

Nirdhan Utthan Laghubitta Bittiya Sanstha Limited

Bhagwati Bahal, Naxal, Kathmandu

Tel. +977 1 4513711, 4513840



Unaudited Interim Financial Statements

Fiscal Year: 2079/2080

For the Period Ended Chaitra, 2079

Nirdhan Utthan Laghubitta Bittiya Sanstha Limited
Condensed Statement of Financial Position

As on Quarter Ended 30th Chaitra 2079

Assets	This Quarter Ending	Immediate Previous Year Ending
Cash and Cash equivalent	1,688,145,979	1,030,594,424
Statutory Balances and Due from Nepal Rastra Bank	432,388,185	396,402,455
Placement with Bank & Financial Institutions	-	-
Derivative Financial Instruments	-	-
Other Trading Assets	-	-
Loans and Advances to MFIs & Cooperatives	-	-
Loans and Advances to Customers	25,579,030,651	27,168,994,192
Investment Securities	293,510,000	293,510,000
Current Tax Assets	286,115,884	151,660,505
Investment Property	-	-
Property and Equipment	135,973,826	142,733,258
Goodwill and Intangible assets	-	-
Deferred Tax Assets	163,219,532	163,219,532
Other Assets	339,393,667	273,929,961
Total Assets	28,917,777,723	29,621,044,327
Liabilities		
Due to Bank and Financial Institutions	-	-
Due to Nepal Rastra Bank	-	-
Derivative Financial Instrument	-	-
Deposits from Customers	19,063,292,816	18,182,829,522
Borrowing	4,964,360,784	6,289,339,000
Current Tax Liabilities	-	-
Provisions	-	14,648,322
Deferred Tax Liabilities	-	-
Other Liabilities	351,323,376	506,605,415
Debt Securities Issued	-	-
Subordinated Liabilities	-	-
Total Liabilities	24,378,976,976	24,993,422,259
Equity		
Share Capital	2,612,079,750	2,195,025,000
Share Premium	510,111	510,111
Retained Earnings	92,322,849	487,303,543
Reserves	1,833,888,037	1,944,783,414
Total Equity	4,538,800,747	4,627,622,068
Total Liabilities and Equity	28,917,777,723	29,621,044,327

Nirdhan Utthan Laghubitta Bittiya Sanstha Limited
Condensed Statement of Profit or Loss
For the Quarter ended 30th Chaitra 2079

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
Interest Income	945,574,932	2,936,665,454	981,971,273	2,865,276,849
Interest Expense	502,653,988	1,526,912,949	475,701,475	1,295,483,876
Net Interest Income	442,920,945	1,409,752,505	506,269,797	1,569,792,974
Fee and Commission Income	87,763,626	274,501,423	122,315,080	393,494,832
Fee and Commission Expense	35,618	5,757,420	820,085	1,767,051
Net Fee and Commission Income	87,728,008	268,744,003	121,494,995	391,727,781
Net Interest, Fee and Commission Income	530,648,952	1,678,496,508	627,764,792	1,961,520,755
Net Trading Income	-	-	-	-
Other Operating Income	-	168,822	1,981,899	4,982,063
Total Operating Income	530,648,952	1,678,665,330	629,746,690	1,966,502,818
Impairment charge/(reversal) for loans and other losses	450,732,114	861,998,306	(106,052,923)	(58,897,255)
Net Operating Income	79,916,838	816,667,024	735,799,613	2,025,400,073
Operating Expense				
Personnel Expenses	220,285,122	652,883,992	263,604,209	784,386,798
Other Operating Expenses	30,568,458	87,709,624	27,286,920	83,027,499
Depreciation & Amortization	3,864,034	11,533,511	3,586,618	11,599,173
Operating Profit	(174,800,775)	64,539,896	441,321,866	1,146,386,602
Non Operating Income	552,104	1,975,118	265,816	265,816
Non Operating Expense	-	-	-	-
Profit before Income Tax	(174,248,671)	66,515,014	441,587,682	1,146,652,418
Income Tax Expense	(49,738,398)	22,490,708	132,885,250	343,954,771
Current Tax	(49,738,398)	22,490,708	132,885,250	343,954,771
Deferred Tax	-	-	-	-
Profit for the Period	(124,510,273)	44,024,306	308,702,431	802,697,647

