



नारायणी डेभलपमेन्ट बैंक लि. Narayani Development Bank Ltd.

“नेपाल राष्ट्र बैंकबाट ‘ख’ वर्गको इजाजतप्राप्त संस्था”

२२ औं

वार्षिक प्रतिवेदन
आ.व. २०७९/०८०

BOARD OF DIRECTORS



MR. CHANDRA MAN MALEKU
Chairman



MR. GANESHMAN PRADHAN
Director



MR. PUKAR THAPA
Director



MR. UTSAV SUNDAR SHRESTHA
Director



MR. BALRAM PAUDEL
Independent Director



MR. BISHNU REGMI
Company Secretary/CEO



प्रोक्सी फारम

श्री संचालक समिति
नारायणी डेभलपमेन्ट बैंक लिमिटेड
रत्ननगर १, टाँडी, चितवन ।

बिषय :- प्रतिनिधि नियुक्त गरेको बारे ।

महोदय,

.....जिल्ला.....म.न.पा./उ.म.न.पा./न.पा./गा.पा.वार्ड नंबस्ने म/हामी
.....ले त्यस कम्पनीको (बैंकको) शेयरवालाको हैसियतले २०८१ साल वैशाख
महिना १८ गते मंगलबारका दिन हुने २२औं वार्षिक साधारण सभामा स्वयं उपस्थित भई छलफल तथा निर्णयमा
सहभागी हुन नसक्ने भएकोले उक्त सभामा भाग लिन तथा मतदान गर्नका लागि.....
जिल्ला.....म.न.पा./उ.म.न.पा./न.पा./गा.वि.स. वडा नंबस्ने
त्यस कम्पनीका शेयरवाला श्रीशेयरधनी परिचय नं.....लाई
मेरो/हाम्रो प्रतिनिधि मनोनित गरी पठाएको/का/छु/छौ ।

प्रोक्सी लिनेले भर्ने

प्रोक्सी दिनेले भर्ने

प्रोक्सी लिनेको सही

प्रोक्सी दिनेको सही

नाम :

नाम :

शेयरधनी परिचय नं.

शेयरधनी परिचय नं.

शेयर संख्या :

शेयर संख्या :

मिति :

मिति :

द्रष्टव्य : यो निवेदन साधारण सभा हुनुभन्दा कम्तिमा ४८ घण्टा अगावै कम्पनीको रजिस्टर्ड कार्यालयमा पेश गरिसक्नु पर्नेछ ।

✂-----Tear here

प्रवेश - पत्र

शेयरधनीको नाम :

शेयरधनी परिचय नं.:

शेयरधनीको सही :

शेयर संख्या :

नारायणी डेभलपमेन्ट बैंक लिमिटेडको मिति २०८१ साल वैशाख महिना १८ गते मंगलबारका दिन हुने २२औं वार्षिक साधारण सभामा उपस्थित हुन जारी गरीएको प्रवेश-पत्र ।

द्रष्टव्य :

शेयरधनी आफैले खाली ठाउँहरू भर्नुहोला ।

(सभाकक्षमा प्रवेश गर्न यो प्रवेश-पत्र प्रस्तुत गर्नु अनिवार्य छ ।)

.....
संचालक समितिको आज्ञाले
कम्पनी सचिव

२२औं वार्षिक प्रतिवेदन

नारायणी डेभलपमेन्ट बैंक लिमिटेडको

२२औं वार्षिक साधारण सभा सम्बन्धी सूचना

संचालक समितिको मिति २०८०/१२/१५ को निर्णयानुसार यस कम्पनीको २२औं वार्षिक साधारण सभा निम्न मिति, स्थान र समयमा निम्न विषयहरू उपर छलफल गर्न बोलाउने निर्णय भएको हुनाले शेयरधनीहरूको जानकारीका लागि यो सूचना प्रकाशित गरिएको छ ।

साधारण सभाको मिति, समय, स्थान

मिति : २०८१ बैशाख १८ गते मंगलवार ।

स्थान : होटल स्टार चितवन, रत्ननगर १, टाँडी, चितवन ।

साधारण सभा हुने समय : बिहान ११:३० बजे ।

छलफलको विषय :-

(क) साधारण प्रस्ताव

१. संचालक समितिको तर्फबाट अध्यक्षज्यको आर्थिक वर्ष २०७९/२०८० को प्रतिवेदन उपर छलफल गरी पारित गर्ने ।
२. लेखापरीक्षकको प्रतिवेदन सहित २०८० साल आसार मसान्तको वित्तीय विवरण, सोही मितिमा पेश भएको आर्थिक वर्ष २०७९/२०८० को नाफा नोक्सान हिसाब विवरण, नगद प्रवाह विवरण, इक्वीटिमा भएको परिवर्तनको विवरण र सो सँग सम्बन्धित अनुसूचीहरू सहितको वित्तीय विवरणहरू पारित गर्ने ।
३. लेखापरीक्षण समितिको सिफारीसमा बैंकको आर्थिक वर्ष २०८०/८१ को लेखापरीक्षण गर्न बाह्य लेखापरीक्षकको नियुक्ति गर्ने तथा निजको पारिश्रमिक निर्धारण गर्ने ।
४. संचालकहरूको मनोनयन/निर्वाचन गर्ने ।
५. विविध ।

(ख) विशेष प्रस्तावहरू :

१. ने.रा.बैंकको पूर्व स्वीकृत बमोजिम कम्पनीको रजिष्टर्ड (केन्द्रिय) कार्यालयको ठेगाना परिवर्तन गर्ने प्रस्ताव ।
२. कम्पनीको प्रबन्धपत्र तथा नियमावलीमा संशोधनको प्रस्ताव ।
३. यस नारायणी डेभलपमेन्ट बैंक लिमिटेड र अन्य बैंक तथा वित्तीय संस्था एक आपसमा गाभ्ने/गाभिने (Merger) तथा प्राप्त/समाहित (Acquisition) हुने, रणनीतिक साझेदार, नयाँ लगानीकर्ता भित्रयाउने प्रयोजनका लागि उपयुक्त बैंक वित्तीय संस्था, साझेदार, लगानीकर्ताको पहिचान गर्ने, सहमति पत्र (Memorandum of Understanding) मा हस्ताक्षर गर्ने सोको आधारमा सैद्धान्तिक स्वीकृतीका लागि नेपाल राष्ट्र बैंकमा निवेदन दिने, सम्पत्ति तथा दायित्व मुल्यांकन (Due Diligence Audit) गर्ने परामर्शदाता, मुल्यांकनकर्ता, लेखापरीक्षक नियुक्ति गर्ने र निजको पारिश्रमिक तोक्ने तथा उक्त कार्यसँग सम्बन्धित अन्य आवश्यक कार्यहरू गर्नका लागि संचालक समितिलाई अख्तियारी दिने ।
४. कम्पनीको प्रबन्ध पत्र र नियमावलीमा संशोधन गर्ने सम्बन्धमा कम्पनीको आवश्यकता अनुसार तथा नियमनकारी निकायहरूबाट कुनै फेरवदल, सुझाव भएमा सोही अनुसार आवश्यक फेरवदल गर्न संचालक समिति वा संचालक समितिले तोकेको व्यक्तिलाई अख्तियारी दिन स्वीकृती दिने ।
५. विविध ।

२२औं वार्षिक साधारण सभा सम्बन्धी अन्य जानकारीहरू:

- १) २२औं वार्षिक साधारण सभा प्रयोजनका लागि २०८१/०१/१० गते सोमवार एक (१) दिन कम्पनीको शेयरधनी दर्ता किताब बन्द रहनेछ । मिति २०८१/०१/०९ गते सम्म नेपाल स्टक एक्सचेञ्जमा कारोबार भई प्रचलित कानून बमोजिम बैंकको शेयर रजिष्ट्रार ग्लोबल आइ.एम.इ क्यापिटल लिमिटेडमा प्राप्त विवरणको आधारमा कायम शेयरधनीहरू मात्र साधारण सभामा भाग लिन हाजिर गर्न योग्य हुनेछन ।
- २) वार्षिक साधारण सभामा भाग लिन आफ्नो प्रतिनिधी नियुक्त गर्न चाहाने शेयरधनी महानुभावले प्रचलित कम्पनी कानूनले तोकेको ढाँचामा वार्षिक प्रतिवेदन पुस्तिका अनुसारको प्रतिनिधिपत्र (प्रोक्सी) बमोजिमको ढाँचामा प्रतीनिधिपत्र भरी प्रतिनिधि नियुक्त गर्नुपर्नेछ । यसरी नियुक्त प्रतिनिधिले कम्तीमा ४८ घण्टा अगावै बैंकमा प्रतीनिधिपत्र (प्रोक्सी) दर्ता गरीसक्नु पर्नेछ ।
- ३) अन्य थप जानकारीको लागि यस बैंकको केन्द्रीय कार्यालय रत्ननगर १, टाँडी चितवनमा सम्पर्क गर्नु हुन वा बैंकको सूचना पाटीमा उल्लेखित व्यहोराको जानकारी लिनु हुन अनुरोध गरिन्छ ।
४. संचालक निर्वाचन सम्बन्धि सूचना बैंकको सूचना पाटीमा टाँस गरिनेछ ।

अध्यक्ष ज्यूको आज्ञाले
कम्पनी सचिव

नारायणी डेभलपमेन्ट बैंक लिमिटेडको

बाइसौं वार्षिक साधारण सभामा संचालक समितिको तर्फबाट अध्यक्षज्यूद्वारा प्रस्तुत वार्षिक प्रतिवेदन

आदरणीय शेयरधनी महानुभावहरु,

यस नारायणी डेभलपमेन्ट बैंक लिमिटेडको २२ औं वार्षिक साधारण सभामा शेयरधनी महानुभावहरुलाई हार्दिक स्वागत गर्न पाउँदा प्रशन्नता अनुभूति भएको छ । आजको यस गरिमामय सभामा यस बैंकको आर्थिक वर्ष २०७९/८० को लेखापरीक्षण प्रतिवेदन सहितको वासलात, नाफा नोक्सान हिसाव तथा नगद प्रवाह विवरण र त्यससँग सम्बन्धित अनुसूचीहरु सभामा उपस्थित शेयरधनी महानुभावहरु समक्ष प्रस्तुत गर्न अनुमति चाहन्छु । यस वार्षिक साधारण सभामा प्रस्तुत गरिएका प्रस्तावहरु उपर हुने छलफल पश्चात प्रस्तुत प्रस्तावहरु सभाबाट पारित हुनेछन् भन्ने विश्वास लिएको छु । साथै चालु आर्थिक वर्षमा बैंकले अवलम्बन गर्ने नीति र भावी योजनाहरु एवम् तिनको कार्यान्वयनको लागि यँहाहरुको बहुमुल्य तथा रचनात्मक सुझावहरु प्राप्त हुने अपेक्षा गरेको छु ।

१. **कारोवारको सिहांबलोकन** : मुलुकको अर्थतन्त्रमा विगत लामो समयदेखि विभिन्न कारणहरुले निरन्तर रुपमा देखिएको तरलता संकुचन, व्यावसायिक मन्दी लगायतबाट प्रभावित भई त्यसको प्रत्यक्ष प्रभाव बैंकिङ तथा वित्तीय क्षेत्रको कारोवारमा पर्न गएको कुरा सबैमा सर्वविदितै छ तथापि असहज परिस्थितिमा समेत बैंकले आफ्नो कारोवारमा निरन्तर सजगता अपनाई कारोवार संचालन गर्दै आएको छ । अन्य सक्षम र ठुला आकारका प्रतिस्पर्धी बैंक वित्तीय संस्था सरह नै वित्तीय कारोवार संचालन गर्दै जानुपर्ने हुँदा स्रोत साधनहरुको पर्याप्तता, बैंकको आकार तथा क्षमता, बैंक प्रतिको जनभावना तथा दृष्टीकोण आदी कुराहरुलाई निरन्तर सुधार गर्दै लैजानुपर्ने अवस्थालाई आत्मसाथ गर्दै बैंकलाई निरन्तर सुधारोन्मुख अवस्थामा लिएको छ ।

क. **आर्थिक वर्ष ०७९/०८० को बैंकको वित्तीय कारोवारको तुलनात्मक संक्षिप्त विश्लेषण देहाए बमोजिम रहेको छ ।**

बिबरण	आ.व. २०७९/८०	आ.व. २०७८/७९
कुल निक्षेप	६३,२८,९३,९४८	३३,६६,७२,२८८
कर्जा/लगानी	५५,२९,५७,२६३	३५,४६,९०,०९४
साधारण जगेडा कोष	९०,८९,७४,२६२	९०,८९,७४,२६२
संचित नाफा नोक्सान	(३८,८९,४०,७९८)	(२८,२०,९६,९०७)
कुल आम्दानी	७,६९,६९,९८५	२,७२,२३,४२४
कुल खर्च	९,९२,४६,६०९	५,९६,७९,५२९
कर्जा नोक्सानी व्यवस्था	९४,२६,६२,८९६	५,७४,५५,०६९

माथि उल्लेखित वित्तीय विवरणको तुलनात्मक रुपमा विश्लेषण गर्दा आ.व. २०७८/८९ मा कुल निक्षेप रु ३३ करोड ६६ लाख ७२ हजार २ सय ८८ रुपैया रहेकोमा समिक्षा वर्षमा रु.२९ करोड ६९ लाख ४० हजार ८ सय ६० रुपैया थप निक्षेप संकलन भई रु ६३ करोड २८ लाख ९३ हजार ९ सय ४८ रुपैया भएको छ । कर्जा लगानी आ.व. २०७८/८९ मा रु ३५ करोड ४६ लाख ९० हजार ९४ रुपैया रहेकोमा समिक्षा वर्षमा रु. ९९ करोड ८३ लाख ४७ हजार ९ सय ६९ रुपैया थप कर्जा प्रवाह भई रु. ५५ करोड २९ लाख ५७ हजार २ सय ६३ रुपैया कर्जा प्रवाह गरिएको छ । कर्जा असुली कार्यलाई थप प्रभावकारी बनाईने छ । अन्य थप तुलनात्मक विवरण माथि प्रस्तुत तालिकामा उल्लेख गरिएको छ ।

ख. यस आर्थिक वर्ष २०७९/८० मा कुनै पनि गैर बैंकिङ सम्पत्ती रहेको छैन ।

२. **राष्ट्रिय तथा अन्तराष्ट्रिय परिस्थितिबाट संस्थाको कारोवारलाई पारेको असर** : मुलुकमा आएको राजनैतिक स्थिरता सँगै आर्थिक परिवर्तन हुने आशा गरिएता पनि अपेक्षित रुपमा देशको आर्थिक अवस्थामा सुधार भएको अवस्था भने छैन । अर्थतन्त्रमा विविध कारणहरुले निरन्तर रुपमा देखिएको व्यावसायिक, रियल स्टेट तथा पुँजी बजारको व्यावसायिक संकुचन लगायतका कारणहरुले गर्दा व्यावसायिक वातावरण सहज बन्न सकेको अवस्था छैन । देशको आर्थिक मेरुदण्डको रुपमा रहेका बैंक तथा वित्तीय क्षेत्रमा उल्लेखित समस्याका कारणले गर्दा कर्जा असुली कार्यमा असहजताको सृजना हुनु यस क्षेत्रको लागी समान्य चुनौतीको विषय होइन भन्ने कुरा

सबैतिर महसुस गरिएको छ । विद्यमान अवस्थामा देखिएको आर्थिक विषमताबाट बैंक प्रत्यक्ष रुपमा प्रभावित भएकै छ, भने यस परिवेश र परिस्थितीमा बैंकले आफ्नो कारोवारलाई व्यवस्थित र प्रभावकारी बनाउन निरन्तर प्रयास गरिरहेको छ ।

क. पूँजी संरचना : नेपाल राष्ट्र बैंकले जारी गरेको पूँजीवृद्धि सम्बन्धी परिपत्र तथा यस बैंकलाई दिईएको निर्देशानुसार यस बैंकको न्युनतम चुक्ता पूँजी रु ५०,००,००,०००/- (अक्षरेपी पचास करोड) पुऱ्याउन यस असहज आर्थिक परिवेशमा सबै लगानीकर्ताहरु संग छलफल भईरहेको र चाँडै नै यस बैंकलाई तोकिएको न्युनतम चुक्ता पूँजी पुऱ्याईने विश्वास लिएको छु । साथै संस्थाको हित हुने गरी उपयुक्त बैंक तथा वित्तीय संस्थासंग गाभ्ने/गाभीने कार्यलाई समेत प्राथमिकतामा राखी कार्य गरिनेछ ।

ख. कार्यालयको भौतिक पुर्वाधारमा सुधार : यस आर्थिक वर्षमा बैंकले कुनै नयाँ शाखाहरु तथा भौतिक पुर्वाधारहरु निर्माण तथा थप गरि संचालनमा ल्याएको छैन । यस बैंकको टाँडी, चितवन स्थित रहेको रजिष्टर्ड (केन्द्रिय) कार्यालय भरतपुर स्थानान्तरण गर्न स्थान तय गरि नेपाल राष्ट्र बैंकबाट प्रारम्भिक स्वीकृति प्राप्त भएको छ । प्रस्तावित स्थानमा केन्द्रिय कार्यालयको भौतिक संरचना निर्माण गरि नियमानुसार केन्द्रिय कार्यालय प्रस्तावित ब्यावसायिक केन्द्र भरतपुर तर्फ स्थानान्तरण गरिने नीति लिइएको छ ।

३. शाखा विस्तार : यस आर्थिक वर्षमा बैंकले कुनै नयाँ शाखाहरु संचालनमा ल्याएको छैन ।

४. बैंकको कारोवारको स्तर तथा क्षमता अभिवृद्धि गर्ने : बैंकलाई तोकिएको चुक्ता पूँजी परिपुर्ति नगरी संस्थाको कारोवार तथा क्षमता अभिवृद्धि नहुने अवस्था रहेकोले संस्थाको लागी आवश्यक चुक्ता पूँजी पुरा गरि विभिन्न योजना तथा कार्यक्रमहरु संचालनमा ल्याई कारोवारको स्तर तथा क्षमता (शाखा विस्तार) अभिवृद्धि गर्दै बैंकिङ कारोवारलाई थप विकास एवम् विस्तार गर्दै लगिने नीति अवलम्बन गरिएको छ ।

५. मानव संसाधनको बिकास : कुनै पनि ब्यावसाय, संघ, संस्थाको सफलताको आधारस्तम्भ भनेको त्यस संस्थामा कार्यरत जनशक्ति नै हो । संस्था जे जस्तो सुकै अवस्थामा रहेको भएतापनी पनि संस्थालाई उचित गति दिनमा त्यस संस्थाको जनशक्तिको महत्वपुर्ण भुमिका रहेको हुन्छ । त्यसैले संस्थामा कर्मचारीहरुको पदपुर्ति पारदर्शी विधिबाट लिने नीति लिईको छ भने कर्मचारीको काम, कार्यशैलि तथा आचरणका आधारमा पुरस्कृत, दण्ड र सजाय गर्ने नीति कडाईका साथ अवलम्बन गरिएको छ । कर्मचारीहरुको क्षमता अभिवृद्धिको लागी नेपाल राष्ट्र बैंक तथा अन्य संघ संस्थाहरुले आयोजना गरेका विभिन्न तालिम, गोष्ठी, सेमिनारहरुमा कर्मचारीहरुलाई सहभागी गराउदै आइएको छ । विगतका कुराहरुलाई समेत ध्यानमा राखी भावी दिनमा बैंकमा कार्यरत इमान्दार तथा लगनशिल कर्मचारीहरुलाई थप प्रोत्साहन, क्षमता अभिवृद्धि तथा उचित कार्य/वातावरण उपलब्ध गराउने कार्यक्रम ल्याई बैंकको सेवालालाई थप गुणस्तरीय बनाउने नीति अवलम्बन गरिएको/गरिने ब्यहोरा जानकारी गराउदछु ।

६. औद्योगिक तथा ब्यावसायिक सम्बन्ध : यस बैंकले आफ्नो स्थापना काल देखि नै बैंकको प्रगति उन्नति र कारोवार विस्तारको लागी विभिन्न संघ, संस्था, औद्योगिक तथा ब्यावसायिक प्रतिष्ठानहरु, नियमनकारी निकाय नेपाल राष्ट्र बैंक, कम्पनी रजिष्ट्रारको कार्यालय, नेपाल धितोपत्र बोर्ड, नेपाल स्टक एक्सचेन्ज, सिडिएस एण्ड क्लियरीङ लिमिटेड लगायतका विभिन्न स्थानीय, सरकारी तथा गैर सरकारी संघ संस्था एवम् आफुसंग आबद्ध आदरणीय ग्राहक महानुभावहरु तथा बैंकको व्यवस्थापन र कर्मचारीहरु संगको सम्बन्ध सुमधुर एवं सौहार्दपुर्ण रहि आएको छ । आगामी दिनहरुमा पनि यस किसिमको सम्बन्धलाई सशक्त बनाउदै लगिने नीति लिइएको छ ।

७. संचालक समितिमा हेरफेर र सो को विवरण : बैंकमा हाल निम्न व्यक्तिहरु संस्थापक र सर्वसाधारण समुहका तर्फबाट संचालक समितिमा कार्यरत रहनुभएको छ ।

अध्यक्ष श्री चन्द्रमान मलेकु	संस्थापक
संचालक श्री गणेशमान प्रधान	संस्थापक
संचालक श्री उत्सव सुन्दर श्रेष्ठ	सर्वसाधारण
संचालक श्री पुकार थापा	सर्वसाधारण
संचालक श्री वलराम पौडेल	स्वतन्त्र संचालक

मिति २०८०/०४/२९ को संचालक समितिको बैठकबाट संस्थापक समुहको तर्फबाट श्री चन्द्रमान मलेकु संचालक नियुक्त भई अध्यक्षको रुपमा कार्यरत हुनुहुन्छ भने सर्वसाधारण समुहको तर्फबाट श्री पुकार थापा रिक्त रहेको संचालक पदमा नियुक्त भई कार्यरत रहनुभएको ब्यहोरा अनुरोध गर्दछु ।

द. कारोवारलाई असर पार्ने मुख्य कुराहरु : बैकिङ क्षेत्रको अनुत्पादक क्षेत्रमा बढ्दो लगानी सँगसँगै बढ्दो जोखिम, जटिल नियमनकारी व्यवस्था र बढ्दो अस्वस्थकर प्रतिस्पर्धा मुख्य समस्याको रूपमा अगाडी आएका र अन्य निम्न कारणहरुले समेत कारोवारलाई असर पर्ने प्रचुर सम्भावना रहेको छ ।

क. नेपाल सरकार वा केन्द्रिय बैकले नीति निर्देशन परिवर्तन गर्दा सृजना हुन सक्ने सम्भावित जोखिमहरु

ख. निक्षेप तथा कर्जा लगानीको व्याजदरमा हुने परिवर्तनबाट असर पर्ने जोखिमहरु

ग. केन्द्रिय बैकको निर्देशन अनुसार व्याजदरमा हुने परिवर्तन तथा थपघटले उत्पन्न हुन सक्ने सम्भावित जोखिमहरु

