-	-

Derivative financial instruments **Note. 4.19**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Held for trading		
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
Held for risk management		
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
Total	-	-

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Deposits from Customers Note. 4.20

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Institutions Customers:		
Term deposits	13,329,599	7,482,044
Call Deposits	27,858,880	31,636,210
Current Deposits	2,870,980	2,635,460
Other	-	-
Sub total:	44,059,459	41,753,714
Individual Customers:		
Term deposits	122,751,950	80,715,860
Saving Deposits	394,684,490	335,660,090
Current Deposits	6,589,200	3,058,220
Other		
Sub total:	524,025,640	419,434,170
Total	568,085,099	461,187,884

Currency wise analysis of deposits from customers Note. 4.20.1

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Nepalese rupee	568,085,099	461,187,884
Indian rupee	-	-
United state dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese Yuan	-	-
Other	-	-
Total	568,085,099	461,187,884

Borrowing Note. 4.21

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Domestic Borrowing:		
Nepal Government	-	-
Other institution	-	-
Other	-	-
Sub total	-	-
Foreign Borrowing:		
Foreign Bank and Financial Institutions	-	-
Multilateral Development Bank	-	-
Other institutions	-	-
Sub total	-	-
Total	-	-

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Provisions **Note. 4.22**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Provisions for redundancy	-	-
Provision for restructuring	-	-
Pending legal issues and tax litigation	-	-
Onerous contract	-	-
Other	1,162,785	-
Total	1,162,785	-

Rebate on Interest (2%) as per circular issued by NRB in relation to impact of COVID-19 that has to be refunded to customer has been provisioned. Rebate amount has been calculated based on Loan Amount Outstanding as on Chaitra End subject to base rate of Chaitra 2076 End.(i.e. 13.81). The same has been deducted in the Interest Income form Customer recognised in 4.29.

Movement in provision **Note. 4.22.1**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Balance at shrawan 1st		
Provisions made during the year	-	-
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Unwind of discount	-	-
Balance at Ashadh End	-	-

Other liabilities **Note. 4.23**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Liability for employees defined benefit obligations	2,245,391	1,638,122
Liability for long-service leave	2,867,491	1,895,592
Short-term employee benefits	-	-
Bills payable	-	-
Creditors and Accruals	3,192,288	3,507,261
Interest payable on deposit	-	-
Interest payable on borrowing	-	-
Liabilities on deferred grant income	-	-
Unpaid Dividend	-	-
Liabilities under finance lease	-	-
Employee bonus payable	-	-
Other	***2,596,387***	***952,725***
Liabilities under Operating Lease	294,663	259,942
TDS payables	657,409	636,267
Others	1,644,316	56,516
Total	**10,901,557**	**7,993,700**

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Defined benefit obligation — Note. 4.23.1

The amounts recognised in the statements of financials positions are as follows :

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Present value of unfunded obligations	2,245,392	1,638,122
Present value of funded obligations	-	-
Total present value of obligations	**2,245,392**	**1,638,122**
Fair value of plan assets	-	-
Present value of net obligations	2,245,392	1,638,122
Recognized liability for defined benefit obligation	**2,245,392**	**1,638,122**

Plan Assets — Note. 4.23.2

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Equity securities	-	-
Government bonds	-	-
Bank deposits	-	-
Other	-	-
Total	-	-

Movement in the present value of defined benefit obligations — Note. 4.23.3

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Defined benefit obligation at shrawan 1st	1,638,122	1,024,820
Actuarial (Gains) / losses	66,255	211,368
Benefit paid by the plan		-
Current service cost and interest	541,015	401,934
Past Service Cost		-
Defined benefit obligation at Ashadh end	**2,245,392**	**1,638,122**

Movement in the fair value of plan assets — Note. 4.23.4

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Fair value of plan assets at shrawan 1st	-	-
Contributions paid into the plan	-	-
Benefit paid during the year	-	-
Actuarial (losses) gains	-	-
Expected return on plan assets	-	-
Fair value of plan assets at Ashadh end	-	-

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Amount recognized in profit or loss — Note. 4.23.5

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Current service cost	409,686	335,368
Past Service Cost		
Interest on obligation	131,329	66,566
Expected return on plan assets		
Total	**541,015**	**401,934**

Amount recognized in other comprehensive income — Note. 4.23.6

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Actuarial (gain) / loss	66,255	211,368
Total	**66,255**	**211,368**

Actuarial assumptions — Note. 4.23.7

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Discount rate	8.00%	8.00%
Expected return on plan assets	0.00%	0.00%
Future salary increase	7.00%	7.00%
Withdrawal rate	30%	30%

Debt securities issued — Note. 4.24

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Debt securities issued designated at fair value through profit or loss	-	-
Debt securities issued at amortized cost	-	-
Total	-	-

Subordinated liabilities — Note. 4.25

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Redeemable preference shares	-	-
Irredeemable cumulative preference shares	-	-
Other	-	-
Total	-	-

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Share capital — **Note. 4.26**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Ordinary shares	28,000,000	28,000,000
Convertible preference share(Equity component)	-	-
Irredeemable preference share(Equity component)	-	-
Perpetual debt(Equity component only)	-	-
Total	**28,000,000**	**28,000,000**

Ordinary shares — **Note. 4.26.1**

	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Authorized capital:		
8,000,000 ordinary share of Rs.100 each	800,000,000	800,000,000
Issued capital:		
5,000,000 ordinary share of Rs.100 each	500,000,000	500,000,000
Subscribed and paid of capital:		
280,000 ordinary share of Rs.100 each	28,000,000	28,000,000
Total	**28,000,000**	**28,000,000**

Ordinary share ownership — **Note. 4.26.2**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Domestic ownership:		
Nepal Government	-	-
"A" class licensed institutions	-	-
Other licensed institutions	-	-
Other institutions	-	-
Public	-	-
Other (Promoters)	28,000,000	28,000,000
Foreign ownership	-	-
Total	**28,000,000**	**28,000,000**

Salapa Development Bank Limited
Diktel, Khotang

Notes to Financial Statements
For the Year ended 31st Ashad 2077

List of Shareholders holding shares on and above 0.5%

S.No.	Name of Shareholders	Shares Held	% of Shareholding
1	Manindra Rai	19,000	2.05%
2	Dhan Prasad Rai	15,000	1.62%
3	Nabin Rai	14,460	1.56%
4	Sharan Kumar Rai	13,000	1.40%
5	Kabi Kumar Rai	12,500	1.35%
6	Tej Narayan Sainju	11,300	1.22%
7	Nabin Kumar Rai	11,000	1.19%
8	Umakanta Itani	11,000	1.19%
9	Lalita Rai	11,000	1.19%
10	Lab Kumar Rai	10,200	1.10%
11	Tak Bahadur Tamang	10,000	1.08%
12	Mohan Kumar Bhattarai	10,000	1.08%
13	Sashikala Rai	1,000	0.11%
14	Rabin Chandra Rai	9,500	1.02%
15	Chandra Kumari Rai	9,090	0.98%
16	Chandra Bahadur Khadka	9,000	0.97%
17	Raj Kumar Rai	8,500	0.92%
18	Tanka Rai	8,000	0.86%
19	Harindra Prasad Rai	8,000	0.86%
20	Kailash Rai	7,000	0.75%
21	Durga Bahadur Rai	7,000	0.75%
22	Bhalakaji Rai	6,000	0.65%
23	Kriti Mani Rai	6,000	0.65%
24	Asta Bahadur Chhetri	5,010	0.54%
25	Renu Shah	5,000	0.54%
26	Kamala Debi Rai	5,000	0.54%
27	Gyanendra Prasad Joshi	5,000	0.54%
28	Tej Bahadur Rai	5,000	0.54%
29	Dil Bahadur Rai	5,000	0.54%
30	Bishnumaya Magar	5,000	0.54%
31	Bhogiraj Rai	5,000	0.54%
32	Bimal Kaji Shrestha	5,000	0.54%
33	Dhruba Raj Rajbhandari	5,000	0.54%
34	Dornath Acharya	5,000	0.54%
35	Gobinda Kumar Rajbhandari	5,000	0.54%
36	Indira Joshi	5,000	0.54%
37	Newton Karki	5,000	0.54%
38	Samita Rai	5,000	0.54%
39	Sushila Udash	5,000	0.54%
40	Bimala Rai	5,000	0.54%
41	Chakra Bahadur Rai	5,000	0.54%
42	Man Bhagat Chamling	5,000	0.54%
43	Eka Raj Rai	5,000	0.54%
44	Lata Kumari Rai	6,000	0.65%
45	Ankeet Bikram Sthapi	5,000	0.54%
46	Bhupen Rai	5,000	0.54%
47	Bir Bdr Limbi	5,000	0.54%

Salapa Development Bank Limited
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Notes to Financial Statements
For the Year ended 31st Ashad 2077

List of Shareholders holding shares on and above 0.5%

S.No.	Name of Shareholders	Shares Held	% of Shareholding
48	Biresh Kumar Thapa	5,000	0.54%
49	Bishnu Bdr Rai	5,000	0.54%
50	Cham Bdr Rai	5,000	0.54%
51	Chunta Pun Magar	5,000	0.54%
52	Gesara Thapa Magar	5,000	0.54%
53	Indra Jit Thulung	5,000	0.54%
54	Januka Thapa	5,000	0.54%
55	Mahasur Rai	5,000	0.54%
56	Moti Maya Rai	5,000	0.54%
57	Nayan Kumar Rai	5,000	0.54%
58	Nirmala Limbu	5,000	0.54%
59	Raj Kumar Rai	5,000	0.54%
60	Roshan Lal Amatya	5,000	0.54%
61	Sagar Rai	5,000	0.54%
62	Siba Kumar Rai	5,000	0.54%
63	Umesh Chandra Limbu	5,000	0.54%
64	Kiran Rai	5,000	0.54%
65	Rohini Maya Rai	5,000	0.54%

