



# आशा लघुवित्त वित्तीय संस्था लि.

## Asha Laghubitta Bittiya Sanstha Ltd.

(नेपाल राष्ट्र बैकबाट "B" वर्गको इजाजतपत्र प्राप्त राष्ट्रिय स्तरको वित्तीय संस्था)

केन्द्रीय कार्यालय : बनेपा-१३, साँगा, काभ्रेपलाञ्चोक, फोन नं. ०११-६६००३३

इमेल : info@ashamicrofinance.com.np, वेबसाइट : www.ashamicrofinance.com.np

### Unaudited Interim Financial Statement of FY 2080/81

#### Condensed Statement of Financial Position

As on Chaitra 30, 2080

Assets	Amount in NPR	
	This quarter ending	Immediate previous year ending
Cash and Cash Equivalent	219,587,599	363,412,519
Statutory Balances and due from Nepal Rastra Bank	46,085,812	42,085,812
Placement with Bank & Financial Institutions	-	-
Derivative Financial Instruments	-	-
Other Trading Assets	-	-
Loan and advances to MFIs & Cooperatives	-	-
Loans and Advances to Customers	9,734,645,945	8,928,777,888
Investment Securities	-	-
Current Tax Assets	4,545,114	13,682,156
Investment Property	1,335,759	1,335,759
Property and Equipment	20,375,499	24,569,391
Goodwill and Intangible Assets	12,308,993	12,560,863
Deferred Tax Assets	14,140,379	14,140,379
Other Assets	8,180,514	6,156,549
<b>Total Assets</b>	<b>10,061,205,614</b>	<b>9,406,721,317</b>
<b>Liabilities</b>		
Due to Bank and Financial Institutions	-	-
Due to Nepal Rastra Bank	-	-
Derivative Financial Instruments	-	-
Deposits from Customers	2,859,001,693	2,823,998,989
Borrowings	6,032,621,684	5,466,986,061
Current Tax Liabilities	-	-
Provisions	-	-
Deferred Tax Liabilities	-	-
Other Liabilities	149,504,190	125,311,085
Debt Securities Issued	-	-
Subordinated Liabilities	-	-
<b>Total Liabilities</b>	<b>9,041,127,567</b>	<b>8,416,296,135</b>
<b>Equity</b>		
Share Capital	641,616,000	641,616,000
Share Premium	-	-
Retained Earnings	123,301,710	102,133,534
Reserves	255,160,337	246,675,648
<b>Total Equity</b>	<b>1,020,078,047</b>	<b>990,425,182</b>
<b>Total Liabilities and Equity</b>	<b>10,061,205,614</b>	<b>9,406,721,317</b>

#### Condensed Statement of Profit & Loss

For the Quarter ended 30 Chaitra 2080

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Up to this Quarter	This Quarter	Up to this Quarter
Interest Income	402,434,672	999,452,034	271,104,903	834,995,334
Interest Expense	229,608,606	683,218,039	222,659,693	650,672,862
<b>Net Interest Income</b>	<b>172,826,066</b>	<b>316,233,995</b>	<b>48,445,209</b>	<b>184,322,472</b>
Fee and Commission Income	36,418,364	92,208,526	1,243,488	2,912,193
Fee and Commission Expense	907,424	5,177,432	-	-
<b>Net Fee and Commission Income</b>	<b>35,510,940</b>	<b>87,031,094</b>	<b>1,243,488</b>	<b>2,912,193</b>
<b>Net Interest, Fees and Commission Income</b>	<b>208,337,006</b>	<b>403,265,090</b>	<b>49,688,697</b>	<b>187,234,665</b>
Net Trading Income	-	-	-	-
Other Operating Income	29,587,003	38,924,282	17,486,483	59,955,141
<b>Total Operating Income</b>	<b>237,924,009</b>	<b>442,189,372</b>	<b>67,177,179</b>	<b>247,189,806</b>
Impairment Charge/(reversal) for Loans and Other Losses	10,335,796	24,801,589	17,838,431	40,997,987
<b>Net operating income</b>	<b>227,588,213</b>	<b>417,387,782</b>	<b>49,338,749</b>	<b>206,191,819</b>
<b>Operating Expense</b>				
Personnel Expenses	109,368,612	272,292,592	42,938,828	111,264,076
Other Operating Expenses	28,414,078	85,570,460	14,357,205	45,768,775
Depreciation & Amortization	1,554,844	4,605,083	709,060	2,085,912
<b>Operating Profit</b>	<b>88,250,879</b>	<b>54,919,648</b>	<b>(8,666,345)</b>	<b>47,073,056</b>
Non-Operating Income	89,416	537,159	33,722	132,374
Non-Operating Expense	-	-	-	-
<b>Profit before Income Tax</b>	<b>88,340,295</b>	<b>55,456,806</b>	<b>(8,632,623)</b>	<b>47,205,430</b>
<b>Income Tax Expense</b>				
Current Tax	16,637,042	16,637,042	-	14,161,629
Deferred Tax	-	-	-	-
<b>Profit for the Period</b>	<b>71,703,253</b>	<b>38,819,764</b>	<b>(8,632,623)</b>	<b>33,043,801</b>

#### Statement of Comprehensive Income

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Up to this Quarter	This Quarter	Up to this Quarter
Profit or loss for the Period	71,703,253	38,819,764	(8,632,623)	33,043,801
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income for the period</b>	<b>71,703,253</b>	<b>38,819,764</b>	<b>(8,632,623)</b>	<b>33,043,801</b>
Earnings per share				
Annualized Basic Earnings Per Share	-	8.07	-	11.55
Diluted earnings per share	-	8.07	-	11.55

#### Ratios as per NRB Directive

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Up to this Quarter	This Quarter	Up to this Quarter
Capital Fund to RWA	-	9.87%	-	10.50%
Total Loan Loss Provision to Total NPL	-	50.30%	-	54.73%
NPL	-	4.95%	-	4.93%
Cost of Funds	-	10.26%	-	11.85%
Credit to Deposit and Borrowing Ratio	-	111.09%	-	112.80%
Base Rate	-	18.89%	-	18.54%
Interest Rate Spread	-	4.71%	-	3.13%

#### Statement of Profit and Loss

For the Quarter ended 30 Chaitra 2080 (As per NRB Regulation)

Particulars	Amount (NPR)	
	Chaitra end, 2080	Chaitra end, 2079
Net profit or (loss) for the quarter ended on Chaitra 2080	38,819,764	33,043,801
<b>Appropriations:</b>		
a. General reserve	7,763,953	6,608,760
b. Foreign exchange fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	388,198	330,438
e. Employees' training fund	-	-
f. Client Protection Fund	388,198	330,438
g. Other	-	-
<b>Profit or (loss) before regulatory adjustment</b>	<b>30,279,416</b>	<b>25,774,165</b>
<b>Regulatory adjustment:</b>		
a. Interest receivable (-)/previous accrued interest received (+)	(9,111,240)	(1,173,356)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	-	-
e. Deferred tax assets recognised (-)/ reversal (+)	-	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial gain/loss recognised (-)/reversal (+)	-	-
i. Other (+/-)	-	-
<b>Net profit for the period available for distribution</b>	<b>21,168,176</b>	<b>24,600,809</b>
<b>Opening Retained Earnings as on Shrawan 1</b>	<b>102,133,534</b>	<b>102,153,791</b>
<b>Adjustments (+/-)</b>		
<b>Distribution: (-)</b>		
Bonus shares issued	-	47,702,000
Cash dividend paid	-	2,510,632
<b>Total Distributable profit/loss as on Quarter end date</b>	<b>123,301,710</b>	<b>76,541,968</b>
<b>Annualised Distributable Profit/Loss per share</b>	<b>19.22</b>	<b>11.93</b>

#### Note:

- The figures presented in the Statement of Profit and Loss for the previous corresponding period pertain solely to ALBSL. In contrast, the figures for the current period are consolidated, reflecting ALBSL's acquisition and commencement of joint operations with the erstwhile Rastra Uthhan Laghubitta Bittiya Sanstha Limited (RULB) from 2080.03.31 onwards.
- Figures presented above may vary with the audited figures if instructed by the banking regulations and statutory auditor.
- The detailed interim financial report has been published in the company website "https://ashamicrofinance.com.np".
- The presented financial statements have been prepared in accordance with Nepal Financial Reporting Standards with Carve-outs issued by ICAN.
- Personnel Expenses include Employees Bonus.
- Loans and Advances are presented net of impairment charges and includes interest accruals and staff loans.
- Actuarial Valuation has not been done for Employee Benefits for the period.
- Figures are regrouped/rearranged/restated wherever necessary for consistent presentation and comparison.

#### Interest Rate:

1. Deposits- 7.5% - 13.5%	2. Loan & Advance- 14% - 15%
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#### धितोपत्र दाता तथा निष्काशन नियमावली, २०७३ को विद्यमान २६को उपविद्यमान (१) अनुसूची-१४ अनुसारको आ.व. २०८०/०८१ को त्रैमासिक प्रतिवेदन

#### १. वित्तीय विवरण :

क) नेपाल फाइनेन्सियल रिपोर्टिङ स्ट्यान्डर्ड (NFRS) अनुसार तैयार त्रैमासिक वित्तीय विवरण यस प्रतिवेदनसँगै प्रकाशित गरिएको छ । साथै सो वित्तीय विवरण संस्थाको वेबसाइट : www.ashamicrofinance.com.np मा पनि राखिएको छ ।

ख) प्रमुख वित्तीय अनुपातहरू:

प्रति शेयर आय/निर्वाह	मूल्य आय/निर्वाह	प्रति शेयर नेटवर्क	प्रति शेयर कुल सम्पत्तिको मूल्य	तरलता अनुपात
रु. ८.०७	११.११ गुणा	रु. १५८.९९	रु. १,५६८.१०	२.९९ %

#### २. व्यवस्थापकीय विवरण :

क) त्रैमासिक अवधिमा संस्थाको मौज्जात, आम्दानी र तरलतामा कुनै परिवर्तन भए सोको प्रमुख कारण सम्बन्धी विवरण :  
समाप्ता अवधिमा संस्थाको मौज्जात, आम्दानी र तरलतामा परिवर्तनहरू भएका छन् । समाप्ता अवधिमा बजारमा लगानी योग्य रकमको अभाव, विभिन्न साहज लघुवित्त संस्थाप्रतिको विरोध जस्ता कारणले असुलीमा समस्या उत्पन्न भएको छ र बाह्य कर्जाको व्याजदर बढेको कारणले खर्च कटौतीमा थपेको देखा पर्ने गरेको छ ।

