Interim Financial Statements

Mahila Laghubitta Bittiya Sanstha Ltd.

Condensed Statement of Financial Position

As on Quarter ended 30th Poush 2079

Figures in NPR

	The Quarter Ending	Immediate Previous Year Ending
Assets		
Cash and cash equivalent	133,256,211	142,806,441
Statutory Balances and Due from Nepal Rastra Bank	21,508,746	20,444,376
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other Trading Assets	-	-
Loan and Advances to MFIs & Cooperatives	-	-
Loans and Advances to customers	4,499,427,626	4,395,239,478
Investment securities	-	-
Current tax assets	-	14,397,846
Investment property	-	-
Property Plant and Equipment	14,970,824	16,386,174
Goodwill and Intangible assets	770,299	867,975
Deferred tax assets	7,914,371	7,914,371
Other assets	6,347,001	4,513,022
Total Assets	**4,684,195,078**	**4,602,569,683**

	The Quarter Ending	Immediate Previous Year Ending
Liabilities		
Due to Bank and Financial Institutions	-	-
Due to Nepal Rastra Bank	107,007,945	133,759,931
Derivative financial instruments	-	-
Deposits from customers	1,382,209,231	1,340,019,569
Borrowing	2,649,090,409	2,642,106,204
Current Tax Liabilities	2,535,150	-
Provisions	-	-
Deferred tax liabilities	-	-
Other liabilities	104,130,137	92,762,860
Debt securities issued	-	-
Subordinated Liabilities	-	-
Total liabilities	**4,244,972,872**	**4,208,648,564**
Equity		
Share capital	147,500,000	147,500,000
Share premium	-	-
Retained earnings	124,137,137	98,719,846
Reserves	167,585,069	147,701,273
Total equity	**439,222,206**	**393,921,118**
Total liabilities and equity	**4,684,195,078**	**4,602,569,683**

Mahila Laghubitta Bittiya Sanstha Ltd.
Condensed Statement of Profit or Loss
For the Quarter ended 30th Poush 2079

Figures in NPR

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Interest Income	176,684,704	356,553,413	142,106,391	272,828,077
Interest Expense	110,451,836	212,784,701	64,668,167	123,996,022
Net interest income	**66,232,868**	**143,768,712**	**77,438,223**	**148,832,054**
Fee and Commission Income	16,029,674	37,448,166	23,393,230	44,767,345
Fee and Commission Expense	256,871	1,915,618	737,144	941,359
Net Fee and Commission Income	**15,772,803**	**35,532,548**	**22,656,086**	**43,825,987**
Net Interest, Fee and Commission income	**82,005,671**	**179,301,260**	**100,094,310**	**192,658,041**
Net Trading Income	-	-	-	-
Other Operating Income	-	-	227,312	227,312
Total Operating Income	**82,005,671**	**179,301,260**	**100,321,622**	**192,885,353**
Impairment charge/(reversal) for loans and other losses	(10,012,838)	13,217,661	(15,778,777)	(11,278,097)
Net Operating Income	**92,018,509**	**166,083,599**	**116,100,398**	**204,163,450**
Operating Expense				
Personnel Expenses	42,217,656	85,716,555	35,836,857	71,749,052
Other Operating Expenses	6,463,984	13,067,345	5,217,729	9,871,199
Depreciation & Amortisation	1,091,520	2,197,553	1,053,660	1,768,716
Operating Profit	**42,245,350**	**65,102,146**	**73,992,153**	**120,774,484**
Non Operating Income	-	-	-	-
Non Operating Expense	-	-	-	-
Profit before Income Tax	**42,245,350**	**65,102,146**	**73,992,153**	**120,774,484**
Income Tax Expense				
Current Tax	12,673,605	19,530,644	22,197,646	36,232,345
Deferred Tax Expense/(Income)	-	-	-	-
Profit for the period	**29,571,745**	**45,571,502**	**51,794,507**	**84,542,139**