***Note:** The Percentage of shareholding has been calculated as a percentage of share capital and call in advance.*

Salapa Development Bank Limited

Diktel, Khotang

Notes to Financial Statements

For the Year ended 31st Ashad 2077

Reserves **Note. 4.27**

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Statutory General Reserve	3,985,848	3,985,848
Exchange equalization reserve	-	-
Corporate social responsibility reserve	119,552	119,552
Capital redemption reserve	-	-
Regulatory reserve	7,276,657	3,865,963
Investment adjustment reserve	-	-
Capital reserve	-	-
Assets revaluation reserve	-	-
Fair value reserve	-	-
Dividend equalization reserve	-	-
Actuarial gains	(319,256)	(272,878)
Special reserve	-	-
Other reserve		
Staff Training Fund	51,353	51,353
Capital Adjustment Reserve	64,717,100	15,087,000
Others	-	-
Total	**75,831,254**	**22,836,838**

4.27.1 Statutory General Reserve

Statutory General Reserve is created as per Section 44 of the Banks and Financial Institutions Act 2073 equivalent to 20% of the net profit earned during the year until the reserve is twice the paid-up share capital of the Bank after which 10% of the net profit earned during the year shall be set aside as General Reserve.

Such reserve could not be expensed or transferred to other heads without prior approval of Nepal Rastra Bank.

	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Opening	3,985,848	3,985,848
Addition for the Year	-	-
Utilization during the Year	-	-
Closing as on Reporting Date	**3,985,848**	**3,985,848**

4.27.2 Exchange Fluctuation Reserve Fund

Exchange Fluctuation Reserve is the reserve created as per Section 44 of the Banks and Financial Institutions Act 2073 equivalent to 25% of the foreign exchange gain realized on the translation of foreign currency to the reporting currency during the year other than Indian Rupees.

Such reserve could not be expensed or transferred to other heads without prior approval of Nepal Rastra Bank other than to set off revaluation loss incurred, if any during the year.

Bank doesnot deal with any currency other than Nepalese currency, hence this reserve creation is not applicable to the bank.

Salapa Development Bank Limited

Diktel, Khotang

Notes to Financial Statements

For the Year ended 31st Ashad 2077

4.27.3 Corporate Social Responsibility Fund

The fund created for the purpose of corporate social responsibility by allocating profit has been presented under this account head.

	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Opening Balance	119,552	119,552
Expenses made during the Year	(119,552)	-
Addition during the Year	-	-
Closing as on reporting date (31.03.2077)	-	119,552

4.27.4 Regulatory Reserve

The amount that is allocated from profit or retained earnings of the Bank to this reserve as per the Directive of NRB for the purpose of implementation of NFRSs and which has not been regarded as free for distribution of dividend (cash as well as bonus shares) has been presented under this account head. The amount allocated to this reserve includes interest income recognized but not received in cash, difference of loan loss provision as per NRB directive and impairment on loan and advance as per NFRSs (in case lower impairment is recognized under NFRSs), amount equals to deferred tax assets, actual loss recognized in other comprehensive income, amount of goodwill recognized under NFRSs etc.

	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Opening Reserve	3,865,963	606,500
Movement:		
Accrued interest income	2,810,051	1,540,620
Fair value reserve for possible investment loss		-
Reserve for NBA		-
Deferred Tax Reserve	554,264	1,445,966
Bargain Purchased Gain		-
Actuarial Loss	46,379	272,878
Closing as on Reporting Date (31.03.2077)	7,276,657	3,865,963

4.27.5 Investment Adjustment Reserve

Investment Adjustment Reserve is created as per the regulatory requirement equivalent to 2% of investment securities classified as available for sale which are not listed within the prescribed time except on investment on shares specifically allowed by Nepal Rastra Bank. It is presented within other reserve in Statement of changes in equity.

Bank has not made any investment on shares of any company, hence not applicable.

Salapa Development Bank Limited

Diktel, Khotang

Notes to Financial Statements

For the Year ended 31st Ashad 2077

4.27.6 Assets Revaluation Reserve

Any reserve created from revaluation of assets (such as Property & Equipment, Intangible Assets, and Investment Property) has been presented under this heading. Revaluation reserves often serve as a cushion against unexpected losses but may not be fully available to absorb unexpected losses due to the subsequent deterioration in market values and tax consequences of revaluation.

No assets has been revalued during the reporting period, hence not applicable.

4.27.7 Fair Value Reserve

The fair value reserve comprises the cumulative net change in the fair value of financial assets that are measured at fair value and the changes in fair value is recognized in other comprehensive income, until the assets are derecognized. The cumulative amount of changes in fair value of those financial assets has been presented under this account head.

Bank has not invested in any such financial assets which requires to be measured at fair value. Hence, not

4.27.8 Acturial Gains/Losses

Any gain/llosses due the actuarial valuation of defined benefit obligations (Gratutity) and Leave Encashment are recognised here.

	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Opening	(272,877.50)	(124,919.90)
Additions	(46,378.50)	(147,957.60)
Closing	**(319,256.00)**	**(272,877.50)**

Salapa Development Bank Limited

Diktel, Khotang

Notes to Financial Statements

For the Year ended 31st Ashad 2077

4.27.9 Other Reserve Fund

Any reserve created with specific or non-specific purpose (except stated in above) has been presented under this by disclosing accounting heads.

a. Staff Training & Development Fund

The fund created for the purpose of employee training by allocating 3% of employee expenses of previous year excluding staff bonus and winding up interest cost on staff loan. The fund is utilized for the training of employees excluding CEO.

	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Opening	51,353	-
Addition During the Year*	-	335,348
Expenses to be incurred in CY	**51,353**	**335,348**
Expenses During the Year	(702,175)	(283,995)
Closing as on reporting date (31.03.2077)	**-**	**51,353**

*No addition towards staff training and development fund has been approtion as NRB has exempted by way of monetary policy.

b. Capital Adjustment Reserve

Capital Adjustment Reserve is the share application money received from promoters and shown here in others of Reserve and Surplus as per direction of Nepal Rastra Bank.

	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Opening	15,087,000	10,916,000
Addition During the Year	49,630,100	4,171,000
Capitalized to Share Capital During the Year		-
Closing as on reporting date (31.03.2077)	**64,717,100**	**15,087,000**

Salapa Development Bank Limited

Diktel, Khotang

Notes to Financial Statements

For the Year ended 31st Ashad 2077

Note No. 4.28

Contingent Liabilities and Commitment

(Figures in NPR)

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Contingent Liabilities	300,000	300,000
Undrawn and undisbursed facilities	7,624,888	7,883,077
Capital commitment	-	-
Lease commitment	-	-
Litigation	-	-
Total	**7,924,888**	**8,183,077**

Note No. 4.28.1

Contingent Liabilities

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Acceptance and Documentary credit	-	-
Bills for collection	-	-
Forward exchange contracts	-	-
Guarantees	-	-
Underwriting commitments	300,000	300,000
Other commitments	-	-
Total	**300,000**	**300,000**

Note No. 4.28.2

Undrawn and undisbursed facilities

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Undisbursed amount of loans	-	-
Undrawn limits of overdraft	7,624,888	7,883,077
Undrawn limits of credit cards	-	-
Undrawn limits of letter of credit	-	-
Undrawn limits of guarantee	-	-
Total	**7,624,888**	**7,883,077**

Note No. 4.28.3

Capital commitments

Capital expenditure approved by relevant authority of the bank but provision has not been made in financial statements

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Capital commitments in relation to Property and Equipment		
Approved and contracted for	-	-
Approved but not contracted for	-	-
Sub Total	-	-
Capital commitments in relation to Intangible assets		
Approved and contracted for	-	-
Approved but not contracted for	-	-
Sub Total	-	-
Total	-	-

Salapa Development Bank Limited
Diktel, Khotang

Notes to Financial Statements
For the Year ended 31st Ashad 2077

Note No. 4.28.4
Lease Commitments

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
Operating lease commitments		
Future minimum lease payment under non cancellable operating lease, where the bank is lessee		
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Sub Total	-	-
Finance lease commitments		
Future minimum lease payment under non cancellable operating lease, where the bank is lessee		
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Sub Total	-	-
Grand Total	-	-

Note No. 4.28.5
Litigation

Particulars	As at Ashadh 31, 2077	As at 31st Ashadh 2076
	-	-
	-	-
Total	-	-

Salapa Development Bank Limited

Diktel, Khotang

For the period commencing on Shrawan 1, 2076 and ending on Ashad 31, 2077

For the Year ended 31st Ashad 2077

(Figures in NPR)

Interest income **Note: 4.29**

Particulars	For the year ended 31st Ashadh 2077	For the year ended 31st Ashadh 2076
Cash and cash equivalents	4,862,391	3,749,950
Due from Nepal Rastra Bank	-	-
Placement with Banks and Financial Institutions	-	-
Loans and Advances to Bank and Financial Institutions	-	-
Loans and advances to customers	66,242,979	51,622,568
Investment securities	-	-
Loans and advances to staff	1,300,761	973,489
Other	-	-
Total interest income	**72,406,131**	**56,346,008**