घ. यथा समयमा कर्जा असुली नभई उत्पन्न हुने जोखिमहरु

ङ. अन्तराष्ट्रिय रूपमा देखा परेको आर्थिक मन्दीले नेपाली अर्थ बजारमा पारेको जोखिमहरु

च. अर्थतन्त्रमा निरन्तर रूपमा देखिएका तरलता संकुचन तथा व्यवसायिक मन्दीबाट सृजना हुने तथा हुनसक्ने प्रभाव र चुनौतीहरु ।

९.लेखापरीक्षण प्रतिवेदनमा उल्लेखित कैफियत उपर संचालक समितिको प्रतिक्रिया : बैकका लेखापरिक्षकले आर्थिक वर्ष २०७९/८० को लेखापरीक्षणको शिलशिलामा औल्याएका टिप्पणी तथा कैफियतका बुँदाहरु उपर संस्थाको संचालक समितिले आफ्नो राय प्रतिक्रिया जनाउँदै सो विषयमा व्यवस्थापनलाई आवश्यक सुधार गर्न निर्देशन दिने गरिएको छ ।

१०.संस्थागत सामाजिक दायित्व : यस बैकले आफ्नो स्थापनाकाल देखी नै यस क्षेत्रको सामाजिक दायित्व निर्वाह स्वरूप विभिन्न स्कुल कलेज सामाजिक सघं संगठनहरुलाई विभिन्न माध्यमबाट सक्दो सहयोग पुऱ्याउँदै आएको सन्दर्भमा हाल संस्था मुनाफा आर्जन गर्न सक्षम भई नसकेकोले यस आर्थिक वर्षमा संस्थागत सामाजिक दायित्वमा कुनै खर्च गरिएको छैन ।

अन्त्यमा,

नेपाल राष्ट्र बैक, कम्पनी रजिष्ट्रारको कार्यालय, नेपाल धितोपत्र बोर्ड, नेपाल स्टक एक्सचेन्ज, सिडिएस एण्ड क्लियरीङ लिमिटेड, विभिन्न संघ, संस्था, औद्योगिक तथा व्यावसायिक प्रतिष्ठानहरु, लगायतका विभिन्न स्थानीय, सरकारी तथा गैरसरकारी संघ संस्था एवं आदरणीय ग्राहक महानुभावहरुमा मेरो आफ्नो व्यक्तिगत तथा बैकको तर्फबाट हार्दिक आभार प्रकट गर्दछु । बैक मार्फत समग्र वित्तीय क्षेत्रको आर्थिक गतिविधिलाई केही हदसम्म टेवा पुऱ्याउने सोचकासाथ आवद्ध भई सामान्य अवस्थासम्म ल्याई पुऱ्याउन अनवरत रूपमा जुटिरहनु भएका संचालक साथीहरु, संस्थाका सम्पूर्ण शेयरधनी महानुभावहरु साथै यस संस्थाका निक्षेपकर्ता तथा ग्राहक वर्ग, शुभेच्छुक, सहयोगी तथा संस्थाको व्यवस्थापन समुह एवं कर्मचारीहरु प्रति आभार व्यक्त गर्दछु । आगामी दिनमा यस संस्थाको उत्तरोत्तर प्रगति र समृद्धिका लागि यहाँहरु सबैको सहयोग तथा सद्भावको अपेक्षा सहित पुनः एक पटक संस्थाको बाईसौं वार्षिक साधारण सभाको प्रतिवेदन स्वीकृत गरिदिनुहुनको लागि यहाँहरु समक्ष हार्दिक अनुरोध गर्दछु ।

धन्यवाद !

संचालक समितिको तर्फबाट

चन्द्रमान मलेकु

अध्यक्ष

२०८१/०१/१८

कम्पनी ऐन २०६४ को दफा १०९ को उपदफा ४ अनुसारको अतिरिक्त विवरण :

१. शेयर जफत भएको भए सो को विवरण : सम्बन्धित आर्थिक वर्षमा कुनै शेयर जफत भएको छैन ।
२. विगत आर्थिक वर्षमा बैंक र यसको सहायक कम्पनीको कारोवारको प्रगती र सो आर्थिक वर्षको अन्त्यमा रहेको स्थितीको पुनरावलोकन : यस बैंकको कुनै सहायक कम्पनी छैन । बैंकले सम्बन्धित आर्थिक वर्षमा सम्पन्न गरेको कारोवारहरु, कारोवारमा आएको परिवर्तन संलग्न वासलात, नाफानोक्सान हिसाब, नगद प्रवाह विवरण, लेखा सम्बन्धी टिप्पणीहरुले प्रष्ट पार्दछ ।
३. कम्पनी तथा त्यसको सहायक कम्पनीले आर्थिक वर्षमा सम्पन्न गरेको प्रमुख कारोवारहरु र सो अवधिमा कम्पनीको कारोबारमा आएको कुनै महत्वपूर्ण परिवर्तन : यस संस्थाको कुनै पनि सहायक कम्पनी नभएको हुँदा सो सम्बन्धी विवरण उल्लेख गरिएको छैन ।
४. विगत आर्थिक वर्षहरुमा बैंकका शेयरधनीहरुले बैंकलाई उपलब्ध गराएको जानकारी : विगतका आर्थिक वर्षहरुमा आधारभुत शेयरधनीहरुबाट बैंकलाई कुनै पनि किसिमको जानकारी प्राप्त भएको छैन ।
५. विगत आर्थिक वर्षमा कम्पनीसँग सम्बन्धित सम्भौताहरुमा कुनै सञ्चालक तथा निजको नातेदारको व्यक्तिगत स्वार्थको बारेमा उपलब्ध गराइएको जानकारी : यस सम्बन्धी कुनै पनि जानकारी प्राप्त भएको छैन ।
६. कम्पनीको आफ्नो शेयर आफैले खरिद गरेको भए त्यस सम्बन्धी जानकारी : यस संस्थाले आफ्नो शेयर आफैले खरिद गरेको छैन ।
७. आन्तरिक नियन्त्रण प्रणाली बारेको जानकारी : बैंकको आन्तरिक नियन्त्रण प्रणालीलाई व्यवस्थित गर्न आवश्यक भएको हुँदा आर्थिक प्रशासन विनियमावली २०७७, कर्मचारी विनियमावली २०७७, कर्जा अपलेखन विनियमावली २०७८, कर्जा नीति २०७८, धितो सुरक्षण मुल्याङ्कन निर्देशिका २०७८, ग्राहक पहिचान पद्धती २०७८, कर्मचारी दक्षता अभिवृद्धि कार्यविधि २०७८, संचालक शिक्षा कार्यक्रम कार्यविधि २०७८, जोखिम व्यवस्थापन नीति २०७८, आन्तरिक लेखापरीक्षण नीति २०७८, कार्य संचालन निर्देशिका २०७७, लिलाम निर्देशिका २०७६, सुचना प्रविधि कार्यविधि २०२०, उत्कृष्ट उम्मेदार छनौट कार्यविधि २०७८, AML Policy २०७७, Talent Hunt Guidelines – 2078, AML/CFT & KYC Policy 2080, Stress Testing Guidelines 2080, Risk Management Guidelines 2078, सम्पत्ति तथा दायित्व व्यावस्थापन निर्देशिका -२०७८, लगानी निर्देशिका -२०७८, गैर बैकिङ्ग सम्पत्ति सकार तथा विक्री निर्देशिका -२०७८, लिलाम निर्देशिका -२०७६, Disclosure Policy-2078, Narayani ICAAP Guidelines 2079, नियमित व्यवसाय सञ्चालन योजना २०७९, कर्जा असुली निर्देशिका २०७९, खराब कर्जा असुली कार्यविधि-२०७६, कर्जा अपलेखन विनियमावली-२०७८, Business Continuity Planning (BCP)-2022, ATM Card Policy-2023, mBank Data Security & Risk Management Mechanism 2079, mBank Software User Manual 2079, mBank Terms & Condition 2079, Mobile Banking Policy & Operational Manual 2079 बनाई कार्यान्वयनमा ल्याईएको छ, सो को प्रभावकारी कार्यान्वयन गरि आन्तरिक नियन्त्रण प्रणालीलाई थप प्रभावकारी बनाउदै लगिने छ । सोहि अनुसार विभिन्न विभागहरु गठन गरी संस्थाको कार्य संचालन गर्ने गरिएको छ । त्यस्ता विभागहरुको नेतृत्व अधिकृत तथा सुपरभाइजर तहका कर्मचारीले गर्ने व्यवस्था गरिएको छ । विभागका तल्ला तहका कर्मचारीहरुले गर्ने कार्यहरु एक तह माथीका सुपरभाइजर वा अधिकृतले परिक्षण गर्ने व्यवस्था मिलाईएको छ ।
८. विगत आर्थिक वर्षको कूल व्यवस्थापन खर्चको विवरण : विगत आर्थिक वर्षमा संस्थाको कर्मचारी खर्च तथा कार्यालय सञ्चालन खर्च निम्नानुसार रहेको छ ।

विवरण	२०७९/८०	२०७८/७९
कर्मचारी खर्च	२९,९७७,८४८/-	९५,९०९,९९५ /-
अन्य सञ्चालन खर्च	२९,९०९,४९७/-	९७,९०३,०५९ /-

९. लेखापरीक्षण समितिका सदस्यहरुको नामावली निजहरुले प्राप्त गरेको पारिश्रामिक, भत्ता तथा सुविधा, सो समितिले दिएको सुझाव सम्बन्धी जानकारी:

बैंकको लेखापरीक्षण समितिमा निम्न वमोजिमका सदस्यहरु रहनु भएको छ ।

स्वतन्त्र संचालक, बलराम पौडेल	संयोजक
नायब प्र.का.अ., हृदय राज घिमिरे	सदस्य
अनुपालना विभाग प्रमुख रितु बानियाँ	सदस्य सचिव

साथै बैठकमा उपस्थित भए बापत समितिका सदस्यहरूलाई देहाय बमोजिम भत्ता उपलब्ध गराईएको छ । समितिले दिएका सुभावहरूमा आन्तरिक लेखापरीक्षकले पेश गरेको आन्तरिक लेखापरीक्षण प्रतिवेदनमा उठेका कैफियतको सम्बन्धमा व्यवस्थापनलाई निर्देशन दिने लगायतका सुभावहरू रहेका छन् ।

क्र.सं.	नाम	पद	रकम
१	वलराम पौडेल	संयोजक	७५,०००/-
२	हृदय राज घिमिरे	सदस्य	१५,०००/-
३	रितु बानियाँ	सदस्य सचिव	११,०००/-

१०. संचालक, कार्यकारी प्रमुख, संस्थाका आधारभुत शेयरधनि वा निजको नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठित संस्थाले कुनै रकम बुझाउन बाँकी भए सो कुरा : बैकका पुर्व अध्यक्ष श्री दिव्य कुमार श्रेष्ठ बाट प्राप्त हुनुपर्ने भनी लेखा टिप्पणी मा उल्लेख गरीएको रकम रु ७०,०९१,१७१।७२ (सात करोड एकानब्बे हजार एक सय एकहत्तर र पैसा बहत्तर) ।

११. सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख, तथा पदाधिकारी हरूलाई भुक्तान गरिएको पारिश्रामिक, भत्ता तथा सुविधाको रकम: संस्थाका संचालक, प्रबन्ध संचालक, प्रमुख कार्यकारी अधिकृत तथा पदाधिकारीलाई भुक्तानी गरिएको खर्च को विवरण निम्नानुसार रहेको छ :

क्र.स	विवरण	२०७९/८०	२०७८/७९
१	संचालक समितिको तलब, भत्ता, तथा अन्य सुविधा		
	बैठक भत्ता	८४१,५००/-	६९२,५००/-
	दैनिक भ्रमण भत्ता	१९५,०००/-	१९०,०००/-
	होटल खर्च	६,३४,४४६/-	१६४,०००/-
	मोवाईल खर्च	६०,०००/-	३७,५००/-
	पत्रपत्रिका खर्च	२०,०००/-	२०,०००/-
	ईन्टरनेट खर्च	७५,०००/-	७५,०००/-
२	प्रमुख कार्यकारी अधिकृतको तलब, भत्ता, तथा अन्य सुविधा		
	तलब	१४,४०,०००/-	१४,४०,०००/-
	भत्ता	१२०,०००/-	१२०,०००/-
	आवास सुविधा	१८०,०००/-	१८०,०००/-
	खाजा	७१,७००/-	५२,५००/-
	पत्रपत्रिका	४२,०००/-	४२,०००/-

१२. शेयरधनिहरूलाई वितरण गर्न बाँकी रहेको लाभांशको विवरण : शेयरधनीहरूलाई वितरण गर्न बाँकी कुनै नगद लाभांश नरहेको ।

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of
NARAYANI DEVELOPMENT BANK LIMITED
Ratnagar-1, Chitwan

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Narayani Development Bank Limited (hereinafter "NDBL" or "Bank") comprising of the Statement of Financial Position as at 31 Ashad 2080 (Corresponding to 16 July 2023), Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow for the year then ended and a summary of Significant Accounting Policies and other explanatory information.

In our opinion and accompanying financial statements present fairly, in all material respects, the financial position of the bank as at 31 Ashad 2080 (Corresponding to 16 July 2023) its Financial performances and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs)

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the bank in accordance with the ICAN's Handbook of the Code of Ethics for professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with the ICAN's Handbook of the code of Ethics for professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Emphasis of Matters regarding compliance of legal obligations

The development bank has not fulfilled capital fund requirement as per the directives of Nepal Rastra Bank. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:



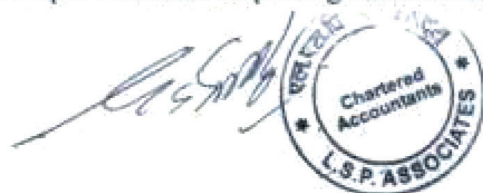
S.No.	Key Audit Matters	Auditor's Response
1.	<p>Interest Income Ref. note no. 4.29 and accounting policies to the financial Statements</p> <p>Interest income has been recognized on accrual basis as per the interest recognition guidelines of Nepal Rastra Bank/NFRS. Interest has been recognized on accrual basis in case of nonperforming loans.</p> <p>Due to limitation of lack of system capability to review the fair value of the collateral on regular basis, manual intervention might be required for recognition of accrual of interest income.</p> <p>As this may have effect on the recognition of the interest income by the company, we have considered it as a key audit matter.</p>	<p>We applied following procedure in respect of verification of interest income:</p> <ul style="list-style-type: none"> • Understanding of the core banking software of the company how interest rate on loans & advances has been implemented in system. • Whether interest income on advances in automatically generated in the CBS System. • Review of accrual & recognition interest income whether relevant NFRS & the NRB norms have been followed by the company for the same. • Review and verify the transactions relating to manual debit or credit of interest in the system. • Understanding as to how the company management in monitors their businesses analyze its credit portfolio & the interest income thereon. • Review whether the legal remedies against defaulting borrowers are not adversely affected. <p>Our Results Accounting policies and recognition of interest income has been considered acceptable.</p>
2.	<p>Impairment of Loans and Advances to Customers Ref. Note no. 4.6.1 and accounting policies to the financial statements.</p> <p>Company's policy for the allowance for impairment of loans and advances has been based on the application of incurred loss model and Nepal Rastra Bank regulations, as applicable. It involves significant management judgment and estimation.</p> <p>In addition, assessment of allowances for impairment is important as carve out provides for higher of the incurred loss model or NRB's directive. The carrying value of the loans and advances to customers can be materially misstating if management's judgment and estimation are inappropriate.</p> <p>Therefore considering the significance of</p>	<p>We applied following procedures in respect of verification of loan Loss provision:</p> <ul style="list-style-type: none"> • We tested the company's operating effectiveness of key controls to identify loss events and for determining the extent of provisioning required against non-performing loans and advances. • Controls over correct identification and classification of non-performing loans and advances on time based criteria. • Review of IT system to provide loan loss provision based on overdue payments. • Control over accurate computation and recording of provisions. • Control over statistical model used to calculate the incurred loss in accordance with incurred loss model.



	<p>the above matter to the financial statements, we have identified this as a key audit matters.</p>	<ul style="list-style-type: none"> • Control over the monitoring of loans advances to customers with higher default risk. • Control over the governance and approval process for the provisions including ongoing reassessment by the Management. • Carrying out the substantive procedure, selected sample of loan and advances to the customers and checked the documentation, repayment schedules, tested the classification of non-performing loans based on overdue period. Assessed the management's assumption and judgment for classification of loans and advances based on repayment pattern, • Assessment of mortgage value of loans and advances. <p>Our Results We considered the impairment charges on loans and advances to the customers to be acceptable.</p>
3.	Information Technology System	
	<p>The information technology of the company involve large number of independent and inter -dependent IT systems that are used to process and record a large volume of transactions in the company's activities. As a result, the financial accounting and reporting procedure places a significant level of reliance and rely on such IT systems.</p> <p>Appropriate IT general application controls and are required to ensure that such IT systems are able to process the data, as required completely, accurately and consistently for reliable financial reporting. Due to the importance of the impact of the IT systems and related control environment on the company's financial reporting process,, we have identified testing of IT system and related control environment as key audit matter.</p>	<p>Our Audit Regarding Information Technology of the company is based upon the Information Technology Guidelines issued by NRB and it also included:</p> <ul style="list-style-type: none"> • Verification of the interest income and expense booking regarding loan and deposits on test check basis with the core banking system of the institution. • Verification of the provisioning of the loan and Advance based on ageing on the test check. <p>Our Results We considered the IT systems and their relevant controls to be adequate.</p>

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Nepal Financial Reporting Standards (NFRS), and for such internal control



as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission misrepresentations or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the organization's internal control.
- Evaluate appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up-to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.




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

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

Report on Other Legal and Regulatory Requirements

Report as per the requirements of and company Act 2063, Banks and financial Institution Act 2073 and other regulatory requirements.

- We have obtained all information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our examination.
- Based on our audit proper books of account as required by law have been kept by the bank.
- The statement of financial Position, the statement of profit or Loss and Other comprehensive income, the statement of Cash flows and the statement of Changes in Equity dealt with by this report are in agreement with the books of account maintained by the bank.
- The provision for possible impairment of assets of the bank is adequate considering the Directives issued by Nepal Rastra Bank.
- In our opinion and to the best of our information and according to the explanations given to us and from our examination of the books of account of the bank we have not come across any case where the Board of Directors or any office bearer, employee of the bank has acted contrary to the provisions of the law, or committed any misappropriation or caused any loss or damage to the bank and violated Directives issued by Nepal Rastra Bank or acted in a manner as will jeopardize the interest of the bank, its shareholders and its depositors.
- In our opinion, the business of the bank has been conducted satisfactorily and operated within its jurisdiction and has been functioning as per NRB Directives.

CA Gopal Kumar Shrestha
Partner
L.S.P. Associates
Chartered Accountants

Place: Lalitpur, Nepal
Date: 2080/11/4

UDIN Number:240218CA00144zXtWx

Narayani Development Bank Limited
Statement of Financial Position
As at 31 Ashadh 2080

Particulars	Note	As at 31.03.2080	As at 32.03.2079
Assets			
Cash and cash equivalent	4.1	128,200,835	103,742,637
Due from Nepal Rastra Bank	4.2	40,879,280	21,222,209
Placement with Bank and Financial Institutions	4.3	-	-
Derivative financial instruments	4.4	-	-
Other trading assets	4.5	-	-
Loan and advances to B/FIs	4.6	-	1,615
Loans and advances to customers	4.7	410,294,367	297,153,389
Investment securities	4.8	47,427,610	10,798,627
Current tax assets	4.9	9,980,040	9,802,468
Investment in subsidiaries	4.10	-	-
Investment in associates	4.11	-	-
Investment property	4.12	-	-
Property and equipment	4.13	30,221,863	31,584,005
Goodwill and Intangible assets	4.14	9,968,372	2,653,869
Deferred tax assets	4.15	39,525,027	13,929,844
Other assets	4.16	5,611,042	3,945,177
Total Assets		722,108,435	494,833,840
Liabilities			
Due to Bank and Financial Institutions	4.17	-	-
Due to Nepal Rastra Bank	4.18	-	-
Derivative financial instruments	4.19	-	-
Deposits from customers	4.20	632,813,148	336,672,288
Borrowing	4.21	-	-
Current Tax Liabilities	4.9	-	-
Provisions	4.22	864,450	562,240
Deferred tax liabilities	4.15	-	-
Other liabilities	4.23	43,124,147	37,406,401
Debt securities issued	4.24	-	-
Subordinated Liabilities	4.25	-	-
Total liabilities		676,801,745	374,640,929
Equity			
Share capital	4.26	262,467,600	262,467,600
Share premium		10,101,374	10,101,374
Retained earnings		(388,140,718)	(282,016,107)
Reserves	4.27	160,878,435	129,640,044
Total equity attributable to equity holders		45,306,691	120,192,911
Non-controlling interest		-	-
Total equity		45,306,691	120,192,911
Total liabilities and equity		722,108,435	494,833,840
Contingent liabilities and commitment	4.28	48,867,616	-
Net assets value per share		17.26	45.79

SD
Ritu Baniya
Account & Compliance

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Bishnu Regmi
Chief Executive Officer

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Chandra Man Maleku
Chairman

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For L.S.P & Associates
Gopal Kumar Shrestha
External Auditor

SD
Ganesh Man Pradhan
Director

SD
Utsav Sundar Shrestha
Director

SD
Pukar Thapa
Director

SD
Balaram Paudel
Independent Director

Narayani Development Bank Limited
Statement of Profit or Loss
As at 31 Ashadh 2080

Particulars	Note	As at 31.03.2080	As at 32.03.2079
Interest income	4.29	71,822,108	22,715,232
Interest expense	4.30	46,445,529	13,123,339
Net interest income		25,376,579	9,591,894
Fee and commission income	4.31	3,333,251	3,729,763
Fee and commission expense	4.32	19,189	-
Net fee and commission income		3,314,062	3,729,763
Net interest, fee and commission income		28,690,641	13,321,656
Net trading income	4.33	-	-
Other operating income	4.34	1,013,827	778,429
Total operating income		29,704,468	14,100,086
Impairment charge/(reversal) for loans and other losses	4.35	80,379,306	42,891,093
Net operating income		(50,674,838)	(28,791,007)
<u>Operating expense</u>			
Personnel expenses	4.36	21,177,848	15,109,995
Other operating expenses	4.37	21,101,497	17,103,059
Depreciation & Amortization	4.38	10,502,538	6,343,132
Operating Profit		(103,456,721)	(67,347,194)
Non operating income	4.39	-	-
Non operating expense	4.40	-	-
Profit before income tax		(103,456,721)	(67,347,194)
Income tax expense	4.41		
Current Tax			
Deferred Tax		25,355,998	13,098,981
Profit for the period		(78,100,723)	(54,248,213)
Profit attributable to:			
Equity holders of the Bank		(78,100,723)	(54,248,213)
Non-controlling interest			
Profit for the period		(78,100,723)	(54,248,213)
Earnings per share			
Basic earnings per share		(29.76)	(27.56)
Diluted earnings per share		(29.76)	(27.56)