Statement of Comprehensive Income

	Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Profit/(loss) for the period	29,571,745	45,571,502	51,794,507	84,542,139
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	-	-	-	-
Gains/(losses) on Revalution	-	-	-	-
Actuarial gains/(loss) on defined benefit plans	-	-	-	-
Income tax relating to above items	-	-	-	-
Net other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
b) Items that are or may be reclassified to profit or loss				
Gains/(losses) on cash flow hedge	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-
Income tax relating to above items	-	-	-	-
Net other comprehesive 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 period, net of income tax	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Profit for the period	29,571,745	45,571,502	51,794,507	84,542,139
Total	**29,571,745**	**45,571,502**	**51,794,507**	**84,542,139**
Earning per share				
Basic earnings per share	20.05	30.90	35.11	57.32
Annulized Basic Earnings per share	40.10	61.79	70.23	114.63
Diluted earnings per share	40.10	61.79	70.23	114.63

Ratios as per NRB Directive

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Capital Fund to RWA		9.15%		9.68%
Non-performing loan (NPL) to total loan		4.37%		2.84%
Total Loan Loss Provision to Total NPL		89.33%		108.37%
Cost of Funds		10.08%		11.23%
Credit to Deposit and Borrowing Ratio		112.54%		112.80%
Base Rate		14.59%		11.37%
Interest Rate Spread		4.91%		3.11%

Details about the distributable profit

Net Profit for the period Poush end 2079	**45,571,502**
1. Appropriations	
1.1 Profit required tobe appropriated to:	
a. General Reserve	9,114,300
b. Capital Redemption Reserve	
c. Exchange Fluctuation Fund	
d. Corporate Social Responsibility Fund	455,715
e. Employees Training Fund	
f. Client Protection Fund	455,715
g. Other	-
1.2 Profit required to be transferred to Regulatory Reserve	
a. Transferred to Regulatory Reserve	8,607,267
b. Transferred from Regulatory Reserve	
Net Profit for the period Poush end available for distribution	**26,938,505**

Mahila Laghubitta Bittiya Sanstha Ltd.

Condensed Statement of changes in equity

For the period from 1st Shrawn 2079 to 30th Poush 2079

	Attributable to equity holders										
	Share Capital	**Share premium**	**General reserve**	**Exchange equalisation reserve**	**Regulatory reserve**	**Fair value reserve**	**Revaluation Reserve**	**Retained earning**	**Other reserve**	**Total**	**Total equity**
Balance at Shrawan 1, 2078	**100,000,000**	**-**	**41,174,988**	**-**	**7,988,504**	**-**	**-**	**117,520,633**	**37,106,445**	**303,790,569**	**303,790,569**
Profit for the period								93,371,911		**93,371,911**	93,371,911
Other comprehensive income									1,612,558	**1,612,558**	**1,612,558**
Total comprehensive income for the year								93,371,911		**94,984,469**	**94,984,469**
Transfer to Reserves during the year			40,799,382		6,373,647			(62,172,698)	12,645,749	**(2,353,919)**	**(2,353,919)**
Contributions from and distribution to owners										-	-
Share issued										-	-
Share based payments										-	-
Dividends to equity holders										-	-
Bonus shares issued	47,500,000							(47,500,000)		-	-
Cash dividend paid								(2,500,000)		**(2,500,000)**	**(2,500,000)**
Others											-
Total contributions by and distributions	**47,500,000**	**-**	**40,799,382**	**-**	**6,373,647**	**-**	**-**	**(18,800,787)**	**14,258,307**	**90,130,550**	**90,130,550**
Balance at Ashadh end 2079	**147,500,000**	**-**	**81,974,370**	**-**	**14,362,151**	**-**	**-**	**98,719,846**	**51,364,752**	**393,921,118**	**393,921,118**
Balance at Shrawan 1, 2079	**147,500,000**	**-**	**81,974,370**	**-**	**14,362,151**	**-**	**-**	**98,719,846**	**51,364,752**	**393,921,118**	**393,921,118**
Profit for the period								45,571,502		**45,571,502**	45,571,502
Other comprehensive income										-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	45,571,502	-	**45,571,502**	45,571,502
Transfer to Reserves during the period			9,114,300		8,607,267			(20,154,212)	2,162,229	**(270,415)**	(270,415)
Contributions from and distribution to owners										-	-
Share issued										-	-
Share based payments										-	-
Dividends to equity holders										-	-
Bonus shares issued										-	-
Cash dividend paid											-
Others											-
Total contributions by and distributions	**-**	**-**	**9,114,300**	**-**	**8,607,267**	**-**	**-**	**25,417,291**	**2,162,229**	**45,301,087**	**45,301,087**
Balance at Poush end 2079	**147,500,000**	**-**	**91,088,670**	**-**	**22,969,418**	**-**	**-**	**124,137,137**	**53,526,981**	**439,222,206**	**439,222,206**