Interest expense **Note: 4.30**

Particulars	For the year ended 31st Ashadh 2077	For the year ended 31st Ashadh 2076
Due to Bank and Financial Institutions	2,216,134	1,302,162
Due to Nepal Rastra Bank	-	-
Deposits from customers	37,061,102	28,459,514
Borrowing	-	-
Debt securities issued	-	-
Subordinated liabilities	-	-
Other	-	-
Total interest expense	**39,277,236**	**29,761,676**

Salapa Development Bank Limited

Diktel, Khotang

For the period commencing on Shrawan 1, 2076 and ending on Ashad 31, 2077

For the Year ended 31st Ashad 2077

(Figures in NPR)

Fees and Commission Income **Note: 4.31**

Particulars	For the year ended 31st Ashadh 2077	For the year ended 31st Ashadh 2076
Loan Administration fees	-	-
Service fees	4,440,788	4,314,425
Consortium fees	-	-
Commitment fees	-	3,750
DD/TT/Swift fees	-	-
Credit card/ATM issuance and renewal fees	-	-
Prepayment and swap fees	-	-
Investment banking fees	-	-
Assets management fees	-	-
Brokerage fees	-	-
Remittance fees	1,679,254	1,515,782
Commission on letter of credit	-	-
Commission on Guarantee Contracts issued	-	-
Commission on share underwriting/issued	-	-
Locker rental	-	-
Other Fees and Commission Income	7,750	-
Total Fees and Commission Income	**6,127,792**	**5,833,957**

Fees and commission expense **Note: 4.32**

Particulars	For the year ended 31st Ashadh 2077	For the year ended 31st Ashadh 2076
ATM management fees	-	-
VISA/Master card fees	-	-
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees	-	-
Remittance fees and commission	-	-
Other Fees and Commission Expense	***349,688***	***135,210***
Registration and renewable charges	349,688	135,210
Total Fees and Commission Expense	**349,688**	**135,210**

Salapa Development Bank Limited

Diktel, Khotang

For the period commencing on Shrawan 1, 2076 and ending on Ashad 31, 2077

For the Year ended 31st Ashad 2077

(Figures in NPR)

Net trading income **Note: 4.33**

Particulars	For the year ended 31st Ashadh 2077	For the year ended 31st Ashadh 2076
Changes in fair value of trading assets	-	-
Gain/loss on disposal of trading assets	-	-
Interest income on trading assets	-	-
Dividend income on trading assets	-	-
Gain/Loss Foreign Exchange Transaction	-	-
Other	-	-
Total Net trading income	-	-

Other operating income **Note: 4.34**

Particulars	For the year ended 31st Ashadh 2077	For the year ended 31st Ashadh 2076
Foreign Exchange Revaluation Gain	-	-
Gain/loss on sale of investment Securities	-	-
Fair value gain/loss on investment property	-	-
Fair value gain/loss on investment Securities	-	-
Dividend on equity instruments	-	-
Gain/loss on sale of property and equipment	-	-
Gain/loss on sale of investment property	-	-
Operating lease income	-	-
Gain/loss on sale of gold and silver	-	-
Locker rent	-	-
Other*	3,342,634	24,300
Total other operating income	**3,342,634**	**24,300**

Other income comprises of adjustment of capitalization of Fixed assets of previous years.

Impairment charge/(reversal) for loan and other losses **Note: 4.35**

Particulars	For the year ended 31st Ashadh 2077	For the year ended 31st Ashadh 2076
Impairment charge/(reversal) on loan and advances to B/FIs	-	-
Impairment charge/(reversal) on loan and advances to customer	21,881,392	4,232,813
Impairment charge/(reversal) on financial Investment	-	-
Impairment charge/(reversal) on placement with bank and financial institutions	-	-
Impairment charge/(reversal) on property and equipment	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-
Impairment charge/(reversal) on investment property	-	-
Total impairment charge/(reversal) for loan and other losses	**21,881,391.65**	**4,232,813**

Salapa Development Bank Limited

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For the period commencing on Shrawan 1, 2076 and ending on Ashad 31, 2077

For the Year ended 31st Ashad 2077

(Figures in NPR)

Personnel Expense **Note: 4.36**

Particulars	For the year ended 31st Ashadh 2077	For the year ended 31st Ashadh 2076
Salary	14,964,120	12,067,916
Allowances	4,196,423	3,374,418
Gratuity expenses	541,014	401,934
Provident fund	873,438	639,043
Uniform	589,940	696,346
Training & Development Expense	702,175	283,995
Leave encashment	2,173,836	1,823,039
Medical	-	-
Insurance	1,071,249	942,602
Employees Incentive	-	-
Cash-settled share-based payments	-	-
Pension Expense	-	-
Finance expenses under NFRS	679,707	470,712
Other Expenses Related to Staff	-	*4,100*
Staff Recruitment Expenses	-	4,100
Sub-total	**25,791,901**	**20,706,105**
Staff Bonus	-	-
Grand Total	**25,791,900.91**	**20,706,105**

Other operating expense **Note: 4.37**

Particulars	For the year ended 31st Ashadh 2077	For the year ended 31st Ashadh 2076
Directors' fee	132,040	143,000
Directors' expense	-	186,441
Auditors' remuneration	600,000	282,500
Other audit related expense	146,340	143,740
Professional and legal expense	165,416	274,741
Office administration expense	8,633,140	3,836,960
Operating lease expense	2,271,900	1,604,869
Operating expense of investment properties	-	-
Corporate Social Responsibility Expense	277,775	-
Onerous lease provision	-	-
Other	-	*273,505*
Branch Opening Expenses	-	109,447
Fine and Penalties	-	164,058
Total other operating expense	**12,226,612**	**6,745,756**

Salapa Development Bank Limited

Diktel, Khotang

For the period commencing on Shrawan 1, 2076 and ending on Ashad 31, 2077

For the Year ended 31st Ashad 2077

(Figures in NPR)

Office administration expense — Note: 4.37.1

Particulars	For the year ended 31st Ashadh 2077	For the year ended 31st Ashadh 2076
Water and electricity	173,648.00	106,560
Repair and maintenance		
Building	-	-
Vehicle	448,436.90	425,837
Computer and accessories	-	-
Office equipment and furniture	-	-
Other	-	-
Insurance	888,371.12	580,785
Postage, telex, telephone, fax	693,538.84	321,390
Printing and stationery	1,076,251.76	595,145
News paper, books and journals	-	3,000
Advertisement	219,835.00	207,245
Donation	-	5,625
Security expense	42,400.00	-
Deposit and loan guarantee premium	-	-
Travel allowance and expense	714,657.00	539,425
Entertainment	160,560.00	252,210
Annual/special general meeting expense	200,000.00	184,461
Other		
Internet Expenses	43,880.00	55,778
Fuel Expenses	248,004.00	388,876
Office Expenses	186,134.50	146,502
Cleaning Expenses	15,515.00	18,391
Others*	3,521,907.96	5,730
Total	**8,633,140**	**3,836,960**

**Others includes advance tax of Rs. 35,18,518 excess shown in books in previous years which is reconciled with ITR and written off in books.*

Depreciation & Amortization — Note: 4.38

Particulars	For the year ended 31st Ashadh 2077	For the year ended 31st Ashadh 2076
Depreciation on Property and Equipment	3,180,417	2,065,372
Depreciation on investment property	-	-
Amortization of intangible assets	254,250	194,925
Total depreciation and amortization	**3,434,667**	**2,260,297**

Non operating income — Note: 4.39

Particulars	For the year ended 31st Ashadh 2077	For the year ended 31st Ashadh 2076
Recovery of loan written off	-	-
other income	-	-
Total non operating income	**-**	**-**

Salapa Development Bank Limited

Diktel, Khotang

For the period commencing on Shrawan 1, 2076 and ending on Ashad 31, 2077

For the Year ended 31st Ashad 2077

(Figures in NPR)

Non Operating Expense — **Note: 4.40**

Particulars	For the year ended 31st Ashadh 2077	For the year ended 31st Ashadh 2076
Loan Written Off	-	-
Redundancy provision	-	-
Expenses of restructuring	-	-
Other expense	-	-
Total non operating Expenses	**-**	**-**

Income tax expense — **Note: 4.41**

Particulars	For the year ended 31st Ashadh 2077	For the year ended 31st Ashadh 2076
Current tax expense	**-**	**641,896**
Current year	-	641,896
Adjustment for prior years		-
Deferred tax expense	**(534,387.69)**	**(237,987)**
Origination and reversal of temporary differences	(534,387.69)	(237,987)
Changes in tax rate	-	-
Recognition of previously unrecognized tax losses	-	-
Total income tax expense	**(534,387.69)**	**403,909**

Salapa Development Bank Limited

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Notes to Financial Statements

For the Year ended 31st Aashad 2077

5. Disclosures & Additional Information

5.1 Risk Assessment Procedure

Credit Risk

A credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. In the first resort, the risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs. Factors for the credit risk include Counterparty Risk, Concentration Risk and Securitization Risk.

The Development Bank has applied following mitigates for management of Credit Risk factors:
- Independent and on-going credit quality review
- Limiting credit exposures
- Problem credit management system
- Diversification of risk asset portfolio among several sectors and sub sectors of the economy over a large number of customers
- Deposit of borrower in bank, cash margin and additional collateral at individual level
- Proper valuation, storage, maintenance and insurance of collaterals.

Such mitigates are monitored by Board of Directors, Risk Management Committee which is Board Level Committee, Credit Risk Management Department, NRB inspection team and Internal Audit Department of the Development Bank.