ख) आगामी अवधिमा व्यवसायिक योजना सम्बन्धी व्यवस्थापकीय विवरण :  
राष्ट्रिय स्तरको यस वित्तीय संस्थाको सुरु देखि वित्तीय पहुँच अतिवृद्धि गरिने न्यून आय भएका तथा विपन्न वर्गका महिलाहरूलाई स्वरोजगार बनाउने उद्देश्यले लघुवित्त सेवा प्रदान गरिनेछेको छ । हाल संस्थाले १५२ वटा शाखा कार्यालय मार्फत देशका ७ वटै प्रदेशमा ४५ जिल्ला भित्र एक लाख तिर हजार भन्दा बढी विपन्न घर परिवारमा लघुवित्त सेवा प्रदान गरिनेछेको छ । संस्थाले नवनिर्वात प्रविधिको प्रयोग गरी छिटो छिटो र विश्वसनीय एवं दिगो सेवा प्रदान गर्दै कार्यक्रम विस्तारमा अग्रसर रहेको छ । संस्थाले कृषि, पशुपालन, सेवा व्यवसाय तथा लघुउद्यम जस्ता व्यवसायहरू सञ्चालनको लागि विशेष गरी महिलाहरूलाई केन्द्रित गरी विभिन्न किसिमको निःशुल्क सिपमूलक तालिम प्रदान गरी सबल, सरल तथा उत्तरदायी लघुवित्त सेवा उपलब्ध गराउने आएको छ । समय सापेक्ष सदस्यको चाहना अनुसार सेवा तथा सुविधाहरूमा परिमार्जन गर्दै सदस्यहरूलाई शुण्स्त्रीय सेवा प्रदान गर्ने लक्ष्य कायम राखिएको छ ।

ग) वित्तिको अनुभवबाट संगठित संस्थाको मौज्जात, नाफा वा नगद प्रवाहमा असर पर्ने सक्ने घटना भइरहेको छ ।  
वित्तिको अनुभवबाट संगठित संस्थाको मौज्जात, नाफा वा नगद प्रवाहमा असर पर्ने सक्ने घटना भइरहेको छ ।  
वित्तिको अनुभवबाट संगठित संस्थाको मौज्जात, नाफा वा नगद प्रवाहमा असर पर्ने सक्ने घटना भइरहेको छ ।

#### ३. कानूनी कारवाही सम्बन्धी विवरण :

क) यस त्रैमासिकमा यस संस्थाले वा संस्थाको विरुद्ध कुनै मुद्दा दायर भएको छैन ।  
ख) यस संस्थाको संस्थापक वा सञ्चालकले वा संस्थापक वा सञ्चालकको विरुद्ध प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको वा भएको कुनै जानकारी प्राप्त भएको छैन ।  
ग) कुनै संस्थापक वा सञ्चालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको वा भएको कुनै जानकारी प्राप्त भएको छैन ।

#### ४. संगठित संस्थाको शेयर कारोबार सम्बन्धी विवरण :

क) धितोपत्र बजारमा भएको संगठित संस्थाको कारोबार सम्बन्धी व्यवस्थापकीय विवरण :  
देशीय बजारमा हुने शेयर कारोबारको मूल्य खुला बजारमा निर्धारण भए अनुसार हुने व्यवस्थापकीय विवरण रहेको छ ।  
ख) नेपाल स्टक एक्सचेंज लिमिटेडको वेबसाइट www.nepalstock.com का अनुसार त्रैमासिक अवधिमा यस वित्तीय संस्थाको शेयर कारोबार निम्न विवरण अनुसार भएको देखिन्छ ।

औसत मूल्य	न्यूनतम मूल्य	अधिकतम मूल्य	कारोबार दिन	कारोबार संख्या	कारोबार रकम	कारोबार किता
रु. ७३२.००	रु. ६३२.४०	रु. ७३४.००	५	७००६	रु. २५२,६३१,५६६.४०	३१,०९०

#### ५. समस्या तथा चुनौती :

क) हाल देखिएको लघुवित्त संस्था विरुद्धको आन्दोलन, आर्थिक मन्दी, अन्य वित्तीय संस्थाबाट कर्जा लिन सहज वातावरण नहुनुजस्ता कारण लघुवित्तको असुली र कर्जा प्रवाहमा प्रभाव पारेको र अत्ररू सामान्य नहुनुसम्म प्रभावित हुने देखिएको छ ।  
ख) लघुवित्त वित्तीय संस्थाहरूको उत्पन्न भएको अत्यन्तै प्रतिस्पर्धा, सदस्यहरूको दोहोरोपना र सदस्यहरूमा कर्जाको अधिक भार आदि कारणले संस्थाको कार्यक्षमता चुनौतीहरू थपेको देखिन्छ ।  
ग) शुण्स्त्रीय जनशक्तिको कमी ।

#### ६. संस्थागत सुशासन :

संस्थागत सुशासनका लागि यस वित्तीय संस्था सदैव प्रतिवद्ध रहेको छ । सञ्चालक समितिका काम कारवाहीहरू तथा संस्थाको अन्य सबै क्रियाकलापहरू पारदर्शी रूपमा सञ्चालन गरी संस्थागत सुशासनको विकास गर्न एवम् सो को अनुभूती गराउन संस्था सदैव क्रियाशील छ ।  
क) यस वित्तीय संस्थाको सञ्चालक समिति तथा व्यवस्थापन, शेयरधनीहरू लगायत सम्पूर्ण संरोकारवालाहरूको हित संरक्षण तथा प्रवर्धन गर्न सदैव प्रतिवद्ध रहेको छ । कम्पनी ऐन २०६३, बैंक तथा वित्तीय संस्था सम्बन्धी ऐन २०७३, नेपाल राष्ट्र बैंक ऐन २०५८, धितोपत्र ऐन २०६३ तथा विधानमार्ग ऐन कानून र अन्य नियमनकारी निकायहरूको निर्देशनको पालना गरी संस्थागत सुशासनको निरन्तर परिपालनाका लागि सञ्चालक समितिले प्रवृत्त, नियमावली, कर्मचारी सेवा विनियमनवली, आर्थिक प्रशासन विनियमनवली, वचन तथा कर्जा निर्देशिका, कर्जा अप्रतिबन्धन विनियमनवली, समूह केन्द्र व्यवस्थापन तथा प्रवेश पूर्व तालिम सञ्चालन निर्देशिका लगायत अन्य आवश्यक नैतिक निर्देशिकाहरू तयार गरी लागू गरिएको छ ।  
ख) संस्थाले आफ्नो कारोबार तथा आन्तरिक नियन्त्रण प्रणालीलाई प्रभावकारी बनाउन सञ्चालक तथा व्यवस्थापन तहमा लेखापरीक्षण समिति, कर्मचारी सेवा सुविधा समिति, जोखिम व्यवस्थापन समिति, सम्पत्ति शुद्धीकरण अनुगमन समिति, आर्थिक निर्देशन समिति लगायतका विभिन्न समिति एवं उपसमितिहरू गठन गरी संस्थागत सुशासन सम्बन्धी व्यवस्था पालना गरेको छ ।

७. सत्य, तथ्यता सम्बन्धी प्रमुख कार्यकारी अधिकृतको उद्घोषण :  
आजको मिति सम्म यस प्रतिवेदनमा उल्लेखित जानकारी तथा विवरणहरूको शुद्धता सम्बन्धमा म व्यक्तिगत रूपमा उत्तरदायित्व लिन्छु । साथै म यो उद्घोषण गर्दछु कि मैले जाने बुझे सम्म यस प्रतिवेदनमा उल्लेखित विवरणहरू सत्य, तथ्य र पूर्ण छन् ।  
लगानीकर्ताहरूलाई सु-सूचित निर्णय लिन आवश्यक कुनै विवरण वा सूचना तथा जानकारीहरू लुकाइएको छैन ।

**Asha Laghubitta Bittiya Sanstha Ltd.**  
**Unaudited Interim Financial Statements of FY 2080/81**

<b>Condensed Statement of Financial Position</b>		
<b>As on Chaitra 30, 2080</b>		
<b>Assets</b>	<b>This Quarter Ending</b>	<b>Immediate Previous Year ending</b>
Cash and Cash Equivalent	219,587,599	363,412,519
Statutory Balances and Due from Nepal Rastra Bank	46,085,812	42,085,812
Placement with Bank and Financial Institutions	-	-
Derivative Financial Instruments	-	-
Other Trading Assets	-	-
Loans and Advances to MFIs & Co-operatives	-	-
Loans and Advances to Customers	9,734,645,945	8,928,777,888
Investment Securities	-	-
Current Tax Assets	4,545,114	13,682,156
Investment Property	1,335,759	1,335,759
Property and Equipment	20,375,499	24,569,391
Goodwill and Intangible Assets	12,308,993	12,560,863
Deferred Tax Assets	14,140,379	14,140,379
Other Assets	8,180,514	6,156,549
<b>Total Assets</b>	<b>10,061,205,614</b>	<b>9,406,721,317</b>
<b>Liabilities</b>		
Due to Bank and Financial Institutions	-	-
Due to Nepal Rastra Bank	-	-
Derivative Financial Instrument	-	-
Deposits from Customers	2,859,001,693	2,823,998,989
Borrowings	6,032,621,684	5,466,986,061
Current Tax Liabilities	-	-
Provisions	-	-
Deferred Tax Liabilities	-	-
Other Liabilities	149,504,190	125,311,085
Debt Securities Issued	-	-
Subordinated Liabilities	-	-
<b>Total Liabilities</b>	<b>9,041,127,567</b>	<b>8,416,296,135</b>
<b>Equity</b>		
Share Capital	641,616,000	641,616,000
Share Premium	-	-
Retained Earnings	123,301,710	102,133,534
Reserves	255,160,337	246,675,648
<b>Total Equity</b>	<b>1,020,078,047</b>	<b>990,425,182</b>
<b>Total Liabilities and Equity</b>	<b>10,061,205,614</b>	<b>9,406,721,317</b>