Statement of Comprehensive Income

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
Profit for the Period	-	124,510,273	308,702,431	802,697,647
Other comprehensive income, net of income tax				
a) Items that will not be reclassified to profit or loss				
• Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-
• Gain/(loss) on Revaluation	-	-	-	-
• Actuarial gain/(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 comprehensive income that are or may be reclassified to profit or loss	-	-	-	-
c) Share of other comprehensive income of associate accounted as per equity method	-	-	-	-
Other comprehensive income for the period, net of income tax	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Profit for the Period	-	124,510,273	308,702,431	802,697,647
Total	-	124,510,273	308,702,431	802,697,647
Earnings Per Share				
Basic Earnings Per Share		1.69		36.57
Annualized Basic Earnings Per Share		2.25		48.76
Diluted Earnings Per Share		2.25		48.76

Statement of Distributable Profit or Loss
For the Quarter ended Chaitra 2079
(As per NRB Regulation)

Particulars	Current year Upto this Qtr YTD	Previous Year Corresponding Qtr YTD
Net profit or (loss) as per statement of profit or loss	44,024,306	802,697,647
<u>Appropriations:</u>		
a. General reserve	8,804,861	160,539,529
b. Foreign exchange fluctuation fund		
c. Capital redemption reserve		
d. Corporate social responsibility fund	440,243	8,026,976
e. Employees' training fund		
f. Client Protection Fund	440,243	8,026,976
g. Other		
Profit or (loss) before regulatory adjustment	34,338,959	626,104,165
<u>Regulatory adjustment :</u>		
a. Interest receivable (-)/previous accrued interest received (+)		
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 recognized (-)/ reversal (+)		
f. Goodwill recognized (-)/ impairment of Goodwill (+)		
g. Bargain purchase gain recognized (-)/reversal (+)		
h. Actuarial loss recognized (-)/reversal (+)		
i. Other (+/-)		
<u>Net Profit for the period end Chaitra 2079 available for distribution</u>	<u>34,338,959</u>	<u>626,104,165</u>
Opening Retained Earning as on Shrawan 1 2079	487,303,543	552,110,117.97
Adjustment (+/-)	-	7,799,738.00
Distribution	439,005,000	526,342,105
<i>Bonus Shares issued</i>	417,054,750	500,025,000
<i>Cash Dividend paid</i>	21,950,250	26,317,105
<u>Total Distributable profit or (loss) as on Qtr end Chaitra 2079</u>	<u>82,637,502</u>	<u>644,072,440</u>
<i>Annualised Distributable Profit/Loss per share</i>	2.37	22.01

Nirdhan Utthan Laghubitta Bittiya Sanstha Limited
Condensed Statement of Changes in Equity
For the Period Shrawan 1, 2078 to Chaitra End 2079

Particulars	Share Capital	Share Premium	General Reserve	Exchange Equalization Reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earnings	Other Reserves	Total
Balance at Shrawan 1, 2078	1,695,000,000	510,111	986,597,752	709,566	370,825,891	2,921,369	-	552,158,807	243,083,929	3,851,807,424
Comprehensive Income for the Year										
Profit for the Period								750,083,315		750,083,315
Other comprehensive income, Net of tax										
Gains/(losses) from investments in equity Instruments measured at fair value										-
Gains/(losses) on revaluation										-
Actuarial gains/(losses) on defined benefit plans										-
Gains/(losses) on cash flow hedge										-
Exchange gains/(losses) (arising from translating financial assets of foreign operations)										-
Total comprehensive income for the year	-	-	-	-	-	-	-	750,083,315	-	750,083,315
Transfer to reserve during the year										
Transfer from reserve during the year										
Transactions with owners, directly recognised in equity			150,600,937		118,122,302	(2,921,369)		(288,596,475)	74,843,039	52,048,435
Share issued										-
Share based payments										-
Dividends to equity holders										-
> Bonus shares issued	500,025,000							(500,025,000)		-
> Cash dividend paid								(26,317,105)		(26,317,105)
Other										-
Total contributions by and distributions	500,025,000	-	-	-	-	-	-	(526,342,105)	-	(26,317,105)
Balance at Asar end 2079	2,195,025,000	510,111	1,137,198,688	709,566	488,948,193	-	-	487,303,543	317,926,968	4,627,622,069
Balance at Shrawan 1, 2079	2,195,025,000	510,111	1,137,198,688	709,566	488,948,193	-	-	487,303,543	317,926,968	4,627,622,069
Comprehensive Income for the Year										
Profit for the Period								44,024,306		44,024,306
Other comprehensive income, Net of tax										
Gains/(losses) from investments in equity Instruments measured at fair value										-
Gains/(losses) on revaluation										-
Actuarial gains/(losses) on defined benefit plans										-
Gains/(losses) on cash flow hedge										-
Exchange gains/(losses) (arising from translating financial assets of foreign operations)										-
Total comprehensive income for the year	-	-	-	-	-	-	-	44,024,306	-	44,024,306
Transfer to reserve during the year										
Transfer from reserve during the year									(110,895,378)	(110,895,378)
Transactions with owners, directly recognised in equity										
Share issued										-
Share based payments										-
Dividends to equity holders										-
> Bonus shares issued	417,054,750							(417,054,750)		-
> Cash dividend paid								(21,950,250)		(21,950,250)
Other										-
Total contributions by and distributions	417,054,750	-	-	-	-	-	-	(439,005,000)	-	(21,950,250)
Balance at Chaitra End 2079	2,612,079,750	510,111	1,137,198,688	709,566	488,948,193	-	-	92,322,849	317,926,968	4,538,800,747