Market Risk

Market risk is the possibility of a customer experiencing losses due to factors that affect the overall performance of the Development Bank in which the customer is involved. Market risk is systematic risk of the financial market.

Factors of market risk include Interest Rate Risk, Equity Risk in Banking Book.

The Development Bank has applied following mitigates for management of the Market Risk factors:
- Stress testing/simulation of market conditions
- Gap Analysis
- Limiting trading activity of instruments in the different markets
- Regular review of risk management processes
- Regular review of Risk Tolerance and appetite limit.
- Measurement of Equity price shocks.
- Measurement of Interest Rate Shocks

Such mitigates are monitored by Board of Directors, Risk Management Committee, Internal Audit Department.

Liquidity Risk

Liquidity risk is the risk that the Development Bank may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

Factors of Liquidity Risk includes Deterioration in quality of credit portfolio Concentrations in either assets or liabilities, Rapid asset growth funded by highly volatile large deposits, A large size of off-balance sheet exposure.

The Development Bank has applied following mitigates for the management of Liquidity Risk:
- Appropriate composition of assets and liabilities
- Diversified and stable sources of funds
- Access to inter-bank market
- Contingency funding plan for crisis situations
- Regular stress testing
- Consistent analysis using liquidity ratios

Such mitigates are monitored by BOD, Finance and Credit Department, Internal Audit Department.

Fair value of Financial Assets and Liabilities

Fair Value of financial assets and liabilities risk management includes effective portfolio management by finance department which is monitored by BOD, and other high level officials.

Financial assets and liability

Particulars	Fair Value through PL	Amortized Cost	Fair Value through OCI	Total
Financial Assets:				
Cash and cash equivalents	-	228,945,839	-	**228,945,839**
Due from Nepal Rastra Bank	-	-	-	-
Loans and advances to B/FIs	-	-	-	-
Loans and advances to customers	-	444,467,192	-	**444,467,192**
Investment securities (Development Bonds)	-	-	-	-
Investment securities (Equity)	-	-	-	-
Other Financial assets	-	5,581,240	-	**5,581,240**
Total financial Assets	**-**	**678,994,271**	**-**	**678,994,271**
Financial Liabilities:				
Due to Bank and Financial Institutions	-	5,280,790	-	**5,280,790**
Due from customers	-	568,085,099	-	**568,085,099**
Other Financial Liabilities	-	10,901,557	-	**10,901,557**
Total financial liability	**-**	**584,267,446**	**-**	**584,267,446**

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Risk Management Function

The Bank is exposed to various types of risks including credit, market, liquidity, operational, legal, compliance and reputation risks. The objective of the risk management framework at the Bank is to ensure that various risks are understood, measured and monitored and that the policies and procedures established to address these risks are strictly adhered to. The Bank has set up a strong control and monitoring environment for comprehensive risk management at all levels of operation.

Measurement of Risks for Capital Adequacy Purpose:

Under Pillar 1 of the specific NRB guidelines, the bank currently follows Simplified Standardized Approach for Credit Risk, Basic Indicator Approach for Operational Risk and Net Open Position approach for Market risk.

A. Credit Risk
Strategies and Process:

All credit related aspects are governed by Operation Manual of Bank. These documents outline the type of products that can be offered, customer categories, credit approval process and limits. These documents are approved by the Board of directors.

The bank's main emphasis is on SME credit. Different limits of lending power have been assigned at branch level, department head level and the credit committee level. Every aspect relating to credit such as procedure, documentation etc. is clearly defined in the Operation Manual and the Credit Policy of the bank.

Pre-Sanction:

The branch managers have the authority to approve the credit within their permissible limits after due scrutiny of background of the promoter, nature of business, turnover in the account, other financial indicators, income, collateral and security. Loans above the authority of branch are recommended to head office for further decision.

Credit Risk Assessment Process:

Risk Management Department carries out a comprehensive credit risk assessment process that encompasses analysis of relevant quantitative and qualitative information to ascertain credit rating of the borrower. The credit rating process involves assessment of risk emanating from various sources such as market risk, management risk, environmental risk, financial risk and security risk taking into consideration as much as 30 sub-parameters under each of these categories. Credit thresholds have been set for forwarding the credit files for risk rating before they are submitted for approval in the credit committee by the concerned credit units.

Post Sanction Monitoring/ Follow up:

Concerned branch are required to obtain regular information of the business. In case of revolving loans, the drawing power is checked commensurate with the existing level of stocks and working capital checked and verified at regular interval. The credit units at the Head Office are also required to prepare quarterly credit report to submit at higher level as a part of formal monitoring process.

B. Operation Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. Operational risk is inherent in the bank's business activities.

The board level committee that undertakes supervision and review of operational risk aspects are the Risk Management Committee and Audit Committee. The board and the risk committee review the operational risk level and the material operational risk exposure. The Audit committee supervises audit and compliance related aspects. Internal Audit department on the other hand carries out audit according to the audit plan and reports findings to the audit committee.

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Risk Arising from breakdown of Information and Operating System:

The bank has introduced new centralized software PUMORI IV and has improved in its MIS infrastructure in order to ensure the associated operational risks being brought down to an acceptably low level.

To safeguard the probable losses resulting from system failure or natural disaster, the bank has taken following policies to minimize the risk:

a. Back up – Daily back up of all balances are taken at the end of the day. The bank is developing a system of auto back up in the near future.

b. Disaster Recovery Site – The bank has established disaster recovery site.

c. Validation of Entry and Password control – There is a system of maker and checker for entry validation before posting. Access authority for data entry, update, modification and validation has been given on the basis of levels of staffs.

d. Exception Reporting – The system creates exception report as and when required.

Risk Arising from Procedural Lapses and Internal control:

The company has defined banking procedures in the Operation Manual related to banking transactions. Internal circulars are issued whenever required. Reporting by branches is regular.

Corporate Governance:

NRB Guidelines with respect to Corporate Governance are duly complied with.

C. Market Risk

Investments

Currently the Bank has not made any investment for trading purpose. The investment in government securities have been made to hold till maturity. The investment in equity of listed institutions has been held as available for sale.

Foreign Exchange

The company's policy is to maintain the net open position of convertible foreign currency where exchange rate risk persists in matching position.

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5.2. CAPITAL MANAGEMENT

The Bank's capital management policies and practices support its business strategy and ensure that it is adequately capitalised to withstand even in severe macroeconomic downturns. Salalpa Development Bank Limited is a liscened institution which provides financial services therefore it must comply with capital requirement of central bank "Nepal Rastra Bank".
The Bank's capital consists of Tier I capital and Tier II capital.

5.2.1 Qualitative disclosures

Nepal Rastra Bank has directed the Banks to develop own internal policy, procedures and structures to manage all material risk inherent in business for assessing capital adequacy in relation to the risk profiles as well as strategies for maintaining capital levels. This includes basic requirements of having good governance, efficient process of managing all material risks and an effective regime for assessing and maintaining adequate capital. The Bank has various policies approved by BODs for proper governance. The Bank in line with BASEL provisions.

5.2.2 Quantitative disclosures

Capital structure and capital adequacy — **Amount (In '000)**

1.1 RISK WEIGHTED EXPOSURES	FY 2076/77 **Current Period**	FY 2075/76 **Previous Period**
Risk Weighted Exposure for Credit Risk	486,518.47	444,838.98
Risk Weighted Exposure for Operational Risk	43,596.45	
Risk Weighted Exposure for Market Risk	317.35	
Total Risk Weighted Exposures (Before adjustments of Pillar II)	**530,432.27**	**444,838.98**
Adjustments under Pillar II		
SRP 6.4a (5) - ALM policies & practices are not satisfactory, add 1% of net interest income to RWE	-	-
SRP 6.4a (6) - Add .....% of the total deposit due to insufficient Liquid Assets	-	-
SRP 6.4a (7) - Add RWE equvalent to reciprocal of capital charge of 2 % of gross income.	674.23	-
SRP 6.4a (9) - Overall risk management policies and precedures are not satisfactory. Add 2% of RWE	10,608.65	-
SRP 6.4a (10) - Desired level of disclosure requirement has not been achieved. Add 1% of RWE	5,304.32	-
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	**547,019.46**	**444,838.98**
1.2 CAPITAL	**Current Period**	**Previous Period**
(A) Core Capital (Tier 1)	**77,530.88**	**51,862.03**
Paid up Equity Share Capital	28,000.00	28,000.00
Irredeemable Non-cumulative preference shares	-	-
Share Premium	-	-
Proposed Bonus Equity Shares	-	-
Statutory General Reserves	3,985.85	3,985.85
Retained Earnings	(19,172.07)	4,789.18
Un-audited current year cumulative profit	-	-
Capital Redemption Reserves	-	-
Capital Adjustment Reserves	64,717.10	15,087.00
Dividend Equalization Reserves	-	-
Other Free Reserve	-	-
Less: Goodwill	-	-
Less: Deferred Tax Assets	-	-
Less: Fictitious Assets	-	-
Less: Investment in equity of licensed Financial Institutions	-	-
Less: Investment in equity of institutions with financial interests	-	-
Less: Investment in equity of institutions in excess of limits	-	-
Less: Investments arising out of underwriting commitments	-	-
Less: Purchase of Land & Building in excess of limit & utilized	-	-
Less: Reciprocal crossholdings	-	-
Less: Other Deductions	-	-
Adjustments under Pillar II		
SRP 6.4a(1) -Less: Shortfall in Provision	-	-
SRP 6.4a(2) -Less: Loans & Facilities extended to related parties and restricted lending	-	-

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(B) Supplementary Capital (Tier 2)	**5,609.30**	**4,027.23**
Cumulative and/or Redeemable Preference Share	-	-
Subordinated Term Debt	-	-
Hybrid Capital Instruments	-	-
General loan loss provision	5,609.30	4,027.23
Exchange Equalization Reserves	-	-
Investments Adjustment Reserves	-	-
Assets Revaluation Reserves	-	-
Special Reserve Fund	-	-
Total Capital Fund (Tier I and Tier II)	**83,140.18**	**55,889.25**

1.3 CAPITAL ADEQUACY RATIOS	Current Period	Previous Period
Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	14.17%	11.66%
Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	15.20%	12.56%

• Capital Adequacy Ratio:

The capital adequacy ratio of the bank as on Ashad 31, 2077 is 15.20% and that of Ashad 31, 2076 was 12.56 %

• Summary of the bank's internal approach to assess the adequacy of its capital to support current and future activities, if applicable:

Salapa Development Bank adopts healthy risk management framework. The bank follows Internal Capital Adequacy Assessment Process (ICAAP)and Risk Management Guideline while taking decision on any business. It has always taken note of ICAAP and has taken steps accordingly in ensuring soundness of capital position and sustainability of the business. The bank's policies and procedures are approved by the Board of Directors and these documents provide guidance on independent identification, measurement and management of risks across various businesses. Bank's different committees like Audit Committee, Risk Management Committee review the business and risks periodically.

