सालपा विकास बैंक लि.
SALAPA BIKAS BANK LTD.

"तपाईको सजिलो वित्तीय साझेदार"
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Unaudited Financial Results (Quarterly)
As on Ashoj 31 2083

Condensed Consolidated Statement of Financial Position
As On Quarter End 31 Ashoj 2083

Amount (NPR)

Particulars	This Quarter Ending	Immediate Previous Year Ending
Assets		
Cash and cash equivalents	309,449,152	360,676,420
Due from Nepal Rastra Bank	57,150,883	126,694,211
Placement with Bank and Financial Institutions	-	-
Derivative Financial Instruments	-	-
Other Trading Assets	-	-
Loans and advances to B/FIs	-	-
Loans and advances to customers	1,232,582,460	1,154,621,993
Investment securities	479,475,638	476,873,309
Current tax assets	3,086,635	-
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	8,374,421	8,374,421
Property and Equipment	21,004,451	21,996,180
Goodwill and Intangible assets	1,880,799	1,748,157
Deferred Tax Assets	8,203,849	5,176,226
Other assets	33,127,164	30,364,913
Total Assets	**2,154,335,453**	**2,186,525,829**
Liabilities		
Due to Bank and Financial Institutions	72,817,740	61,710,880
Due to Nepal Ratsra Bank	-	-
Derivative Financial Instrument	-	-
Deposits from customers	1,537,654,354	1,559,374,282
Borrowings	-	-
Current Tax Liabilities	3,148,868	65,856
Provisions	-	-
Deferred Tax Liabilities	-	-
Other liabilities	24,450,075	24,592,210
Debt securities issued	-	-
Subordinated Liabilities		
Total liabilities	**1,638,071,037**	**1,645,743,228**
Equity		
Share Capital	522,388,000	522,388,000
Share Premium	-	-
Retained Earnings	(27,989,660.77)	(10,561,093.55)
Reserves	21,866,077	28,955,695
Total equity attributable to equity holders	**516,264,416**	**540,782,601**
Non-controlling interest		
Total Equity	**516,264,416**	**540,782,601**
Total Liabilities and Equity	**2,154,335,453**	**2,186,525,829**
Net Assets Value Per Share	98.83	103.52

Condensed Statement of Profit and Loss
For The Quarter End 31 Ashoj 2083

Amount (NPR)

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter(YTD)	This Quarter	Upto This Quarter(YTD)
Interest income	33,069,529.26	33,069,529.26	35,163,596.17	35,163,596.17
Interest expense	18,087,136.37	18,087,136.37	20,372,172.76	20,372,172.76
Net interest income	**14,982,392.89**	**14,982,392.89**	**14,791,423.41**	**14,791,423.41**
Fees and commission income	1,058,396.11	1,058,396.11	1,087,593.02	1,087,593.02
Fees and commission expense				
Net fee and commission income	**1,058,396.11**	**1,058,396.11**	**1,087,593.02**	**1,087,593.02**
Net interest and commission income	**16,040,789.00**	**16,040,789.00**	**15,879,016.43**	**15,879,016.43**
Net trading income				
Other operating income	3,552,661.18	3,552,661.18	11,005,837.48	11,005,837.48
Total operating income	**19,593,450.18**	**19,593,450.18**	**26,884,853.91**	**26,884,853.91**
Impairment charge/(reversal) for loans and other losses	16,057,459.40	16,057,459.40	18,936,641.22	18,936,641.22
Net operating income	**3,535,990.78**	**3,535,990.78**	**7,948,212.69**	**7,948,212.69**
Operating expense				
Personnel expenses	15,223,334.46	15,223,334.46	12,588,683.86	12,588,683.86
Other Operating expenses	4,133,254.53	4,133,254.53	3,484,340.10	3,484,340.10
Depreciation and Amortisation	1,607,347.07	1,607,347.07	1,859,485.83	1,859,485.83
Operating Profit	**(17,427,945.28)**	**(17,427,945.28)**	**(9,984,297.10)**	**(9,984,297.10)**
Non operating Income				
Non operating expense				
Profit before income tax	**(17,427,945.28)**	**(17,427,945.28)**	**(9,984,297.10)**	**(9,984,297.10)**
Income tax expense				
Current Tax				
Deferred Tax				
Profit/(Loss) for the period	**(17,427,945.28)**	**(17,427,945.28)**	**(9,984,297.10)**	**(9,984,297.10)**