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Narayani Development Bank Limited
Statement of Cash Flow
For the year ended on 31st Asadh 2080

Particulars	Note	As at 31.03.2080	As at 32.03.2079
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		67,335,847	21,418,443
Fees and other income received		3,333,251	3,729,763
Divided received			
Receipts from other operating activities		1,013,827	778,429
Interest paid		(46,445,529)	(13,123,339)
Commission and fees paid		(19,189)	-
Cash payment to employees		(21,177,848)	(15,109,995)
Other expense paid		(20,318,910)	(17,157,979)
Operating cash flows before changes in operating assets and liabilities		(16,278,552)	(19,464,678)
<u>(Increase)/Decrease in operating assets</u>			
Due from Nepal Rastra Bank		(19,657,071)	(2,185,354)
Placement with bank and financial institutions			
Other trading assets			
Loan and advances to bank and financial institutions		1,636	15,998,364
Loans and advances to customers		(195,081,733)	(275,767,424)
Other assets		1,903,656	5,410,952
<u>Increase/(Decrease) in operating liabilities</u>			
Due to bank and financial institutions			
Due to Nepal Rastra Bank			
Deposit from customers		296,140,860	238,202,459
Borrowings			
Other liabilities		6,080,105	1,618,412
Net cash flow from operating activities before tax paid		73,108,903	(36,187,270)
Income taxes paid		(177,572)	(11,743)
Net cash flow from operating activities		72,931,331	(36,199,012)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities		(40,000,000)	(8,521,465)
Receipts from sale of investment securities		4,063,967	
Purchase or Sale of debenture/bond		-	
Purchase of property and equipment		(20,753,432)	(26,202,137)
Receipt from the sale of property and equipment		4,298,534	110,100
Purchase of intangible assets		-	
Receipt from the sale of intangible assets			
Purchase/sale of investment properties		-	6,131,900
Receipt from the sale of investment properties			
Interest received		155,200	232,800
Dividend received			
Net cash used in investing activities		(52,235,732)	(28,248,802)
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		-	138,378,486
Dividends paid			
Interest paid			
Other receipt/payment		3,762,600	(44,277,045)
Net cash from financing activities		3,762,600	94,101,441
Net increase (decrease) in cash and cash equivalents		24,458,199	29,653,627
Cash and Cash Equivalent From Acquisition			
Opening balance of cash and cash equivalents		103,742,637	74,089,010
Effect of exchange rate fluctuations on cash and cash equivalents held			
Closing Cash and Cash Equivalent		128,200,835	103,742,637

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Ganesh Man Pradhan
Director
Date:

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Director

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Pukar Thapa
Director

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Balam Paudel
Independent Director

Statement of Changes in Equity
Narayani Development Bank Limited
Statement of change in Equity
As at 31. Ashadh 2080

Particulars	Attributable to Equity holders of the Bank							Non-Controlling Interest	Total Equity				
	Share Capital	Proposed Bonus Share	Share Premium	General Reserve	Exchange Equalization Reserve	Fair Value Reserve	Revaluation Reserve			Retained Earning	Other Reserve	Total	
Balance at Shrawan 1, 2078	131,233,800	-	2,956,688	108,174,262	5,675,520	281,825	-	(217,155,881)	51,079,059	82,245,273	82,245,273	(353,609)	(353,609)
Adjusted/Restated balance at 1 Sawan 2078								(353,609)		(353,609)			
Comprehensive income for the year													
Profit for the year													
Other comprehensive income, net of tax													
Remeasurements of defined benefit liability (assets)													
Fair value reserve (investment in equity instrument):													
Net change in fair value													
Net amount transferred to profit or loss													
Net gain (loss) on revaluation													
Cash flow hedges:													
Effective portion of changes in fair value													
Net Amount reclassified to profit or loss													
Total comprehensive income for the year													
Transfer of equity on merger and acquisition													
Transfer to reserve during the year													
Transfer from reserve during the year													
Provision for NBA transferred to regulatory reserve													
Transfer to Corporate Social responsibility reserve													
Transfer to Staff Training Fund													
Addition in calls in advance													
Transactions with owner's, directly recognized in equity													
Right share issued	131,233,800		7,144,686										
Dividends to equity holders													
Bonus shares issued													
Cash dividend paid													
Total contributions by and distributions													
Balance at Ashadh end 2079	262,467,600	-	10,101,374	108,174,262	15,846,707	(1,270,156)	-	(282,016,107)	6,889,232	120,192,912	120,192,912	-	120,192,912
Balance at Shrawan 1, 2079	262,467,600	-	10,101,374	108,174,262	15,846,707	(1,270,156)	-	(282,016,107)	6,889,232	120,192,912	120,192,912	-	120,192,912
Adjusted/Restated balance at 1 Sawan 2079													
Comprehensive income for the year													
Profit for the year													
Other comprehensive income, net of tax													
Remeasurements of defined benefit liability (assets)													
Fair value reserve (investment in equity instrument):													
Net change in fair value													
Net amount transferred to profit or loss													
Net gain (loss) on revaluation													
Cash flow hedges:													
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Transfer to Staff Training Fund													
Addition in calls in advance													
Transactions with owners, directly recognized in equity													
Right share issued													
Dividends to equity holders													
Bonus shares issued													
Cash dividend paid													
Total contributions by and distributions													
Balance at Ashadh end 2080	262,467,600	-	10,101,374	108,174,262	42,837,432	(785,092)	-	(885,140,718)	10,651,832	45,306,691	45,306,691	-	45,306,691

	SD Chandra Man Maleku Chairman	SD For L.S.P & Associates Gopal Kumar Shrestha External Auditor
	SD Bishnu Regmi Chief Executive Officer	SD Balaram Paudel Independent Director
	SD Ritu Baniya Account & Compliance	SD Pukar Thapa Director
	SD Ganesh Man Pradhan Director	SD Utsav Sundar Shrestha Director

Narayani Development Bank Limited
Statement of Comprehensive Income
As at 31 Ashadh 2080

Particulars	As at 31.03.2080	As at 32.03.2079
Profit for the year	(78,100,723)	(54,248,213)
Other comprehensive income, net of income tax		
a) Items that will not be reclassified to profit or loss		
Gain/(loss) from investments in equity instruments measured at fair value	(797,283)	(2,217,116)
Gain/(loss) on revaluation		
Actuarial gains/(losses) on defined benefit plans		
Income tax relating to above items	239,185	665,135
Net other comprehensive income that will not be reclassified to profit or loss	(558,098)	(1,551,981)
b) Items that are or may be reclassified to profit or loss		
Gains/(losses) on cash flow hedge		
Exchange gain/(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	(558,098)	(1,551,981)
Total comprehensive income for the period	(78,658,821)	(55,800,194)
Total comprehensive income attributable to:		
Equity holders of the Bank	(78,658,821)	(55,800,194)
Non-controlling interest		
Total comprehensive income for the period	(78,658,821)	(55,800,194)

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Independent Director

Date:

Narayani Development Bank Limited
Notes to Financial Statements
For the year ended on 31st Ashad, 2080

1 Reporting entity

Narayani Development Bank Limited (hereinafter referred to as "Bank") is district level class "B" licensed financial institution licensed by Nepal Rastra Bank. It was initially registered as Narayani Audyogik Bikash Bank Ltd. and was renamed to Narayani Development Bank Ltd. The Bank was declared problematic financial institution on 2070/12/27. After categorization as problematic institution the bank took number of initiatives of revival including recovering of loans and advances and improving capital adequacy ratio. As a result the bank was removed from the list of problematic financial institutions and NRB has withdrawn the restrictions imposed as problematic institution vide letter no Bi.Bai.Su.Bi/Ni.Yo/077/78 dated 2077/04/21. The Bank is operating as district level development bank with the registered and corporate office located at Ratna Nagar, Chitwan, Bagmati Pradesh, Nepal.

The Bank was incorporated under Companies Act 2053 as public limited company. The Bank is listed with Nepal Stock Exchange.

The Bank has resumed to accept deposits and lend loans and advances from 2077/04/21.

2 Basis of Preparation

2.1 Statement of Compliance

The financial statements are prepared in line with Nepal Financial Reporting Standards as issued by Accounting Standards Board Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

Nepal Rastra Bank issued circular for reporting format of financial institutions in line with NFRS on November 30, 2017 along with treatment of certain items in the specified reserves. The financial statements are prepared in line with the stated circular, accordingly, are in compliance with regulatory requirement of Nepal Rastra Bank. The financial statements also comply the requirements of Companies Act 2063, Bank and Financial Institution Act, 2073 and policy, procedures and directives of Securities Board of Nepal.

a) Effective Interest Rate

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

b) Interest income on amortized loan after impairment recognition

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

2.2 Reporting Period and Approval of Financial Statements

2.2.1 Reporting Period

The reporting period for this financial statements is F.Y. 2079-80, starting from 1 Shrawan 2079 and ending on 31st Ashad 2080. Financial information of following period/dates are provided on the financial statements.

1. Comparative NFRS financial statements (financial statements as on and for the period ended on 32nd Ashad 2079)

2. NFRS financial statements for current period (financial statements as on and for the period ended on 31 Ashad 2080)

2.2.2 Approval of Financial Statements

The approval of financial statements including the notes to the financial statements have been adopted by the Board of Directors in its meeting held on and the Board acknowledges the responsibility of preparation of financial statements of the Bank. The approved financial statements have been recommended for approval by the shareholders in the annual general meeting of the Bank.

2.3 Functional and Presentation Currency

The financial statements are presented in Nepalese Rupee, which is also the functional currency of Bank. Figures are rounded off to nearest Rupee, accordingly, minor rounding off error may exist.

2.4 Use of Estimates, Assumptions and Judgments

The NFRS requires the Bank to make estimates and assumptions that may affect the profit or loss, financial position and other details provided in annual report. These assumptions are based on information available and judgment of management of the bank. Actual result may be different than estimated and sometimes the effect may be material.

The accounting policies have been included in the relevant notes for each item of the financial statements and the effect and nature of the changes, if any, have been disclosed.

Estimates and underlying assumptions are reviewed periodically by bank. The revision to accounting estimates are recognized in the period in which the estimates are revised and are applied prospectively.

The accounting estimates and effect of such estimates are disclosed in the relevant notes.

2.5 Changes in Accounting Policies

The financial statements are prepared as per NFRS. There are no changes in accounting policy.

2.6 New Standards in Issue but not Yet Effective

The financial statements are prepared in line with NFRS issued on 2013. NFRS has not been revised thereafter and accordingly, accounting standards issued by International Accounting Standard Boards and revision thereof have not been considered. A new financial reporting standard (NFRS 2018) has been pronounced by the ICAN on 11th Asadh 2077. The NFRS 2018 contains some new standards with amendment to the existing standards.

NFRS 2018 introduces the new standards as mentioned hereunder which has not been made applicable by ICAN up to the reporting date.

NFRS 9

NFRS 14

NFRS 15

NFRS 17

2.7 New Standards and Interpretation not Adapted

NFRS 9 replaces NAS 39. However, impairment loss on loan and advances has been calculated on incurred loss model of NAS 39 rather than expected credit loss model on NFRS 9, which is consistent on following the carve out provided by ICAN.

2.8 Discounting

Discounting has been applied whenever the assets and liabilities are of non-current in nature and the impact of discounting is material.

2.9 Going Concern

The financial statements are prepared on a going concern basis, as the Bank is satisfied that the Bank has the resources to continue in business for the foreseeable future.

2.10 Standalone Financial Statements

The presented financial statements is the standalone financial statement of Bank. Bank does not have subsidiary, accordingly, preparation of consolidated financial statement is not required.

3 Significant Accounting Policies

The significant accounting policies adopted by Bank while preparing financial statements are as follows:

Note No.	Accounting Policy	Information Note No.
3.1	Basis of Measurement	
3.2	Basis of Consolidation	
3.3	Cash and Cash Equivalent	<u>4.1</u>
3.4	Financial Assets and Financial Liabilities	
3.5	Trading Assets	
3.6	Derivative Assets and Liabilities	
3.7	Property and Equipment	<u>4.13</u>
3.8	Goodwill Intangible assets	
3.9	Investment Property	<u>4.12</u>
3.1	Income tax	<u>4.9</u>
3.11	Deposits, debt securities issued and	
3.12	Provisions	<u>4.22</u>
3.13	Revenue Recognition	
3.14	Interest expense	<u>4.30</u>
3.15	Employees Benefits	<u>4.23</u>
3.16	Leases	
3.17	Foreign Currency translation	
3.18	Financial guarantee and loan commitment	
3.19	Share capital and reserves	<u>4.26, 4.27</u>
3.2	Earning per share including diluted	
3.21	Segment reporting	<u>5.4</u>

3.1 Basis of Measurement

Financial statements are prepared on historical cost convention except for the following material items:

Particulars

Investment in shares and mutual fund schemes
Non-banking assets
Long term employee benefits
Loans to employees

Measurement Basis

Fair value
Cost
Accrued amount as of reporting
Amortized cost

3.2 Basis of consolidation

Bank does not have subsidiary companies, accordingly, consolidation of financial statements is not a requirement.

3.3 Cash and cash equivalent

Cash and cash equivalent comprises of cash, demand deposit and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. In general, short term investments with original maturity of up to three months are considered as cash equivalent. Cash and cash equivalent are presented at amortized cost on the financial statements.

3.4 Financial assets and financial liabilities

Financial assets is any assets that is cash, equity instrument of another entity or any contractual right to receive cash or financial assets of another entity.

Financial liability is any liability with contractual obligation to deliver cash or other financial assets to another entity.

3.4.1 Recognition

The Bank initially recognizes financial assets or financial liability on the date of which the Bank becomes party to the contractual arrangement.

3.4.2 Classification and Measurement

Financial Assets: The classification and measurement of financial assets depend on how these are managed i.e. the Bank's business model and their

- i) At Amortized Cost
- ii) At Fair Value through Profit or Loss (FVPL)
- iii) At Fair Value through Other Comprehensive Income (FVOCI)

i) At amortized cost: Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments for which the Bank has intent and ability to hold till maturity. They are initially measured at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, such financial assets are measured at amortized cost using effective interest rate method less any impairment losses.

ii) At fair value through profit or loss: Financial assets are classified at fair value through profit or loss if the Bank manages such instruments and makes purchases and sales decisions based on its fair value. Attributable transaction costs and changes in fair value are taken to profit or loss.

iii) At fair value through other comprehensive income: Financial assets at FVOCI are non-derivative financial assets that are not classified in any of the above category. Financial assets at FVOCI are measured at fair value. Subsequent to initial recognition, financial assets are measured at fair value, as far as such fair value is available, and changes therein are recognized in other comprehensive income and presented in the fair value reserve in equity. Bank has opted to classify the investment made in shares as financial assets at FVOCI on initial recognition.

Financial Liabilities: Bank classifies its financial liabilities, other than financial guarantee and loan commitments, as measured at amortized cost or fair value through profit or loss. Financial liability is measured initially at fair value, or an item not at fair value through profit or loss, at transactions costs that are directly attributable to its acquisition or issue.

3.4.3 De-recognition

Financial Assets

Financial assets are partially or fully de-recognized in any of the following condition:

- termination of contractual rights to cash flow
- upon transfer of contractual cash flows in a transaction in which substantially all of the risk and rewards of the ownership of the financial assets are transferred or in which the Bank neither transfer nor retains substantially all of the risk and rewards of the ownership and it does not retain control of the financial assets.

On derecognition of a financial assets, the difference between the carrying amount of the assets (or the carrying amount allocated to the portion of the assets derecognized) and the sum of (i) the consideration received (including any new assets obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in statement of profit or loss.

Financial Liabilities

Upon settlement or termination of any liability related to financial liability, financial liability is de-recognized. The difference between carrying amount and settlement amount is accounted through statement of profit or loss.

3.4.4 Determination of fair value

Fair value 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. Fair value is initially considered based on quoted rate where the assets or liabilities are principally transaction, in the absence of which the most advantageous market is the active market.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. The market is regarded as active if transactions for the assets or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair Value Hierarchy

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values.

Level 1: Fair value is determined based on quoted price of financial instruments in active market.

Level 2: Fair value is determined based on quoted price of similar financial instruments within consideration to significant observable inputs.

Level 3: Fair value is determined used using other method as the inputs for valuation are unobservable inputs for the asset or liability. Bank has used its own data (accounting value) and considered if there exists factors that would otherwise result in changes to the book value of assets or liabilities for this level of valuation.

3.4.5 Impairment

The Bank review it's individually significant loans and advances at each statement of financial position date to assess whether an impairment loss should be recorded in the income statement. The bank has conducted objective evidence test for individual impairment through different parameters like inability to meet loan agreements, substantial drop in profits/ turnover, significant adverse cash flows, significant adverse net worth situation, problematic borrower financial position, etc. Mainly, management judgment is required in the estimation of the amount and timing of the expected future cash flows for determination of the impairment loss.

These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance

Loans and advances that have been assessed individually and found to be not impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes in to account data from the loan portfolio such as levels of arrears, credit quality, portfolio size etc. and judgments based on current economic conditions

Loans and advances have been impaired as the higher of amount derived as per the norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 of NAS 39, as per Carve-out pronounced by Institute of Chartered Accountants of Nepal on 20th September 2018.

The impairment loss on loans and advances is disclosed in Note 4.6 and 4.7 to the financial statements.

Individually Assessed Financial Assets The criteria used to determine whether there is objective evidence of impairment include and not limited to:

- 1) Known Cash Flow difficulties experienced by the borrowers;
- 2) Past due contractual payments of either principal or interest;
- 3) Breach of loan covenants or conditions;
- 4) The probability that the borrower will enter bankruptcy or other financial reorganization;

If there is objective evidence that an impairment loss on financial assets measured at amortized cost has been incurred, the amount of the loss is measured by discounting the expected future cash flows of a financial asset at its original effective interest rate and comparing the resultant present value with the financial asset's current carrying amount. The impairment allowances on individually significant accounts are reviewed more regularly when circumstances require. This normally encompasses re-assessment of the enforceability of any collateral held and the timing and amount of actual and anticipated receipts. Individually assessed impairment allowances are only released when there is reasonable and objective evidence of reduction in the established loss estimate. Interest on impaired assets continues to be recognized through the unwinding of the discount.

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

When impairment losses are determined for those financial assets where objective evidence of impairment exists, the following common factors are considered:

- * Bank's aggregate exposure to the customer;
- * The viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flows to
- * The amount and timing of expected receipts and recoveries;
- * The extent of other creditors' commitments ranking ahead of, or pari-pasu with the Bank and the likelihood of other creditors continuing to support the
- * The realizable value of security and likelihood of successful repossession

Collectively Assessed Financial Assets

Impairment is assessed on a collective basis in two circumstances:

- 1) To cover losses which have been incurred but have not yet been identified on loans subject to individual assessment; and
- 2) For homogeneous groups of loans that is not considered individually significant.

3.4.6 Amortized cost measurement

The 'amortized cost' of a financial asset and financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between initial amount recognized and the maturity amount minus any reduction for impairment.

3.4.7 Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

3.5 Trading assets

Trading assets are those assets that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

3.6 Derivatives assets and derivative liabilities

Derivative assets and liabilities are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. The changes in value of instruments are accounted through profit or loss.

3.7 Property and Equipment

Non-financial tangible assets that are held for service providing to customers and for administrative use of the Bank are classified as Property and Equipment.

Recognition

Property and Equipment are recognized in books whenever it is probable that future economic benefits associated with such assets will flow to the entity and the amount of assets can be reliably measured.

Measurement

At initial recognition, items of property and equipment are measured at cost. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow in to the Bank. Ongoing repair and maintenance are expensed off as incurred.

Subsequent to the initial measurement, there is option to measure the assets either on cost or on revaluation. Bank has measured all items at cost on subsequent measurement. On transition to NFRS, the Bank has elected to continue with the carrying value of all of its property and equipment measured as per the previous NAS.

Derecognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

Capital Work in Progress

Assets in the course of construction are capitalized in the assets under capital work in progress (CWIP). At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences.

Salvage Value

The Bank has assessed the salvage value of all property, plant and equipment considering the expected realizable value on the end of life of such assets.

Depreciation

Depreciation is charged upon the assets is available for use and does not cease until the assets is disposed off, classified as held for sale or ceases to generate economic benefits.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property and equipment so as to write-off their carrying value over the expected useful economic lives.

Depreciation is calculated as per Income Tax Act.

3.8 Goodwill and Intangible assets

Goodwill

Goodwill arises on the acquisition financial institutions when the aggregate of the fair value of the consideration transferred exceed the amount of the identifiable assets and liabilities acquired. If the amount of the identifiable assets and liabilities acquired is greater, the difference is recognized immediately in the Statement of profit or loss.

Goodwill is allocated to cash generating units (CGU) at the lowest level at which goodwill is monitored for internal management process. Impairment testing is performed annually, and whenever there is an indication that CGU may be impaired. If the present value of expected cash inflows is less than carrying amount, impairment loss is recognized and accounted through Statement of Profit or Loss. Goodwill is stated at cost less accumulated impairment losses.

Acquired Intangible Assets

Intangible assets are recognized whenever the cost of assets can be reliably measured, by the past experience it is demonstrated Bank has control over such assets for the specified period and it is probable that future economic benefits could be derived from such assets.

Computer Software

Computer software are capitalized on the basis of the purchase cost of software or license and costs incurred to bring it to use. Cost of internally developed software includes directly attributable costs.

Intangible assets are amortized over the period of its estimated use, or incase of licenses, over the period of contractual right of use. Whenever there is no specific life or license period, such software are amortized over the period of five years.

At each reporting date, impairment test of intangible assets is done in order to oversee whether the carrying amount exceeds recoverable amount. Impairment loss is charged to Statement of Profit or Loss.

3.9 Investment Property

Investment property is land and building held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the supply of services or for administrative purpose.

Land or building or both acquired by the Bank as part of Non-Banking Assets are carried at the lower of fair value or the total receivable amount of loan, which is the cost of assets to bank.

3.10 Income tax

Income tax expenses include current tax, deferred tax and any adjustments recognized in the period for current tax of prior periods.

Current Tax

Current tax is the amount of income tax payable in respect of taxable profit. This is calculated as per the provisions of Income Tax Act with the effective tax rate for current period. Taxable profit differs from the profit reported in the statement of profit or loss, because some item of income or expense are taxable or deductible in different years or may never be taxable or deductible. Income tax rate applicable for Bank is 30% .

Deferred Tax

Deferred tax is calculated using balance sheet approach on temporary differences between tax base of assets and liabilities and carrying amount in the financial statements. Deferred tax is calculated using known future tax rate on each reporting date.

Deferred tax is recognized when it is probable that future taxable profit will be available to adjust the impact of temporary differences. Changes in deferred tax over period is recognized as deferred tax income/expenses in Statement of Profit or Loss.