The bank also defines risk aspects, considering domestic economic scenario, and puts in place the system to minimize and remove such risk. The risk appetite and approach towards risk taking is well discussed in management level and board level. It is always aligned with the business, its return and capital. Basel disclosures have been complied with, addressing the risks and adopting measures to minimize their impact. Increasing complexities in risks, weakness of businesses and fast changing world with intense competition pose a threat to sustainability.

Capital planning is an integral part of the bank's medium term strategic planning and annual budget formulation process. Total risk weighted exposures for the projected level of business operations is calculated, the required capital level is projected, and a plan is formulated to retain the required capital. The bank is well capitalized and able to maintain the required capital through internal generation, and equally through capital markets if needed.

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5.2.3 **Risk Exposure**
Table of Risk Exposure at the reporting dates is as follows:

a) **Credit Risk**

A. Balance Sheet Exposures	As at Asadh 31, 2077					
	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e
Cash Balance	187,425.81	-	-	187,425.81	0%	-
Balance With Nepal Rastra Bank	-	-	-	-	0%	-
Gold	-	-	-	-	0%	-
Investment in Nepalese Government Securities	-	-	-	-	0%	-
All Claims on Government of Nepal	-	-	-	-	0%	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-
All claims on Nepal Rastra Bank	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	20%	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	50%	-
Claims on Foreign Government and Central Bank (ECA-4-6)	-	-	-	-	100%	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	150%	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework	-	-	-	-	0%	-
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-
Claims on Domestic Public Sector Entities	-	-	-	-	100%	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	20%	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	50%	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	100%	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	150%	-
Claims on domestic banks that meet capital adequacy requirements	41,520.03		-	41,520.03	20%	8,304.01
Claims on domestic banks that do not meet capital adequacy requirements	-		-	-	100%	-
Claims on foreign bank (ECA Rating 0-1)	-	-	-	-	20%	-
Claims on foreign bank (ECA Rating 2)	-	-	-	-	50%	-
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	100%	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	150%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	20%	-
Claims on Domestic Corporates		-	-	-	100%	-
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	20%	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	50%	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	100%	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)	74,221.75	-	-	74,221.75	75%	55,666.31
Claims fulfilling all criterion of regularity retail except granularity	290,732.00	-	-	290,732.00	100%	290,732.00
Claims secured by residential properties		-	-	-	60%	-
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	-	-	-	-	100%	-
Claims secured by Commercial real estate	-	-	-	-	100%	-
Past due claims (except for claims secured by residential properties)	67,355.51		-	67,355.51	150%	101,033.27
High Risk claims			-	-	150%	-
Lending Against Securities (Bonds & Shares)			-	-	100%	-
Investments in equity and other capital instruments of institutions listed in stock exchange			-	-	100%	-
Investments in equity and other capital instruments of institutions not listed in the stock exchange			-	-	150%	-
Staff loan secured by residential property			-	-	50%	-
Interest Receivable/claim on government securities			-	-	0%	-
Cash in transit and other cash items in the process of collection			-	-	20%	-
Other Assets (as per attachment)	29,107.90		-	29,107.90	100%	29,107.90
TOTAL (A)	**690,363.01**	-	-	**690,363.01**		**484,843.49**

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5.2.3 **Risk Exposure**

Table of Risk Exposure at the reporting dates is as follows:

a) **Credit Risk**

A. Balance Sheet Exposures	As at Asadh 31, 2077					
	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e
B. Off Balance Sheet Exposures						
Revocable Commitments	-	-	-	-	0%	-
Bills Under Collection	-	-	-	-	0%	-
Forward Exchange Contract Liabilities	-	-	-	-	10%	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty		-	-	-	20%	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-
Underwriting commitments	300.00	-	-	300.00	50%	150.00
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	100%	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	100%	-
Advance Payment Guarantee	-	-	-	-	100%	-
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsements	-	-	-	-	100%	-
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-
Irrevocable Credit commitments (short term)	7,624.89	-	-	7,624.89	20%	1,524.98
Irrevocable Credit commitments (long term)	-	-	-	-	50%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	20%	-
Other Contingent Liabilities	-	-	-	-	100%	-
Unpaid Guarantee Claims	-	-	-	-	200%	-
TOTAL (B)	**7,924.89**	-	-	**7,924.89**		**1,674.98**
Total RWE for credit Risk Before Adjustment (A) +(B)	**698,287.90**	-	-	**698,287.90**		**486,518.47**
Adjustments under Pillar II						
Total RWE for Credit Risk	**698,287.90**	-	-	**698,287.90**		**486,518.47**

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b) **Operational Risk**

(Rs in '000)

Particulars	Fiscal Year		
	2073-74	2074-75	2075-76
Net Interest Income	20,907	23,565	26,584
Commission and Discount Income	3,591	4,202	5,699
Other Operating Income	87.33	69	24
Exchange Fluctuation Income			-
Addition/Deduction in Interest Suspense during the period	638	421	1,404
Gross income (a)	**25,224**	**28,258**	**33,711**
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	3,784	4,239	5,057
Capital Requirement for operational risk (d) (average of c)			4,360
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10
Equivalent Risk Weight Exposure [f=(d×e)]			43,596
Pillar II Adjustments			
If Gross Income for the last three years is negative (6.4 a 8)			
Total Credit and Investment (net of Specific Provision) of related month			-
Capital Requirement for Operational Risk (5% of net credit and investment)			-
Risk Weight (reciprocal of capital requirement of 10%) in times			10
Equivalent Risk Weight Exposure (g)			-
Equivalent Risk Weight Exposure [h=f+g]			43,596

c) **Market Risk**

Currency	Open Position (FCY)	Exchange Rate	Open Position (NRs.)	Relevant Open Position
INR	-		-	-
USD	5,291.79	119.94	634,697.29	634,697.29
GBP	-		-	-
EUR	-		-	-
THB	-		-	-
CHF	-		-	-
(a) Total Open Position				**634,697**
(b) Fixed Percentage				5%
(c) Capital Charge for Market Risk (=a*b)				31,735
(d) Risk Weight (reciprocal of capital requirement of 10%) in times				10
(e) Equivalent Risk Weight Exposure (=c×d)				317,349

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d) **Non Performing Assets (Gross and Net)**

Non Performing Assets	Gross Amount	Impairment Allowance	Net Amount
Restructured and Rescheduled	-	-	-
Sub-Standard	52,272,528	13,046,810	39,225,718
Doubtful	11,390,166	5,695,083	5,695,083
Bad	7,958,819	7,958,819	-
Total	**71,621,513**	**26,700,712**	**44,920,801**

5.2.4 Compliance with Capital Requirement

Inline with NRB Directive 1/076, the following is the status of compliance with capital requirements at Ashad end 2077.

Particulars	Requirement	Position
Tier I Capital to RWE	6.0%	14.17%
Tier I and Tier II Capital to RWE	11.0%	15.20%

5.2.5 Compliance with external requirement

Paid Up Capital

The structure of the share capital of the Bank is as follows:

Authorized capital of NPR 800,000,000 represented by 8,000,000 Ordinary Shares of NPR 100 each; and

Issued capital as of Statement of Financial Position date is NPR 500,000,000 represented by 5,000,000 Ordinary Shares of NPR 100 each.

Paid up capital as of Statement of Financial Position date is NPR 28,000,000 represented by 280,000 Ordinary Shares of NPR 100 each Segment Analysis

Share Application Money amounting Rs. 64,717,100/- has been received upto the reporting date for the increment of share capital.

Regulatory Minimum Paid Up Capital Requirement

The Development Bank was required by the Monetary Policy 2015/16 to attain a stipulated minimum paid up capital of NPR 500 million by mid-July 2020. As on the reporting date, the bank's paid up capital stood at Rs. 28.00 million against the requirement of Rs. 500 million.

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5.3 Segment Reporting

5.3.1 General Information

The Bank's operation is managed centrally through the corporate office. All strategic, financial and operational policies and operations are controlled and directed from the corporate office. The Bank operates in branches though has a single jurisdiction

The Bank has identified following segments as reportable:
a. Banking Segment involves functions like collecting deposits and lending activities among other similar activities.
b. Treasury Segment involves short term and long-term investment activities like investing in T-Bills, Bonds, Shares of companies etc.
c. Remittance Segment involves activities of transferring / receiving funds locally and/or globally.