Nirdhan Utthan Laghubitta Bittiya Sanstha Limited

Statement of Cash Flows

For the Period ended 30th Chaitra 2079

Particulars	Upto This Quarter	Corresponding Previous Upto This Quarter
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	2,936,665,454	2,865,276,849
Fees and other income received	274,501,423	393,494,832
Divided received	-	-
Receipts from other operating activities	1,975,118	2,229,843
Interest paid	(1,526,912,949)	(1,295,483,876)
Commission and fees paid	(5,757,420)	(1,767,051)
Cash payment to employees	(652,883,992)	(784,386,798)
Other expense paid	(87,709,624)	(83,027,499)
Operating cash flows before changes in operating assets and liabilities	939,878,009	1,096,336,300
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	(35,985,730)	(36,048,845)
Placement with bank and financial institutions	-	970,000,000
Other trading assets	-	-
Loan and advances to bank and financial institutions	-	-
Loans and advances to customers	727,965,235	(3,679,270,427)
Other assets	(199,919,085)	3,866,743
Increase/(Decrease) in operating liabilities		
Due to bank and financial institutions	-	-
Due to Nepal Rastra Bank	-	-
Deposit from customers	880,463,295	1,764,367,764
Borrowings	(1,324,978,216)	199,920,174
Other liabilities	(155,282,039)	(56,552,151)
Net cash flow from operating activities before tax paid	832,141,469	262,619,558
Income taxes paid	(22,490,708)	(343,954,771)
Net cash flow from operating activities	809,650,761	(81,335,213)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	-	(88,870,946)
Receipts from sale of investment securities	-	-
Purchase of property and equipment	(6,990,327)	(10,303,681)
Receipt from the sale of property and equipment	-	4,481,974
Purchase of intangible assets	-	-
Receipt from the sale of intangible assets	-	-
Purchase of investment properties	-	-
Receipt from the sale of investment properties	-	-
Interest received	-	-
Dividend received	168,822	3,018,036
Net cash used in investing activities	(6,821,505)	(91,674,616)
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	(145,277,701)	(43,935,587)
Net cash from financing activities	(145,277,701)	(43,935,587)
Net increase (decrease) in cash and cash equivalents	657,551,555	(216,945,416)
Cash and cash equivalents at Shrawan 1, 2079	1,030,594,424	736,479,914
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-
Cash and cash equivalents at Chaitra end 2079	1,688,145,979	519,534,498

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		13.36%		13.82%
Non-performing loan (NPL) to total loan		12.09%		3.33%
Total loan loss provision to Total NPL		66.65%		109.23%
Cost of Funds		8.37%		7.58%
Credit to Deposit and borrowing Ratio		112.33%		115.06%
Base Rate		13.35%		13.01%
Interest Rate Spread		5.32%		6.76%

Nirdhan Utthan Laghubitta Bittiya Sanstha Limited

Notes to the Interim Financial Statements

For the Period Ended Chaitra, 2079

1 Basis of Preparation

The Interim Financial Statements have been prepared on going concern basis and under the accrual basis of accounting as prescribed by Nepal Financial Reporting Standards (NFRSs), as published by the Accounting Standards Board (ASB). The preparation and presentation of the Interim Financial Statements comply with the requirements of format issued by Nepal Rastra Bank via Unified Directives to Microfinance FIs, 2079.

2 Statement of Compliance with NFRS

The Interim financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRSs) to the extent applicable with allowed carve-outs as issued by the Accounting Standards Board (ASB) Nepal.

3 Use of Estimates, Assumptions, and Judgments

The Financial Institution, while complying with reporting standards, makes critical accounting judgements based on the latest available, reliable information. An estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. During the preparation of the Interim financial statements, NFRS requires the management to make critical accounting judgments, estimates, and assumptions in applying the accounting policies that have a material impact on the financial statements. The underlying assumption made while making accounting estimates are periodically reviewed and such revision is recognized in the period in which the estimates are revised and are applied prospectively.