Income tax on items of OCI

Income tax arising on the items of other comprehensive income is charged to statement of OCI itself.

3.11 Deposits, debt securities issued and subordinated liabilities

Deposit are financial liabilities and are generally repayable on demand except fixed period deposit accepted by Bank from its customers.

The bank borrows money by issuing debt securities and subordinated debt. The borrowing is acknowledged or evidenced by issue of a negotiable instrument. The negotiable instrument can be certificate of deposit, commercial paper or debt note. Subordinated debt is issued to meet the capital requirements at bank level and to supply the capital to various operations. This debt generally consists of negotiable instruments and is usually listed on exchanges providing an active secondary market for the debt.

3.12 Provisions

Provision is a liability with uncertain timing and event. Provision is recognized if as a result of a past event, the group 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. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

The institution has deposit in Crystal Finance Limited amounting to Rs. 20,673,874.31. The institution is declared crisis ridden financial institution by the NRB. In view of this provision is made for the balance in the Crystal Finance.

Particulars	Amount
Receivable from Crystal Finance	20,673,874
Provision for Bank Balance(Crystal Finance)	20,673,874

The institution has write back provisions made amounting to NRs. 4,828,501 made to other assets in the current fiscal year with respect to amount recovered from Crystal Finance.

Particulars	Amount
Provision for Receivable from Crystal Finance	4,828,501
Write back of Provision for Bank Balance(Crystal Finance)	4,828,501

Contingent Liabilities: Contingent liabilities are i) possible obligations arising from past events whose existence will be confirmed on happening or not happening or uncertain future events not wholly within the control of Bank, or ii)a present obligation arising from past events but are not recognized because outflow of resources to settle may not be required or such amount can not be reliably estimated.

Contingent liabilities are separately disclosed in financial statements.

3.13 Revenue Recognition

Revenue is recognized in line with NAS 18 Revenue when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

3.13.1 Interest income

For all financial instruments measured at amortized cost and interest-bearing financial assets through other comprehensive income 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 recognised directly in statement of profit and loss.

The interest income recognised 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, interbank lending, etc.

As per carve out on NAS 39 Para 9, the Bank has not included the fees and 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.

As per carve out on NAS 39 AG 93, the Bank has applied the effective interest rate to the gross carrying amount of a financial asset unless the financial asset is written off either partially or fully.

Interest on investment securities 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 are 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 group has adopted the following criterion in to suspend the interest income where there is reasonable doubt about the collectability of the interest:

i. Loans where there is reasonable doubt about the ultimate collectability of principal or interest;

ii. Loans against which individual impairment as per NAS 39 or life time impairment as per NFRS 9 has been made;

iii. Loans where contractual payments of principal and/or interest are more than 3 months in arrears and where the "net realizable value" of security is insufficient to cover payment of principal and accrued interest;

iv. Loans where contractual payments of principal and/or interest are more than 12 months in arrears, irrespective of the net realizable value of collateral;

v. Overdrafts and other short-term facilities which have not been settled after the expiry of the loan and even not renewed within 3 months of the expiry, and where the net realizable value of security is insufficient to cover payment of principal and accrued interest;

Interest Income from Loans and advances to customer is recognized by following Effective interest method and provision has been created for the differential interest income between two bases(cash and accrual) of accounting to Regulatory Reserve. AIR from loss loan is excluded from interest income. AIR amounting to RS 1,063,989.04 is booked as interest income and regulatory reserve has been created for the same as well.

Bank, in general, generates interest income from loan to customers and on investment in debt securities.

3.13.2 Fee and commission income

Fees and commissions are generally recognized on an accrual basis when the service has been provided or significant act performed. the fees and commission income and expense that are integral to the effective interest rate on the financial assets and financial liability are included in the measurement of the effective interest rate. Bank has opted to use carve-out as mentioned in Note 2.1.1 (c) on this matter and accounted all realized fee and commission income upfront.

Commission on guarantees issued that are for more than one year are immediately accounted as income. If the period of guarantee is more than one year, then proportionate amount of fee is accounted as income.

3.13.3 Dividend income

Dividend income is recognized when the right to receive dividend is established i.e. dividend is approved by general meeting of companies.

Dividend income if related to period earlier than the date of acquisition of shares and its amount related to pre and post acquisition could be segregated, then the pre-acquisition period dividend is adjusted to cost of investment.

3.13.4 Net trading income

Income derived from buying/selling of assets and liabilities classified as for trading purpose are accounted as net trading income. Gain and loss on trading assets and liabilities are recognized on mark to market basis and not on realization basis.

3.13.5 Other Operating Income

Income other than interest, fees & commission and trading income are accounted as other operating income. This primarily comprises of changes in foreign exchange rate, dividend income, gain on disposal of non-financial assets etc.

3.14 Interest expense

Interest on deposit accepted from customer and borrowings of the bank are accounted on accrual basis.

3.15 Employees Benefits

Employee expenses includes the amount paid to employees of bank in respect of their service. Payment in respect of services are for the current service and long term benefits. Long term benefits are in the form of defined contribution plan and defined benefit plan. Expenses under defined contribution plan are accounted as they incur and on defined benefit plan as per accrual on reporting date.

Short term employee benefits include salary, allowance, encashment of unused leave, provident fund, annual bonus based on profit of the Bank, subsidized loans etc. These are provided as the services are rendered by the employees and measured on undiscounted amount of payment made.

Long term employee benefits include accumulated leave not encashed during service period. These are generally paid on retirement or termination of service of the employee.

Employee benefits are provided as per Employee Service Regulation of the Bank.

3.16 Leases

Company has obtained all office spaces on lease for varying periods. Lease payments are either on monthly or quarterly basis. Company has applied NFRS-16 Leases for the first time. As per NFRS 16 para C2, the date of initial application is the beginning of the annual reporting period in which an entity first applies this Standard. Accordingly, current fiscal year is the initial application date of this standard. In line with para C5 (b), company has applied the standard retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application. In such scenario, Company shall not be required to restate comparative information. Instead, the Company shall recognise the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings.

3.17 Foreign Currency Transaction

Transaction in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the rate of exchange prevailing on that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payment during the year and the amortized cost in the foreign currency translated at the rate of exchange at the reporting date.

Non monetary assets and liabilities that measured at fair value in a foreign currency are translated into the functional currency at the rate of exchange prevailing at the date on which the fair value is determined. Non monetary items that are measured based on historical cost in the foreign currency are translated using the rate of exchange on the date of transactions. The resulting exchange gain or loss differences are generally recognized in Profit or Loss.

3.18 Financial guarantee and loan commitment

Financial guarantees are contract that require the Fund to make specified payments to reimburse the holder for a loss that incurs because a specified debtors fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below -market interest rate are initially measured at fair value and the initial fair value is amortized over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below market interest rate included within other liabilities.

3.19 Share Capital and Reserves

3.19.1 Share Capital

Equity share capital is financial instruments issued by the company only to the extent that they do not meet the definition of financial liabilities.

All the issued shares are paid up and are listed with Nepal Stock Exchange for the purpose of trading by shareholders. All shares have right to vote on the basis of no. of shares hold. Bank does not have shares of other kind other than ordinary shares.

Proposed Bonus Share

The proposed bonus shares have not been issued to the shareholders as it may violate the restriction of maximum shareholding limitation of 15%. The shares will be issued after the shareholding is brought within the above limit.

3.19.2 Reserves

Bank has created various types of reserves as part of regulatory requirement.

a) General Reserve

General reserve is the statutory reserve. In this reserve, the amount transformed from appropriation of net profit according to the Banks and Financial Institutions Act, 2073 shall be included. No type of dividend (cash or bonus share) shall be distributed from the amount in general/statutory reserve. Approval of NRB shall be required in order to use the amount in this reserve.

b) Exchange Equalization Reserve

Exchange equalization reserve is a statutory reserve. A bank which has earned foreign exchange revaluation gain on foreign currency other than India currency has to allocate 25 percent of such revaluation gain to this reserve as per provision of the Bank and Financial Institution Act. Any amount allocated to exchange equalization reserve as per the provision of the Bank and Financial Institutions Act, shall be presented under this heading.

c) Corporate Social Responsibility (CSR) Reserve

In line with clause 16 of Directive 16/075, Bank is required to allocate 1% of its net profit for the year for CSR and is required to create CSR Reserve. The amount appropriated to this reserve is expensed off as prescribed in the same Directive in the next fiscal year.

Particulars	2077/78	2078/79	2079/80	Remarks
Total amount deposited in Corporate Social Responsibility Fund	9,399	9,399	9,399	9,399
Details of expenses				
Expenditure on social projects				
Financial Literacy				
Direct Grant Expenditure				
Sustainable Development Goals				
Expenses directly incurred by banks and financial institutions for easy supply of oxygen cylinders, oxygen concentrators, life-saving vaccines, medicines, etc., and expenses (according to the actual bill) for the employees working in the organization to be protected from global epidemics.				
Child Day Care Centre Related				
Grants given and expenses incurred to Orphanages, Kindergartens and Old Age Homes				
Expenditure under Open Account Campaign, 2076				
Spending amount up to Rs. 100 (literally one hundred only) per account deposited on behalf of banks and financial institutions in the remittance savings account of Nepalis going for foreign employment.				
Up to 5 percent of the expenses incurred from the said fund will be spent for the promotion of electronic transactions.				
Other expenses				
Total Expenditure				
Amount owed to Corporate Social Responsibility Fund	9,399	9,399	9,399	9,399

d) Regulatory Reserve

This is specific reserve created in line with NRB Directive 4. All the adjustments made in NFRS that are different from earlier NRB Directives are included in this fund. This fund is not available for distribution of dividend. The provision for NBA as required by GAAP but not required by NFRS is included in regulatory reserve. AIR (good loan) Rs 1,052,684 being transferred to regulatory reserve as it is booked as interest income for the year (Refer Note 5.10). Deffered Tax Assets for the Fiscal year 79/80 of Rs 14,718,855 has been transferred to Regulatory Reserve.

Regulatory Reserve Comprises of Following

Particulars	Amount
Interest Income On NFRS	2,527,314
Deferred Tax Assets	39,525,027
Fair Value reserve	785,092
Total	42,837,432

e) Capital Reserve

The capital reserve represents the amount of those reserves which are in nature of capital and which shall not be available for distribution of cash dividend. The amount from share forfeiture due to non-payment of remaining amount for the unpaid shares, capital grants received in cash or kind, capital reserve arising out of merger and acquisition etc. should be presented under this heading.

f) Fair Value Reserve

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

g) Actuarial Gain Reserve

This reserve is for presenting the OCI component of defined benefit obligations. This is not an actual reserve.

h) Special Reserve

In line with circular no. 12/072/073, the interest capitalized on loan that have been restructured or rescheduled because of the borrower facing difficulty resulting from earthquake in 2072 is kept in this reserve. The reserve is required to be maintained till the loan is settled.

i) Assets Revaluation Reserve

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

j) Capital Redemption Reserve

This head shall include the statutory reserve created for making payment towards Redeemable Non-Convertible Preference Shares.

k) Dividend Equalization Reserve

For the purpose of maintaining uniformity in dividend payment, certain amount of profit during the year of profit making may be transferred shall be presented under this account head. Dividend may be distributed by debiting this account with the approval of the Board of Directors and endorsed by the General meeting.

l) Investment Adjustment Reserve

It is a regulatory reserve created as a cushion for adverse price movements in bank's investments as directed by the Directives of Nepal Rastra Bank.

m) Capital Adjustment/ Equilization Fund

Calls in advance towards subscription to sharecapital and amount set aside for increasing the capital of the institution to fulfill minimum capital requirement are presented under this head.

n) Employee training fund

The Bank and Financial Institution are required to allocate and spent atleast 3% of the previous year salary and allowances for the staff skill development as per Directive 6 of the Nepal Rastra Bank Directives. In case the allocated amount isn't spent, the same has to be carried forward to the next financial year in a Staff SkillDevelopment Fund. In line of this requirement, the movement on the Skill Development Fund is as follows:

Particulars	2079/80	2078/79
Opening Staff Training Fund	296,288	209,070
3% of the previous year salary and allowances	394,657	261,947
Total amount incurred for employee training and skill development	447,305	174,729
Excess/(Deficit) amount incurred for employee training and skill development program	-	(87,218)
Staff Skill Development Fund carried forward to next year	296,288	296,288

3.19.3 Share Premium

The amount of money collected on issue of shares in excess of its face value shall be presented under this heading. The outstanding amount in this account shall not be considered eligible for distribution of cash dividend.

The amount of money NRs. 10,101,374.15 in share premium belongs to the excess face value collected during right auction made by the bank from 2078.12.10 to 2078.12.17. The details is presented below:

Particulars	2079.80		2078.79	
	No.	Amount (NRs.)	No.	Amount (NRs.)
Promoter Kitta			131,998	15,687,575
Public Kitta			13,651	6,022,011
Total	-	-	145,649	21,709,586
Face Value of the shares (@100 per kitta)	-	-	145,649	14,564,900
Excess transferred to share premium account				7,144,686
Opening share premium amount if any		10,101,374		2,956,688
Closing share premium accounted for the year		10,101,374		10,101,374

3.19.4 Retained Earning

The accumulated profits which has not been distributed to shareholders and has been ploughed back in the licensed institutions' operations and is free for distribution to the shareholders is presented under this heading. There is no unrealised gain on sale of investment during Ashadh end 2080.

3.20 Earning per share including diluted

The Bank measures earning per share on the basis of the earning attributable to the equity shareholders for the period. The number of shares is taken as the weighted average number of shares for the relevant period as required by NAS 33 Earnings per Share.

3.21 Segment reporting

Segment has been segregated based on the management function of bank and accordingly, the seven states of Nepal are considered as the segments. Income and expenses directly related to such segments are reported. Assets and liabilities specific to those are presented as segment assets and liabilities. Income tax is not segregated.

3.22 Events after Reporting Date

These are the events occurring between the reporting date and up to the date of approval of financial statements which are either adjustable or unadjustable.

Adjustable events are adjusted in the presented financial statements. There are no events that require additional disclosure in the financial statements.

3.23 Account Receivables

The following account receivables on which 100% provision has been made is shown net of provision in the financial statements.

Particulars	Amount
Receivable from Crystal Worldwide Money Transfer	6,012,551
Interest Receivable from Crystal Worldwide Money Transfer	2,134,306
Receivable from Crystal Finance	20,673,874
Receivable from Dibya Kumar Shrestha	70,091,172
Total	98,911,903

Subsequent to the reporting period, the outstanding amount associated to crystal finance has been recovered amounting to NRs. 20,368,925.72. Consequently, this provision recognised in the financial statement for this receivable amount has been withdrawn after the reporting period. This recovery and provision withdrawal have been accounted for after the reporting date but before the issuance of financial statements. The impact of these events on the financial position and performance of the company is disclosed with reference to NAS 10 Events after reporting period.

3.24 Non-performing assets

The Total non performing loan and advances is Rs 150,637,272 and loan loss provision related to the non performing loans and advances is Rs 548,626,202 which is 57% of NPA(Rounded upto nearest thousand) and total loan loss provision to NPA is 66%. NPL is 27%.

Narayani Development Bank Limited
Classification of Loans, Advances & Bills Purchase and Provisioning
At the year ended Ashadh, 2080

(Amount NPR in '000)

Particulars	Loans & Advances					Bills Purchased/Discounted			Total
	Domestic			Foreign	Total	Domestic	Foreign	Total	
	Deprived Sector		Other						
	Insured	Uninsured							
1	2	3	4	5=1+2+3+4	6	7	8=6+7	9=5+8	
1 Performing Loan and Advances	17,370	7,502	373,117	-	397,989	-	-	-	397,989
1.1 Pass Loan	13,964	6,115	284,152	-	304,231	-	-	-	304,231
1.1.1 Pass Loan (other than Restructured/Rescheduled Covid Related)	13,964	6,115	284,152		304,231			-	304,231
1.1.2 Pass Loan (Restructured/Rescheduled Covid Related)					-			-	-
1.2 Watch List	3,406	1,387	88,965		93,758			-	93,758
2 Non-Performing Loan and Advances	238	251	150,146	-	150,635	-	-	-	150,635
2.1 Restructured / Rescheduled					-			-	-
2.2 Sub-standard			18,042		18,042			-	18,042
2.3 Doubtful	238		5,932		6,170			-	6,170
2.4 Loss		251	126,172.00		126,423			-	126,423
3 Total Loan and Advances (1+2)	17,608	7,753	523,263	-	548,624	-	-	-	548,624
4 Total Loan Loss Provision	471	399	141,793	-	142,663	-	-	-	142,663
4.1 Pass	182.00	79.00	3,694.00		3,955			-	3,955
4.2 Watch List	170.00	69.00	4,449.00		4,688			-	4,688
4.3 Restructured / Rescheduled	-	-	-	-	-	-	-	-	-
4.3.1 Restructured / Rescheduled Covid Related					-			-	-
4.3.2 Restructured / Rescheduled Others					-			-	-
4.4 Sub-standard			4,511.00		4,511			-	4,511
4.5 Doubtful	119		2,966		3,085			-	3,085
4.6 Loss		251	126,173		126,424			-	126,424
4.7 Additional					-			-	-
4.8 SOL exceed					-			-	-
4.9 PG & Third party collateral					-			-	-
Net Loan (3-4)	17,137	7,354	381,470	-	405,961	-	-	-	405,961

Narayani Development Bank Limited
Notes to Financial Statements

Cash and cash equivalent

4.1

Particulars	As at 31.03.2080	As at 32.03.2079
Cash in hand	15,756,710	32,116,706
Balances with B/FIs	112,444,126	71,625,931
Money at call and short notice	-	-
Other	-	-
Total	128,200,835	103,742,637

Due from Nepal Rastra Bank

4.2

Particulars	As at 31.03.2080	As at 32.03.2079
Statutory balances with NRB	40,879,280	21,222,209
Securities purchased under resale agreement	-	-
Other deposit and receivable from NRB	-	-
Total	40,879,280	21,222,209

Placements with Bank and Financial Institutions

4.3

Particulars	As at 31.03.2080	As at 32.03.2079
Placement with domestic B/FIs	-	-
Placement with foreign B/FIs	-	-
Less: Allowances for impairment	-	-
Total	-	-

Derivative financial instruments

4.4

Particulars	As at 31.03.2080	As at 32.03.2079
Held for trading	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
Held for risk management	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Other	-	-
Total	-	-

Other trading assets

4.5

Particulars	As at 31.03.2080	As at 32.03.2079
Treasury bills	-	-
Government bonds	-	-
NRB Bonds	-	-
Domestic Corporate bonds	-	-
Equities	-	-
Other	-	-
Total	-	-
Pledged	-	-
Non-pledged	-	-

Narayani Development Bank Limited
Notes to Financial Statements

Loan and advances to B/FIs

4.6

Particulars	As at 31.03.2080	As at 32.03.2079
Loans to microfinance institutions	-	1,636
Other	-	-
Less: Allowances for impairment	-	(21)
Total	-	1,615

4.6.1: Allowances for impairment

Balance at Sawan 1	As at 31.03.2080	As at 32.03.2079
Impairment loss for the year:		
Opening	57,455,090	10,004,555
Charge for the year	85,207,828	47,658,513
Recoveries/reversal	(21)	(207,979)
Amount written off		
Balance at Asar end	142,662,896	57,455,090

Loans and advances to customers

4.7

Particulars	As at 31.03.2080	As at 32.03.2079
Loan and advances measured at amortized cost	552,957,263	354,608,458
Less: Impairment allowances		
Collective impairment	8,642,914	4,593,306
Individual impairment	134,019,982	52,861,762
Net amount	410,294,367	297,153,389
Loan and advances measured at FVTPL		
Total	410,294,367	297,153,389

Disclosure: The Individual impairment consists of Loan Loss Provision of Staff loan(Bad) Rs 1,032,953.

The above amount of impairment allowance is as per Directive issued by Nepal Rastra Bank.

Particulars	As at 31.03.2080	As at 32.03.2079
Individual impairment	134,019,982	52,861,762
Collective impairment	8,642,914	4,593,306
Total	142,662,896	57,455,069

Provided below is the impairment calculated as per NFRS:

We have selected around 30% of our outstanding loan for individual impairment test. The market value of collateral on valuation date was subjected to haircut to arrive at adjusted fair value of collateral on each reporting date and if the adjusted fair value is less than outstanding amount, individual impairment is considered along with other factors like repayment history of borrower, credit rating, additional information of customer regarding financial capability, restructuring/rescheduling of loan, etc. Collective assessment has been done using past default rate (probability of default) and a calculated percentage for non- recovery (loss given default) and the rates have been used to calculate impairment allowance as per NAS 39 using incurred loss model.

Particulars	As at 31.03.2080	As at 32.03.2079
Individual impairment	10,164,965	-
Collective impairment	4,626,269	9,539,074
Total	14,791,234	9,539,074

Narayani Development Bank Limited
Notes to Financial Statements

Loan classification and impairment allowance as per NRB Directive 2 is as follows:

Particulars	As at 31.03.2080	As at 32.03.2079
Performing loan	397,988,930	302,593,637
Good	304,230,601	284,766,904
Watchlist	93,758,329	17,826,733
Non-performing loan	149,604,319	49,917,879
Substandard	18,042,995	4,632,563
Doubtful	6,170,088	3,028,345
Loss	125,391,236	42,256,971
Total	547,593,249	352,511,516
Add: loan to employees	1,032,953	1,032,953
Net AIR	4,331,061	1,063,989
Total loan	552,957,263	354,608,458
Impairment allowance		
Performing loan	8,642,914	4,593,306
Good	3,954,998	3,701,970
Watchlist	4,687,916	891,337
Non-performing loan	134,019,982	52,861,762
Substandard	4,510,749	1,158,141
Doubtful	3,085,044	1,514,173
Loss	126,424,189	43,289,924
Additional	-	6,899,525
Total	142,662,896	57,455,069

Loans and Advances to BFIs as well as to individual borrowers has been carried at amortised cost and includes accrued interest receivable amounting NRs. 4,331,061.

Additional impairment amounting to NRs. 75,772,015 has been added due to remarks received from regulatory and statutory body during their inspection at Bank.

The loans and advance to customers are carried at the amortised cost. After the initial recognition, loans and advances are subsequently measured at gross carrying amount using effective interest rate less the provision for impairment. The loan administration charges charged from the customer are considered immaterial thus are not considered while calculating the effective interest rate.

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.