There is no inter-unit cost transfer mechanism within the bank.

5.3.2 The segmental information about profit or loss, assets and liabilities are presented below:

(Figures in NPR)

Name of Segment	Banking	Treasury	Remittance	All Other Segments	Total
a. Revenues from external customers	76,854,669	-	1,679,254.07	3,342,633.72	81,876,556.97
b. Intersegment revenues	-	-	-	-	-
c. Net Revenue	76,854,669	-	1,679,254.07	3,342,633.72	81,876,556.97
d. Interest revenue	72,406,131	-	1,679,254.07	-	74,085,385.10
e. Interest Expense	(39,277,236)				(39,277,235.75)
f. Net interest revenue (b)	33,128,895	-	1,679,254.07	-	34,808,149.35
g. depreciation and amortization*					-
h. Segment Profit / (Loss)	33,128,895	-	1,679,254.07	-	34,808,149.35
i. Entity's interest in the profit or loss of associates accounted using equity method	-	-	-	-	-
j. Other Material non cash item	-	-	-	-	-
k. Impairment of assets	-	-	-	-	-
l. Segment Assets*	640,981,515	-	-	-	640,981,514.86
m. Segment liabilities*	568,085,099	-	-	-	568,085,098.92

*Depreciation and amortization cannot be allocated to reportable segment from internal data record keeping system.

**The presented assets and liabilities exclude assets such as PPE, Intangibles, Advances and payables that are not allocable to particular segment.

5.3.3 Reconciliation of reportable segment revenues, profit or loss, assets and liabilities:

a. Revenue

Particulars	Amount
Total revenue of reportable segments	78,533,923
Other revenue	3,342,634
Elimination of intersegment revenue	-
Entity's revenues	81,876,557

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b. Profit and Loss

Particulars	Amount
Total profit or loss for reportable segments	34,808,149
Other profit or loss	-
Elimination of intersegment profits	-
Unallocated amounts:	(55,893,087)
Profit before income tax	(21,084,938)

c. Assets

Particulars	Amount
Total assets for reportable segments	640,981,515
Other assets	-
Unallocated amounts	29,107,904
Entity's assets	670,089,419

d. Liability

Particulars	Amount
Total liabilities for reportable segments	568,085,099
Other liabilities	-
Unallocated liabilities	17,345,132
Entity's liabilities	585,430,231

e. Product and service

Particulars	Amount
Banking	76,854,669
Treasury	-
Remittance	1,679,254

f. Information about product and service
Revenue from each type of product and services described in point 5.3.2 above.

g. Information about geographical areas
Bank has been assessing segment results differently than as required.

h. Information about major customer:
No customer individually or as a group contributes to 10% or more of the bank's revenue.

5.4 Share options and share based payment
There is no share based payment made by the Bank.

5.5 Contingent Liabilities and Commitments
Litigation is a common occurrence in the banking industry due to the nature of business undertaken. The Bank has formal controls and policies for managing legal claims. Contingent liabilities on other matters have already been disclosed in note 4.28.

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5.6 Related party disclosures

The related parties of the Development Bankwhich meets the definition of related parties as defined in "NAS 24 Related Parties Disclosure" are as follows:

i. Key Management Personnel (KMP)

The key management personnel are those persons having authority and responsibility of planning, directing and controlling the activities of the entity, directly or indirectly including any director. The key management of the Development Bank includes members of its Board of Directors, Chief Executive Officer, and other higher level employee of the Development Bank. The name of the key management personnel who were holding various positions in the office during the year were as follows:

Name of the Key Management Personnel	Post
Tanka Rai	BOD Chairman
Sharan Kumar Rai	Director
Harindra Prasad Rai	Director
Lab Kumar Rai	Director
Chandra Bahadur Khadka	Director
Ishworman Rai	Chief Executive Officer

5.6.1 Compensation to Key Management Personnel

The members of Board of Directors are entitled for meeting allowances. Salary and allowances are provided to Chief Executive Officer and other member of Key Management Personnel (KMP). Salary and Allowances paid to the Chief Executive Officer is based on the contract entered by the Development Bankwith him whereas compensation paid to other member of KMP are governed by Employees Byelaws and decisions made by management time to time in this regard. In addition to salaries and allowances, non- cash benefits like vehicle facility, subsidized rate employees loan, termination benefits are also provided to KMP.

The details relating to compensation paid to key management personnel (directors only) were as follows:

Particulars	*Current Year*	*Previous Year*
Meeting Fees	132,040.00	143,000.00
Other Expenses	-	186,440.51
Total	**132,040.00**	**329,440.51**

The details relating to compensation paid to key management personnel other than directors were as follows:

Particulars	Amount in NPR.
Short term employee benefits (including Bonus and Paid Leave)	1,450,000
Vehicle Facility	
*Other Benefits	
Other long-term benefits	
**Post-Employment	

*Other benefits and payments includes Finance cost calculated towards subsidized loans and advances provided to staffs.

**Post employment benefit includes Provident Fund, Gratuity and Leave provision created, the bifurcation of which is not quantifiable separately to KMPs.

5.7 Merger and acquisition

During the year the Bank has not merged with other bank and financial institutions.

5.8 Additional Disclosure of Non-consolidated entities

Since, the bank does not have any subsidiaries, there are no such non-consolidated.

5.9 Proposed Distributions (Dividends and Bonus Shares)

No dividend or bonus shares have been proposed for distribution.

Salapa Development Bank Limited

Diktel, Khotang

Notes to Financial Statements

For the Year ended 31st Ashad 2077

5.10 Compliance with Directives/Circulars related to COVID-19
a) Impact of COVID 19

Nepal had undergone nationwide lockdown from Chaitra 11, 2076 due to the outbreak of COVID-19 which was declared as global pandemic by World Health Organization on March 31, 2020. The same had hit the world's economy including the economy of Nepal. Nepal Rastra Bank has taken unprecedented measures to alleviate the impact of pandemic by reducing the CRR, relaxation in loan classification, deferement in installment and interest payment etc.

The major relaxations provided by Bank in line with NRB directions to curb the impact of Covid-19 pandemic in financial system (including reduction/discount on interest rates) and their compliance status of bank is as under:

>>Rebate on interest (2%) & (10%) as per circular issued by NRB in relation to impact of COVID-19 that has to be refunded to customer has been provisioned. Rebate amount has been calculated based on Loan Amount Outstanding as on Chaitra End subject to base rate of Chaitra 2076 End.(i.e. 13.81). The same has been deducted in the Interest Income form Customer recognised in 4.29.

Out of total 457 files as on Chaitra end 2076, rebate on interest (2%) subject to base rate has been provisioned for 457 files amounting to Rs. 1,158,409.47 and rebate on interest (10%) has been provision for 4 files amounting to 4,375.94

Had the rebate on interest (2%) been not provisioned and 10 % rebate not considered, Interest Income would have been increased by Rs. 1,158,409.47 and thereby increasing the net profit by approx. 732,554.80.

Time has been extended up to Ashadh end 2077 for monthly/quarterly installments to be recovered by Chaitra end 2076. Penal charges, penal interest etc. are not levied in respect of such delay and such loan has not been categorized in lower category on account of delay in recovery of installment.

Salapa Development Bank Limited

Diktel, Khotang

Notes to Financial Statements

For the Year ended 31st Ashad 2077

5.10 Compliance with Directives/Circulars related to COVID-19

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Salapa Development Bank Limited

Diktel, Khotang

Notes to Financial Statements
For the Year ended 31st Ashad 2077

6.9 Comparison Unaudited and Audited Financial Statements as of 2076-77

Statement of Financial Position	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			Amount	%	
Assets					
Cash and Cash Equivalent	228,885,410.00	228,945,839	60,429	0.03%	Due to effect of reclassification of due from Nepal Rastra Bank
Due from Nepal Rastra Bank	-	-	-	-	Due to effect of reclassification of cheque in Hand under Cash and Cash equivalent.
Placement with Bank and Financial Institutions	-	-	-	-	
Derivative Financials Instrument	-	-	-	-	
Other Trading Assets	-	-	-	-	
Loans and Advances to Bank and Financials Institutions		-		-	
Loans and Advances to Customers	418,439,391	412,035,675	(6,403,716)	-1.53%	Addition of Loan loss provision during audit
Investment Securities	-	-	-	-	
Current Tax Assets	5,435,080	1,946,049	(3,489,031)	-64.19%	Adult Adjustment
Investment in Subsidiaries	-	-	-	-	
Investment in Associates	-	-	-	-	
Investment Property	-	-	-	-	
Property and Equipment	17,009,300	18,511,876	1,502,576	8.83%	Due to reclassification to another heading and Depreciation Adjustment
Goodwill and Intangible Assets	589,860	713,313	123,453	20.93%	Due to reclassification to another heading and Depreciation Adjustment
Deferred Tax Assets	497,340	2,000,230	1,502,890	-	Due to recalculation of deferred assets
Other Assets	2,536,709	5,936,437	3,399,728	134.02%	Due to reclassification to another heading
Total Assets	**673,393,090**	**670,089,419**	**(3,303,671)**	-0.49%	**Consequential effect of above items.**
Liabilities					
Due to Bank and Financial Institutions	-	5,280,790	5,280,790	-	Due to reclassification to another heading
Due to Nepal Rastra Bank		-	-	-	-
Derivative Financials Instrument		-	-	-	-
Deposits from Customers	573,356,390	568,085,099	(5,271,291)	-0.92%	Due to reclassification to another heading
Borrowings		-	-	-	
Current Tax Liabilities		-	-	-	Due to reclassification of liability
Provisions	-	1,162,785	1,162,785	-	COVID Related Rebate booked during audit
Deferred Tax Liabilities		-	-	-	Due to recalculation of deferred tax
Other Liabilities	11,167,010	10,901,557	(265,453)	-2.38%	Due to reclassification of liability
Debt Securities Issued		-	-	-	-
Subordinated Liabilities		-	-	-	-
Total Liabilities	**584,523,400**	**585,430,231**	**906,831**	**0**	**Consequential effect of above items.**
Equity					
Share Capital	28,000,000	28,000,000	-	-	
Share Premium		-	-	-	
Retained Earnings	(5,741,770)	(19,172,066)	(13,430,296)	233.91%	Due to reclassification from Reserve & Surplus
Reserves	66,611,460	75,831,254	9,219,794	-	Due to reclassification to Retained earning
Total Equity Attributable to Equity Shareholders	**88,869,690**	**84,659,188**	**(4,210,502)**	**(0)**	**Consequential effect of above items.**
Non Controlling Interest	-	-	-		
Total Equity	**88,869,690**	**84,659,188**	**(4,210,502)**	**(0)**	
Total Equity and Liabilities	**673,393,090**	**670,089,419**	**(3,303,671)**	**(0)**	**Consequential effect of above items.**