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

- Defined benefit schemes, surpluses and deficits are measured at fair value.
- Liabilities for defined benefit obligations are recognized at the present value of the defined benefit obligation less the fair value of the plan assets.
- Investment securities has been measured at fair value under NFRS 9 "Financial Instruments".
- Financial assets and liabilities at fair value through profit or loss or other comprehensive income are measured at fair value.
- Financial assets and financial liabilities held at amortized cost at measured using a rate that is a close approximation of effective interest rate.

The Interim financial statements have been presented in nearest Nepalese Rupee (NPR), which is the functional and presentation currency of the Financial Institution. The Profit and loss has been prepared using classification 'by nature' method and Cash Flows prepared using direct method.

5.2 Cash and cash equivalent

Cash and cash equivalent comprise of the total amount of cash-in-hand, balances with other bank and financial institutions, money at call, short notice and highly liquid financial assets with original maturities 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 management of its short-term commitments.

5.3 Financial assets and financial liabilities

Financial assets refer to assets that arise from contractual agreements that result in future cash inflows or from owning equity instruments of another entity. Since financial assets derive their value from a contractual claim.

Financial liabilities are obligations that arise from contractual agreements and that require settlement by way of delivering cash or another financial asset. Settlement could also require exchanging other financial assets or financial liabilities under potentially unfavourable conditions.

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 the instrument. The Financial Institution initially recognize loans and advances, deposits, and debt securities/subordinated liabilities issued on the date that they are originated which is the date that the Financial Institution becomes party to the contractual provisions of the instruments. Investments in equity instruments, bonds, debentures, Government securities, NRB bond or deposit auction, reverse repos, outright purchase are recognized on trade date at which the Financial Institution commits to purchase/acquire the financial assets. Regular purchase and sale of financial assets are recognized on trade date. All financial assets and liabilities are initially recognized at their cost value and are subsequently presented as per NFRS based on the respective classification.

Classification and Measurement

i. Financial Assets

The Financial Institution classifies the financial assets as subsequently measured at amortized cost or fair value on the basis of the Financial Institution's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

ii. Financial Liabilities

The Financial Institution classifies the financial liabilities as follows:

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

Financial liabilities are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost 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.

De-recognition

The Financial Institution derecognizes a financial asset when the contractual rights to receive 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 Institution neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Determination of fair value

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

The fair value measurement hierarchy is as follows:

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

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

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

5.4 Property and Equipment

a) Recognition and Measurement

Property and Equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Financial Institution and the cost of the asset can be reliably measured.

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment loss if any. Neither class of the property and equipment are measured at revaluation model nor is their fair value measured at the reporting date. Any gain or losses on de-recognition of an item of property and equipment is recognized in profit or loss.

c) Depreciation

Property and Equipment's are depreciated from the date they are available for use on Straight Line method over the estimated useful life as determined by the Management. Depreciation is charged to profit or loss. Land is not depreciated. Charging of depreciation is ceased from earlier of: the date from which the asset is classified as held for sale or from the date of derecognition. The estimated useful life of significant items of property and equipment for current year and comparative period are as follows:

Class of Assets	Useful Life
Building	30 Years
Computer and Accessories	5 Years
Vehicles	5 years
Furniture, Fixture and Equipment's	10 Years

Assets costing less than NPR 3,000 are fully expensed in the year of purchase.

5.5 Income tax

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current and deferred taxes. The Financial Institution applies NAS 12 – "Income Taxes" for the accounting of Income Tax. Income tax expense is recognized in profit or loss, except to the extent it relates to items recognized directly in equity or directly in other comprehensive income. Tax expense relating to items recognized directly in other comprehensive income is recognized in the Statement of Other Comprehensive Income.

Current 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%.

Deferred Tax

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:

- (a) deductible temporary differences;
- (b) the carry forward of unused tax losses; and
- (c) the carry forward of unused tax credits.

Deferred tax is recognized at the reporting date in respect of temporary differences between the carrying amounts of assets or liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

5.6 Deposits liabilities

The Financial Institution's deposits consist of money placed into the Financial Institution by its customers and members. These deposits are made to deposit accounts such as term deposit accounts, savings deposit accounts.

5.7 Provisions

Provisions are recognised when the Financial Institution has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. A provision is a recognised obligation, which is relatively imminent, and is a reasonable estimate of that obligation at that time. The distinction between an accrual and a provision is that an accrual can be calculated exactly, whereas a provision is the best estimate of the obligation.