Mahila Laghubitta Bittiya Sanstha Ltd.
Condensed Statement of Cash Flows
For the period from 1st Shrawn 2079 to 30th Poush 2079

	Up to this Quarter	Corresponding Previous Year Upto this Quarter
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	341,369,870	268,971,193
Fees and other income received	32,883,493	42,980,407
Dividend received	-	-
Receipts from other operating activities	4,564,673	1,786,938
Interest paid	(211,267,945)	(117,410,596)
Commission and fees paid	(1,915,618)	(941,359)
Cash payment to employees	(78,282,143)	(56,685,329)
Other expense paid	(11,096,646)	(6,310,307)
Operating cash flows before changes in operating assets and liabilities	**76,255,684**	**132,390,948**
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	(1,064,371)	(2,314,369)
Other trading assets	-	-
Loan and advances to bank and financial institutions	-	-
Loans and advances to customers	(103,712,291)	(595,826,100)
Other assets	(1,833,979)	(723,120)
Increase/(Decrease) in operating liabilities		-
Due to bank and financial institutions	-	-
Due to Nepal Rastra Bank	(26,751,986)	133,759,931
Deposit from customers	42,189,662	199,399,694
Borrowings	6,984,205	69,185,678
Other liabilities	1,665,021	1,986,392
Net cash flow from operating activities before tax paid	**(6,268,056)**	**(62,140,946)**
Income taxes paid	(2,597,648)	(10,609,089)
Net cash flow from operating activities	**(8,865,704)**	**(72,750,035)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	-	-
Receipts from sale of investment securities	-	-
Purchase of property and equipment	(684,527)	(6,481,479)
Receipt from the sale of property and equipment	-	227,312
Purchase of intangible assets	-	(113,000)
Receipt from the sale of intangible assets	-	-
Purchase of investment properties	-	-
Receipt from the sale of investment properties	-	-
Interest received	-	-
Dividend received	-	-
Net cash used in investing activities	**(684,527)**	**(6,367,167)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of debt securities	-	-
Repayment of debt securities	-	-
Receipt from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities	-	-
Receipt from issue of shares	-	-
Dividends paid	-	-
Interest paid	-	-
Other receipt/payment	-	-
Net cash from financing activities	**-**	**-**
Net increase (decrease) in cash and cash equivalents	(9,550,231)	(79,117,202)
Cash and cash equivalents at Shrawan 1, 2079	142,806,441	178,421,650
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-
Cash and cash equivalents at Poush end 2079	**133,256,211**	**99,304,448**

Mahila Laghubitta Bittiya Sanstha Limited

Notes to the Interim Financial Statements

1. Basis of Preparation

TheCondensed Financial Statements of the Financial Institution have been prepared in accordance with the Nepal Financial Reporting Standards (NFRSs) developed by the Accounting Standards Board Nepal (ASBN) along with crave outs, and pronounced for application by the Institute of Chartered Accountants of Nepal (ICAN).

The disclosure made in the condensed consolidated interim financial information have been limited on the format prescribed by Nepal Rastra Bank Directive no. 4.

2. Statement of Compliance with NFRSs

The Condensed financial statements of the Financial Institution have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) to the extent applicable and as issued by Accounting Standard Board- Nepal.

3. Use of Estimates, assumptions and judgments

The preparation of the condensed financial statements in accordance with NFRS requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are periodically evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized prospectively.