Salapa Development Bank Limited
Diktel, Khotang

Notes to Financial Statements
For the Year ended 31st Ashad 2077

Statement of Profit and Loss	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance Amount	Variance %	Reasons for Variance
Interest Income	70,079,160	72,406,131	2,326,971	3.32%	Revised calculation of interest on staff loan and AIR Impact
Interest Expenses	(39,277,236)	(39,277,236)	0	-	
Net Interest Income	**30,801,924**	**26,584,332**	**(4,217,592)**	**-13.69%**	
Fee and Commission Income	1,515,600	6,127,792	4,612,192	304.31%	Including Commission incomes previously classified under Other Operating Income and other reclassification adjustments
Fee and Commission Expenses	-	(349,688)	(349,688)	100.00%	Regrouping
Net Fee and Commission Income	**1,515,600**	**5,778,104**	**4,262,504**		-
Net Interest, Fee and Commission Income	**32,317,524**	**32,283,079**	**(34,445)**	**-0.11%**	
Net Trading Income	-	-	-	-	-
Other Operating Income	4,454,980	3,342,634	(1,112,346)	-24.97%	Few Commission incomes previously classified under Other Operating Income
Total Operating Income	**36,772,504**	**32,307,379**	**(4,465,125)**	**-12.14%**	-
Impairment Charge/(reversal) for loans and other losses	17,683,900	21,881,392	4,197,492	23.74%	Audit adjustment and provision
Net Operating Income	**19,088,604**	**28,074,566**	**8,985,962**	**47.08%**	-
Operating Expenses		-	-		-
Personnel Expenses	(24,548,250)	(25,791,901)	(1,243,651)	5.07%	Reclassification adjustments
Other Operating Expenses	(12,186,740)	(12,226,612)	(39,872)	0.33%	Reclassification adjustments
Depreciation & Amortization	-	(3,434,667)	(3,434,667)	-	Reclassification adjustments
Operating Profit	**(17,646,386)**	**(1,637,592)**	**16,008,794**	**-90.72%**	
Non Operating Income	-	-	-		-
Non Operating Expenses	-	-	-	-	-
Profit before Income Tax	**(17,646,386)**	**(1,637,592)**	16,008,794	-90.72%	-
Income Tax Expenses	-	(534,388)	(534,388)	-	-
Current Tax	-	-	-		-
Deferred Tax	-	(534,388)	(534,388)	-	Deferred tax calculation not made in quarterly FS
Profit for the Period	**(17,646,386)**	**(2,041,502)**	15,604,884	-88.43%	**Consequential effect of above items.**

Consolidated Statement of Comprehensive Income	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance Amount	Variance %	Reasons for Variance
Profit/(Loss) for the period	(17,646,386)	(2,041,502)	15,604,884	-88.43%	-
Other Comprehensive Income	-	(46,379)	(46,379)	-	Change in Actuary Valuation
Total Comprehensive Income	(17,646,386)	(2,087,880)	15,558,506	-88.17%	**Consequential effect of above items.**

**Unaudited Figures has been taken from NRB report submitted for the month of Ashad 2077.*

Salapa Development Bank Limited

Diktel, Khotang

Notes not forming part of the Financial Statements
Income Tax Calculation F.Y. 2076-77

		Amount
Operating Profit Before Tax		**(21,084,938)**
Add:		
Depreciation as per Books		3,434,667
Provision for Gratuity		607,269
Provision For Leave Encahment		971,898
Repair & Maintenance (Unabsorbed)		250,221
Provision for Possible Losses		-
Donation		-
Others Disallowed Expenses		3,521,908
Lease Equalisation Payable		294,663
Less:		
Dividend Income		-
(Gain) / Loss on Sale of Assets		-
Depreciation as per Income Tax Act		(3,525,374)
Share Issue Expesne recognised in Equity		-
Taxable Income		**(15,529,686)**
Less: Net Loss Carried Forwarded from Previous Year		-
Net Taxable Income		(15,529,686)
Provision for Income Tax @ 30 % on Taxable Income		-
Add: Computation of Interest & Penalties		
Penalty for non-filing of Estimated Returns on Time u/s 117	(+)	-
Penalty for non-filing of Returns on Time u/s 117	(+)	-
For delay in Payment of Advance tax u/s 118	(+)	-
For Delay in Payment of Tax (Kartik First to till payment) u/s 119	(+)	-
Total Provision for Tax and Penalty		-

केन्द्रीय कार्यालय
बालुवाटार, काठमाडौं
फोन नं.: ९७७–०१–४४१०१३८
Site: www.nrb.org.np
Email: nrbdbsd@nrb.org.np
पोष्ट बक्स:७३

नेपाल राष्ट्र बैंक
विकास बैंक सुपरिवेक्षण विभाग

पत्रसंख्या: वि.बै.सु.वि. /गैरस्थलगत/सालपा/०७८/७९ मिति: २०७८/०८/०२
च.नं. १०५
सालपा विकास बैंक लि.
दिक्तेल, खोटाङ ।

विषय: वार्षिक वित्तीय विवरण प्रकाशन सम्बन्धमा ।

महाशय,

त्यस संस्थाले पेश गरेको आर्थिक वर्ष २०७६/७७ को लेखापरीक्षण भएको वित्तीय विवरण तथा अन्य प्रतिवेदनहरुका आधारमा गैर स्थलगत सुपरिवेक्षण गर्दा देखिएका कैफियतहरुका सम्बन्धमा देहाय बमोजिमका निर्देशनहरु शेयरधनीहरुको जानकारीका लागि वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित एवं कार्यान्वयन गर्ने गरी आ.व. २०७६/७७ को लेखापरीक्षण भएको वार्षिक वित्तीय विवरण प्रकाशन गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध छ ।

१. संस्थाको २०७७ असार मसान्तमा कायम रहेको चुक्ता पुँजी यस बैंकले तोकेको न्यूनतम चुक्ता पुँजी भन्दा निकै न्यून रहेकोले चुक्ता पुँजी कायम गर्न यथाशीघ्र आवश्यक पुँजी योजना पेश गरी कार्यान्वयन गर्नुहुन । साथै, चुक्ता पुँजी पुन्याउने प्रयोजनका लागि संस्थाले साविकका शेयरधनी र अन्य व्यक्तिहरुबाट रकम उठाएको देखिएकोले तोकिएको विधि र प्रक्रिया अनुरुप थप शेयर पुँजीको लागि रकम संकलन गर्ने व्यवस्था गर्नुहुन ।
२. संस्थाले २०७७ असार मसान्तमा प्राथमिक पुँजीकोष गणना गर्ने सिलसिलामा चुक्ता पुँजी पुन्याउने प्रयोजनार्थ साविकका शेयरधनी र अन्य सर्वसाधारणबाट रकम जम्मा गरी Capital Adjustment Reserve मा लेखाङ्कन गरिएको रकमलाई समेत गणनामा समावेश गरेको तर उक्त रकम संकलन गर्दा आवश्यक विधि र प्रक्रिया पालना नभएको सन्दर्भमा सो रकमलाई Capital Adjustment Reserve को नाममा पुँजीकोष गणनामा समावेश गर्न नपाइने हुँदा संस्थाको पुँजीकोष यस बैंकले तोकेको न्यूनतम पुँजीकोष भन्दा कम हुने देखिएकोले यथाशीघ्र न्यूनतम पुँजीकोष कायम गर्ने व्यवस्था गर्नुहुन ।
३. बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ बमोजिम सञ्चालक समिति चयन गर्नुहुन ।
४. संस्थामा निष्क्रिय कर्जा अनुपात बढ्दै गएकोले कर्जाको गुणस्तर व्यवस्थापनमा विशेष ध्यान दिनुहुन । साथै, संस्थाको कर्जा विश्लेषण तथा अनुगमन सम्बन्धी संयन्त्रलाई अझ सुदृढ तथा प्रभावकारी बनाउनु हुन ।
५. यस बैंकबाट जारी एकीकृत निर्देशन नं. १६/२०७७ को बुँदा नं. ८ अनुसार सर्वसाधारणको लागि छुट्याइएको सेयर बिक्री वितरण गर्ने व्यवस्था मिलाउनु हुन ।
६. यस बैंकबाट जारी एकीकृत निर्देशन नं. १५/२०७७ को बुँदा नं. ४ को उपबुँदा २ बमोजिम संस्थाको औसत ब्याजदर अन्तर ५ प्रतिशत भन्दा बढी नहुने गरी कायम गर्न सञ्चालक समिति तथा प्रमुख कार्यकारी अधिकृत सजग रहनु हुन ।
७. श्रम ऐन, २०७४ र अन्य प्रचलित कानुन बमोजिम संस्थाको कर्मचारी सेवा विनियमावलीमा समयानुकुल संशोधन गर्नुहुन ।
८. यस बैंकबाट जारी एकीकृत निर्देशन नं १९/०७७ बमोजिम सम्पत्ति शुद्धीकरण तथा आतंकवादी कार्यमा वित्तीय लगानी निवारण सम्बन्धी व्यवस्थाको पूर्णरुपमा पालना गर्नुहुन ।
९. आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक तथा यस बैंकबाट औंल्याइएका थप अन्य कैफियतहरु पुन: नदोहोरिने व्यवस्था गर्नुहुन ।