Narayani Development Bank Limited
Notes to Financial Statements

4.7.1 Analysis of Loans and advances By product

Product	As at 31.03.2080	As at 32.03.2079
Term loans	113,140,457.28	82,562,605
Overdraft	120,119,707.11	95,161,437
Trust receipt/Import loans	-	-
Demand and other working capital loans	-	-
Personal residential loans	39,250,686.45	36,737,785
Real estate loans	5,245,499.51	-
Margin lending loans	-	-
Hire purchase loans	33,779,435.92	33,554,664
Deprived sector loans	16,991,489.20	569,034
Bills purchased	-	-
Staff loans	-	-
Service Loan	10,023,483.41	10,268,771
Industrial Loan	-	-
Agriculture Loan	21,636,483.05	4,649,784
Commercial Loan	171,234,835.43	73,033,518
Loan Against FDR	7,405,032.43	5,784,000
Loan Against Share	6,044,249.25	7,469,665
Investment on Sworojgar	2,721,890.00	2,721,890
Other		
Sub total	547,593,249	352,513,152
Loans to employees	1,032,953	1,032,953
Accrued Interest receivable	4,331,061	1,063,989
Grand total	552,957,263	354,610,094

4.7.2: Analysis of loan and advances - By Currency

Currency	As at 31.03.2080	As at 32.03.2079
Nepalese rupee	552,957,263	354,610,094
Indian rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yuan	-	-
Other	-	-
Total	552,957,263	354,610,094

Narayani Development Bank Limited
Notes to Financial Statements

4.7.3: Analysis of loan and advances - By Collateral

Collateral	As at 31.03.2080	As at 32.03.2079
Secured		
Movable/immovable assets	513,878,656	325,384,481
Gold and silver	-	-
Guarantee of domestic B/FIs	-	-
Government guarantee	2,721,890	2,721,890
Guarantee of international rated bank	-	-
Collateral of export document	-	-
Collateral of fixed deposit receipt	-	-
Collateral of Government securities	-	-
Counter guarantee	-	-
Personal guarantee	-	-
Other collateral	-	-
Subtotal	516,600,546	328,106,371
Unsecured	36,356,718	26,503,723
Grant Total	552,957,263	354,610,094

4.7.4: Allowances for impairment

Particulars	As at 31.03.2080	As at 32.03.2079
Specific allowances for impairment		
Balance at Sawan 1	52,861,762	8,666,075
Impairment loss for the year:	-	-
Charge for the year	81,158,220	44,195,687
Recoveries/reversal during the year	-	-
Write-offs	-	-
Exchange rate variance on foreign currency	-	-
Other movement	-	-
Balance at Asar end	134,019,982	52,861,762
Collective allowances for impairment		
Balance at Sawan 1	4,593,328	1,338,480
Impairment loss for the year:	-	-
Transfer On Merger and Acquisition	-	-
Charge/(reversal) for the year	4,049,586.56	3,254,847.55
Exchange rate variance on foreign currency	-	-
Other movement	-	-
Balance at end	8,642,914	4,593,328
Total allowances for impairment	142,662,896	57,455,090

Narayani Development Bank Limited
Notes to Financial Statements

Investment Securities

Particulars	As at 31.03.2080	As at 32.03.2079
Investment securities measured at amortized cost	4,000,000	4,000,000
Investment in equity measured at FVTOCI	43,427,610	6,798,627
Total	47,427,610	10,798,627

4.8.1: Investment securities measured at amortized cost

Particulars	As at 31.03.2080	As at 32.03.2079
Debt securities	-	-
Government bonds	4,000,000	4,000,000
Government treasury bills	-	-
Nepal Rastra Bank bonds	-	-
Nepal Rastra Bank deposits instruments	-	-
Other	-	-
Less: specific allowances for impairment	-	-
Total	4,000,000	4,000,000

Government bond consist of Development Bond issued by NRB

4.8.2: Investment in equity measured at fair value through other comprehensive income

Particulars	As at 31.03.2080	As at 32.03.2079
Equity instruments		
Quoted equity securities	28,427,610	6,798,627
Unquoted equity securities	15,000,000	-
Total	43,427,610	6,798,627

4.8.3: Information relating to investment in equities

Particulars	As at 31.03.2080		As at 32.03.2079		As at 31.03.2078	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Investment in quoted equity						
Prudential Insurance Company Limited - Ordinary Share	54,900	535,360	8,613,136	6,798,627	91,671	494,278
Nepal Insurance Company Limited - Ordinary Share	-	-	4,063,967	2,573,735	-	-
Ajod Insurance Company Ltd.	2,039,662	1,751,288	2,039,662	1,832,768	-	-
Investment on share Butwal Power Company Ltd.	2,454,608	2,230,214	2,454,608	2,069,494	36,771	49,588
Lumbini general Insurance Co. Ltd.	-	748	-	382	-	-
Global IME Balanced Fund-1 (GIBF1)	15,000,000	14,010,000	-	-	-	-
Prabhu Smart Fund (PRSF)	10,000,000	9,900,000	-	-	-	-
Citizen Super 30 Mutual Fund	15,000,000	15,000,000	-	-	-	-
Total	44,549,169.6	43,427,609.5	8,613,136	6,798,627	91,671	494,278

Statement showing Fair market value of Investment Securities

S.No.	Name of Company	No. of Shares	Per Unit Cost	Market price	No. of Shares	Per Unit Cost	Market price	Per Unit Cost	Cost price	Market price
1	IGI Prudential Insurance Company Limited(IGI)	549	560	307,440.00	549	100	54,900	100	54,900	191,052
2	IGI Prudential Insurance Company Limited(IGI)	128	560	71,680.00	128	-	-	-	-	44,544
3	IGI Prudential Insurance Company Limited(IGI)	249	560	139,440.00	249	-	-	-	-	86,652
4	IGI Prudential Insurance Company Limited(IGI)(Bonus)	30	560	16,800.00	-	-	-	-	-	-
5	Butwal Power Company Limited(BPCL)	98	331	32,389.00	98	375	36,771	375	36,771	31,556
6	Butwal Power Company Limited(BPCL)	5,000	331	1,652,500.00	5,000	386	1,927,830	386	1,927,830	1,610,000
7	Butwal Power Company Limited(BPCL)	1,318	331	435,599.00	1,318	372	490,007	372	490,007	424,396
8	Butwal Power Company Limited(BPCL)	11	331	3,635.50	11	-	-	-	-	3,542
9	Butwal Power Company Limited(BPCL)(Bonus)	321	331	106,090.50	-	-	-	-	-	-
10	Nepal Insurance Company Limited(NICL)	-	-	-	500	818	409,094	818	409,094	222,950
11	Nepal Insurance Company Limited(NICL)	-	-	-	2,000	842	1,684,605	842	1,684,605	891,800
12	Nepal Insurance Company Limited(NICL)	-	-	-	1,500	784	1,176,140	784	1,176,140	668,850
13	Nepal Insurance Company Limited(NICL)	-	-	-	1,200	662	794,128	662	794,128	535,080
14	Nepal Insurance Company Limited(NICL)(Bonus)	-	-	-	572	-	-	-	-	255,055
15	United Ajod Insurance Company Ltd.(UAIL)	3,375	519	1,751,287.50	4,091	499	2,039,662	499	2,039,662	1,832,768
16	Sagarmatha Lumbini Insurance Co. Limited (SALICO)	1	748	748.00	1	-	-	-	-	382
17	Global IME Balanced Fund-1 (GIBF1)	1,500,000	9.34	14,010,000.00	-	-	-	-	-	-
18	Prabhu Smart Fund (PRSF)	1,000,000	9.90	9,900,000.00	-	-	-	-	-	-
19	Citizen Super 30 Mutual Fund	1,500,000	10	15,000,000.00	-	-	-	-	-	-
	Total	4,011,080		43,427,610	17,217		8,613,136	17,217	8,613,136	6,798,627

Narayani Development Bank Limited
Notes to Financial Statements

Current tax assets

4.9

Particulars	As at 31.03.2080	As at 32.03.2079
Current tax assets	9,980,040	9,802,468
Current year income tax assets	9,980,040	9,802,468
Tax assets of prior periods	-	-
Current tax liabilities	-	-
Current year income tax liabilities	-	-
Tax liabilities of prior periods	-	-
Total	9,980,040	9,802,468

Investment in subsidiaries

4.10

Particulars	As at 31.03.2080	As at 32.03.2079
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	-	-
Total investment	-	-
Less: Impairment allowances	-	-
Net carrying amount	-	-

Narayani Development Bank Limited
Notes to Financial Statements

4.10.1: Investment in quoted subsidiaries

	As at 31.03.2080		As at 32.03.2079	
	Cost	Fair Value	Cost	Fair Value
.....Ltd.				
.....shares of Rs. each				
.....Ltd.				
.....shares of Rs. each				
.....				
Total	-	-	-	-

4.10.2: Investment in unquoted subsidiaries

	As at 31.03.2080		As at 32.03.2079	
	Cost	Fair Value	Cost	Fair Value
.....Ltd.				
.....shares of Rs. each				
.....Ltd.				
.....shares of Rs. each				
.....				
Total	-	-	-	-

4.10.3: Information relating to subsidiaries of the Bank

	Percentage of ownership held by the Bank	
	As at 31.03.2080	As at 32.03.2079
.....Ltd.		
.....Ltd.		
.....Ltd.		
.....Ltd.		
Total	-	-

Narayani Development Bank Limited
Notes to Financial Statements

4.10.4: Non controlling interest of the subsidiaries

	As at 31.03.2080	As at 32.03.2079
Equity interest held by NCI (%)		... Ltd.
Profit/(loss) allocated during the year		
Accumulated balances of NCI as on Asar end		
Dividend paid to NCI		
	As at 31.03.2080	As at 32.03.2079
Equity interest held by NCI (%)		... Ltd.
Profit/(loss) allocated during the year		
Accumulated balances of NCI as on Asar end		
Dividend paid to NCI		
	As at 31.03.2080	As at 32.03.2079
Equity interest held by NCI (%)		... Ltd.
Profit/(loss) allocated during the year		
Accumulated balances of NCI as on Asar end		
Dividend paid to NCI		

4.11 Investment in associates

Particulars	As at 31.03.2080	As at 32.03.2079
Investment in quoted associates		
Investment in unquoted associates		
Total investment		-
Less: Impairment allowances		
Net carrying amount		-

Narayani Development Bank Limited
Notes to Financial Statements

4.1.1.1: Investment in quoted associates

	As at 31.03.2080		As at 32.03.2079	
	Cost	Fair Value	Cost	Fair Value
Total	-	-	-	-

4.1.1.2: Investment in unquoted associates

	As at 31.03.2080		As at 32.03.2079	
	Cost	Fair Value	Cost	Fair Value
Total	-	-	-	-

4.1.1.3: Information relating to associates of the Bank

	Percentage of ownership held by the Bank	
	As at 31.03.2080	As at 32.03.2079
Total	-	-

4.1.1.4: Equity value of associates

	As at 31.03.2080	As at 32.03.2079

Narayani Development Bank Limited
Notes to Financial Statements

Investment properties

Particulars	As at 31.03.2080	As at 32.03.2079
Investment properties measured at fair value		
Balance as on Sawan 1,		
Addition/disposal during the year		
Net changes in fair value during the year		
Adjustment/transfer		
Net amount		
Investment properties measured at cost		
Balance as on Sawan 1		5,513,510
Addition during the year		
Disposal during the year		(5,513,510)
Adjustment/transfer		
Accumulated depreciation		
Accumulated impairment loss		
Net amount		-
Total		-

Note 4.12.1: Investment property comprise the following

Own Land		
Non-Banking Assets		
Total		-

Note 4.12.2: Details of Non Banking Assets:

Borrower's or Party's Name & Address	As at 31.03.2080	As at 32.03.2079
		-
		0.00
Total		-

Property and Equipment

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicle	Furniture & Fixture	Machinery	Equipments & Others	Right of Use Assets	Total
Cost										
As on Shrawan 1, 2077	-	398,390	-	5,920,045	1,340,961	4,754,589	762,920	275,568	-	13,452,473
Addition during the Year			394,597	2,786,941	6,693,514	754,789		139,414	3,726,405	14,495,660
Acquisition										
Acquired on business combination										
Capitalization				(6,658)	(155,406)					(162,064)
Disposal during the year				1,310,234						1,310,234
Adjustment/Revaluation										
Balance as on Ashadh end 2078	-	398,390	394,597	10,010,562	7,879,069	5,509,378	762,920	414,982	3,726,405	29,096,304
Addition during the Year										
Acquisition			2,809,617	3,844,235	748,800	1,867,596	-	2,097,565	11,760,224	23,128,037
Acquired on business combination										
Capitalization					(46,834)					(46,834)
Disposal during the year		(398,390)	398,390							
Adjustment/Revaluation										
Balance as on Ashadh end 2079	-	-	3,602,604	13,854,797	8,581,035	7,376,974	762,920	2,512,547	15,486,628	52,177,506
Addition during the Year			371,337	11,025,519	225,500	999,633	200,000	733,484	7,197,960	20,753,432
Acquisition										
Acquired on business combination										
Capitalization				(100,948)	(62)	(43,363)		(4,173)	(4,149,987)	(4,298,534)
Disposal during the year				(8,100,834)						(8,100,834)
Adjustment/Revaluation										
Balance as on Ashadh end 2080	-	-	3,973,941	16,678,534	8,806,473	8,333,244	962,920	3,241,858	18,534,601	60,531,571
Depreciation & Impairment										
As on Shrawan 1, 2076										
Impairment for the year		(147,305)		(5,562,756)	(1,093,019)	(4,578,489)	(585,777)	(271,096)	-	(12,238,442)
Depreciation charge for the Year										
Accu. Depreciation on assets acquired on business combination										
Disposals										
Adjustment										
As on Shrawan 1, 2077		(147,305)	-	(5,562,756)	(1,093,019)	(4,578,489)	(585,777)	(271,096)	-	(12,700,811)
Impairment for the year										
Depreciation charge for the Year		(12,554)	(3,243)	(938,418)	(977,904)	(143,598)	(26,571)	(10,934)	(652,304)	(2,765,526)
Accu. Depreciation on assets acquired on business combination										
Disposals										
Adjustment				(131,023)						(131,023)
As on Ashadh end 2078	-	(159,859)	(3,243)	(6,632,197)	(2,070,923)	(4,722,087)	(612,348)	(282,030)	(652,304)	(15,134,991)
Additions during the year										
Impairment for the year										
Depreciation charge for the Year			(445,667)	(1,552,108)	(1,232,969)	(482,270)	(22,586)	(224,847)	(1,498,063)	(5,458,509)
Accu. Depreciation on assets acquired on business combination										
Disposals		159,859	(159,859)							
Adjustment										
As on Ashadh end 2079	-	-	(608,769)	(8,184,305)	(3,303,892)	(5,204,357)	(634,934)	(506,877)	(2,150,367)	(20,593,501)
Impairment for the year										
Depreciation charge for the Year			(744,227)	(3,681,680)	(1,085,483)	(765,264)	(29,198)	(571,150)	(2,839,204)	(9,716,207)
Accu. Depreciation on assets acquired on business combination										
Disposals										
Adjustment										
As on Ashadh end 2080	-	-	(1,352,995.71)	(11,865,984.49)	(4,389,374.98)	(5,969,621.38)	(664,131.92)	(1,078,027.37)	(4,989,571.46)	(30,309,707.32)
Balance as on Ashadh 31, 2078	-	238,531	391,354	3,378,365	5,808,146	787,291	150,572	132,952	3,074,100	13,961,312
Balance as on Ashadh 32, 2079	-	-	2,993,835	5,670,492	5,277,143	2,172,617	127,986	2,005,670	13,336,261	31,584,005
Balance as on Ashadh 31, 2080	-	-	2,620,945	4,812,550	4,417,098	2,363,623	298,788	2,163,830	13,545,029	30,221,863

Narayani Development Bank Limited
Notes to Financial Statements

Goodwill and Intangible Assets

4.14

Particulars	Goodwill	Software		Other	Total
		Purchased	Developed		
Cost					
As on Shrawan 1, 2077		3,931,658			3,931,658
Acquisition					-
Acquired on business combination					-
Capitalization					-
Disposal during the year					-
Adjustment/Revaluation					-
Balance as on Ashadh end 2078	-	3,931,658	-	-	3,931,658
Addition during the Year					-
Acquisition					-
Acquired on business combination					-
Capitalization					-
Disposal during the year					-
Adjustment/Revaluation	-	-			-
Balance as on Ashadh end 2079	-	3,931,658	-	-	3,931,658
Addition during the Year					-
Acquisition					-
Acquired on business combination					-
Capitalization					-
Disposal during the year					-
Adjustment/Revaluation	-	8,100,834			-
Balance as on Ashadh end 2080	-	12,032,492	-	-	12,032,492
Amortization and Impairment					
As on Shrawan 1, 2077					-
Amortization charge for the Year		393,166			393,166
Impairment for the year					-
Disposals					-
Adjustment	-				-
As on Ashadh end 2078	-	393,166	-	-	393,166
Amortization charge for the Year		884,623			884,623
Impairment for the year					-
Acquired on business combination					-
Disposals					-
Adjustment					-
As on Ashadh end 2079	-	1,277,789	-	-	1,277,789
Amortization charge for the Year					-
Impairment for the year		786,332			786,332
Acquired on business combination					-
Disposals					-
Adjustment					-
As on Ashadh end 2079	-	2,064,120	-	-	2,064,120
Capital Work in Progress					
Net Book Value					
As on Ashadh end 2078	-	3,538,492	-	-	3,538,492
As on Ashadh end 2079	-	2,653,869	-	-	2,653,869
As on Ashadh end 2080	-	9,968,372	-	-	9,968,372

Narayani Development Bank Limited
Notes to Financial Statements

4.15

Deferred Tax

Particulars	As at 31.03.2080			As at 32.03.2079		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
Deferred tax on temporary differences on following items						
Loan and Advance to B/FIs	-	-	-	-	-	-
Loans and advances to customers	34,504,510	-	34,504,510	11,917,860	-	11,917,860
Investment properties	-	-	-	-	-	-
Investment securities	336,468	-	336,468	544,353	-	544,353
Property & equipment	-	651,369	(651,369)	-	3,652,881	(3,652,881)
Employees' defined benefit plan	1,112,851	-	1,112,851	897,945	-	897,945
Lease liabilities	4,222,567	-	4,222,567	4,222,567	-	4,222,567
Provisions	-	-	-	-	-	-
Other temporary differences	-	-	-	-	-	-
Deferred tax on temporary differences	40,176,396	651,369	39,525,027	17,582,725	3,652,881	13,929,844
Deferred tax on carry forward of unused tax losses						
Deferred tax due to changes in tax rate						
Net Deferred tax (asset)/liabilities as on year end of Asadh 2079	40,176,396	651,369	39,525,027	17,582,725	3,652,881	13,929,844
Deferred tax (asset)/liabilities as on Shrawan 1, 2079			(13,929,844)			(165,728)
Deferred tax assets/(liability) transferred on acquisition						
Origination/(Reversal) during the year			(25,355,998)			(13,098,981)
Deferred tax expense/(income) recognized in profit or loss			(239,185)			(665,135)
Deferred tax expense/(income) recognized in other comprehensive income						
Deferred tax expense/(income) recognized in directly in equity						

Narayani Development Bank Limited
Notes to Financial Statements

Other Assets

4.16

Particulars	As at 31.03.2080	As at 32.03.2079
Assets held for sale	-	-
Other non banking assets	-	-
Bills receivable	-	-
Accounts receivable	5,004,823	2,017,868
Accrued income	-	-
Prepayments and deposit	-	-
Income tax deposit	-	-
Deferred employee expenditure	-	-
Prepaid Expenses	519,179	589,314
Other	87,040	1,337,994
Total	5,611,042	3,945,177

Disclosure: Provisions are made for Account Receivables as Follows:

	As at 31.03.2080	As at 32.03.2079
Receivable from Dibya Kumar Shrestha	70,091,173	70,091,173
Receivable from Others	353,698	34,700
Provision for Sundry Debtors (including Dibya kumar shrestha)	70,125,873	70,125,873
	As at 31.03.2080	As at 32.03.2079
Receivable from Crystal Worldwide Money Transfer	6,012,551	6,012,551
Provision For Advance	6,012,551	6,012,551
	As at 31.03.2080	As at 32.03.2079
Receivable from Crystal Finance	20,673,874	25,502,374
Provision for Bank Balance(Crystal Finance)	20,673,874	25,502,374
Net	-	-

Net Of Account receivables		
	As at 31.03.2080	As at 32.03.2079
Account Receivables	97,938,877	100,813,375
Total Provision less Provision For advance	(92,934,054)	(97,762,554)
Total	5,004,823	3,050,821
Net of Other Assets (other)		
Other	6,553,650	7,804,604
Provision For Advance	(6,012,551)	(6,012,551)
Provision for IBT	(454,059)	(454,059)
Net of Other Assets (other)	87,040	1,337,994

Disclosure: Provisions

Particulars	As at 31.03.2080	As at 32.03.2079
PROVISION FOR RECEIVABLE OTHERS	2,134,306	2,134,306
PROVISION FOR SUNDRY DEBTORS	70,125,873	70,125,873
PROVISION FOR ADVANCE	6,012,551	
PROVISION FOR BANK BALANCE(Crystal Finance)	20,673,874	25,502,375
Provision for IBT	454,059	
Total	99,400,663.57	97,762,554.43

Narayani Development Bank Limited
Notes to Financial Statements

Due to Bank and Financial Institutions

4.17

Particulars	As at 31.03.2080	As at 32.03.2079
Money market deposits	-	-
Interbank borrowing	-	-
Other deposits from BFIs	-	-
Settlement and clearing accounts	-	-
Other deposits from BFIs	-	-
Total	-	-

Due to Nepal Rastra Bank

4.18

Particulars	As at 31.03.2080	As at 32.03.2079
Refinance from NRB	-	-
Standing Liquidity Facility	-	-
Lender of last resort facility from NRB	-	-
Securities sold under repurchase agreements	-	-
Other payable to NRB	-	-
Total	-	-

Derivative financial instruments

4.19

Particulars	As at 31.03.2080	As at 32.03.2079
Held for trading	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
Held for risk management	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
Total	-	-

Deposits from customers

4.20

Particulars	As at 31.03.2080	As at 32.03.2079
Institutions customers:		
Term deposits	205,740,000	19,500,211
Call deposits	185,417,056	30,397,462
Current deposits	17,750,049	35,472,210
Other	-	878,341
Individual customers:		
Term deposits	148,785,900	131,163,000
Saving deposits	75,120,144	117,580,503
Current deposits	-	1,680,562
Other	-	-
Total	632,813,148	336,672,288

Narayani Development Bank Limited
Notes to Financial Statements

4.20.1: Currency wise analysis of deposit from customers

Particulars	As at 31.03.2080	As at 32.03.2079
Nepalese rupee	632,813,148	336,672,288
Indian rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yuan	-	-
Other	-	-
Total	632,813,148	336,672,288

Borrowing

4.21

Particulars	As at 31.03.2080	As at 32.03.2079
Domestic Borrowing	-	-
Nepal Government	-	-
Other Institutions	-	-
Other	-	-
Sub total	-	-
Foreign Borrowing	-	-
Foreign Bank and Financial Institutions	-	-
Multilateral Development Banks	-	-
Other Institutions	-	-
Sub total	-	-
Total	-	-

Provisions

4.22

Particulars	As at 31.03.2080	As at 32.03.2079
Provisions for redundancy	-	-
Provision for restructuring	-	-
Pending legal issues and tax litigation	-	-
Onerous contracts	-	-
Other	864,450	562,240
Total	864,450	562,240