**Condensed Statement of Profit & Loss**

**For the Quarter ended 30 Chaitra 2080**

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
Interest Income	402,434,672	999,452,034	271,104,903	834,995,334
Interest Expense	229,608,606	683,218,039	222,659,693	650,672,862
<b>Net Interest Income</b>	<b>172,826,066</b>	<b>316,233,995</b>	<b>48,445,209</b>	<b>184,322,473</b>
Fee and Commission Income	36,418,364	92,208,526	1,243,488	2,912,193
Fee and Commission Expense	907,424	5,177,432	-	-
<b>Net Fee and Commission Income</b>	<b>35,510,940</b>	<b>87,031,094</b>	<b>1,243,488</b>	<b>2,912,193</b>
<b>Net Interest, Fees and Commission Income</b>	<b>208,337,006</b>	<b>403,265,090</b>	<b>49,688,697</b>	<b>187,234,665</b>
Net Trading Income	-	-	-	-
Other Operating Income	29,587,003	38,924,282	17,488,483	59,955,141
<b>Total Operating Income</b>	<b>237,924,009</b>	<b>442,189,372</b>	<b>67,177,179</b>	<b>247,189,806</b>
Impairment Charge/(reversal) for Loans and Other Losses	10,335,796	24,801,589	17,838,431	40,997,987
<b>Net operating income</b>	<b>227,588,213</b>	<b>417,387,782</b>	<b>49,338,749</b>	<b>206,191,819</b>
<b>Operating Expense</b>				
Personnel Expenses	109,368,612	272,292,592	42,938,828	111,264,076
Other Operating Expenses	28,414,078	85,570,460	14,357,205	45,768,775
Depreciation & Amortization	1,554,644	4,605,083	709,060	2,085,912
<b>Operating Profit</b>	<b>88,250,879</b>	<b>54,919,648</b>	<b>(8,666,345)</b>	<b>47,073,056</b>
Non-Operating Income	89,416	537,159	33,722	132,374
Non-Operating Expense	-	-	-	-
<b>Profit before Income Tax</b>	<b>88,340,295</b>	<b>55,456,806</b>	<b>(8,632,623)</b>	<b>47,205,430</b>
<b>Income Tax Expense</b>				
Current Tax	16,637,042	16,637,042	-	14,161,629
Deferred Tax	-	-	-	-
<b>Profit/(Loss) for the Period</b>	<b>71,703,253</b>	<b>38,819,764</b>	<b>(8,632,623)</b>	<b>33,043,801</b>

**Condensed Statement of Comprehensive Income**

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
<b>Profit or loss for the Period</b>	<b>71,703,253</b>	<b>38,819,764</b>	<b>(8,632,623)</b>	<b>33,043,801</b>
<b>Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the period</b>	<b>71,703,253</b>	<b>38,819,764</b>	<b>(8,632,623)</b>	<b>33,043,801</b>
<b>Earnings per share</b>				
Annualized Basic Earnings Per Share		8.07		11.55
Diluted earnings per share		8.07		11.55

**Ratios as per NRB Directive**

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
Capital Fund to RWA		9.87%		10.50%
Total Loan Loss Provision to Total NPL		50.30%		54.73%
NPL		4.95%		4.93%
Cost of Funds		10.26%		11.85%
Credit to Deposit and Borrowing Ratio		111.09%		112.80%
Base Rate		18.89%		18.54%
Interest Rate Spread		4.71%		3.13%

**Statement of Distributable Profit or Loss**

**For the Quarter ended 30 Chaitra 2080**

**(As per NRB Regulation)**

<b>Particulars</b>	<b>Chaitra end, 2080</b>	<b>Chaitra end, 2079</b>
<b>Net profit or (loss) as per statement of profit or loss</b>	38,819,764	33,043,801
<b>Appropriations:</b>		
a. General reserve	7,763,953	6,608,760
b. Foreign exchange fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	388,198	330,438
e. Employees' training fund	-	-
f. Client Protection Fund	388,198	330,438
g. Other	-	-
	-	-
<b>Profit or (loss) before regulatory adjustment</b>	<b>30,279,416</b>	<b>25,774,165</b>
<b>Regulatory adjustment :</b>		
a. Interest receivable (-)/previous accrued interest received (+)	(9,111,240)	(1,173,356)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	-	-
e. Deferred tax assets recognised (-)/ reversal (+)	-	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial gain/loss recognised (-)/reversal (+)	-	-
i. Other (+/-)	-	-
<b>Net profit for the period available for distribution</b>	<b>21,168,176</b>	<b>24,600,809</b>
<b>Opening Retained Earnings as on Shrawan 1</b>	102,133,534	102,153,791
<b>Adjustments (+/-)</b>	-	-
<b>Distribution: (-)</b>	-	-
<b>Bonus shares issued</b>	-	47,702,000
<b>Cash dividend paid</b>	-	2,510,632
<b>Total Distributable profit/loss as on Quarter end date</b>	<b>123,301,710</b>	<b>76,541,968</b>
<b>Annualised Distributable Profit/Loss per share</b>	<b>19.22</b>	<b>11.93</b>

**Notes:**

- The figures presented in the Statement of Profit and Loss for the previous corresponding period pertain solely to ALBSL. In contrast, the figures for the current period are consolidated, reflecting ALBSL's acquisition and commencement of joint operations with the erstwhile Rastra Uthtan Laghubitta Bittiya Sanstha Limited (RULB) from 2080.03.31 onwards.
- Figures presented above may vary with the audited figures if instructed by the banking regulations and statutory auditor.
- The detailed interim financial report has been published in the website.
- The presented financial statements have been prepared in accordance with Nepal Financial Reporting Standards with Carve-outs issued by The ASB.
- Personnel Expenses include the provision for Employee Bonus.
- Loans and Advances are presented net of impairment charges and includes interest accruals and staff loans.
- Actuarial Valuation has not been done for Employee Benefits for the period.
- Figures are regrouped/rearranged/restated wherever necessary for consistent presentation and comparison.

**Asha Laghubitta Bittiya Sanstha Limited**

**Statement of Cash Flows**

**For the period ended Chaitra end, 2080**

<b>Particulars</b>	<b>FY 2090/81 (Chaitra end, 2080)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Interest Received	999,452,034
Fee and Other Income Received	92,208,526
Dividend Received	-
Receipts from Other Operating Activities	39,461,441
Interest Paid	(683,218,039)
Commissions and Fees Paid	(5,177,432)
Cash Payment to Employees	(272,292,592)
Other Expenses Paid	(85,570,460)
<b>Operating Cash Flows before Changes in Operating Assets and Liabilities</b>	<b>84,863,478</b>
<b>(Increase) Decrease in Operating Assets</b>	
Statutory Balances and Due from Nepal Rastra Bank	(4,000,000)
Placement with Banks and Financial Institutions	-
Other Trading Assets	-
Loans and Advances to Bank and Financial Institutions	-
Loans and Advances to Customers	(830,669,645)
Other Assets	14,613,077
<b>Increase (Decrease) in Operating Liabilities</b>	
Due to Banks and Financial Institutions	-
Due to Nepal Rastra Bank	-
Deposit from Customers	35,002,704
Borrowings	565,635,623
Other Liabilities	7,556,063
<b>Net Cash Flow from Operating Activities before Tax Paid</b>	<b>(126,998,701)</b>
Income Tax Paid	(7,500,000)
<b>Net Cash Flow from Operating Activities</b>	<b>(134,498,701)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of Investment Securities	-
Receipts from Sale of Investment Securities	-
Purchase of Property and Equipment	(411,191)
Receipts from Sale of Property and Equipment	-
Purchase of Intangible Assets	251,870
Purchase of Investment Properties	-
Receipts from Sale of Investment Properties	-
Interest Received	-
Dividend Received	-
<b>Net Cash Used in Investing Activities</b>	<b>(159,320)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Receipts from Issue of Debt Securities	-
Repayments of Debt Securities	-
Receipts from Issue of Subordinated Liabilities	-
Repayments of Subordinated Liabilities	-
Receipt from Issue of Shares	-
Dividends Paid	-
Interest Paid	-
Other Receipts/Payments	(9,166,899)
<b>Net Cash from Financing Activities</b>	<b>(9,166,899)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(143,824,920)</b>
Cash and Cash Equivalents at Shrawan 01, 2080	363,412,519
Effect of Exchange Rate fluctuations on Cash and Cash Equivalents Held	-
<b>Cash and Cash Equivalents at Chaitra end, 2080</b>	<b>219,587,599</b>

**Asha Laghubitta Bittiya Sanstha Limited**

**Statement of Changes in Equity**

**For the period ended Chaitra end, 2080**

**Attributable to Equity-Holders of the Institution**

Particulars	Share Capital	General Reserve	Regulatory Reserve	Corporate social responsibility reserve	Client Protection Fund	Retained Earning	Other Reserve	Total Equity
<b>Balance at Shrawan 01, 2080</b>	<b>641,616,000</b>	<b>100,171,705</b>	<b>71,021,195</b>	<b>2,170,549</b>	<b>55,172,379</b>	<b>102,133,533</b>	<b>18,139,820</b>	<b>990,425,182</b>
Profit for the year						38,819,764		38,819,764
Transfer to Reserves during the year								-
General Reserve		7,763,953				(7,763,953)		-
Regulatory Reserve			9,111,240			(9,111,240)		-
Corporate Social Responsibility Reserve				388,198		(388,198)		-
Client Protection Reserve					388,198	(388,198)		-
Fair Value Reserve								-
Others Reserve-Employees Training Fund								-
Others Reserve-Deferred Tax Liabilities								-
Transfer from Reserves during the year								-
Contribution to the Fund								-
Expense from the Fund				(20,000)	(9,146,897)			(9,166,897)
<b>Transactions with Owners, directly recognized in Equity</b>								-
Share Issued								-
Share Based Payments								-
Dividend to Equity-Holders								-
Bonus Shares Issued								-
Cash Dividend Paid								-
<b>Balance at Chaitra end, 2080</b>	<b>641,616,000</b>	<b>107,935,658</b>	<b>80,132,435</b>	<b>2,538,747</b>	<b>46,413,679</b>	<b>123,301,710</b>	<b>18,139,820</b>	<b>1,020,078,049</b>

**Asha Laghubitta Bittiya Sanstha Limited**  
**Notes to Financial Statements**  
**For the period ended Chaitra end, 2080**

<b>Cash and Cash Equivalent</b>	
<b>Particulars</b>	<b>Amount</b>
Cash in Hand	6,882,129
Balances with BFIs	212,705,470
Money at Call and Short Notice	-
Other	-
<b>Total</b>	<b>219,587,599</b>

**Balances with BFIs includes fixed deposit of Client Protection Fund maintained on following banks:**

Everest Bank Limited : Rs. 30,000,000 Interest : 7.50% p.a.