भवदीय,

(राजु पौडेल)
उप निर्देशक

बोधार्थ:
श्री नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।
श्री नेपाल राष्ट्र बैंक, विकास बैंक सुपरिवेक्षण विभाग, कार्यान्वयन इकाई ।

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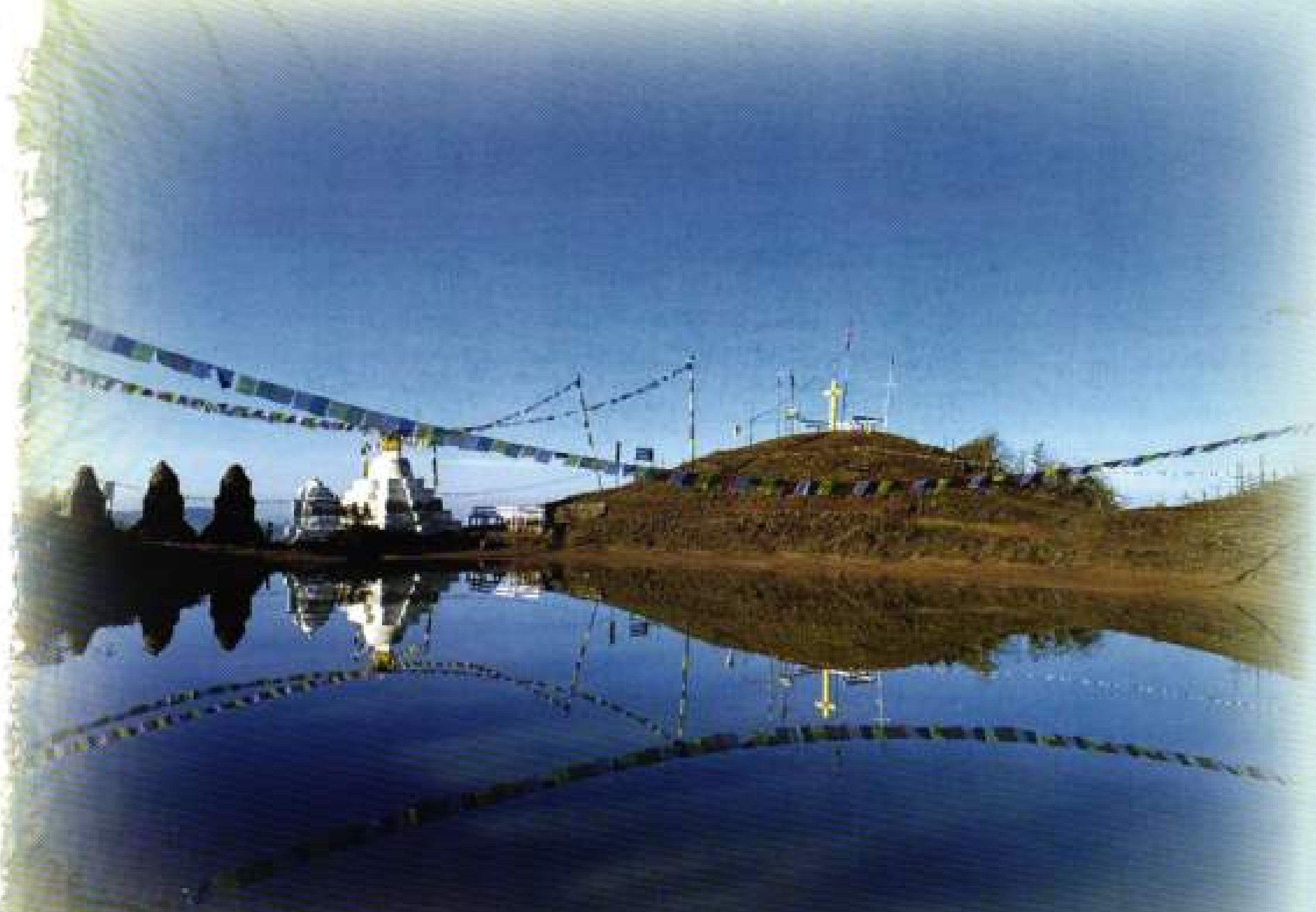
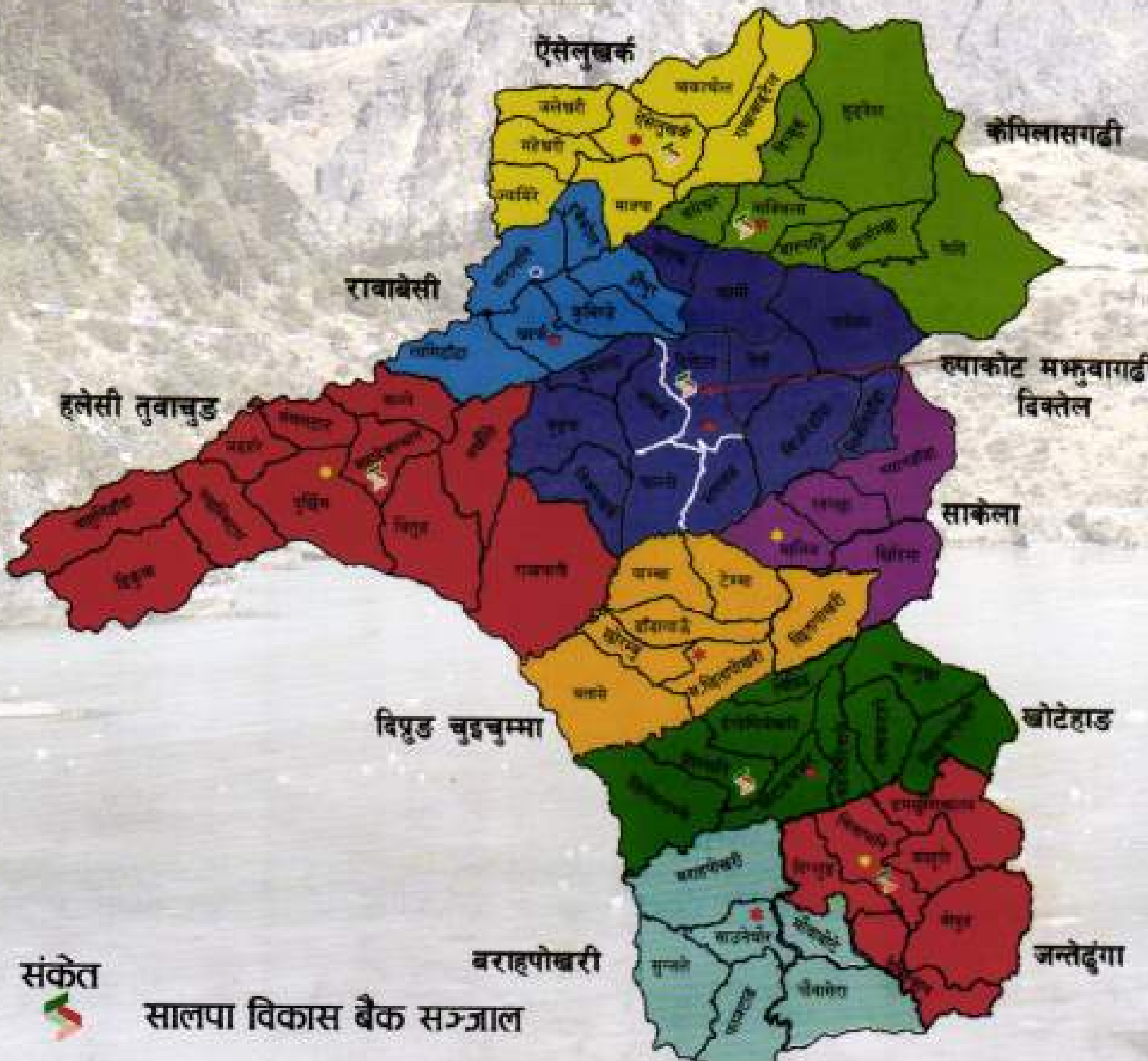


बहाने पोखरी, खोटाङ


ऐसेलुखर्क
केपिलासगढी
रावाबेसी
रुपाकोट मझुवागढी
दिक्तेल
हलेसी तुवाचुङ
साकेला
दिप्रुङ चुइचुम्मा
खोटेहाङ
बराहपोखरी
जन्तेढुंगा
संकेत
सालपा विकास बैंक सञ्जाल