4.22.1: Movement in provision

Particulars	As at 31.03.2080	As at 32.03.2079
Balance at Sawan 1	562,240	-
Provisions made during the year	302,210	562,240
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Unwind of discount	-	-
Balance at Asar end	864,450	562,240

Narayani Development Bank Limited
Notes to Financial Statements

Other liabilities

4.23

Particulars	As at 31.03.2080	As at 32.03.2079
Liability for employees defined benefit obligation	2,456,040	1,520,313
Liability for long-service leave	2,189,190	1,472,837
Short-term employee benefits	-	-
Staff Welfare Fund	1,380,870	1,380,870
Bills payable	-	-
Creditors and accruals	21,146,734	17,622,863
Interest payable on deposit	213,364	510,049
Interest payable on borrowing	-	-
Liabilities on deferred grant income	-	-
Unpaid Dividend	-	-
Liabilities under Finance Lease	14,857,168	14,075,224
Employee bonus payable	-	-
Other	880,781	824,245
Total	43,124,147	37,406,401

4.23.1: Defined benefit obligations

The amounts recognized in the statement of financial position are as follows:

Particulars	As at 31.03.2080	As at 32.03.2079
Present value of unfunded obligations	-	-
Present value of funded obligations	-	-
Total present value of obligations	-	-
Fair value of plan assets	-	-
Present value of net obligations	-	-
Recognized liability for defined benefit obligations	-	-

4.23.2: Plan assets

Plan assets comprise

Particulars	As at 31.03.2080	As at 32.03.2079
Equity securities	-	-
Government bonds	-	-
Bank deposit	-	-
Other	-	-
Total	-	-

Actual return on plan assets

4.23.3: Movement in the present value of defined benefit obligations

Particulars	As at 31.03.2080	As at 32.03.2079
Defined benefit obligations at Sawan 1	-	-
Actuarial losses	-	-
Benefits paid by the plan	-	-
Current service costs and interest	-	-
Defined benefit obligations at Asar end	-	-

4.23.4: Movement in the fair value of plan assets

Narayani Development Bank Limited

Notes to Financial Statements

4.23.4: Movement in the fair value of plan assets

Particulars	As at 31.03.2080	As at 32.03.2079
Fair value of plan assets at Sawan 1	-	-
Contributions paid into the plan	-	-
Benefits paid during the year	-	-
Actuarial (losses) gains	-	-
Expected return on plan assets	-	-
Fair value of plan assets at Asar end	-	-

4.23.5: Amount recognized in profit or loss

Particulars	As at 31.03.2080	As at 32.03.2079
Current service costs	-	-
Interest on obligation	-	-
Expected return on plan assets	-	-
Total	-	-

4.23.6: Amount recognized in other comprehensive income

Particulars	As at 31.03.2080	As at 32.03.2079
Actuarial (gain)/loss	-	-
Total	-	-

4.23.7: Actuarial assumptions

Particulars	As at 31.03.2080	As at 32.03.2079
Discount rate	-	-
Expected return on plan asset	-	-
Future salary increase	-	-
Withdrawal rate	-	-

Debt securities issued

4.24

Particulars	As at 31.03.2080	As at 32.03.2079
Debt securities issued designated as at fair value through profit or loss	-	-
Debt securities issued at amortized cost	-	-
Total	-	-

Subordinated Liabilities

4.25

Particulars	As at 31.03.2080	As at 32.03.2079
Redeemable preference shares	-	-
Irredeemable cumulative preference shares	-	-
Other	-	-
Total	-	-

Narayani Development Bank Limited
Notes to Financial Statements

Share capital

4.26

Particulars	As at 31.03.2080	As at 32.03.2079
Ordinary shares	262,467,600	262,467,600
Convertible preference shares (equity component)	-	-
Irredeemable preference shares (equity component)	-	-
Perpetual debt (equity component only)	-	-
Proposed Bonus Share	-	-
Total	262,467,600	262,467,600

4.26.1: Ordinary shares

Particulars	As at 31.03.2080	As at 32.03.2079
Authorized Capital 5,300,000 Ordinary share of Rs. 100 each	530,000,000	530,000,000
Issued capital 26,24,676 Ordinary share of Rs. 100 each	262,467,600	262,467,600
Subscribed and paid up capital 26,24,676 Ordinary share of Rs. 100 each	262,467,600	262,467,600
Total	262,467,600	262,467,600

Regulatory capital for the related years are:

Reconciliation of no. of equity shares	As at 31.03.2080	As at 32.03.2079
Opening	2,624,676	2,624,676
Add: issued during the year	-	-
Closing	2,624,676	2,624,676

The shareholders holding 0.5% or more of total paid up capital As at 31.03.2080 are as follows:

Name of Shareholders	Percentage
ROPA INVESTMENT PVT.LTD	9.89%
LAWA PRASAD MALLY	7.50%
ARJUN KUMAR POKHREL	7.46%
UTTAM PRASAD DWA	4.00%
ANJU DEVI SHRESTHA	3.59%
RAMKISHAN GOTAME	3.59%
AMBI RATNA SHAKYA	3.41%
NABARAJ BAJGAIN	3.05%
JAMUNA KRISHNA TAMRAKAR	2.50%
HEMA KUMARI LOHANI	1.91%
ALPANA SHRESTHA	1.88%
DHIRENDRA MAINALI	1.88%
TEK NATH BHATTARAI	1.28%
GAUTAM PRASAD KHANAL	1.28%
RAJESH KUMAR KARMACHARYA	1.25%
SUNIL SHRESTHA	1.25%
SUJAN DUWADI	1.18%
YASHODA ADHIKARI	1.14%
HARI BAHADUR BHANDARI	1.07%

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TEK NATH DHAKAL	0.99%
TIRTHA RAM SHRESTHA	0.97%
REKHA BHATTARAI	0.95%
GOPAL PRASAD DAHAL	0.92%
DEEPAK DHITAL	0.88%
KRISHNA MURARI LAMICHHANE	0.87%
GOPAL KARMACHARYA	0.75%
SHOVA MISHRA	0.72%
PRAKASH PANT	0.63%
BIJAY BAHADUR BAJRACHARYA	0.50%
HARI BAHADUR HAMAL	0.50%

4.26.2: Ordinary share ownership

Particulars	As at 31.03.2080		As at 32.03.2079	
	Percent	No. of Shares	Percent	No. of Shares
Domestic ownership				
Nepal Government	-	-	-	-
"A" class licensed institutions	-	-	-	-
Other licensed institutions	-	-	-	-
Other Institutions	-	-	-	-
Public	30%	787,613	30%	787,613
Other	70%	1,837,063	70%	1,837,063
Foreign ownership	-	-	-	-
Total	100%	2,624,676	100%	2,624,676

Reserves

Particulars	As at 31.03.2080	As at 32.03.2079
Statutory general reserve	108,174,262	108,174,262
Exchange equalization reserve	-	-
Corporate social responsibility reserve	9,399	9,399
Capital adjustment reserve	10,346,145	6,583,545
Regulatory reserve	42,837,432	15,846,707
Investment adjustment reserve	-	-
Capital reserve	-	-
Assets revaluation reserve	-	-
Fair value reserve	(785,092)	(1,270,157)
Dividend equalization reserve	-	-
Actuarial gain	-	-
Special reserve	-	-
Staff Training Fund	296,288	296,288
Total	160,878,435	129,640,044

Regulatory Reserve Comprises of Following

Particulars	As at 31.03.2080	As at 32.03.2079
Interest Income On NFRS	2,527,314	364,881
Loss on investment	-	-

Narayani Development Bank Limited
Notes to Financial Statements

Loss On NBA	-	-
Deferred Tax Assets	39,525,027	13,929,844
Fair Value reserve transferred from Retained earnings	785,092	1,551,981
Bargain gain		-
Actuarial Valuation	-	-
Others	-	-
Total	42,837,432	15,846,707

Movement in the Regulatory reserve from FY2076/77 to FY 2078/79 as per the AGM procedure of NRB.

Regulatory Reserve	As at 31.03.2080	As at 32.03.2079
As on Ashadh End 077/78	15,846,707	5,675,520
As on Ashadh End 078/79	15,846,707	15,846,707
Land sale of NBA	-	-
Deferred Tax Assets	25,595,183	13,929,844
Interest Income in NFRS	2,162,432	364,881
Fair Value reserve transferred from Retained earnings	27,757,615	1,551,981
As on Ashadh End 078/79	71,361,936	15,846,707

Fair Value Reserve Comprises of Following

Particulars	As at 31.03.2080	As at 32.03.2079
As on Ashadh End 076/77	151,030	151,030
As on Ashadh End 077/78	281,825	281,825
As on Ashadh End 078/79	(1,270,157)	(1,270,157)
Fair Value of Investment Securities Disposed	1,043,162	
Net change in fair value	(558,098)	(1,551,981)
Total	(785,093)	(1,270,157)

Details of capital adjustment reserve and other reserves.

Capital adjustment reserve	As at 31.03.2080	As at 32.03.2079
CALL IN ADVANCE	3,784,455	3,784,455
CAPITAL ADJUSTMENT RESERVE FUND	6,561,690	6,561,690
Total	10,346,145	10,346,145

Staff Training Fund	As at 31.03.2080	As at 32.03.2079
Opening Balance of the Fund	296,288	209,070
Less: Expenses made during the year	-	-
Add: Addition to the reserves	-	87,218
Total	296,288	296,288

Discloser: Capital adjustment reserve fund was created from accumulated profit of 067/68.

Profit Appropriation FY 2067/68	Amount (NRs.)
Net Profit	24,159,261
Appropriation	
Staff Bonus	2,196,296
Provision for Tax	6,726,811
Balance	15,236,154

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Notes to Financial Statements

Previous year(FY 2066/67) balance	5,766,831
Net Total	21,002,985
Appropriation	
Capital Adj Reserve Fund	6,561,690
General Reserve Fund	3,047,231
Balance	11,394,064
Write back Reserve	137,922
Retained Earning Carried Forward to FY 2068/69	11,531,986

Contingent liabilities and commitments

4.28

Particulars	As at 31.03.2080	As at 32.03.2079
Contingent liabilities	-	-
Undrawn and undisbursed facilities	-	-
Capital commitment	-	-
Lease Commitment	-	-
Litigation	-	-
Total	-	-

4.28.1: Contingent liabilities

Particulars	As at 31.03.2080	As at 32.03.2079
Acceptance and documentary credit	-	-
Bills for collection	-	-
Forward exchange contracts	-	-
Guarantees	-	-
Underwriting commitment	-	-
Other commitments	-	-
Total	-	-

4.28.2: Undrawn and undisbursed facilities

Particulars	As at 31.03.2080	As at 32.03.2079
Undisbursed amount of loans	-	-
Undrawn limits of overdrafts	48,867,616	-
Undrawn limits of credit cards	-	-
Undrawn limits of letter of credit	-	-
Undrawn limits of guarantee	-	-
Total	-	-

4.28.3: Capital commitments

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

Particulars	As at 31.03.2080	As at 32.03.2079
Capital commitments in relation to Property and Equipment		
Approved and contracted for		
Approved but not contracted for		
Sub total		
Capital commitments in relation to Intangible assets		
Approved and contracted for		

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Approved but not contracted for		
Sub total		
Total		

4.28.4: Lease commitments

Particulars	As at 31.03.2080	As at 32.03.2079
<u>Operating lease commitments</u>		
Future minimum lease payments under non cancellable operating lease, where the bank is lessee		
Not later than 1 year		
Later than 1 year but not later than 5 years		
Later than 5 years		
Sub total		
<u>Finance lease commitments</u>		
Future minimum lease payments under non cancellable operating lease, where the bank is lessee		
Not later than 1 year		
Later than 1 year but not later than 5 years	14,716,019	13,934,075
Later than 5 years		
Sub total	14,716,019	13,934,075
Grand total	14,716,019	13,934,075

4.28.5: Litigation

Narayani Development Bank Limited
Notes to Financial Statements

Interest income

4.29

Particulars	As at 31.03.2080	As at 32.03.2079
Cash and cash equivalent	-	-
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	2,313,351	1,199,791
Loan and advances to bank and financial institutions	-	-
Loans and advances to customers	69,315,276	21,249,411
Investment securities	155,200	232,800
Loan and advances to staff	38,281	33,230
Other	-	-
Total interest income	71,822,108	22,715,232

Refer Note 13(a) for interest income recognition criterion.

Interest expense

4.30

Particulars	As at 31.03.2080	As at 32.03.2079
Due to bank and financial institutions	1,871,115	623,321
Due to Nepal Rastra Bank	-	-
Deposits from customers	44,574,414	12,500,017
Borrowing	-	-
Debt securities issued	-	-
Subordinated liabilities	-	-
Other	-	-
Total interest expense	46,445,529	13,123,339

Fees and Commission Income

4.31

Particulars	As at 31.03.2080	As at 32.03.2079
Loan administration fees	-	-
Service fees	2,781,100	3,331,886
Consortium fees	-	-
Commitment fees	-	-
DD/TT/Swift fees	-	-
Credit card/ATM issuance and renewal fees	-	-
Prepayment and swap fees	-	-
Investment banking fees	-	-
Asset management fees	-	-
Brokerage fees	-	-
Remittance fees	331,990	352,377
Commission on letter of credit	-	-
Commission on guarantee contracts issued	-	-
Commission on share underwriting/issue	-	-
Locker rental	-	-
Other fees and commission income	220,161	45,500
Total fees and Commission Income	3,333,251	3,729,763

Narayani Development Bank Limited
Notes to Financial Statements

Fees and commission expense

4.32

Particulars	As at 31.03.2080	As at 32.03.2079
ATM management fees	-	-
VISA/Master card fees	-	-
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees	-	-
Remittance fees and commission	-	-
Other fees and commission expense	19,189	-
Total fees and Commission Expense	19,189	-

Net trading income

4.33

Particulars	As at 31.03.2080	As at 32.03.2079
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	-	-
Net trading income	-	-

Other operating income

4.34

Particulars	As at 31.03.2080	As at 32.03.2079
Foreign exchange revaluation gain	-	-
Gain/loss on sale of investment securities	1,012,375	-
Fair value gain/loss on investment properties	-	-
Dividend on equity instruments	-	-
Gain/loss on sale of property and equipment	1,452	63,266
Gain/loss on sale of investment property	-	618,390
Operating lease income	-	-
Gain/loss on sale of gold and silver	-	-
Locker rent	-	-
Other	-	96,773
Total	1,013,827	778,429

Impairment charge/(reversal) for loan and other losses

4.35

Particulars	As at 31.03.2080	As at 32.03.2079
Impairment charge/(reversal) on loan and advances to B/FIs	(21)	(207,979)
Impairment charge/(reversal) on loan and advances to customer	85,207,828	47,658,513
Impairment charge/(reversal) on financial Investment	-	-
Impairment charge/(reversal) on placement with banks and financial institutions	-	-
Impairment charge/(reversal) on property and equipment	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-
Impairment charge/(reversal) on investment properties	-	-
Impairment charge/(reversal) on other assets	(4,828,501)	(4,559,441)
Total	80,379,306	42,891,093

Narayani Development Bank Limited
Notes to Financial Statements

Personnel Expense

4.36

Particulars	As at 31.03.2080	As at 32.03.2079
Salary	9,002,880	6,515,494
Allowances	9,672,883	6,639,723
Gratuity expense	-	-
Provident fund	606,621	452,381
Uniform	580,000	89,950
Training & development expense	447,305	174,729
Leave encashment	865,659	644,008
Medical	-	-
Insurance	-	-
Employees incentive	-	-
Cash-settled share-based payments	-	-
Contribution To Employee Pension Fund	-	593,710
Finance expense under NFRS	-	-
Other expenses related to staff	2,500	-
Subtotal	21,177,848	15,109,995
Employees bonus	-	-
Grand total	21,177,848	15,109,995

Other operating expense

4.37

Particulars	As at 31.03.2080	As at 32.03.2079
Directors' fee	1,001,000	1,179,000
Directors' expense	872,946	516,327
Auditors' remuneration	557,350	497,200
Other audit related expense	132,750	308,183
Professional and legal expense	399,200	140,000
Office administration expense	16,417,802	13,092,003
Operating lease expense	-	496,085
Operating expense of investment properties	-	-
Corporate social responsibility expense	-	-
Finance cost under lease NFRS 16	1,177,489	558,526
Onerous lease provisions	-	-
Technical support Expenses	542,960	315,736
Total	21,101,497	17,103,059

Office administration expenses include the following:	As at 31.03.2080	As at 32.03.2079
Water and electricity	1,157,296	755,708
Repair and maintenance		
Building	-	-
Vehicles	222,461	141,214
Computer and accessories	134,001	207,259
Office equipment and furniture	283,801	245,213
Others	84,068	49,452
Insurance	472,668	457,537
Postage, telex, telephone , fax	125,194	140,284

Narayani Development Bank Limited
Notes to Financial Statements

Printing and stationery	751,958	687,524
Newspaper, books and journal	45,325	14,375
Advertisement	693,102	702,144
Donation	25,000	100,000
Security	2,957,380	1,891,702
Deposit and loan guarantee premium	49,387	93,644
Travel allowance and expense	615,388	622,980
Entertainment	182,903	89,295
Annual/special general meeting	555,461	828,397
Fuel Expenses	976,485	664,845
Other	5,815,543	3,860,845
REGISTRATION FEES AND CHARGES	1,227,230	1,429,569
NCHL and CIC Expenses	43,153	110,016
Total	16,417,802	13,092,003

Disclosure:

Other expenses include the following:	Amount (Rs.)	Amount (Rs.)
AMORTIZATION OF SHARE ISSUE EXP.	286,591	448,692
BUSINESS PROMOTION EXPENSES	265,839	314,404
BUSINESS EXHIBITION EXPENSES	71,190	384,962
ANNUAL MAINTENANCE CONTACT EXP.	332,128	341,102
ANTIVIRUS EXPENSES	74,580	72,147
ANNIVERSARY EXPENSES	53,875	-
CONNECTIVITY EXPENSES	27,955	8,000
INTERNET EXPENSES	176,280	203,400
INTRANET EXPENSES	449,966	227,763
BRANCH OPENING EXPENSES	26,642	434,833
VECHILE TAX EXPENSES	72,600	-
WEBSITE DESIGN & DEV. EXPENSES	84,750	-
SUB-COMMITTEE MEETING ALLOWANCES	249,520	-
OTHER EXP KITCHEN	306,442	187,017
OTHER EXP CLEANING AND SANITATION	90,944	80,313
OTHER EXP SMALL ACCESSORIES	127,717	126,251
OTHER EXP BANK CHARGES	7,108	7,613
OTHER EXP MEETING EXPENSES	3,755	3,740
OTHER EXP INTERNSHIP EXPENSES	48,800	65,800
OTHER EXP GIFT AND SOUVENIR	10,195	7,040
OTHER EXP VEHICLE PARKING EXPENSE	1,280	1,885
OTHER EXP AUCTION ALLOWANCE EXP.	-	42,000
OTHER EXP OFFICE EXP	621,665	817,869
OTHER EXP FINE & PENALTIES	2,404,800	-
OTHER EXP MISC EXPENSES	20,920	86,016
Total	5,815,543	3,860,845

Narayani Development Bank Limited
Notes to Financial Statements

Depreciation & Amortization

4.38

Particulars	As at 31.03.2080	As at 32.03.2079
Depreciation on property and equipment	9,716,207	5,458,509
Depreciation on investment property	-	-
Amortization of intangible assets	786,332	884,623
Total	10,502,538	6,343,132

Non operating income

4.39

Particulars	As at 31.03.2080	As at 32.03.2079
Recovery of loan written off	-	-
Bargain gain on acquisition	-	-
Loan write off	-	-
Total	-	-

Non operating expense

4.40

Particulars	As at 31.03.2080	As at 32.03.2079
Loan written off	-	-
Redundancy provision	-	-
Expense of restructuring	-	-
Other expense	-	-
Total	-	-

Income tax expense

4.41

Particulars	As at 31.03.2080	As at 32.03.2079
Current tax expense	-	-
Current year	-	-
Adjustments for prior years	-	-
Deferred tax expense	-	13,098,981
Origination and reversal of temporary differences	-	13,098,981
Changes in tax rate	-	-
Recognition of previously unrecognized tax losses	-	-
Total income tax expense	-	13,098,981

4.41.1: Reconciliation of tax expense and accounting profit

Current Year	As at 31.03.2080	As at 32.03.2079
Profit before tax	(103,456,721)	(67,347,194)
Tax amount at tax rate of 30%	-	-
Add: Tax effect of expenses that are not deductible for tax purpose	-	55,882,501
Less: Tax effect on exempt income	-	(25,060,699)
Add/less: Tax effect on other items	-	30,821,802
Total income tax expense	-	-
Effective tax rate	-	-

Narayani Development Bank Limited
Notes to Financial Statements

Statement of Distributable Profit or Loss

4.42

Particulars	As at 31.03.2080	As at 32.03.2079
Opening Retained Earning (As at 32.03.2079)	(282,016,107)	(217,155,881)
Adjustment prior year/due to NFRS 16	10,000	(353,609)
Adjustment due to Fair value of Investment securities disposed	(1,043,162)	
Dividend To Shareholders	-	-
Gain from investment on sale of shares transferred from OCI to retained earning	-	-
Adjusted Retained Earning available for distribution before current year profit	(283,049,269)	(217,509,490)
Net profit or (loss) as per statement of profit or loss	(78,100,723)	(54,248,213)
Appropriations:		
a. General reserve	-	-
b. Foreign exchange fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	-	-
e. Employees' training fund	-	87,218
f. Other	-	-
Profit or (loss) before regulatory adjustment	(361,149,992)	(271,844,920)
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(2,162,432)	(350,089)
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 (+)	-	5,495,000
e. Deferred tax assets recognized (-)/ reversal (+)	(25,595,183)	(13,764,116)
f. Goodwill recognized (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognized (-)/reversal (+)	-	-
h. Actuarial loss recognized (-)/reversal (+)	-	-
i. Other (+/-) Fair Value Gain/(Loss)	766,889	(1,551,981)
Distributable profit or (loss)	(388,140,718)	(282,016,107)

Narayani Development Bank Limited
Notes to Financial Statements

5 Disclosure and Additional Information

5.1 Risk Management

The Bank's business activities expose to a variety of risks, namely primarily to liquidity risk, operational risk and credit risk, which may adversely impact the fair value of its financial instruments and in overall, impact the financial performance and position of Bank. The Bank's Board and senior management has overall responsibility for the establishment and oversight of the Bank's risk management. The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits (tolerance limit) and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

a) Credit Risk

Credit risk refers to the probability of loss due to a borrower's failure to make payments on the loan provided by the Bank. This directly impacts the financial performance of Bank. Motive of credit risk management is to gain a complete understanding of a bank's overall credit risk by viewing risk at the individual, customer and portfolio levels so that mitigating measures could be applied at desired levels.

Credit policy, product papers are the primary documented matters that are directly linked to credit risk management. The policies and procedures to be followed are in documented form defining roles and responsibilities of the personnel involved that provides a degree to autonomy on the evaluation and analysis of individual borrower.