Kumari Bank Limited: Rs. 28,000,000 Interest: 8.49% p.a.

<b>Statutory Balances and Due from Nepal Rastra Bank</b>	
<b>Particulars</b>	<b>Amount</b>
Statutory Balances with NRB	2,519
Statutory Balances with BFIs	46,083,293
Securities purchased under Resale Agreement	-
Other Deposit and Receivable from NRB	-
<b>Total</b>	<b>46,085,812</b>

Statutory Balance with Nepal Rastra Bank represent the cash balance that is required to be held as the Cash Reserve Ratio as per the regulatory norms.

<b>Placements with Financial Institutions</b>	
<b>Particulars</b>	<b>Amount</b>
Placement with Domestic FIs	-
Less: Allowances for Impairment	-
<b>Total</b>	<b>-</b>

There are no domestic placements with maturities more than three months from acquisition date.

<b>Derivative Financial Instruments</b>	
<b>Particulars</b>	<b>Amount</b>
<b>Held for Trading</b>	
Interest Rate Swap	-
Currency Swap	-
Forward Exchange Contracts	-
Others	-
<b>Held for Risk Management</b>	
Interest Rate Swap	-
Currency Swap	-
Forward Exchange Contracts	-
Others	-
<b>Total</b>	<b>-</b>

<b>Other Trading Assets</b>	
<b>Particulars</b>	<b>Amount</b>
Treasury Bills	-
Government Bonds	-
NRB Bonds	-
Domestic Corporate Bonds	-
Equities	-
Other	-
<b>Total</b>	<b>-</b>
Pledged	
Non-Pledged	

**Asha Laghubitta Bittiya Sanstha Limited**  
**Notes to Financial Statements**  
For the period ended Chaitra end, 2080

**Loans and Advances to MFIs & Co-operatives**

Particulars	Amount
Loans to Micro-Finance Institutions	-
Loans to FIs	-
Loans to Co-operatives	-
Less: Allowances for Impairment	-
Other	-
Less: Allowances for Impairment	-
<b>Total</b>	<b>-</b>

**4.6.1 Allowances for Impairment** **Amount**

Balance at Shrawan 01	-
Impairment Losss for the year:	-
Charge for the year	-
Recoveries/Reversal	-
Amount Written Off	-
<b>Balance at quarter end</b>	<b>-</b>

**Loans and Advances to Customers**

Particulars	Amount
Loans and Advances measured at Amortized Cost	9,980,491,083
Less: Impairment Allowances	-
Collective Impairment	245,845,138
Individual Impairment	-
<b>Net Amount</b>	<b>9,734,645,945</b>
Loans and Advances measured at FVTPL	-
<b>Total</b>	<b>9,734,645,945</b>

As per the carve out notice issued by ICAN, the Bank has measured impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 of NAS 39. The losses arising from impairment are recognised in 'Impairment charge for loans and other losses' in the Statement of Profit or Loss.

**Comparison of Impairment as per NFRS and NRB:**

Particulars	Amount
LLP as per NRB Directives	(245,845,138)
Impairment as per NFRS	245,845,138

**4.7.1: Analysis of Loans and Advances - By Product**

Particulars	Amount
Product	-
Term Loans	-
Short Term, Term Loan	-
Long Term, Term Loan	-
Personal Residential Loans	-
Hire Purchase Loans	-
Staffs Loans	17,471,696
Loances and Advances to customers	9,877,584,377
Sub-Total	9,895,056,074
Interest Receivable	85,435,009
<b>Grand Total</b>	<b>9,980,491,083</b>

-

**Asha Laghubitta Bittiya Sanstha Limited**  
**Notes to Financial Statements**  
**For the period ended Chaitra end, 2080**

**4.7.2: Analysis of Loans and Advances - By Collateral**

<b>Particulars</b>	<b>Amount</b>
Secured	
Immoveable Assets	
Government Guarantee	
Collateral of Fixed Deposit Receipt	
Collateral of Government Securities	
Group Guarantee	
Personal Guarantee	
Other Collateral	
Subtotal	-
Unsecured	17,471,696
<b>Grand Total</b>	<b>17,471,696</b>

**4.7.3: Allowance for Impairment**

<b>Particulars</b>	<b>Amount</b>
Specific Allowance for Impairment	
Balance at Shrawan 01	
Impairment Loss for the year	-
Charge for the year	
Recoveries/Reversals during the year	-
Write-Offs	-
Other Movement	-
Balance at quarter end	-
Collective Allowances for Impairment	
Balance at Sharawan 01	
Impairment Loss for the year	
Charge/(Reversal) for the year	
Other Movement	
Balance at quarter end	-
<b>Total Allowances for Impairment</b>	<b>-</b>

**Investment Securities**

<b>Particulars</b>	<b>Amount</b>
Investment Securities measured at Amortized Cost	-
Investment in Equity measured at FVTOCI	-
<b>Total</b>	<b>-</b>

**4.8.2: Investment in Equity measured at FVTOCI**

<b>Particulars</b>	<b>Amount</b>
Equity Instruments	
Quoted Equity Securities	-
Unquoted Equity Securities	-
<b>Total</b>	<b>-</b>

**Asha Laghubitta Bittiya Sanstha Limited**  
**Notes to Financial Statements**  
**For the period ended Chaitra end, 2080**

**4.8.3: Information relating to Investment in Equities**

Particulars	Fair Value
<b>Investment in Quoted Equity</b>	
.....Ltd.	-
.....Shares of Rs. .... Each	-
.....Ltd.	-
.....Shares of Rs. .... Each	-
Investment in Unquoted Equity	-
.....Ltd.	-
.....Shares of Rs. .... Each	-
<b>Total</b>	<b>-</b>

<b>Current Tax Assets /Liabilities</b>	
Particulars	Amount
Current Tax Assets	
Current year Income Tax Assets	21,182,156
Tax Assets of Prior Periods	-
Current Tax Liabilities	
Current year Income Tax Liabilities	16,637,042
Tax Liabilities of Prior Periods	
<b>Total</b>	<b>4,545,114</b>

<b>Investment Properties</b>	
Particulars	Amount
Investment Properties measured at Fair Value	
Balance as on Shrawan 01.	
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 01	-
Addition/(Disposal) during the year	-
Adjustment/Transfer	1,335,759
Accumulated Depreciation	-
Accumulated Impairment Loss	-
<b>Net Amount</b>	<b>1,335,759</b>
<b>Total</b>	<b>1,335,759</b>

<b>Other Assets</b>	
Particulars	Amount
Assets held for Sale	-
Other Non-Banking Assets	-
Bills Receivable	-
Accounts Receivable	202,436
Accrued Income	-
Prepayments and Deposits	948,860
Income Tax Deposit	-
Deferred Employee Expenditure	2,714,547
Other Assets	4,314,672
<b>Total</b>	<b>8,180,514</b>

cost recognised as per NAS 19. Other asset includes

**Asha Laghubitta Bittiya Sanstha Limited**  
**Notes to Financial Statements**  
For the period ended Chaitra end, 2080

<b>Due to Banks and Financial Institutions</b>	
<b>Particulars</b>	<b>Amount</b>
Borrowings from BFIs	-
Settlement and Clearing Accounts	-
Others	-
<b>Total</b>	<b>-</b>

<b>Due to Nepal Rastra Bank</b>	
<b>Particulars</b>	<b>Amount</b>
Refinance from NRB	-
Standing Liquidity Facility	-
Lender of Last Resort facility from NRB	-
Securities sold under repurchase agreements	-
Other Payable to NRB	-
<b>Total</b>	<b>-</b>

<b>Derivative Financial Instruments</b>	
<b>Particulars</b>	<b>Amount</b>
Held for Trading	-
Interest Rate Swap	-
Currency Swap	-
Forward Exchange Contracts	-
Others	-
Held for Risk Management	-
Interest Rate Swap	-
Currency Swap	-
Forward Exchange Contracts.	-
Others	-
<b>Total</b>	<b>-</b>

<b>Deposits from Customers</b>	
<b>Particulars</b>	<b>Amount</b>
Institutional Customers:	-
Term Deposits.	-
Call Deposits	-
Others	-
Individual Customers:	-
Term Deposits	-
Saving Deposits	-
Saving from Members	2,859,001,693
Others	-
<b>Total</b>	<b>2,859,001,693</b>

**Asha Laghubitta Bittiya Sanstha Limited**  
**Notes to Financial Statements**  
For the period ended Chaitra end, 2080

<b>Borrowings</b>	
<b>Particulars</b>	<b>Amount</b>
Domestic Borrowings	
Nepal Government	-
Other Licensed Institutions	6,032,621,684
Other	-
Sub Total	6,032,621,684
Foreign Borrowings	
Foreign Banks and Financial Institutions	-
Multilateral Development Banks	-
Other Institutions	-
Sub Total	-
<b>Total</b>	<b>6,032,621,684</b>

<b>Provisions</b>	
<b>Particulars</b>	<b>Amount</b>
Provisions for Redundancy	-
Provisions for Restructuring	-
Pending Legal Issues and Tax Litigation	-
Onerous Contracts	-
Other	-
<b>Total</b>	<b>-</b>

<b>4.20.1: Movement in Provision</b>	
<b>Particulars</b>	<b>Amount</b>
Balance at Shrawan 01	-
Provisions made during the year	-
Provisions used during the year	-
Provisions reversed during the year	-
Unwind of Discount	-
<b>Balance at quarter end</b>	<b>-</b>

<b>Other Liabilities</b>	
<b>Particulars</b>	<b>Amount</b>
Liabilities for employees defined benefit obligations	19,484,078
Liabilities for long service leave	41,539,969
Short term employee benefits	10,191,015
Bills payable	-
Creditors and accruals	939,720
Interest payable on deposits	(8,826)
Interest payable on borrowing	18,062,854
Liabilities on deferred grant income	-
Unpaid Dividend	-
Liabilities under Finance Lease	555,625
Employee bonus payable	11,817,799
Other	46,921,954

**Asha Laghubitta Bittiya Sanstha Limited**  
**Notes to Financial Statements**  
**For the period ended Chaitra end, 2080**