Further information about key assumptions concerning the future, and other key sources of estimation uncertainty and judgement, are set out in the relevant disclosure notes for the following areas:

Ø Classification of Financial Assets and Financial Liabilities
Ø Impairment of Financial Assets
Ø Impairment of Non-Financial Assets
Ø Provisions, commitments and contingencies
Ø Determination of useful life of the property Plant and equipment

4. Changes in Accounting policies

The Financial Institution applies its accounting policies consistently from year to year except where deviations have been explicitly mentioned.

5. Significant Accounting Policies

5.1 Basis of Measurement

The Condensed financial statements have been prepared on historical cost basis except for following material items in the statement of financial position:

Ø Financial assets other than measured at amortized cost are measured at fair value
Ø Liability for long term service leave and defined benifit obligations.

The Interim financial statements have been presented in Nepalese Rupee (NPR), which is the functional and presentation currency of the Financial Institution.

5.2 Cash and Cash Equivalent

Cash and cash equivalent comprise the total amount of cash-in -hand, balances with other Financial Institution and financial institutions, money at call and short notice, and highly liquid financial assets with original maturities period of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Financial Institution in the management of its short-term commitments.

Restricted deposit are not recognized in cash and cash equivalent. They are measured and presented as a seperate line item on the face of Condensed Statement of Financial Position.

5.3 Financial assets and Financial liabilities

5.3.1 Recognition

The Financial Institution 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 an instrument.

5.3.2 Classification and Measurement

5.3.2.1 Financial Assets

Financial Assets are classified under three categories as required by NFRS 9, namely:

A. Financial assets recognized at amortized cost

The Financial Institution 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.

B. Financial assets at fair value through other comprehensive income

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI).

C. 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 that 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.

5.3.2.2 Financial Liabilities

The Financial Institution classifies the financial liabilities as follows:

A. Financial liabilities recognized 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 costs are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized at Statement of Profit or Loss.

B. Financial liabilities recognized at amortized cost

All financial liabilities other than measured at fair value though Statement of Profit or Loss are classified as subsequently measured at amortized cost using effective interest method.

5.3.3 Derecognition

The Financial Institution 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 Financial Institution neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

A financial liability is derecognized when, and only when it is extinguished (i.e. when the obligation specified in contract is discharged, cancelled or expired). If the liability is renegotiated with the original lender on substantially different contractual terms, the original liability is derecognized and new liability is recognized.

5.4 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 market or, in its absence, the most advantageous market to which the Financial Institution has access at that date.

The fair value measurement hierarchy followed by the financial institution is as follows:

Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets;

Level 2: Significant inputs to the fair value measurement are directly or indirectly observable or valuations of quoted for similar instrument in active markets or quoted prices

Level 3: Significant inputs to the fair value measurement are unobservable

5.5 Impairment

At each reporting date, the Financial Institution assesses whether there is objective evidence that a financial asset or group of financial assets not carried at fair value through The Statement of 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.

5.6 Trading Assets

The Financial Institution classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short term profit making through trading activities or form part of a portfolio of financial instruments that are managed together for which there is evidence of a recent pattern of short-term profit taking.

5.7 Property, Plant and Equipment

All Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Depreciation on Property, Plant and Equipment is calculated using the Straight Line Method over the useful life estimated by the management is as follows:

Asset Detail Category	Useful Life
Building	30
Vehicle - Motorbike	10
Vehicle - Jeep/Cars/ Four Wheelers	6
Furniture & Fixtures	10
Computer	3
Office Equipment	5

5.8 Goodwill and Intangible assets

Intangible assets include externally generated capitalized software enhancements. Amortization on computer software is calculated using the straight-line method to allocate the difference between the cost and the residual value over their estimated useful lives, as follows:

Asset Detail Category	Useful Life
Software	5

5.9 Income Tax

5.9.1 Current income tax

Current tax comprises the amount of income taxes payable (or recoverable) in respect of the taxable profit (or tax loss) for the reporting period, and any amount adjusted to the tax payable (or receivable) in respect of previous years. It is measured using tax rates enacted, or substantively enacted, at the reporting date. The Financial Institution has determined tax provision for the reported period based on its accounting profit for that period, and incorporating the effects of adjustments for taxation purpose as required under the Income Tax Act, 2058 and amendments thereto, using a corporate tax rate of 30%.