A commitment or contingency is a liability 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 recorded off-balance sheet.

5.8 Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Financial Institution and can be measured reliably.

Interest income

Interest income is recognized under an accrual basis in the profit or loss for all interest-bearing financial assets except loans categorized as bad loans measured at amortized cost. Effective Interest Rate is the rate that exactly discounts estimated future cash receipts or cash payments through the expected life of a financial asset to the net carrying amount of the financial asset.

Fee and commission income

Fees and commission income that is integral to the effective interest rate on a financial asset is included in the measurement of effective interest rate. Other fees and commission income including management fees, service charges are recognized as and when the related services are performed.

Dividend income

A dividend on investment in a resident company is recognized when the right to receive payment is established.

Net income from other financial instruments at fair value through profit or loss

The Financial Institution presents income other than those presented under interest income, fees and commission income under this heading. Income recognized here includes items such as foreign exchange revaluation gain or loss; dividend on equity investments that are measured at FVTOCI; gain or loss on disposal of property and equipment; gain and loss on disposal of investment property; and gain or loss on disposal of investment securities except for equity investments measured at FVTOCI.

5.9 Interest expense

Interest expenses on all financial liabilities including deposits are recognized in profit or loss using the effective interest rate method.

5.10 Employees Benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. The Financial Institution's remuneration package includes both short term and long-term benefits and comprises of: salary, allowances, paid leave, accumulated leave, gratuity, provident fund and annual statutory bonus. The Financial Institution applies NAS 19 – "Employee Benefits" in accounting of all employee benefits and recognizes the followings in its financial statements:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when the Financial Institution consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

5.11 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Lease payments under an operating lease to be recognised as an expense when accrued as the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

5.12 Share capital and reserves

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 and other returns to equity holders are recognized when the owner's right to receive payment is established.

5.13 Earnings 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 Segmental Information

A. Information about profit or loss, assets, and liabilities ('000)

Particulars	Province 1		Madhesh Province		Bagmati Province		Gandaki Province		Lumbini Province		Karnali Province		All Other		Total	
	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter
Revenues from External Customer	311,597	308,485	940,487	1,209,691	409,200	372,030	146,605	141,968	830,138	891,868	181,154	200,362	1,309,429	1,263,297	4,128,611	4,387,701
Intersegment Revenues	86,931	795	352,531	159,498	115,897	1,718	1,985	7,133	130,045	88,767	43,471	2,014	730,860	259,925	-	-
Segment Profit (Loss) before tax	8,698	74,407	346,123	291,643	68,008	75,467	6,914	25,777	60,930	225,510	69,070	28,976	473,174	424,871	66,515.01	1,146,652
Segment Assets	1,805,328	1,899,780	4,620,122	5,582,814	2,356,037	2,139,256	1,151,792	1,093,486	5,806,692	5,684,858	1,126,613	1,174,678	12,571,235	12,599,850	29,437,818	30,174,723
Segment Liabilities	1,796,630	1,708,144	4,966,245	4,887,665	2,424,044	9,959,341	1,144,878	1,029,557	5,745,762	5,330,981	1,195,683	1,074,676	12,120,818	5,381,660	29,394,060	29,372,025

B Reconciliation of Reportable Segment profit or loss ('000)

Particulars	Current Quarter	Corresponding Previous Year Quarter
Total Profit before tax for Reportable Segments	- 406,659	721,781
Profit before tax for Other Segments	479,825	436,349
Elimination of Inter-Segment Profit	-	-
Elimination of Discontinued Operation	-	-
Unallocated amounts:		
- Other corporate expenses	6,652	11,478
Profit Before Tax	66,515	1,146,652

7 Related Party Disclosure

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.

Compensation of Board of Directors

Particulars	Amount
Meeting Fees	498,000.00
Telephone Allowance	81,000.00
Board Meeting Expenses	259,469.00
Total	838,469.00

Compensation of Chief Executive Officer

Particulars	Amount
Short Term Employee Benefits	3,123,806.00
Bonus	626,871.61
Post Employee Benefits	-
Other Long-Term Benefits	174,000.00
Total	3,924,677.61

8 Dividend Proposed

The Financial Institution has issued 19% Stock dividend out of profits of Financial Year 2078-79.

9 Issue, Purchase, and Repayment of Debt and equity securities

None.

10 Events after Interim Period

All adjusting events are adjusted in the books with additional disclosures and non-adjusting material events are disclosed in the notes with possible financial impact, to the extent ascertainable.

11 Effect of changes in the composition of the entity during the interim period including merger and acquisition

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