Service Charge Refundable	173,201
Loan Insured Fee Payable to DCGF	14,559,014
Staff payables	1,571,948
TDS Payable	4,105,161
Social Fund Payable	-
Provision for Audit Fee	574,665
Provision for Audit Expenses	-
Provision for Consultancy Expenses	-
Remittance Payable	60
Loan insurance Payable	24,601,737
Other liabilities	1,336,167
<b>Total</b>	<b>149,504,190</b>

**4.21.1: Defined Benefit Obligation**

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

Particulars	Amount
Present value of non-funded obligations	-
Total present value of obligations	-
Fair value of plan assets	-
Present value of net obligations	-
<b>Recognised liability for defined benefit obligations</b>	<b>-</b>

**4.21.2: Plan Assets**

Particulars	Amount
Equity securities	-
Government bonds	-
Bank deposit	-
Other	-
<b>Total</b>	<b>-</b>

**4.21.3: Movement in the present value of defined benefit obligations**

Particulars	Amount
Defined benefit obligations at Shrawan 1	-
Actuarial losses/(gain)	-
Benefits paid by the plan	-
Current service costs and interest	-
<b>Defined benefit obligations at quarter end</b>	<b>-</b>

**4.21.4: Movement in the fair value of plan assets**

Particulars	Amount
Fair value of plan assets at Shrawan 1	-
Contributions paid into the plan	-
Benefits paid during the year	-
Actuarial (losses) gains	-
Expected return on plan assets	-
<b>Fair value of plan assets at quarter end</b>	<b>-</b>

**4.21.5: Amount recognised in profit or loss**

Particulars	Amount
Current service costs	-
Interest on obligation	-
Expected return on plan assets	-
<b>Total</b>	<b>-</b>

**Asha Laghubitta Bittiya Sanstha Limited**  
**Notes to Financial Statements**  
**For the period ended Chaitra end, 2080**

**4.21.6: Amount recognised in other comprehensive income**

Particulars	Amount
Acturial (gain)/loss	
<b>Total</b>	-

**4.21.7: Actuarial assumptions**

Particulars	Amount
Discount rate	
Expected return on plan asset	
Future salary increase	
Withdrawal rate	
Mortality Rate	

**Share capital**

Particulars	Amount
Ordinary shares	641,616,000
Convertible preference shares (equity component only)	-
Irredeemable preference shares (equity component only)	-
Perpetual debt (equity component only)	-
<b>Total</b>	<b>641,616,000</b>

**4.24.1: Ordinary Shares**

Particulars	Amount
Authorized Capital	
10,000,000 Ordinary Shares of Rs. 100 each	1,000,000,000
Issued capital	
6,416,160 Ordinary Shares of Rs. 100 each	-
Subscribed & Paid up Capital	
6,416,160 Ordinary Shares of Rs. 100 each	-
<b>Total</b>	<b>-</b>

**4.24.2: Ordinary share ownership**

Particulars	Amount	Percent
Domestic ownership (Promoter)	432,600,000.00	67.42%
Nepal Government	-	0.00%
"A" class licensed institutions	85,000,000.00	13.25%
Other licensed intitutions	-	0.00%
Other Institutions	152,600,000.00	23.78%
Other	195,000,000.00	30.39%
Domestic ownership (Public)	209,016,000.00	32.58%
Nepal Government	-	0.00%
"A" class licensed institutions	-	0.00%
Other licensed intitutions	-	0.00%
Other Institutions	10,785,249.00	1.68%
Other	198,230,751.00	30.90%
Foreign ownership Promoter	-	0.00%
Foreign ownership Public	-	0.00%
<b>Total</b>	<b>641,616,000.00</b>	<b>100.00%</b>

**Asha Laghubitta Bittiya Sanstha Limited**  
**Notes to Financial Statements**  
**For the period ended Chaitra end, 2080**

<b>Reserves</b>	
<b>Particulars</b>	<b>Amount</b>
Statutory General reserve	107,935,657
Dividend Equilisation reserve	-
Exchange equilisation reserve	-
Corporate social responsibility reserve	2,538,746
Capital redemption reserve	-
Regulatory reserve	80,132,434
Investment adjustment reserve	-
Capital reserve	-
Assets revaluation reserve	-
Fair value reserve	-
Client Protection Fund	46,413,679
Actuarial gain	2,493,379
Special reserve	-
Other reserve	15,646,441
<b>Total</b>	<b>255,160,337</b>

**Asha Laghubitta Bittiya Sanstha Limited**  
**Notes to Financial Statements**  
**For the period ended Chaitra end, 2080**

<b>Interest Income</b>	
<b>Particulars</b>	<b>01-04-2080 to 30-12-2080</b>
Cash and cash equivalent	-
Due from Nepal Rastra Bank	-
Placement with bank and financial institutions	-
Loan and advances to bank and financial institutions	-
Loans and advances to customers	994,834,586
Investment securities	-
Loan and advances to staff	383,306
Other - Interest income on Bank deposits	4,234,143
<b>Total interest income</b>	<b>999,452,034</b>
Loan and advances to staff includes interest income from fair value of staff loan.	
<b>Interest Expenses</b>	
<b>Particulars</b>	<b>01-04-2080 to 30-12-2080</b>
Due to bank and financial institutions	-
Due to Nepal Rastra Bank	-
Deposits from customers	175,915,206
Borrowing	507,302,833
Debt securities issued	-
Subordinated liabilities	-
Other-On Client Protection Fund	-
<b>Total Interest expense</b>	<b>683,218,039</b>
<b>Fees and Commission Income</b>	
<b>Particulars</b>	<b>01-04-2080 to 30-12-2080</b>
Loan administration fees	-
Service fees	84,921,911
Commitment fees	-
Card Issuance fees	-
Prepayment and swap fees	-
Remittance fees	-
Brokerage fees	-
Other fees and commission income	7,286,615
<b>Total Fees and Commission Income</b>	<b>92,208,526</b>
<b>4.29.1 Other fees and Commission income</b>	
<b>Particulars</b>	<b>01-04-2080 to 30-12-2080</b>
Remittance Commission	2,826
Insurance Commission	7,283,789
Others	-
<b>Total</b>	<b>7,286,615</b>
<b>Fees and Commission Expense</b>	
<b>Particulars</b>	<b>01-04-2080 to 30-12-2080</b>
Brokerage	-
ATM management fees	-
VISA/Master card fees	-
Guarantee commission Fees	-
DD/TT/Swift fees	-
Remittance fees and commission	-
Other fees and commission expense	5,177,432
<b>Total Fees and Commission Expense</b>	<b>5,177,432</b>

**Asha Laghubitta Bittiya Sanstha Limited**  
**Notes to Financial Statements**  
**For the period ended Chaitra end, 2080**

<b>Net Trading income</b>	
<b>Particulars</b>	<b>01-04-2080 to 30-12-2080</b>
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 gains	-
<b>Net trading income</b>	<b>-</b>
<b>Other Operating Income</b>	
<b>Particulars</b>	<b>01-04-2080 to 30-12-2080</b>
Foreign exchange revaluation gain	-
Gain/loss on sale of investment securities	-
Fair value gain/loss on investment properties	-
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	-
Other-Fine on Loan	38,924,282
<b>Total</b>	<b>38,924,282</b>
<b>Impairment charge/(reversal) for loan and other losses</b>	
<b>Particulars</b>	<b>01-04-2080 to 30-12-2080</b>
Impairment charge/(reversal) on loan and advances to BFIs	-
Impairment charge/(reversal) on loan and advances to customers	24,801,589
Impairment charge/(reversal) on financial Investment	-
Impairment charge/(reversal) on placement with BFIs	-
Impairment charge/(reversal) on property and equipment	-
Impairment charge/(reversal) on goodwill and intangible assets	-
Impairment charge/(reversal) on investment properties	-
<b>Total</b>	<b>24,801,589</b>
Impairment reversal on financial investment includes Write Back from Provision for Other Assets except restructured loans.	
<b>Personnel Expenses</b>	
<b>Particulars</b>	<b>01-04-2080 to 30-12-2080</b>
Salary	94,941,036
Allowances	91,545,673
Gratuity Expense	4,749,420
Provident Fund/SSF expenses	14,203,745
Uniform	5,480,000
Training & development expense	5,435,879
Leave encashment	20,780,378
Medical	8,326,575
Insurance	415,703
Employees incentive	-
Cash-settled share-based payments	-
Pension expense	-
Finance expense under NFRS	-
Other expenses related to staff	20,252,317
<b>Subtotal</b>	<b>266,130,724</b>
Employees Bonus	6,161,867
<b>Grand total</b>	<b>272,292,592</b>
Employees Bonus is provided at 10% of net profit before bonus and taxes as per the requirement of Bonus Act, 2030.	

**Asha Laghubitta Bittiya Sanstha Limited**  
**Notes to Financial Statements**  
**For the period ended Chaitra end, 2080**

**Other Operating Expense**

<b>Particulars</b>	<b>01-04-2080 to 30-12-2080</b>
Directors' fee	753,000
Directors' expense	-
Auditors' remuneration	-
Other audit related expense	-
Professional and legal expense	1,217,027
Office administration expense	64,102,474
Operating lease expense	19,497,959
Operating expense of investment properties	-
Corporate social responsibility expense	-
Client Protection Expenses	-
Onerous lease provisions	-
Other Expenses	-
<b>Total</b>	<b>85,570,460</b>

**4.35.1 Office administration expense**

<b>Particulars</b>	<b>01-04-2080 to 30-12-2080</b>
Water & Electricity	1,686,365
Repair & Maintenance	
(a) Building	-
(b) Vehicles	-
(c) Computer and Accessories	812,255
(d) Office Equipment & Furniture	62,049
(e) Others	3,257,104
Insurance (Others)	379,539
Postage, Telex, Telephone & Fax	2,077,282
Printing & Stationery	3,755,459
Newspaper, Books and Journals	-
Advertisement	176,402
Donation	-
Security Expense	22,600
Deposit and Loan Guarantee Premium	29,450,234
Travel Allowance & Expense	-
Entertainment	-
Annual/Special General Meeting Expense	-
Other Meeting Expenses	270,546
Internet Expenses	1,588,534
Registration and Renewal	1,086,717
Other Expenses--	19,477,388
<b>Total</b>	<b>64,102,474</b>