The tools being used by bank to assess overall credit risk is the ratio of non-performing loan to total loan on each loan sector.

b) Market Risk

Market risk is the risk of happening of potential loss on assets of the Bank due to market factors. Market factors mainly comprise of interest rate, Bank has the objective of effective risk management by way of risk identification, measurement, monitoring, management and analysis.

Interest Rate Risk: Interest rate risk is the risk of increased volatility due to changes in interest rate.

Foreign Exchange Risk: Foreign exchange risk is the risk of changes in exchange rates of convertible foreign currencies. This risk mainly arises from changes in exchange rate of US Dollars. Bank does not have transaction in foreign currency and accordingly, there is no foreign exchange risk.

Equity Price Risk: Bank has secured its loan by way of obtaining lien over the collateral of borrower. The value of loan disbursed is directly pegged with the value of collateral. Decrease in price of collateral may result in cases of non-recovery of the due amount if borrower defaults in making payment. Collateral value may decline due to environmental factors, government decision, etc. Bank properly analyses the collateral before considering it as security and conducts independent valuation of collateral. Revaluation is done on periodic basis based on the developments after previous valuation and necessary mitigative measures are taken if the value is found to have been declined. Bank has not disbursed any loans by way of obtaining lien over equity shares. Hence, there is no risk of equity price fluctuation.

c) Liquidity Risk

Liquidity risk is the risk that either bank does not have financial resource to meet its obligations when due or could access to those resources at excessively high cost. Liquidity risk is managed by complying with the Directives and circulars issued by regulatory authority on time to time basis. CRR and SLR are maintained as per regulatory requirement and periodic status of liquidity profile are prepared to analyze liquidity status. Assets Liability Management Committee is formed at Bank to monitor the liquidity profile. Cash, highly liquid securities and investments form an integral part of managing liquidity risk.

S.N.	Particulars	1-90 Days	91-180 Days	181-270 Days	271-365 Days	Over 1 Year	Total Amount
	Assets						
1	Cash Balance	15,756,710	-				15,756,710
2	Balance with Banks & FIs	40,879,280					40,879,280
3	Investment in Foreign Banks	-					-
4	Call Money	112,444,126					112,444,126
5	Government Securities	4,000,000					4,000,000
6	Nepal Rastra Bank Bonds						-
7	Inter Bank & FI Lending	-					-
8	Loans & Advances	410,294,367					410,294,367
9	Interest Receivable	4,331,061					4,331,061
10	Reverse Repo						-

Narayani Development Bank Limited
Notes to Financial Statements

5 Disclosure and Additional Information

11	Receivables from other Institutions under Commitment							-
12	Payment to be made for facilities under s.no 20,21 & 22							-
13	Others							-
	Total Assets (A)	587,705,543	-	-	-	-	-	587,705,543
Liabilities								
14	Current Deposits	17,750,049						17,750,049
15	Saving Deposits	75,120,144						75,120,144
16	Fixed Deposits	-	33,511,000	24,736,689	187,070,211	109,208,000		354,525,900
17	Debentures							-
18	Borrowings:							-
	(a) Call/Short Notice							-
	(b) Inter-bank/Financial Institutions							-
	(c) Refinance							-
	(d) Others							-
19	Other Liabilities and Provisions	164,022,994	-	-	-	-		164,022,994
	(a) Sundry Creditors	21,146,734						21,146,734
	(b) Bills Payable							-
	(c) Interest Payable	213,364						213,364
	(d) Provisions	142,662,896						142,662,896
	(e) Others	-						-
20	Payable to other institutions under Commitment							-
21	Unutilized Approved Facilities							-
22	Letter of Credit/Guarantee (Net of Margin)							-
23	Repo							-
24	Payment to be made for facilities under S.No 11							-
25	Others							-
	Total Liabilities (B)	256,893,187	33,511,000	24,736,689	187,070,211	109,208,000		611,419,087
	Net Financial Assets (A-B)	330,812,356	(33,511,000)	(24,736,689)	(187,070,211)	(109,208,000)		(23,713,543)
	Cumulative Net Financial Assets	330,812,356	297,301,356	272,564,667	85,494,457	(23,713,543)		

d) Operational Risk

Operational risk is potential for loss resulting from inadequate or failed internal processes, people and systems or external events. Standard operating procedures are prepared and implemented in order to define the process, people and system involved in each operational matters. Bank carries out internal audit from independent professionals on periodic basis in order to review the effectiveness of control system that has been designed to mitigate the operational risk which is monitored by the Audit Committee.

e) Information Technology Risk

Information technology risk refers to the risk arising from use of information technology. It includes hardware and software failure, human error on using IT, spam , virus, malicious attacks and also includes natural disaster. IT is integral part of operation of Bank and bank has to rely heavily on IT. In order to minimize the risk related to IT, Bank uses antivirus softwares.

f) Other Risk

The ever-changing environment gives rise to various new risks. Some of this include reputational risk, human resource risk, compliance risk etc. The risks are being evaluated and managed on daily/periodic basis by way of implementing mitigating measures.

Narayani Development Bank Limited
Notes to Financial Statements

5 Disclosure and Additional Information

5.2 Fair Value of Financial Assets and Liabilities and their Classification

The method of determination of fair value of financial assets and financial liabilities of the Bank at three levels (level one, level two and level three) has been disclosed in Note 3.4.4. Classification of financial assets and financial liabilities is done as mentioned in Note 3.4.2.

Fair value measurement is done for investment in shares. Fair value hierarchy of financial assets and liabilities at each reporting dates for the financial instruments presented in statement of financial position is as follows:

As at 31 Ashad 2080

Particulars	Classification	Level 1	Level 2	Level 3
Financial Assets				
Cash and cash equivalent				128,200,835
Due from Nepal Rastra Bank	AC			40,879,280
Loans and advances to BFI	AC			-
Loans and advances to customers	AC			410,294,367
Investment securities				
Quoted shares	FVOCI	-		28,427,610
Unquoted shares	FVOCI			-
Other Investment	AC			-
Total Financial Assets		-	-	607,802,091
Financial Liabilities				
Due to Bank and Financial Institutions	AC			-
Due to Nepal Rastra Bank	AC			-
Deposits from customers	AC			632,813,148
Borrowing	AC			-
Other Liabilities	AC			43,124,147
Total Financial Liabilities		-	-	675,937,295

As at 31 Ashad 2079

Particulars	Classification	Level 1	Level 2	Level 3
Financial Assets				
Cash and cash equivalent				103,742,637
Due from Nepal Rastra Bank	AC			21,222,209
Loans and BFI	AC			1,615
Loans and advances to customers	AC			297,153,389
Investment securities				
Quoted shares	FVOCI	-		6,798,627
Unquoted shares	FVOCI			-
Other Investment	AC			-
Total Financial Assets		-	-	428,918,477
Financial Liabilities				
Due to Bank and Financial Institutions	AC			-
Due to Nepal Rastra Bank	AC			-
Deposits from customers	AC			336,672,288
Borrowing	AC			-
Other Liabilities	AC			37,406,401
Total Financial Liabilities		-	-	374,078,689

Note: AC = Amortized Cost, FVOCI = Fair Value Through OCI

5.3 Capital Management

5.3.1 Principle and Objective

The principle of capital management of the Bank is to maintain strong capital base, meet the regulatory requirements and ensure reasonable return on capital to its shareholders. The Bank is in the process to issue additional share capital to meet the capital requirements.

Bank has not issued preference capital or any other form of hybrid instruments that may be converted into capital.

Narayani Development Bank Limited
Notes to Financial Statements

5 Disclosure and Additional Information

5.3.2 Capital Structure and Capital Adequacy

Capital Fund of Bank as per CAF 2007 is as follows (amount in '000):

Particulars	As at 31.03.2080	As at 32.03.2079
1.1 Risk Weighted Exposure (RWE)		
RWE for Credit Risk	524,191,826	516,145,929
RWE for Operational Risk	7,049,669	3,401,273
RWE for Market Risk	-	-
Total RWE before adjustment under Pillar II	531,241,495	519,547,202
<u>Adjustments under Pillar II</u>		
<i>Add RWE equivalent to reciprocal of capital charge of 3 % of gross income.</i>	2,285,076	816,703
<i>Overall risk management policies and precedures are not satisfactory. Add 4% of RWE</i>	21,249,660	20,781,888
<i>Desired level of disclosure requirement has not been achieved. Add 2% of RWE</i>	10,624,830	10,390,944
Total RWE	565,401,060	551,536,737
1.2 Capital		
A. Core Capital (Tier I)	17,830,900	120,192,911
Paid up Equity Share Capital	262,467,600	262,467,600
Irredeemable Non-cumulative preference shares		-
Share Premium	10,101,374	10,101,374
Proposed Bonus Equity Shares	-	-
Call in Advance	3,784,455	21,855
Statutory General Reserves	108,174,262	108,174,262
Retained Earnings	(388,140,718)	(282,016,107)
Un-audited current year cumulative profit/(loss)	-	-
Capital Redemption Reserve	-	-
Capital Adjustment Reserve	21,443,927	21,443,927
Dividend Equalization Reserves	-	-
Other Free Reserve	-	-
Less: Goodwill	-	-
Less: Deferred Tax Assets	-	-
Less: Fictitious Assets	-	-
Less: Investment in equity in licensed Financial Institutions	-	-
Less: Investment in equity of institutions with financial interests	-	-
Less: Investment in equity of institutions in excess of limits	-	-
Less: Investments arising out of underwriting commitments	-	-
Less: Reciprocal crossholdings	-	-
Less: Purchase of land & building in excess of limit and unutilized	-	-
Less: Other Deductions	-	-
<u>Adjustments under Pillar II</u>		
B. Supplementary Capital (Tier II)	8,642,914	4,593,306
Cumulative and/or Redeemable Preference Share	-	-
Subordinated Term Debt	-	-
Hybrid Capital Instruments	-	-
General Loan Loss Provision	8,642,914	4,593,306
Exchange Equalization Reserve	-	-
Investment Adjustment Reserve	-	-
Assets Revaluation Reserve	-	-
Other Reserves	-	-
Total Capital Fund (Tier I and Tier II)	26,473,814	124,786,217
1.3 Capital Adequacy Ratio		
Tier I Capital to Total RWE	3.15%	22%
Total Capital Fund to Total RWE	4.68%	23%

Notes to Financial Statements

5.3.3 Risk Exposure

Table of Risk Exposure at the reporting dates (amount in '000) is as follows:

a) Credit Risk

	As on Ashad 31 2080						As on Ashad 32 2079					
	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e	a	b	c	d=a-b-c	e	f=d*e
Cash Balance	15,756,710	-	-	15,756,710	0%	-	32,116,706	-	-	32,116,706	0%	-
Balance With Nepal Rastra Bank	40,879,280	-	-	40,879,280	0%	-	21,222,209	-	-	21,222,209	0%	-
Gold	-	-	-	-	0%	-	-	-	-	-	0%	-
Investment in Nepalese Government Securities	4,000,000	-	-	4,000,000	0%	-	4,000,000	-	-	4,000,000	0%	-
All Claims on Government of Nepal	-	-	-	-	0%	-	-	-	-	-	0%	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-	-	-	-	-	0%	-
All claims on Nepal Rastra Bank	-	-	-	-	0%	-	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	0%	-	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	20%	-	-	-	-	-	20%	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	50%	-	-	-	-	-	50%	-
Claims on Foreign Government and Central Bank (ECA-4-6)	-	-	-	-	100%	-	-	-	-	-	100%	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	150%	-	-	-	-	-	150%	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework	-	-	-	-	0%	-	-	-	-	-	0%	-
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-	-	-	-	-	100%	-
Claims on Domestic Public Sector Entities	-	-	-	-	100%	-	-	-	-	-	100%	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	20%	-	-	-	-	-	20%	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	50%	-	-	-	-	-	50%	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	100%	-	-	-	-	-	100%	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	150%	-	-	-	-	-	150%	-
Claims on domestic banks that meet capital adequacy requirements	112,444,126	-	-	112,444,126	20%	22,488,825	71,625,931	-	-	71,625,931	20%	14,325,186.17
Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	100%	-	-	-	-	-	100%	-
Claims on foreign bank (ECA Rating 0-1)	-	-	-	-	20%	-	-	-	-	-	20%	-
Claims on foreign bank (ECA Rating 2)	-	-	-	-	50%	-	-	-	-	-	50%	-
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	100%	-	-	-	-	-	100%	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	150%	-	-	-	-	-	150%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	20%	-	-	-	-	-	20%	-
Claims on Domestic Corporates (Credit rating score equivalent to AAA)	-	-	-	-	80%	-	-	-	-	-	80%	-
Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)	-	-	-	-	85%	-	-	-	-	-	85%	-
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)	-	-	-	-	90%	-	-	-	-	-	90%	-
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)	-	-	-	-	100%	-	-	-	-	-	100%	-
Claims on Domestic Corporates (Unrated)	18,142,493	-	-	18,142,493	100%	18,142,493	46,111,709	18,365,452	-	27,746,257	100%	27,746,256.59
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	20%	-	-	-	-	-	20%	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	50%	-	-	-	-	-	50%	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	100%	-	-	-	-	-	100%	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	150%	-	-	-	-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)	258,768,830	7,537,510	-	251,231,320	75%	188,423,490	-	-	-	-	75%	-
Claims fulfilling all criterion of regularity retail except granularity	5,873,057	-	-	5,873,057	100%	5,873,057	-	-	-	-	100%	-
Claims secured by residential properties	39,250,686	1,878,800	-	37,371,886	60%	22,423,132	-	-	-	-	60%	-
Claims not fully secured by residential properties	-	-	-	-	150%	-	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	-	-	-	-	100%	-	-	-	-	-	100%	-
Claims secured by Commercial real estate	13,306,724	1,452,168	-	11,854,557	100%	11,854,557	-	-	-	-	100%	-

Notes to Financial Statements

5.3.3 Risk Exposure

Past due claims (except for claims secured by residential properties)	117,656,182	117,656,182	-	-	150%	-	2,693,721	2,693,721	-	-	150%	-
High Risk claims	82,091,041	4,589,495	-	-	150%	77,501,546	303,706,086	31,802,589	-	271,903,497	150%	407,855,245.84
Lending Against Securities (Bonds)	-	-	-	-	100%	-	6,798,627	-	-	6,798,627	100%	6,798,626.80
Lending Against Shares (upto Rs. 2.5 Million)	-	-	-	-	100%	-	-	-	-	-	100%	-
Investments in equity and other capital instruments of institutions listed in stock exchange	43,427,610	-	-	-	100%	43,427,610	-	-	-	-	100%	-
Investments in equity and other capital instruments of institutions not listed in the stock exchange	-	-	-	-	150%	-	-	-	-	-	150%	-
Staff loan secured by residential property	-	-	-	-	50%	-	-	-	-	-	50%	-
Interest Receivable/Claim on government securities	-	-	-	-	0%	-	-	-	-	-	0%	-
Cash in transit and other cash items in the process of collection	-	-	-	-	20%	-	-	-	-	-	20%	-
Other Assets (as per attachment)	95,306,344	-	-	-	100%	95,306,344	61,914,895	-	-	59,420,614	100%	59,420,613.53
TOTAL (A)	846,903,083	133,114,155	-	-	-	713,788,927	550,189,883	52,861,762	-	494,833,840	-	516,145,929
B. Off Balance Sheet Exposures												
Revocable Commitments	-	-	-	-	0%	-	-	-	-	-	0%	-
Bills Under Collection	-	-	-	-	0%	-	-	-	-	-	0%	-
Forward Exchange Contract Liabilities	-	-	-	-	10%	-	-	-	-	-	10%	-
LC Commitments With Original Maturity Up to 6 months domestic counterparty	-	-	-	-	20%	-	-	-	-	-	20%	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-	-	-	20%	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-	-	-	100%	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-	-	-	150%	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	-	-	-	-	50%	-	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-	-	-	20%	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-	-	-	100%	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-	-	-	150%	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	-	-	-	-	50%	-	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-	-	-	20%	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-	-	-	100%	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-	-	-	150%	-
Underwriting commitments	-	-	-	-	50%	-	-	-	-	-	50%	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	100%	-	-	-	-	-	100%	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	100%	-	-	-	-	-	100%	-
Advance Payment Guarantee	-	-	-	-	100%	-	-	-	-	-	100%	-
Financial Guarantee	-	-	-	-	100%	-	-	-	-	-	100%	-
Acceptances and Endorsements	-	-	-	-	100%	-	-	-	-	-	100%	-
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-	-	-	-	-	100%	-
Irrevocable Credit commitments (short term)	-	-	-	-	20%	-	-	-	-	-	20%	-
Irrevocable Credit commitments (long term)	-	-	-	-	50%	-	-	-	-	-	50%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	20%	-	-	-	-	-	20%	-
Other Contingent Liabilities	-	-	-	-	100%	-	-	-	-	-	100%	-
Unpaid Guarantee Claims	-	-	-	-	200%	-	-	-	-	-	200%	-
TOTAL (B)												
Total RWE for credit Risk Before Adjustment (A)+(B)	846,903,083	133,114,155	-	-	-	713,788,927	550,189,883	52,861,762	-	494,833,840	-	516,145,929
Adjustments under Pillar II												
Total RWE for Credit Risk	846,903,083	133,114,155	-	-	-	713,788,927	550,189,883	52,861,762	-	494,833,840	0%	516,145,929

Eligible Credit Risk Mitigants

Notes to Financial Statements

5.3.3 Risk Exposure

Credit exposures	Deposits with Bank	Deposits with other banks/Fl	Gold	Govt.& NRB Securities	G'tee of Govt. of Nepal	Sec/G'tee of Other Sovereigns	Deposits with Bank	Deposits with other banks/Fl	Gold	G'tee of domestic banks	G'tee of MDBs
	(a)	(b)	(c)	(d)	(e)	(f)	(a)	(b)	(c)	(g)	(h)
Balance Sheet Exposures											
Claims on Foreign government and Central Bank (ECA -2)											
Claims on Foreign government and Central Bank (ECA -3)											
Claims on Foreign government and Central Bank (ECA -4-6)											
Claims on Foreign government and Central Bank (ECA -7)											
Claims on Other Multilateral Development Banks											
Claims on Public Sector Entity (ECA 0-1)											
Claims on Public Sector Entity (ECA 2)											
Claims on Public Sector Entity (ECA 3-6)											
Claims on Public Sector Entity (ECA 7)											
Claims on domestic banks that meet capital adequacy requirements											
Claims on domestic banks that do not meet capital adequacy requirements											
Claims on foreign bank (ECA Rating 0-1)											
Claims on foreign bank (ECA Rating 2)											
Claims on foreign bank (ECA Rating 3-6)											
Claims on foreign bank (ECA Rating 7)											
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement											
Claims on Domestic Corporates											
Claims on Foreign Corporates (ECA 0-1)											
Claims on Foreign Corporates (ECA 2)											
Claims on Foreign Corporates (ECA 3-6)											
Claims on Foreign Corporates (ECA 7)											
Regulatory Retail Portfolio (Not Overdue)											
Claims fulfilling all criterion of regularity retail except granularity											
Claims secured by residential properties											
Claims not fully secured by residential properties											
Claims secured by residential properties (Overdue)											
Claims secured by Commercial Real Estate											
Past due claims (except for claims secured by residential properties)											
High Risk claims											
Investments in equity and other capital instruments of institutions listed in stock exchange											
Investments in equity and other capital instruments of institutions not listed in the stock exchange											
Other Assets (as per attachment)											
Total											
Off Balance Sheet Exposures											
Forward Exchange Contract Liabilities											
LC Commitments With Original Maturity Up to 6 months domestic counterparty											
Foreign counterparty (ECA Rating 0-1)											
Foreign counterparty (ECA Rating 2)											
Foreign counterparty (ECA Rating 3-6)											
Foreign counterparty (ECA Rating 7)											
LC Commitments With Original Maturity Over 6 months domestic counterparty											
Foreign counterparty (ECA Rating 0-1)											
Foreign counterparty (ECA Rating 2)											
Foreign counterparty (ECA Rating 3-6)											
Foreign counterparty (ECA Rating 7)											
BiD Bond, Performance Bond and Counter guarantee domestic counterparty											
Foreign counterparty (ECA Rating 0-1)											
Foreign counterparty (ECA Rating 2)											
Foreign counterparty (ECA Rating 3-6)											
Foreign counterparty (ECA Rating 7)											
Underwriting commitments											
Lending of Bank's Securities or Posting of Securities as collateral											
Repurchase Agreements, Assets sale with recourse											
Advance Payment Guarantee											
Financial Guarantee											
Acceptances and Endorsements											
Unpaid portion of Partly paid shares and Securities											
Irrevocable Credit commitments (short term)											
Irrevocable Credit commitments (long term)											
Other Contingent Liabilities											
Unpaid Guarantee Claims											
Total											
Grand Total											

b) Operational Risk

Particulars	Fiscal Year		
	2076-77	2077-78	2078-79
Net Interest Income	1,882,907	(939,963)	9,591,894
Commission and Discount Income			
Other Operating Income	641,355	2,144,717	778,429
Exchange Fluctuation Income			
Addition/Deduction in Interest Suspense during the period		-	-
Gross income (a)	2,524,262	1,204,754	10,370,323
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	378,639	180,713	1,555,548
Capital Requirement for operational risk (d) (average of c)			704,967
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10
Equivalent Risk Weight Exposure [f=(d×e)]			7,049,669
Pillar II Adjustments			
If Gross Income for the last three years is negative (6.4 a 8)			
Total Credit and Investment (net of Specific Provision) of related month			-
Capital Requirement for Operational Risk (5% of net credit and investment)			-
Risk Weight (reciprocal of capital requirement of 10%) in times			10
Equivalent Risk Weight Exposure (g)			
Equivalent Risk Weight Exposure [h=f+g]			7,049,669

Narayani Development Bank Limited
Notes to Financial Statements

5.4 Operating Segment Information
5.4.1 General Information

Bank's management has identified its operating segments based on the management of its branches and offices. In line with this, 7 different segments are identified based on 7 Provinces of Nepal on geographical separation basis. The operation, risk, transactions, etc. are more inclined on similar manner on a particular state. All the related income and expenses of such segments are presented in the segment information. Equity, staff bonus, NFRS adjustments and income tax are not segregated and are included in central account. Intra-segment transactions are eliminated. As per NFRS 8, an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. Bank's management has identified its operating segments based on the management of its branch and offices situated on different geographical location. In line with this, all its branches are located in same province i.e province 3, hence the bank has single operating segment.

In general, the products that derive revenue is classified in the following manner.

- i) Consumer banking: Revenue generated by serving individual consumer is categorized under this product. This includes loans and deposit from individual customer.
- ii) Corporate banking: Revenue generated from customer other than consumer is categorized under this product. This includes loan and deposit.
- iii) Treasury: Revenue generated by way of making investment in government securities, corporate bonds, mutual fund units, shares etc. are grouped under this product.
- iv) Others: Other revenue are included in this product and includes operational service fees, locker, guarantee commission, etc.