5.9.2 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

5.10 Deposit from Members

Deposits by members and public depositors are initially recognized at fair value, plus for those inancial liabilities not at fair value through profit and loss. The transaction price is considered as the fair value for measuring the deposits.

5.11 Provisions

Provisions are recognized when the Financial Institution has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Financial Institution determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability.

5.12 Revenue Recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity. In some cases, this may not be probable until the consideration is received or until an uncertainty is removed.

a. Interest income

Interest income is recognized in profit or loss using effective interest method. 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 on financial assets measured at amortized cost is calculated on an effective interest rate to the gross carrying amount of financial assets unless the financial asset is written off either partially or fully. These financial assets include loans and advances including staff loans, and deposit instruments, reverse repos, inter Financial Institution lending, etc.

b. Fees and Commission

Fees and commissions are generally recognized on an accrual basis when the service has been provided.

c. Dividend Income

Dividend on investment in resident company is recognized when the right to receive payment is established.

5.13 Interest Expenses

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 Financial Institution's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

5.14 Employees Benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

Short term employee benefits

Short term employee benefits of the Financial Institution includes; salaries, wages, allowances, social security contributions, bonuses, paid annual home leave & sick leave and non-monetary benefits. Short term employee benefits are measured on an undiscounted basis and are charged to the statement of profit or loss recognized over the period in which the employees provide the related services.

Defined Contribution Plan

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

Defined Benefit Plan

The Financial Institution provides the Gratuity and Medical Facility to the employess who are entitled to receive the facilities after the fulfillment of condition cited out in the Employee Service Byelaws.

Other Long Term Employment Benefit

The employees of the Financial Institution 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 Financial Institution.

5.15 Leases

The determination of whether an arrangement is a lease, or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific assets or assets and the arrangement conveys a right to use the assets.

5.15.1 Operating Lease

The leases entered into by the Financial Institution are primarily operating leases. Lease payments under an operating lease has been recognized as an expense on straight line basis over the lease term.

5.15.2 Finance Lease

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance lease.

However, Microfinance does not hold any financial lease transaction.

5.16 Share Capital and Reserve

5.16.1 Share Capital

The Financial Institution applies NAS 32, Financial Instruments: Presentation, to determine whether funding is either a financial liability (debt) or equity. Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the Financial Institution having a present obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument.

Dividends and other returns to equity holders are recognized when paid or declared by the members at the AGM and treated as a deduction from equity.

5.16.2 Reserves

(a) General Reserve:

There is regulatory requirement by the central Financial Institution to set aside 20% of the net profit after tax as general reserve to build up the capital until the reserve fund balance is twice the paid-up share capital. This is the restricted reserve and cannot be freely used.

(b) Corporate Social Responsibility Reserve

The regulatory requirement requires the financial institution to create the Corporate Social Responsibilty of 1% of the Net Profit of the year to be expensed for CSR activities.

(c) Client Protection Fund

Client Protection fund is created at 1% of net profit. In addition to this, 25% of dividend in excess of 20% is allocated to this fund as per NRB Directives.

(d) Regulatory Reserve

The amount that is allocated from profit or retained earnings of the Financial Institution as per the Directive of NRB for the purpose of implementation of NFRS is presented under this account head. The amount in this reserve is not free for distribution of dividend (cash as well as bonus shares). The amount allocated to this reserve include 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 NFRS (in case lower impairment is recognized under NFRS), amount equals to deferred tax assets, amount of goodwill recognized under NFRS etc.

(e) Actuarial Gain/Loss Reserve

Actuarial gain or loss that represents change in actuarial assumptions used to value employee obligations is presented under this account head. This amount is allocated from profit or retained earnings of the institution as per the directives of NRB for the purpose of implementation of NFRS and which shall not be regarded as free for distribution of dividend.

(f) Employee Training Fund

Employee training fund is created as per the manadatory provision directed as per the NRB directives. As per the said directives, the microfinance institution needs to allocate and spend at least 3% of last fiscal year's total personnel expenses for the development and trainings of the employees.

(g) Other reserve

The other reserve of the financial institution consists of Institutional Development fund and Employee related reserve.