**4.35.2 Others Expenses:**

<b>Particulars</b>	<b>01-04-2080 to 30-12-2080</b>
Share Issue expenses	-
Fuel Expenses	11,378,113
Lunch expenses	-
Bank Charges	257,241
Transportation Expenses	5,272,502
BOD Orientation Expenses	18,629
Provision for Excess collection of Service Charge	-
Other Expenses	2,467,702
Miscellaneous Expenses	83,201
<b>Total</b>	<b>19,477,388</b>

**Asha Laghubitta Bittiya Sanstha Limited**  
**Notes to Financial Statements**  
**For the period ended Chaitra end, 2080**

**Depreciation and Amortization**

<b>Particulars</b>	<b>01-04-2080 to 30-12-2080</b>
Depreciation on property and equipment	4,353,213
Depreciation on investment property	-
Amortization of intangible assets	251,870
<b>Total</b>	<b>4,605,083</b>

**Non Operating Income**

<b>Particulars</b>	<b>01-04-2080 to 30-12-2080</b>
Recovery of loan written off	
Other income:	537,159
<b>Total</b>	<b>537,159</b>

**4.37.1 Other Income**

<b>Particulars</b>	<b>01-04-2080 to 30-12-2080</b>
Grant income	-
Other income	537,159
<b>Total</b>	<b>537,159</b>

**Non Operating Expenses**

<b>Particulars</b>	<b>01-04-2080 to 30-12-2080</b>
Loan written off	-
Redundancy provision	-
Expense of restructuring	-
Other expense	-
<b>Total</b>	<b>-</b>

**Asha Laghubitta Bittiya Sanstha Limited**  
**Significant Accounting Policies and Notes to Account forming part of Financial Statements**  
**For the Quarter ended Chaitra, 2080**

**1. Reporting Entity**

Asha Laghubitta Bittiya Sanstha Limited ('the Microfinance') is a public limited company established under the Bank & Financial Institution Act, 2073. It is a D class financial institution and obtained license to carry out financial transaction from Nepal Rastra Bank on 23<sup>rd</sup> Shrawan 2073 and officially started its operation on 15<sup>th</sup> Bhadra 2073. The Microfinance acquired former Rastra Utthan Laghubitta Bittiya Sanstha Ltd.(RULB) and started the joint operation from 31st Ashad 2080. The Microfinance has its registered office located at Banepa-13, Sanga, Kavrepalanchowk District, Nepal. The Microfinance is a limited liability company having its shares listed on Nepal Stock Exchange with trading code "ALBSL" after issuing its shares to the general public on Fiscal Year 2075/76. Out of total shares of the company, 67.42% is held by Promoter shareholders and remaining 32.58% is being held by Public Shareholders as at Ashad 31, 2080.

Having approval to operate at National Level, by the end of Ashad 2080 the microfinance is operating in 45 Districts with its 142 branches (16 districts and 101 branches added after acquisition of former RULB).

Being D Class licensed institution, major activities of the microfinance include deprived sector lending under the group guarantee without collateral in order to enhance economic and social factors of the members. Also, the microfinance provides additional microenterprise loan to its members within the limit as prescribed by Nepal Rastra Bank from time to time. The major sources of fund are member savings along with loan from other BFIs and Equity holders' fund.

**2. Basis of Preparation**

**2.1 Going Concern**

The financial statements are prepared on a going concern basis, as the microfinance has the resources to continue in business for the foreseeable future. In making this assessment, the Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cashflows and capital resources.

**2.2 Statement of Compliance**

The financial statements of the Microfinance have been prepared in accordance with Nepal Financial Reporting Standard (NFRS) issued by Accounting Standard Board (ASB) of Institute of Chartered Accountants of Nepal. The financial statements are based on the formats mandated by the Directive No. 4 of The Unified Directives, 2079 as made applicable by the Nepal Rastra Bank.

**2.3 Reporting Period and Approval of Financial Statements**

Reporting Period: As on Chaitra end, 2080

**2.4 Functional and Presentation Currency**

The financial statements are presented in Nepalese Rupees (NPR) which is the currency of the primary economic environment in which the Microfinance operates. The financial information presented has been rounded off to nearest rupee except where otherwise stated.

**2.5 Use of Estimates, Assumptions and Judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognized prospectively in current and future periods.

Disclosures of the accounting estimates have been included in the relevant sections of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any

## 2.6 Changes in Accounting Policies

The accounting policies are applied consistently to all the periods except where deviations have been explicitly mandated by the applicable accounting standards presented in the financial statements.

## 2.7 Discounting

The non-current assets and liabilities are discounted whenever the discounting is material and if required by the NFRS.

## 3. Significant Accounting Policies

### 3.1 Basis of Measurement

The Financial Statements of Microfinance have been prepared on the historical cost basis, except for the following material items:

Items			Basis of Measurement
Employees Obligation	Defined Benefit		Present Value of defined benefits obligation less the fair value of the plan assets.

### 3.2 Cash & Cash Equivalent

The cash and cash equivalents for the purpose of cashflow statement include cash in hand, balances with banks and financial institutions, money at call and short notice and highly liquid financial assets with original maturity of three months or less from the acquisition date that are subject to and insignificant risk of changes in their fair values and are used by the microfinance in the management of its short-term commitments.

Cash and Cash equivalents includes cash in hands, deposits with BFIs and other short-term investments with original maturities of three months or less. Details of Cash and Cash Equivalents are presented under Note 4.1.

**Balances with BFIs includes fixed deposit of Client Protection Fund maintained on following banks:**

Everest Bank Limited : Rs. 30,000,000 Interest : 7.50% p.a.

Kumari Bank Limited : Rs. 28,000,000 Interest: 8.49% p.a.

### 3.3 Financial Assets and Financial Liabilities

#### 3.4.1. Recognition

The Microfinance recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition. Transaction costs in relation to financial assets and financial liabilities which are carried at fair value through profit or loss (FVTPL), are charged to the statement of profit and loss.

#### 3.4.2. Classification and Measurement

The financial assets and liabilities are subsequently measured at amortized cost or fair value on the basis of business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

### **3.4.2.1. Financial assets**

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

#### **a. Measured at amortized cost:**

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortized cost using the effective interest rate ('EIR') method less impairment, if any. The amortization of EIR and loss arising from impairment, if any is recognized in the Statement of Profit and Loss.

#### **b. Measured at fair value through OCI:**

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). Equity Instrument which are not held for trading and initially recognized as held for trading for which the Microfinance makes an irrevocable election to carry the changes in fair value of the instrument through OCI are measured at Fair Value through other Comprehensive Income.

#### **c. Measured at fair value through profit or loss:**

The Microfinance classifies the financials assets as fair value through profit or loss if they are held for trading or designated at fair value through profit or loss. Any other financial asset not classified as either amortized cost or FVOCI, is classified as FVTPL.

### **3.4.2.2. Financial Liabilities**

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

#### **a. Financial liabilities at fair value through profit or loss:**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Upon initial recognition, transaction cost is directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value are 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.

### **3.4.3. De-recognition**

The Microfinance derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the contractual rights to receive the cash flows from the asset.

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

#### **3.4.4. Determination of Fair Value**

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Microfinance follows three levels of the fair-value-hierarchy are described below:

**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 for identical or similar instrument in inactive markets; and

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

Investment in Unquoted Equity Instrument are carried at cost as the market price of such shares could not be ascertained with certainty at the reporting date.

#### **3.4.5. Impairment**

The Microfinance reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be provided in the Statement of Profit or Loss. The Management's judgement is extensively used in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and hence actual results may differ, resulting in future changes to the provisions made.

The individual impairment provision applies to financial assets evaluated individually for impairment and is based on Management's best estimate of the present value of the future cash flows that are expected to be received. In estimating these cash flows, Management makes judgements about the number of factors including a borrower's financial situation and the net realizable value of any underlying collateral. Each impaired asset is assessed on its merits to estimate the recoverable amount of cash flows.

A collective impairment provision is established for:

- groups of homogeneous loans and advances and investment securities which are held-to-maturity, that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired.

The collective impairment is carried using the statistical modelling such as historical trends of probability of defaults, timings of recoveries, and current economic and market conditions which may warrant for the loss being greater than the suggested by the historical trends.

For the purpose of collective assessment of impairment Microfinance has categorized assets into following broad products as follows:

- General Loan
- Seasonal Loan
- Micro Entrepreneur Loan
- Asha Entrepreneur Loan
- Personal Loan
- Other Loan

### Carveout adopted for assessment of impairment charge

The Microfinance has opted to apply carveout on impairment of loans and receivables. Accordingly, individual and collective impairment loss amount calculated as per NFRS is compared with the impairment provision required under NRB directive no. 2, higher of the amount derived from these measures is taken as impairment loss for loans and receivables.

### 3.5 Trading Assets

Financial assets are classified as trading assets (held for trading) if they have been acquired principally for the purpose of selling in the near term, or form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short- term profit taking. They are recognized on trade date, when the Microfinance enters into contractual arrangements with counterparties, and are normally derecognized when sold. They are initially measured at fair value, with transaction costs taken to profit or loss. Subsequent changes in their fair values are recognized in profit or loss in 'Net trading income'.

However, the Microfinance does not have such assets to be recognized as trading assets as on Chaitra end 2080.

### 3.6 Derivative Assets and Derivative Liabilities

Derivative instruments include transactions like interest rate swap, currency swap, forward foreign exchange contract etc. held for trading as well as risk management purposes. Derivative financial instruments are initially measured at fair value on the contract date and are subsequently re-measured to fair value at each reporting date. However, the Microfinance does not have such instruments as on Chaitra end 2080.

### 3.7 Property, Plant and Equipment

**Recognition and measurement:** Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

**Depreciation:** The Microfinance depreciates property, plant and equipment following Written Down Value method applying the Depreciation rates prescribed by Income Tax Act, 2058. The rates used for depreciation of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

Type of Asset	Depreciation Rate
Buildings	5%
Computers & Accessories	25%
Vehicles	20%
Furniture & Fixtures	25%
Equipment & Others	25%
Leasehold Assets	Rate set, on the basis of lease term
Intangible Assets	Rate set, dividing the cost of the property by adjusting in the nearest half year of the fiscal year

The Microfinance adopts cost model for entire class of Property, Plant and Equipment. It has not measured any Property Plant and Equipment at revaluation model and at fair value. The items of Property, Plant and Equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of newly acquired assets is charged based upon the date of invoice and assets having acquisition cost less than NPR. 2,000 have been written down as an expense for the period in the Statement of Profit and Loss.