Condensed Consolidated Statement of comprehensive income
For The Quarter End 31 Ashoj 2083

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Profit or loss for the year	**(17,427,945.28)**	**(17,427,945.28)**	**(9,984,297.10)**	**(9,984,297.10)**
Other comprehensive income a) Items that will not be reclassified to Profit or loss				
• Gains/(losses) from Investments in equity instruments measured at fair value	(10,103,121.02)	(10,103,121.02)	(4,330,590.39)	(4,330,590.39)
• Gains/(losses) on revaluation				
• Actuarial gains/(losses) on defined benefit plans				
• Income tax relating to above items	3,030,936.31	3,030,936.31	1,299,177.12	1,299,177.12
Net other comprehensive income that will not be reclassified to profit or loss	**(7,072,184.71)**	**(7,072,184.71)**	**(3,031,413.27)**	**(3,031,413.27)**
b) Items that are or may be reclassified to profit or loss				
• Gains/(losses) on cash flow hedge				
• Exchange gains/(losses) (arising from trasalating financial assets of foreign operation)				
• Income tax relating to above items				
• Reclassify to profit or loss				
Net other comprehensive income that are or may be reclassified to profit or loss	-	-	-	-
c) Share of other comprehensive income of associate accounted as per equited method				
Other comprehensive income for the period, net of income tax	(7,072,184.71)	(7,072,184.71)	(3,031,413.27)	(3,031,413.27)
Total comprehensive income for the period	**(24,500,129.99)**	**(24,500,129.99)**	**(13,015,710.37)**	**(13,015,710.37)**
Total comprehensive income attributable to:				
Equity holders of the Bank				
Non-controlling interest				
Total comprehensive income for the period	-	-	-	-
Earning per share				
Basic earning per share		(3.34)		(2.85)
Diluted earning per share		(3.34)		(2.85)

Ratios as per NRB Directives

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Capital Fund to RWA		28.35%		30.79%
Tier 1 Capital to RWA		27.22%		29.54%
CET 1 Capital to RWA		28.35%		30.79%
Annualized Return on Equity (ROE)		-3.38%		-1.85%
Annualized Return on Assets (ROA)		-0.81%		-0.46%
Non-Performing Loan (NPL) to Total Loan		5.18%		7.61%
Net Non-Performing Loan (NPL) to Total Loan		3.75%		5.15%
Total Loan Loss Provision to Total NPL		62.32%		57.19%
Cost of Funds		4.37%		5.62%
Credit to Deposit Ratio (CD)		67.64%		69.72%
Base Rate		9.86%		10.31%
Interest Rate Spread		4.57%		4.59%

Statement of Distributable Profit or Loss
For The Quarter End 31 Ashoj 2083
(As per NRB Regulation)

Particulars	Current Year Upto this Quarter (YTD)	Previous Year Corresponding Quarter YTD
Net Profit/(loss) as per Statement of Profit or Loss	**(17,427,945)**	**(9,984,297)**
Appropriation		
a. General Reserve		
b. Foreign Exchange Fluctuation fund		
c. Capital redemption reserve		
d. Corporate social responsibility fund		
e. Employees training fund		
f. Other		
Profit/(loss) before regulatory adjustment	**(17,427,945)**	**(9,984,297)**
Regulatory Adjustments:		
a. Interest Receivable (-)/previous accrued interest received(+)	(1,882,000)	
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(+)		
f. Goodwill recognized (-)/Impairment of Goodwill(+)		
g. Bargain purchase gain recognized (-)/reversal(+)		
h. Actuarial Loss recognized (-)/reversal(+)		
i. Other (+/-)		
Total regulatory adjustments	**(1,882,000)**	
Net Profit for the Year End 2082 available for distribution	**(19,309,945)**	**(9,984,297)**
Opening Retained Earning	**(10,561,094)**	**(9,984,297)**
Adjustment (+/-)		
Distribution		
Bonus Share Issued		
Cash Dividend Issued		
Total Distributable Profit or (Loss) as on End Date	**(29,871,039)**	**(9,984,297)**
Annualised Distributable Profit/Loss per Share	**(5.72)**	**(2.85)**

Notes to Interim Financial Statement:

1. The above financial statement has been prepared in accordance with Nepal Financial Reporting Standards (NFRS) in line with NRB Directives. In compliance with NRB's ECL Guidelines, Bank has de-recognized interest income on loans and advances classified as Lifetime ECL under Stage-3.
2. Loans and advances include interest receivable of loans and are presented net of loan impairments.
3. Above figures are subject to change if directed by regulator or external audit.
4. Wherever necessary, figures have been regrouped and rearranged.
5. The interim unaudited financial statement has been updated in Bank's website https://www.salapabikasbank.com.np

Additional Disclosure as per Securities Registration and Issue regulation, 2073 (Rule 26(1), Annexure 14)
1st Quarter Report Fiscal Year 2083/084

1. Financial Statement

a) Statement of Financial Position and Statement of Profit and Loss as per Nepal Financial Reporting Standard has been published along with this report.

b) Key financial indicators and ratios

Earnings Per Share	-3.34	Total Assets Per Share	412.40
Net Worth Per Share	98.83	Capital Adequacy Ratio	28.35%
Liquidity Ratio	44.26%		

2. Management Analysis

a. During the review period, the Bank continued its efforts to strengthen its financial position through prudent credit management, preservation of capital adequacy, improvement in asset quality, efficient liquidity management, operational cost control and the gradual adoption of digital banking solutions.

b. Deposits have decreased by 0.65% and net loans and advances have increased by 6.13% till the quarter end compared to the immediate previous FY year end Ashadh 2083.

c. Owing difficulties in debt recovery, Non-performing Loans (NPLs) have increased to 5.18% in the quarter end which was at 0.79% in the immediate previous fiscal year end figure.

d. The Bank's strategic direction continues to emphasize sound corporate governance, prudent risk management, diversification of banking products and services, strengthening its market presence, improving operational efficiency and enhancing customer satisfaction under its theme, "Your Easy Financial Partner." The Bank also prioritizes constructive engagement with borrowers and amicable recovery measures to safeguard its financial interests.

3. Details related to Legal Proceedings

a. No information regarding the lawsuit by or against the bank has been filed during the period under review except for the regular cases of debt recovery.

b. No cases have been reported regarding filing by or filed against the promoter or director of the Bank for disobedience of prevailing laws or commission of criminal offence during the period.

c. No cases have been filed against any promoter or director for financial crime.

4. Problems and Challenges

a. **Internal**

- Expanding banking operations and market coverage in geographically challenging areas.
- Ensuring the continued improvement and sustainability of the Bank's credit portfolio quality.
- Education and training to the employees in the physical presence of subject experts.
- Managing increasing operational expenses, particularly those associated with regulatory compliance, technology and IT infrastructure.
- Difficult to liaison with regulatory bodies due to its geographical location of its Head Office.

b. **External**

- Slow economic activities arising from prevailing macroeconomic conditions and their impact on the banking and financial sector
- Resistance and undue pressure from unauthorized groups against lawful loan recovery initiatives.
- High liquidity in the money market.
- Continued population outmigration from Khotang District, which affects local economic activities and the potential growth of banking business.
- Threat against Cyber security.
- Threat of Terrorism Financing and Proliferation using banking system.
- Intense competition in the industry.

c. **Strategy**

- Expansion to the markets with high market potential for banking business.
- Identifying and developing niche market segments to diversify the Bank's customer base and revenue sources.
- Strengthening the Bank's IT systems, legal arrangements and compliance mechanisms to effectively manage operational, regulatory and financial risks, including ML/TF and proliferation financing risks.
- Encouraging the use of digital banking channels and streamlining internal processes through increased digitization.
- Optimum utilization of assets and resources of the bank.
- Strengthen and implement a robust risk management framework.
- Manage credit health through amicable solutions rather to extreme legal procedures.

5. Corporate Governance

The Bank is committed to maintaining the highest standards of ethics, corporate governance and regulatory compliance. The Board of Directors and management continue to ensure adherence to the regulations, directives and guidelines issued by Nepal Rastra Bank and other relevant authorities. The Bank also consistently complies with applicable laws and regulations and strives to align its operations with prevailing industry best practices. The Bank remains committed to strengthening transparency, accountability, risk management and responsible banking practices.

6. CEO Declaration on Accuracy and Integrity of Information

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