5.17 Earning per share including diluted

Basic earnings per equity share are computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Bonus shares involve the issue of shares without any consideration and hence do not change the resources available to the entity. The entity does not hold any dilutive potential ordinary shares, and hence the Basic EPS itself is the Diluted EPS

6. Segment Information

A. Information about reportable segments

Amount in NPR

S.N.	Particulars	Particulars	Revenues from external Customers	Intersegment Revenue	Segment Profit/(Loss)	Segment assets	Segment Liabilities
(a)	Province 1	Current Quarter	29,208,492	-	12,721,786	337,703,726	360,755,111
		Corresponding Previous Year Quarter	21,428,378	-	17,300,099	287,934,921	286,050,847
(b)	Province 2	Current Quarter	89,888,122	-	88,348,136	1,051,927,097	1,080,715,400
		Corresponding Previous Year Quarter	76,365,289	-	56,217,941	940,074,485	935,472,577
(c)	Bagmati Province	Current Quarter	122,621,846	-	75,063,631	1,405,866,796	1,386,178,220
		Corresponding Previous Year Quarter	100,210,536	-	80,395,752	1,212,986,206	1,177,071,743
(d)	Gandaki Province	Current Quarter	19,277,786	-	4,553,214	218,818,813	229,771,544
		Corresponding Previous Year Quarter	13,959,579	-	10,926,973	190,699,102	188,989,121
(e)	Lumbini Province	Current Quarter	52,942,509	-	35,240,388	601,720,079	616,986,989
		Corresponding Previous Year Quarter	43,150,864	-	31,110,483	546,504,570	546,010,995
(f)	Karnali Province	Current Quarter	26,317,046	-	18,037,323	307,107,858	309,007,602
		Corresponding Previous Year Quarter	20,196,891	-	16,563,059	269,761,170	268,223,712
(g)	Sudur Paschim Province	Current Quarter	49,213,996	-	28,601,353	581,654,658	589,398,124
		Corresponding Previous Year Quarter	40,947,153	-	30,306,118	530,831,747	527,392,396
Total		**Current Quarter**	**389,469,799**	**-**	**262,565,830**	**4,504,799,029**	**4,572,812,990**
		Corresponding Previous Year Quarter	**316,258,691**	**-**	**242,820,425**	**3,978,792,201**	**3,929,211,390**

B. Reconciliations of reportable segment profit or loss

Particulars	Current Quarter	Corresponding Previous Year Quarter
Total Profit before tax for Reportable Segments	262,565,830	242,820,425
Profit before tax for Other Segments	-	
Elimination of Inter-Segment Profit	-	
Elimination of Discounted Operation	-	
Unallocated Amounts:		
Other Corporate Expenses	(197,463,684)	(122,045,941)
Profit before income tax	**65,102,146**	**120,774,484**

7- Related parties disclosures

In the Ordinary course of its business operations the Financial Institution has conducted commercial transactions with parties who are defined as related parties in NAS 24 "Related Party Disclosure". All those transactions were conducted on an arm's length price basis.

7.1 Transactions with and Payments to Directors

S.N.	Particulars	Amount (NPR)
1	Meeting Allowances	251,000
2	Fuel, Newspaper and Communication allowance	129,000
3	Meeting Expenses	29,885
	Total	**409,885**

7.2 Transactions with and Payments to Key Managerial Personnel

S.N.	Particulars	Amount (NPR)
1	Short Term Employee Benefits	1,308,600
2	Retirement Benefits	-
3	Others	165,000
	Total	**1,473,600**

8. Dividend Paid

The 51th meeting of Board of Directors of the Financial Institution held on 2023/01/10 has recommended distribution of 50% dividend out of which 2.5% cash dividend (for tax purpose only) and 47.5% bonus share for the financial year ending on 32 Ashadh, 2079 to be put up for approval at the upcomming annual general meeting of the Financial Institution.

9. Issue, Purchase and Repayment of debt and equity securities

None

10. Events after Interim Period

No events requiring the adjustments are observed after the interim period.

11. Effect of changes in the composition of the entity during the interim period including merger & Acquisition

There is no any change in the composition of the Financial Institution during the interim period including merger and acquisitions deals.