### 3.8 Goodwill/ Intangible Assets

#### 3.8.1 Gain on Bargain Purchase on Acquisition of other microfinance institutions

NFRS 3 Business Combination applies to the acquisition of the business. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired in Business Combination is recognized as goodwill. Conversely, if the consideration is less than the net assets of the acquired business, the amount is recognized as a gain from the bargain purchase. Goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

The Microfinance has acquired former Rastra Utthan Laghubitta Bittiya Sanstha Ltd. (RULB) and commenced joint operation from 31<sup>st</sup> Ashadh 2080. The considerations are issued in the form of equity instruments – 26,00,000 ordinary equity shares in the swap ratio 1:1.

The Microfinance has recognized business combination transaction as per the Merger and Acquisition Bylaws, 2073 issued by Nepal Rastra Bank and as per explanatory notes issued by Institute of Chartered Accountants of Nepal (ICAN). Accordingly, as per the carve out issued by the Accounting Standards Board on July 2022, the shares of the microfinance were valued at the valuation per share provided by the Due Diligence Audit Report and approved by the Special General Meeting.

Goodwill amounting to Rs. 12,168,000 has been recognized as follows on such acquisition of business with corresponding credit to other reserve (Merger and Acquisition Reserve).

Particulars	Amount (Rs.)
Consideration transferred by ALBSL	450,164,000
Less: Business Value of erstwhile RULB	437,996,000
<b>Goodwill</b>	<b>12,168,000</b>

The DDA valuation referred above doesn't consider NFRS Adjustments made at the year end of previous year and as a result of which the value of goodwill calculated as above might differ. However, we have considered the valuation of goodwill based on DDA Report made available with us.

#### 3.8.2 Intangible Assets

Intangible assets are recognized separately from goodwill when they are separable or arise from contractual or other legal rights, and their fair value can be measured reliably. These intangible assets are recognized at historical cost less impairment / amortization over their estimated useful life.

### 3.9 Investment Property

Investment properties are land or building or both other than those classified as property and equipment under NAS 16 – “Property, Plant and Equipment”; and assets classified as non-current assets held for sale under NFRS 5 – “Non-Current Assets Held for Sale and Discontinued Operations”. Land and Building acquired as non-banking assets are recognized as investment property.

Investment properties are initially measured at cost, including transaction costs. Subsequently all investment properties are reported at fair value with any gains or losses in fair value reported in the statement of profit and loss as they arise. No depreciation is charged in investment property as they are not intended for the owner-occupied use. NBA amounting to NPR 1,335,759 has been booked as investment property (acquired after acquisition of RULB), includes land, acquired from Mr. Arbind Jha (ex staff) in 2071.08.17. Respective amount has been transferred from Retained Earnings to regulatory reserve as per unified directive.

### 3.10 Income Tax

Tax expenses comprises of current tax and deferred tax.

### **3.10.1. Current Tax**

Current tax is the income tax expense recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity or OCI in which case it is recognized in equity or in other comprehensive income. Current tax is the amounts expected or paid to Inland Revenue Department in respect of the current year, using the tax rates and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years.

### **3.10.2 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.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date. Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to income taxes levied by the same taxation authority, and when the group has a legal right to offset.

## **3.11 Deposit, debt securities issued and subordinated liabilities**

### **3.11.1. Deposits:**

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

### **3.11.2 Debt Securities Issued**

Debt Securities are initially measured at the fair value less incremental direct cost and subsequently at their amortized cost using effective interest method except where the microfinance designates liabilities at fair value through profit or loss.

However, the Microfinance does not have such Debt Securities as on Chaitra end 2080.

### **3.11.3 Subordinate Liabilities**

These are the liabilities subordinated, at the event of winding up, to claims of depositors, debt securities issued and other creditors. It shall include redeemable preference shares, subordinated notes issued, borrowings etc. During the reporting period the Microfinance does not have any such liabilities.

## **3.12 Provisions, other Liabilities Contingent Liabilities**

A provision is recognized, if as a result of a past event, the Microfinance has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate and are reversed if there is no probability of outflow of resources.

The contingent liabilities are the liabilities for which it is uncertain as to whether it will become an obligation as it depends on the occurrence of an uncertain future event. These amounts are off-balance sheet items and are disclosed when there is a possible obligation that may but probably will not require an outflow of resources.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Microfinance from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Microfinance does not have such contingent liabilities and onerous contracts as on Chaitra end 2080.

### **3.13 Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to Microfinance and the consideration can be reliably measured. The following specific recognition criteria shall also be met for revenue recognition:

#### **3.13.1 Interest Income**

For all financial instruments measured at amortized cost, interest bearing financial assets classified as available for-sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation of effective interest rate includes all charges and fee paid or received that are integral part of the effective interest only if considered necessary. Such a charges are not amortized over the life of the loan and advances as the income so recognized closely approximates the income that would have derived under effective interest method and are recognized directly in statement of profit and loss.

The interest income recognized in the statement of profit and loss includes the following:

- Interest income on financial assets measured at amortized cost calculated on an effective interest rate method, except for impaired loans and advances. These financial assets include investment in government securities, investment in NRB Bond and deposit instruments, reverse repos, inter-bank lending, etc.
- As per carve out on NAS 39 Para 9, the Microfinance has not included the fees paid or received in loans and advances that are immaterial or impracticable to determine reliably the effective interest rate and have recognized them directly as revenue in the Statement of Profit or Loss.
- Interest on investment securities measured at fair value is 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 is considered to be incidental to the Group's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

The Microfinance has suspended the interest income where there is reasonable doubt about the collectability of the interest in case of Loans where contractual payments of principal and/or interest are more than 12 months in arrears, irrespective of the net realizable value of collateral.

#### **3.13.2 Fee and Commission Income**

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

#### **3.13.3 Dividend Income**

Dividend income received from equity shares is recognized in the books when the right to receive the dividend is established.

#### **3.13.4. Net Trading Income**

Net Trading Income includes all gains and losses from changes in fair value, related capital gain/loss and dividend from financial assets 'Held for Trading'. Trading expenses are deducted from the trading income and the amount net of trading expenses are disclosed in statement of profit and loss.

#### **3.13.5 Net Income from Other Financial Instrument at Fair Value Through Profit and Loss.**

Net income from other financial instrument measured at fair value through Profit or Loss includes all gains/(losses) raised from the revaluation of financial instrument at fair value.

#### **3.14 Interest Expenses**

Interest expense on all financial liabilities including deposits is recognized in statement of profit or loss using effective interest rate method. The Microfinance uses ASB carve- outs and treat coupon rate as effective interest rate.

#### **3.15 Employee Benefits**

##### **3.15.1 Short term employee benefits**

The Microfinance's short term employee benefits mainly include wages, salaries, allowances, social security expenses, bonuses as provided in the law and other employee related expenses. Short term employee benefits are measured on an undiscounted basis and are charged to statement of profit and loss as and when the related service is provided.

##### **3.15.2. Post-Employment employee benefits**

###### **3.15.2.1 Defined Contribution Plans**

Post-Employment benefits plan under which the microfinance pays a fixed contribution to a separate entity and has no legal or constructive obligation to pay future amounts are categorized under defined contribution plans. The contributions to defined contribution plans are recognized in profit or loss as and when the services are rendered by employees.

###### **Employee Provident Fund**

Employee provident fund is the defined contribution plan opt by the microfinance. Complying with The Labor Act, 2074, the microfinance contributes 10% of the Basic salary and Grade Amount of all the employees to the Approved Retirement Fund, established by the microfinance. The Microfinance has no further obligations under these plans beyond its periodic contributions.

###### **3.15.2.2. Defined Benefit Plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Microfinance'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 corporate bonds, that have maturity dates approximating the terms of the Microfinance's obligation and that are denominated in the currency in which the benefit is expected to be paid. The defined benefit obligation is recognized on the basis of the report of qualified actuary using the projected unit credit method. The Microfinance recognizes all actuarial gains and losses arising from defined benefit plans immediately in OCI and all expenses related to defined benefits plans in employee benefit are expensed in profit and loss account. When the calculation results in a potential asset for the group, the recognized assets are limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits consideration is given to any applicable minimum funding requirements.

Measurements of the net defined benefit liability comprise actuarial gains and losses. The return on plan assets (excluding interest income) and the effect of the assets ceiling (if any excluding interest) are recognized immediately in OCI. The Microfinance determines the net interest expense (income) on the net defined liability (assets) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefits liability (assets), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefits payments. Net interest expenses and other expenses related to defined benefit plans are recognized as personal expenses in Statement of profit and Loss.

#### **Gratuity**

As per Labor Act, 2074 which came into force after 19th of Bhadra, 2074 requires to provide minimum of 8.33% of Basic Salary plus Grade as gratuity every month which is in nature of Define contribution plan. However, gratuity benefits have been provisioned as per the Employees byelaw of the microfinance as below:

- a. To the employee serving more than 5 years to 10 years, half month's last drawn salary for each year of service
- b. To the employee serving more than 10 years to 15 years, one month's last drawn salary for each year of service
- c. To the employee serving more than 15 years to 20 years, one and half month's last drawn salary for each year of service
- d. To the employee serving more than 20 years, two month's last drawn salary for each year of service

Provision for Gratuity is made by the microfinance as per actuarial valuation done by certified actuary.

#### **Leave Benefits:**

The microfinance provides accumulated leave benefits under its Employees Byelaw. The Home leave is accumulated up to 90 days and there is no limit for the accumulation of sick leave. Accumulated leave benefits are treated as long term benefit liability. Accumulated leave obligations are estimated on the basis of last drawn salary of the employee and provision for the same is made as per the actuarial valuation done by certified actuary.

### **3.16 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 asset or assets and the arrangement conveys a right to use the asset.

#### **3.16.1 Financial 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. As a lessor under finance leases, the Microfinance presents the amounts due under the leases, after deduction of unearned charges, in 'Loans and advances to BFIs' or 'Loans and advances to customers'. As a lessee under finance leases, the Microfinance presents the leased assets in 'Property, plant and equipment's

and the corresponding liability to the lessor is included in 'Other liabilities. A finance lease and its corresponding liability are recognized initially at the fair value of the asset or, if lower, the present value of the minimum lease payments. However, Microfinance does not have any financial lease transaction as on Chaitra end 2080.