The Bank was declared a crisis ridden financial institution and is under reformative process. At present the Bank is restricted to accept deposits and lend loans and advances and is focussing on recovery of loans and payment of deposits. Thus, the major source of revenue is recovery of loans and advance which has been classified under consumer banking.

5.4.2 Segment result and segment position for the year ended on Ashad 2080

Particulars	Province 1	Province 2	Province 3	Gandaki	Province 5	Province 6	Province 7	Total
Revenue from external customers								-
Intersegment revenues								-
Net revenue	-	-	-	-	-	-	-	-
Interest income			71,822,108					71,822,108
Interest expenses			46,445,529					46,445,529
Net interest revenue	-	-	25,376,579	-	-	-	-	25,376,579
Depreciation and amortization			10,502,538					10,502,538
Segment profit/(loss)			14,874,041					14,874,041

Narayani Development Bank Limited
Notes to Financial Statements

5.4.3 Measurement of operating segment profit or loss, assets and liabilities

i) Basis of accounting for any transactions between reportable segments:

All revenue generated including intra-segment revenue and expenses incurred in particular segment are presented under segment revenue and expenses. Intra-segment revenue/cost is netted off at Head Office.

ii) Nature of any differences between the measurements of the reportable segment's profits or losses and the entity's

There does not exist such difference.

iii) Nature of any differences between the measurements of the reportable segment's assets and the entity's assets.

There does not exist such difference.

iv) Nature of any changes from prior periods in the measurement methods used to determine reported segment profit or

Previously, segment reporting was not done. In current scenario, segment reporting based on geographical segment is presented.

v) Nature and effect of any asymmetrical allocations to reportable segments

There is no such allocation.

5.4.4 Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

a) Revenue

Total revenue for reportable segments	71,822,108
Other revenue	-
Elimination of intersegment revenues	-
Entity's revenue	71,822,108

b) Profit or loss

Total profit or loss for reportable segments	14,874,041
Other profit or loss	
Elimination of intersegment profit	
Unallocated amounts:	
Staff bonus	-
Income tax	-
NFRS adjustments	
Profit After income tax	14,874,041

c) Assets

Total assets for reportable segments	
Other assets	
Unallocated assets	
Entity's assets	

d) Liabilities

Total liabilities for reportable segments	
Other liabilities	
Unallocated liabilities	
Entity's liabilities	

5.4.5 Information about product and services

Particulars	Amount
Consumer banking	
Corporate banking	
Treasury	
Others	

5.4.6 Information about geographical areas

Revenue from geographical areas are as follows:

Domestic:	
Province 1	-
Province 2	-
Province 3	25,376,579
Gandaki	-
Province 5	-
Province 6	-
Province 7	-
Foreign:	-
Total	25,376,579

Narayani Development Bank Limited
Notes to Financial Statements

5.4.6 Information about major customers

None of the customer have contribution of 10% of more revenue on total revenue of Bank.

5.5 Share options and share based payment

Not applicable

5.6 Contingent liabilities and capital commitment

Contingent liabilities are:

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

- present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Capital commitment are projected capital expenditure a company commits to spend on long-term assets over a period of time.

5.7 Related parties disclosure

Related parties of the Bank include key management personnel of the Bank.

5.7.1 Key management personnel

Key management personnel include Board of Director of the Bank and Chief Executive Officer.

a) Board of Directors

Board of Directors of the Bank comprise the following:

Name	Position
Chandra Man Maleku	Chairman
Ganesh Man Pradhan	Director
Pukar Thapa	Director
Utsav Sundar Shrestha	Director
Balram Paudel	Independent Director

Allowance and facilities provided to board members

Total amount paid as various meeting allowance during the year to board members was Rs. 1,873,946.

For official travel, members of board are provided travel and daily allowance as per the rules of Bank. 'Apart from the stated allowance and facilities, other allowance and facilities are not provided to board members. There has not been any commercial transaction of the Bank with its board members.

b) Chief Executive Officer

Pashupati Poudel serves as Chief Executive Officer of the Bank. He is provided salary and allowance and benefits as per contract entered on his appointment. The salary and allowances provided to Mr. Poudel during the year amounts to Rs. 1,853,700.

Bank has not entered into any commercial transaction with its CEO.

5.8 Merger and acquisition

No such merger and acquisition has taken place.

5.9 Events after reporting date

Proposed dividend

The bank has not declared any dividend.

5.10 Events after reporting date

Recovery of Interest after year end and upto Shrawan 15, 2080

The Nepal Rastra Bank Directives requires the Bank and Financial Institutions to transfer the equivalent amount of interest on loans and advances accounted as an interest income under the accrual basis of accounting but not recovered upto the end of reporting period to the Regulatory Reserve from the Retained Earnings. However, the same directives has relaxed this provision with which Bank may not appropriate such amount in case it is recovered within the 15 days after the year end, i.e 15th Shrawan.

In line with the aforesaid relaxation the gross amount of NPR 4,331,061 which was otherwise required to be appropriated to the Regulatory Reserves has not been so appropriated. The details are as follows:

Particulars	As on Asadh end 2080	As on Asadh end 2079
Accrued interest receivable (except for the staff loans)	4,331,061	1,063,989
Less: Cessation of the the interest on loan (Refer Notes 5.11)	-	-
Less: Interest recovered upto 15th Shrawn/(upto Bhadra 15 in PY) as per Directives No. 4	319,452	484,812
Amount required to be appropriated to Regulatory Reserves (before staff bonus & tax)	4,011,609	579,177
Gross appropriations to the Regulatory Reserves (before staff bonus & taxes)	2,527,314	364,881
Amount already appropriated to Regulatory Reserves (before staff bonus & tax)	364,881	14,792
Net appropriations to the Regulatory Reserves for unrecovered interest	2,162,432	350,089

5.11 Disclosure pursuant to Guideline on Recognition of Interest Income, 2019

In line with the NRB's Guideline on Recognition of Interest Income, 2019 which provides for the cessation of the the interest on loan, in case where contractual payments of principal and/or interest of the loan are due for more than 12 months. The Bank has not suspended to recognize interest income pursuant to above guideline.

5.12 As per AGM Procedure of NRB Guidelines No.16

Particulars	As of Asadh end 2080
	No. of Customers
Accrued Interest Received after Asadh end 2080 till 15 Shrawan 2080	56.00
Additional 0.3% Loan Loss Provision created on Pass Loan Portfolio	NA
Extension of moratorium period of loan provided to Industry or Project under Construction	NA
Restructure/Rescheduled Loan with 5% Loan Loss Provision	NA
Enhancement of Working Capital Loan by 20% to COVID affected borrowers	NA
Enhancement of Term Loan by 10% to COVID affected borrowers	NA
Expiry Date of Additional 20% working capital loan (COVID Loan) extended for upto 1 year with 5% provisioning	NA
Expiry Date of Additional 10% Term loan (COVID Loan) extended for upto 1 year with 5% provisioning	NA
Time Extension provided for repayment of Principal and Interest for upto two years as per clause 41 of NRB Directives 2	NA

Table No. 2

Particulars	As of Asadh end 2080
	No. of Customers
Refinance Loan	NA
Business Continuity Loan	NA

Table No. 3

Particulars	As of Asadh end 2080
	No. of Customers
Subsidized Loan	NA

Movement in the Regulatory reserve from FY2076/77 to FY 2079/80 as per the AGM procedure of NRB.

F.Y	Interest Receivable	Short loan loss provision	Short provision for possible losses on investment	Short Provision on NBA	Deffered Tax Assets	Goodwill	Gain on Bargain Purchase	Actuarial Loss Recognized	Fair Value Loss Realised In OCI	Others	Total
2076/77	-	-	-	7,964,249	-	-	-	-	-	-	7,964,249
Transfer From Regulatory Reserve to RE											-
Transfer To Regulatory Reserve From RE				7,964,249							7,964,249
2077/78	-	-	-	7,964,249	-	-	-	-	-	-	7,964,249
Transfer From Regulatory Reserve to RE				(2,469,249)							(2,469,249)
Transfer To Regulatory Reserve From RE	14,792				165,728						180,520
2078/79	14,792	-	-	5,495,000	165,728	-	-	-	-	-	5,675,520
Transfer From Regulatory Reserve to RE				(5,495,000)							(5,495,000)
Transfer To Regulatory Reserve From RE	350,089				13,764,116				1,551,981		15,666,187
Total	364,881	-	-	-	13,929,844	-	-	-	1,551,981	-	15,846,707
2079/80											-
Transfer From Regulatory Reserve to RE	-			-					(766,889)		(766,889)
Transfer To Regulatory Reserve From RE	2,162,432			-	25,595,183						27,757,615
Total	2,527,314	-	-	-	39,525,027	-	-	-	785,092	-	42,837,432

Disclosure: AIR (Performing loan) NRs. 2,527,314 after deducting NRs. 364,881 of AIR of previous year from interest receivable NRs. 2,162,432 of current year being transferred to regulatory reserve as it is booked as interest income for the year. Deffered Tax Assets for the Fiscal year 79/80 of Rs 39,525,027 after deducting 13,929,844 from current year Deffered Tax Assets of NRs. 25,595,183 has been transferred to Regulatory Reserve.

EPS and Net Worth for the year 2079-80

Net worth	As at 31.03.2080	As at 32.03.2079
Total Equity	45,306,691	120,192,911
Less: amount not attributable to shareholders		
CSR		
Training		
Available to shareholders	45,306,691	120,192,911
No. of shares including bonus share	2,624,676	2,624,676
No. of shares excluding bonus share		
Net worth per share	17.26	45.79

EPS	As at 31.03.2080	As at 32.03.2079
Profit for the year	(78,100,723)	(54,248,213)
Wtd. Avg no. of shares	2,624,676	1,968,507
EPS-Basic	(29.76)	(27.56)
EPS_Diluted	(29.76)	(27.56)
Annualized	(29.76)	(27.56)



नेपाल राष्ट्र बैंक
वित्तीय संस्था सुपरिवेक्षण विभाग



केन्द्रीय कार्यालय
बालुवाटार, काठमाडौं
फोन नं.: ०१-४४१२३०७
Site: www.nrb.org.np
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पोस्ट बक्स:७३

पत्रसंख्या : वि.सं.सु.वि. / गैरस्थलगत / नारायणी / ०८० /
च.नं. २६७

मिति : २०८०/१२/०७

श्री नारायणी डेभलपमेन्ट बैंक लिमिटेड,
रत्ननगर, चितवन ।

विषय: वार्षिक वित्तीय विवरण प्रकाशन गर्न सहमति सम्बन्धमा ।

महाशय,

त्यस संस्थाले पेश गरेको आर्थिक वर्ष २०७९/८० को लेखापरीक्षण भएको वित्तीय विवरण तथा अन्य प्रतिवेदनहरूका आधारमा गैरस्थलगत सुपरिवेक्षण गर्दा देखिएका कैफियतहरूका सम्बन्धमा देहाय बमोजिमका निर्देशनहरू शेयरधनीहरूको जानकारीका लागि वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्ने गरी संस्थाको आर्थिक वर्ष २०७९/८० को लेखापरीक्षण भएको वार्षिक वित्तीय विवरण, नाफा वा नोक्सानको विवरण, विस्तृत आयको विवरण (Statement of Comprehensive Income), नगद प्रवाह विवरण, इभिवटीमा भएको परिवर्तनको विवरण, सोसँग सम्बन्धित अनुसूचीहरू, लेखापरीक्षकको प्रतिवेदन लगायतका वार्षिक वित्तीय विवरणहरू साधारणसभा प्रयोजनको लागि प्रकाशन गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु ।

१. कर्जा प्रवाह पश्चात अनिवार्य रूपमा कर्जा सदुपयोगिताको सुनिश्चितता गर्नुहुन ।
२. यस बैंकले मिति २०८०/१०/२३ को पत्र मार्फत बैंक तथा वित्तीय संस्थाको शीघ्र सुधारात्मक कारवाही सम्बन्धी विनियमावली, २०७४ विनियम ३ को खण्ड (क) बमोजिम दिइएका निर्देशनहरूको पालना गर्नुहुन ।
३. यस बैंकबाट जारी एकीकृत निर्देशन नं १९/०७९ बमोजिम सम्पत्ति शुद्धीकरण तथा आतंकवादी कार्यमा वित्तीय लगानी निवारण सम्बन्धी व्यवस्थाको पूर्णरूपमा पालना गर्नुहुन ।
४. संस्थाको संस्थागत सुशासन, सूचना प्रविधि, आन्तरिक लेखापरीक्षण, आन्तरिक नियन्त्रण प्रणाली, समग्र जोखिम व्यवस्थापन, कर्जा प्रवाह र व्यवस्थापन, ग्राहक पहिचान (KYC) तथा अनुपालना लगायतका विषयमा एकीकृत निर्देशन २०७९ बमोजिमका व्यवस्थाहरू प्रभावकारी रूपमा कार्यान्वयन गर्नुहुन तथा सो सम्बन्धमा आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक र यस बैंकबाट औल्याएका कैफियतहरू पुनः नदोहोरिने व्यवस्था गर्नुहुन ।
५. समस्याग्रस्त संस्थाको सूचीबाट हटाउदा यस बैंकबाट तोकिएको चुक्ता पुँजी, एकल ग्राहक कर्जा सीमा लगायतका सर्तहरू र तत्पश्चात् दिइएका निर्देशनहरू मध्ये कार्यान्वयन हुन बाँकी निर्देशनहरूको पालना गर्नुहुन ।
६. कर्जा निक्षेप अनुपात लगायत अन्य वित्तीय परिसूचकहरू नियमनकारी सीमा भित्र राख्नुहुन ।
७. यस बैंकको मिति २०८०/१०/१९ को पत्रबाट दिइएको निर्देशन बमोजिम न्यूनतम चुक्ता पुँजी पुऱ्याउने कार्ययोजना पेश गर्नु हुन तथा निष्कृत कर्जा घटाउने सम्बन्धी कार्यान्वयनयोग्य योजना बनाई कार्य गर्नुहुन ।

भवदीय

(अमृत बहादुर बुढाथोकी)

उप-निर्देशक

बोधार्थ:

श्री नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।

श्री नेपाल राष्ट्र बैंक, वित्तीय संस्था सुपरिवेक्षण विभाग, कार्यान्वयन इकाई ।



नारायणी डेभलपमेन्ट बैंक लि. Narayani Development Bank Ltd.

“नेपाल राष्ट्र बैंकबाट ‘ख’ वर्गको इजाजतप्राप्त संस्था”

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नेपाल राष्ट्र बैंकको मिति २०८०/१२/०७ को वार्षिक वित्तीय विवरण प्रकाशन गर्न सहमति प्रदान गर्दा दिइएका निर्देशनहरु प्रति संचालक समितिको प्रतिउत्तर ।

१. कर्जा प्रवाह पश्चात अनिवार्य रुपमा कर्जा सदुपयोगिताको सुनिश्चितता गर्नुहुन ।
प्रतिउत्तर: निर्देशानुसार गरिने व्यहोरा अनुरोध छ ।
२. यस बैंकले मिति २०८०/१०/२३ को पत्र मार्फत् बैंक तथा वित्तीय संस्थाको शीघ्र सुधारात्मक कारवाही सम्बन्धी विनियमावली, २०७४ विनियम ३ को खण्ड (क) बमोजिम दिइएका निर्देशनहरुको पालना गर्नुहुन ।
प्रतिउत्तर: निर्देशानुसार गरिने व्यहोरा अनुरोध छ ।
३. यस बैंकबाट जारी एकीकृत निर्देशन नं १९/०७९ बमोजिम सम्पत्ति शुद्धीकरण तथा आतंकवादी कार्यमा वित्तीय लगानी निवारण सम्बन्धी व्यवस्थाको पूर्णरुपमा पालना गर्नुहुन ।
प्रतिउत्तर: निर्देशानुसार गरिने व्यहोरा अनुरोध छ ।
४. संस्थाको संस्थागत सुशासन, सूचना प्रविधि, आन्तरिक लेखापरीक्षण, आन्तरिक नियन्त्रण प्रणाली, समग्र जोखिम व्यवस्थापन, कर्जा प्रवाह र व्यवस्थापन, ग्राहक पहिचान (प्त्र) तथा अनुपालना लगायतका विषयमा एकीकृत निर्देशन २०७९ बमोजिमका व्यवस्थाहरु प्रभावकारी रुपमा कार्यान्वयन गर्नुहुन तथा सो सम्बन्धमा आन्तरिक लेखापरीक्षक, वाह्य लेखापरीक्षक र यस बैंकबाट औल्याएका कैफियतहरु पुनः नदोहोरिने व्यवस्था गर्नुहुन ।
प्रतिउत्तर: निर्देशानुसार गरिने व्यहोरा अनुरोध छ ।
५. समस्याग्रस्त संस्थाको सूचीबाट हटाउदा यस बैंकबाट तोकिएको चुक्ता पुंजी, एकल ग्राहक कर्जा सीमा लगायतका शर्तहरु र तत्पश्चात् दिइएका निर्देशनहरु मध्ये कार्यान्वयन हुन बाँकी निर्देशनहरुको पालना गर्नुहुन ।
प्रतिउत्तर: निर्देशानुसार गरिने व्यहोरा अनुरोध छ ।
६. कर्जा निक्षेप अनुपात लगायत अन्य वित्तीय परिसूचकहरु नियमनकारी सीमा भित्र राख्नुहुन ।
प्रतिउत्तर: निर्देशानुसार गरिने व्यहोरा अनुरोध छ ।
७. यस बैंकको मिति २०८०/१०/१९ को पत्रबाट दिइएको निर्देशन बमोजिम न्यूनतम चुक्ता पुंजी पुर्‍याउने कार्ययोजना पेश गर्नु हुन तथा निष्कृत कर्जा घटाउने सम्बन्धी कार्यान्वयनयोग्य योजना बनाई कार्य गर्नुहुन ।
प्रतिउत्तर: निर्देशानुसार गरिने व्यहोरा अनुरोध छ ।

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सि.नं.	साविक ब्यवस्था	प्रस्तावित ब्यवस्था	संशोधन गर्नुपर्ने कारण
१.	२ (क) वित्तीय संस्थाको रजिष्टर्ड (केन्द्रिय) कार्यालय रहने ठेगाना: यस बैंकको रजिष्टर्ड (केन्द्रिय) कार्यालय नारायणी अञ्चल चितवन जिल्ला र.न.पा. वार्ड नं. १ मा रहनेछ ।	२ (क) वित्तीय संस्थाको रजिष्टर्ड (केन्द्रिय) कार्यालय रहने ठेगाना: यस बैंकको रजिष्टर्ड (केन्द्रिय) कार्यालय बागमती प्रदेश, नारायणी अञ्चल चितवन जिल्ला भरतपुर महानगरपालिका वडा नं. १० मा रहनेछ ।	नेपाल राष्ट्र बैंक को पुर्वस्वीकृति बमोजिम यस बैंकको रजिष्टर्ड (केन्द्रिय) कार्यालय रहने स्थान (ठेगाना) परिवर्तन गर्नुपर्ने भएकोले ।

नारायणी डेभलपमेन्ट बैंक लिमिटेडको नियमावलीमा संशोधन प्रस्तावको तिन महले विवरण

सि.नं.	साविक ब्यवस्था	प्रस्तावित ब्यवस्था	संशोधन गर्नुपर्ने कारण
१.	नियम २. वित्तीय संस्थाको रजिष्टर्ड कार्यालय (केन्द्रिय कार्यालय) रहने ठेगाना: यस बैंकको रजिष्टर्ड (केन्द्रिय) कार्यालय नारायणी अञ्चल चितवन जिल्ला र.न.पा. वार्ड नं. १ मा रहनेछ ।	नियम २. वित्तीय संस्थाको रजिष्टर्ड (केन्द्रिय) कार्यालय रहने ठेगाना: यस बैंकको रजिष्टर्ड (केन्द्रिय) कार्यालय बागमती प्रदेश, नारायणी अञ्चल चितवन जिल्ला भरतपुर महानगरपालिका वडा नं. १० मा रहनेछ ।	नेपाल राष्ट्र बैंक को पुर्वस्वीकृति बमोजिम यस बैंकको रजिष्टर्ड (केन्द्रिय) कार्यालय रहने स्थान (ठेगाना) परिवर्तन गर्नुपर्ने
२.	नियम १२ संचालक समिति : वित्तीय संस्थाको संचालक समिति संम्बन्धी व्यवस्था देहाय बमोजिम रहनेछ । (क) वित्तीय संस्थाको संचालकहरुको नियुक्ती प्रचलित बैंक तथा वित्तीय संस्था संम्बन्धी कानुनको अधिनमा रही साधारण सभाबाट हुनेछ । तर व्यवसायीक विशेषज्ञ संचालकको नियुक्ती समितिले गर्नेछ । (ख) वित्तीय संस्थामा ५ जना संचालक हुनेछन साथै समितिको गठन र समुहगत प्रतिनिधीत्व देहाय बमोजिम हुनेछ । (अ) संस्थापक समुहका शेयरधनि हरु बाट आपसी समझदारी बाट मनोनित वा निर्वाचित २ जना (समुह, उपसमुह भए सो समेत उल्लेख गर्ने) (आ) सर्वसाधारण समुहका शेयर धनीबाट निर्वाचित २ जना (इ) नेपाल राष्ट्र बैंकले कायम गरेको व्यवशायिक विशेषज्ञ हरुको सुचिबाट समितिले नियुक्त गरेको व्यवसायिक संचालक १ जना ।	नियम १२ संचालक समिति : वित्तीय संस्थाको संचालक समिति संम्बन्धी व्यवस्था देहाय बमोजिम रहनेछ । (क) वित्तीय संस्थाको संचालकहरुको नियुक्ती कम्पनी ऐन, बैंक तथा वित्तीय संस्था संम्बन्धी ऐन तथा प्रचलित कानुनको अधिनमा रही साधारण सभाबाट हुनेछ । तर व्यवसायीक विज्ञ स्वतन्त्र संचालक को नियुक्ती समितिले गर्नेछ । (ख) वित्तीय संस्थामा एक जना महिला सहित ७ जना संचालक हुनेछन साथै समितिको गठन र समुहगत प्रतिनिधीत्व देहाय बमोजिम हुनेछ । (अ) संस्थापक समुहका शेयरधनिहरु बाट आपसी समझदारी बाट मनोनित वा निर्वाचित ४ जना (समुह, उपसमुह भए सो समेत उल्लेख गर्ने) (आ) सर्वसाधारण समुहका शेयरधनीहरु बाट निर्वाचित २ जना । (इ) व्यवसायीक विज्ञताको आधारमा प्रचलित ऐनले तोकेको योग्यता पुरा भएको समितिले नियुक्त गरेका स्वतन्त्र संचालक १ जना ।	साविकमा संचालकहरुको संख्या तथा संचालक समितिको गठनलाई वित्तीय संस्थाको शेयर अनुपात बमोजिम तथा प्रचलित ऐन कानुनमा भएको ब्यवस्था बमोजिम अद्यावधिक गर्न आवश्यक भएकोले ।

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