### **3.16.2. Operating Lease**

Lease payments under an operating lease has been recognized as an expense on straight line basis over the lease term. Majority of the lease agreement entered into by the microfinance are within the clause of normal increment which the management assumes are in line with the expected inflationary cost. The microfinance operated its branches in number of lease facilities under operating lease agreement. The payments to the lesser are structured to increase in line with the general inflation rate to compensate for the lessors expected inflationary cost increment.

## **3.17 Share Capital and Reserves**

### **3.17.1. Share Capital**

Financial instruments issued are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue available number of own equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction net of taxes from the proceeds. Dividends on ordinary shares classified as equity are recognized in equity in the period in which they are declared.

### **3.17.2. Reserves**

The reserve includes regulatory and free reserves.

#### **a) Statutory General Reserves**

20% of the net profit as stated in Bank and financial Institution Act, 2073 and 50% of additional amount of Cash Dividend and Bonus Shares if declared and distributed in excess of 15% as provisioned in Circular GHA/05/079/80 of NRB Dated 2079/11/10 shall be set aside to the general reserve.

#### **b) Exchange Equalization Reserve**

This is statutory reserve created in compliance with BAFIA. 25% of the revaluation on the foreign currency computed as per regulatory books is set aside to Exchange Equalization Reserve.

#### **c) Assets Revaluation Reserve**

This is a non-statutory reserve and is the requirement in the application of accounting policy for non-financial assets such as property, equipment, investment property and intangible assets that are measured following revaluation model. Revaluation reserve often serve as a cushion against unexpected loss but may not be fully available to absorb unexpected losses due to the subsequent deterioration in the market values and tax consequences of revaluation. The microfinance hasn't followed revaluation model.

#### **d) Capital reserve**

This is a non-statutory reserve and represents the amount of all the capital nature reserves such as the amounts arising from share forfeiture, capital grants and capital reserve arising out of business combinations. Funds in this reserve are not available for distribution of cash dividend but can be capitalized by issuing bonus shares upon obtaining prior approval from the central bank.

**e) Corporate Social Responsibility Fund**

1% of net profit is set aside in the fund as per the NRB Directives for the purpose of corporate social responsibility.

**f) Regulatory Reserve**

The amount that is allocated from profit or retained earnings of the microfinance to this reserve 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 shall be presented under this reserve. The regulatory reserve of the microfinance includes the reserve net of tax and employee bonus created relating to accrued interest receivable as on Chaitra end 2080 not recovered, Reserve on deferred tax assets, non-banking assets, reduction in fair value of investment in equity below cost price, actuarial loss etc.

**g) Actuarial Gain/Loss Reserve**

The amount that is allocated from profit or retained earnings of the microfinance both positive or negative to this reserve as per the directives of NRB for the purpose of implementation of NFRS and which shall not be regarded as free reserve for distribution of dividend are recorded in this reserve. The reserve includes actuarial gain/(loss) net of tax on defined benefit plan.

**h) Client protection fund**

Client protection fund is created at 1% of net profit. In addition to this, 35% of additional amount of Cash Dividend and Bonus Shares if declared and distributed in excess of 15% shall be allocated to this fund as per NRB Directives.

As per the directives 4(1)(Ja)(aa) of NRB issued for microfinance, the microfinance shall earmark and invest separately the portion of residual amount of the fund. In compliance with this provision,

the microfinance has invested major portion of the fund in Fixed Deposit in commercial bank and residual amount has been kept in bank account for future expenditure purpose.

**i) Other reserves**

Any other reserve created with specific or non-specific purpose are presented under this by disclosing account heads.

**j) Proposed bonus distribution**

The board of the microfinance has recommended not to distribute dividend .

**3.18 Earnings per Share (EPS) including diluted EPS**

Microfinance presents basic and diluted Earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary equity holders of the Microfinance by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting both the profit and loss attributable to the ordinary equity holders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

### **3.19 Investment in Associates**

For the purpose of consolidation, NAS 28 - Investments in Associates is applied. Associates are entities in which the Microfinance has significant influence, but not control, over the operating and financial policies.

The microfinance's investments in associates are initially recorded at cost and increased (or decreased) each year by the entity's share of the post- acquisition profit/(loss). The entity ceases to recognize its share of the losses of equity accounted associates when its share of the net assets and amounts due from the entity have been written off in full, unless it has a contractual or constructive obligation to make good its share of the losses.

The Microfinance doesn't have any investment in associates.

Progress report as on Chaitra end, 2080

**Asha Laghubitta Bittiya Sanstha Ltd**  
Statement of Micro Credit Development Bank (Monthly)  
Asha Laghubitta Bittiya Sanstha Ltd

(रु. हजारमा)

क्र.सं.	विवरण	गत आ.ब.को	यस आ.ब. को मात्र			हालसम्मको बाँकी
		आपाढ सम्मको	गत महिना सम्मको	यस महिनाको	यस महिना सम्मको	
१	कार्यक्षेत्र भएको जिल्ला संख्या	77	-	-	-	77
२	सेवा पुगेको जिल्ला संख्या	45	-	-	-	45
३	सेवा पुगेको स्थानीय तह संख्या	137	-	-	-	137
४	कुल कर्मचारी संख्या	581	(33)	(3)	(36)	545
५	कुल शाखा संख्या	156	(14)	-	(14)	142
६	कुल केन्द्र संख्या	11,552	286	21	307	11,859
७	कुल समूह संख्या	31,962	3,003	98	3,101	35,063
८	निष्क्रिय समूह संख्या	-	-	-	-	-
९	कुल सदस्य संख्या	131,975.00	2,610.00	(237.00)	2,373	134,348
९.१	पुरुष	2,377	510	10	520	2,897
९.२	महिला	129,598	2,100	(247)	1,853	131,451
१०	निष्क्रिय सदस्य संख्या	19,469.00	1,407.00	644.00	2,051	21,520
१०.१	पुरुष	97	8	13	21	118
१०.२	महिला	19,372	1,399	631	2,030	21,402
११	कुल ऋणी संख्या	70,203.00	(7,217.00)	(1,219.00)	(8,436)	61,767
११.१	पुरुष	1,763	371	(12)	359	2,122
११.२	महिला	68,440	(7,588)	(1,207)	(8,795)	59,645
१२	<b>कुल कर्जा वितरण</b>	<b>38,431,263.21</b>	<b>4,502,692.87</b>	<b>1,202,890.50</b>	<b>5,705,583.37</b>	<b>44,136,846.57</b>
१२.१	लघु व्यवसाय कर्जा	14,161,175.56	467,488.80	36,784.00	504,272.80	14,665,448.35
१२.१.१	पुरुष	-	-	-	-	-
१२.१.२	महिला	14,161,176	467,489	36,784	504,273	14,665,448
१२.२	लघु उद्यम/धितो कर्जा	6,492,634.21	720,484.07	21,652.00	742,136.07	7,234,770.28
१२.२.१	पुरुष	-	-	-	-	-
१२.२.२	महिला	6,492,634	720,484	21,652	742,136	7,234,770
१२.३	अन्य कर्जा	17,777,453.44	3,314,720.00	1,144,454.50	4,459,174.50	22,236,627.93
१२.३.१	पुरुष	-	-	-	-	-
१२.३.२	महिला	17,777,453	3,314,720	1,144,455	4,459,174	22,236,628
१३	<b>कर्जाको साँवा असुली</b>	<b>29,378,500.73</b>	<b>3,694,048.17</b>	<b>1,186,713.30</b>	<b>4,880,761.47</b>	<b>34,259,262.19</b>
१३.१	लघु व्यवसाय कर्जाको साँवा असुली	12,826,501	545,540	116,426.72	661,966.52	13,488,467.30
१३.२	लघु उद्यम/धितो कर्जाको साँवा असुली	4,099,363	516,457	88,331.84	604,788.94	4,704,151.87
१३.३	अन्य कर्जाको साँवा असुली	12,452,637	2,632,051	981,954.73	3,614,006.01	16,066,643.03
१४	<b>कुल बाँकी कर्जा</b>	<b>9,052,762.48</b>	<b>808,644.70</b>	<b>16,177.20</b>	<b>824,821.90</b>	<b>9,877,584.38</b>
१४.१	लघु व्यवसाय कर्जा बाँकी	1,334,675	(78,051)	(79,642.72)	(157,693.72)	1,176,981.06
१४.२	लघु उद्यम/धितो कर्जा बाँकी	2,393,271	204,027	(66,679.84)	137,347.13	2,530,618.41
१४.३	अन्य कर्जा बाँकी	5,324,816	682,669	162,499.77	845,168.49	6,169,984.91
१५	भाखा नाघेको कर्जा रकम	1,664,972	1,949,705	(1,651,777.19)	297,927.65	1,962,900.00
१६	भाखा नाघेको ऋणी संख्या	14,789	19,129	(16,527.00)	2,602.00	17,391.00
१७	निष्क्रिय कर्जा रकम	355,520	1,855,867	(1,722,635.12)	133,231.81	488,751.53
१८	निष्क्रिय कर्जा संख्या	3,625	19,801	(16,025.00)	3,776.00	7,401.00
१९	व्याज असुली रकम	4,313,329	785,064	195,324.66	980,388.62	5,293,717.82
२०	असुल हुन बाँकी व्याज रकम	173,348	144,748	(74,592.72)	70,155.34	243,503.63
२१	कर्जा नोक्सानी ब्यवस्था	225,443	81,347	(60,944.65)	20,402.23	245,845.14
२२	कुल बचतकर्ता संख्या	111,238	14,215	(132.00)	14,083.00	125,321.00
२३	<b>कुल बचत रकम</b>	<b>2,823,998.99</b>	<b>(16,389.02)</b>	<b>51,392.18</b>	<b>35,003.16</b>	<b>2,859,002.15</b>
२४	अनिवार्य बचत	630,766	108,797	30,630.09	139,427.25	770,193.48
२५	स्वेच्छिक बचत	2,193,233	(125,186)	20,762.09	(104,424.09)	2,088,808.67
२६	अन्य बचत	-	-	-	-	-
२७	सर्वसाधारणवाट संकलन गरेको बचत	-	-	-	-	-
२८	कुल बचत/कुल कर्जा (%)	31.19%	-2.03%	317.68%	4.24%	28.94%
२९	लघु उद्यम कर्जा/कुल कर्जा (%)	26.44%	25.23%	-412.18%	16.65%	25.62%