



# नारायणी डेभलपमेन्ट बैंक लि. Narayani Development Bank Ltd.

“नेपाल राष्ट्र बैंकबाट ‘ख’ वर्गको इजाजतप्राप्त संस्था”



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च.नं.NDBL/HO/155/081/82

श्री नेपाल राष्ट्र बैंक

वित्तिय संस्था सुपरिवेक्षण विभाग

वालुवाटार, काठमाण्डौ



मिति : २०८१/११/१५

## विषय : वित्तिय विवरण स्वीकृतार्थ पेश गरिएको सम्बन्धमा ।

महोदय,

प्रस्तुत विषयमा यस बैंकका आधिकारीक बाह्य लेखापरीक्षक श्री एल.एस.पि.एसोशिएट्स चार्टेड एकाउन्टेन्ट, काठमाण्डौले लेखापरीक्षण गरी तयार गरेको आर्थिक वर्ष २०८०/८१ को यस बैंकको वासलात नाफा नोक्सान खाता नगद प्रवाह विवरण र सो सँग सम्बन्धित अनुसुचिहरु सहितको वित्तिय विवरण मिति २०८१/११/१२ को बैंक संचालक समितिको बैठकबाट स्वीकृत गरेको हुदाँ आर्थिक वर्ष २०८०/८१ को वित्तिय विवरण प्रकाशनार्थ स्वीकृतिको लागी पेश गरिएको ब्यहोरा निर्णयानुसार अनुरोध गर्दछु ।

भवदीय,



विष्णु रेग्मी  
प्रमुख कार्यकारी अधिकृत

**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 2081 (Corresponding to 15 July 2024), 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, the accompanying financial statements present fairly, in all material respects, the financial position of the bank as at 31 Ashad 2081 (Corresponding to 15 July 2024) 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:



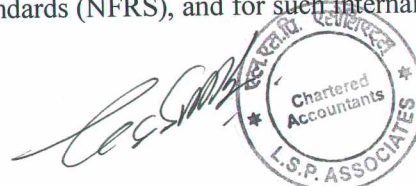


S.No.	Key Audit Matters	Auditor's Response
1.	<p>Interest Income Ref. note no. 4.29 and accounting policies to the financial Statements</p> <p>Interest income has been recognized on accrual basis as per the interest recognition guidelines of Nepal Rastra Bank / NFRS. Interest has been recognized on accrual 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"> <li>• Understanding of the core banking software of the company how interest rate on loans &amp; advances has been implemented in system.</li> <li>• Whether interest income on advances in automatically generated in the CBS System.</li> <li>• Review of accrual &amp; recognition interest income whether relevant NFRS and the NRB norms have been followed by the company for the same.</li> <li>• Review and verify the transactions relating to manual debit or credit of interest in the system.</li> <li>• Understanding as to how the company management in monitors their businesses analyze its credit portfolio &amp; the interest income thereon.</li> <li>• Review whether the legal remedies against defaulting borrowers are not adversely affected.</li> </ul> <p><b>Our Results</b> 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"> <li>• 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.</li> <li>• Controls over correct identification and classification of non-performing loans and advances on time based criteria.</li> <li>• Review of IT system to provide loan loss provision based on overdue payments.</li> <li>• Control over accurate computation and recording of provisions.</li> <li>• Control over statistical model used to calculate the incurred loss in accordance with incurred loss model.</li> </ul>

	<p>the above matter to the financial statements, we have identified this as a key audit matters.</p>	<ul style="list-style-type: none"> <li>Control over the monitoring of loans advances to customers with higher default risk.</li> <li>Control over the governance and approval process for the provisions including ongoing reassessment by the Management.</li> <li>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,</li> <li>Assessment of mortgage value of loans and advances.</li> </ul> <p><b>Our Results</b> We considered the impairment charges on loans and advances to the customers to be acceptable.</p>
3.	<p><b>Information Technology System</b></p> <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"> <li>Verification of the interest income and expense booking regarding loan and deposits on test check basis with the core banking system of the institution.</li> <li>Verification of the provisioning of the loan and Advance based on ageing on the test check.</li> </ul> <p><b>Our Results</b> 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: 2081/11/12

UDIN Number:250302CA00144Cs7d2




**Narayani Development Bank Limited**  
**Statement of Financial Position**  
**As on Asar 31st, 2081**


Particulars	Note	Bank	
		Current Year	Previous Year
<b>Assets</b>			
Cash and cash equivalent	4.1	264,049,666	128,200,835
Due from Nepal Rastra Bank	4.2	48,488,766	40,879,280
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	-	-
Loans and advances to customers	4.7	264,397,015	410,294,367
Investment securities	4.8	47,153,554	47,427,610
Current tax assets	4.9	10,344,772	9,980,040
Investment in subsidiaries	4.10	-	-
Investment in associates	4.11	-	-
Investment property	4.12	14,281,137	-
Property and equipment	4.13	30,649,123	31,037,039
Goodwill and Intangible assets	4.14	7,299,826	9,968,372
Deferred tax assets	4.15	38,787,446	39,525,027
Other assets	4.16	10,775,599	5,611,042
<b>Total Assets</b>		<b>736,226,905</b>	<b>722,923,611</b>
	<b>Note</b>	<b>Current Year</b>	<b>Previous Year</b>
<b>Liabilities</b>			
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	631,521,022	632,813,148
Borrowing	4.21	-	-
Current Tax Liabilities	4.9	-	-
Provisions	4.22	-	864,450
Deferred tax liabilities	4.15	-	-
Other liabilities	4.23	46,710,411	43,582,077
Debt securities issued	4.24	-	-
Subordinated Liabilities	4.25	-	-
<b>Total liabilities</b>		<b>678,231,434</b>	<b>677,259,675</b>
<b>Equity</b>			
Share capital	4.26	262,467,600	262,467,600
Share premium		10,101,374	10,101,374
Retained earnings		(411,508,978)	(387,783,472)
Reserves	4.27	196,935,475	160,878,435
<b>Total equity attributable to equity holders</b>		<b>57,995,470</b>	<b>45,663,936</b>
Non-controlling interest		-	-
<b>Total equity</b>		<b>57,995,470</b>	<b>45,663,936</b>
<b>Total liabilities and equity</b>		<b>736,226,905</b>	<b>722,923,611</b>
Contingent liabilities and commitment	4.28	22,286,603	64,182,715
Net assets value per share		22.10	17.40

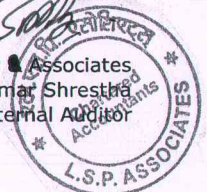
As per our report of even date

  
Ritu Baniya  
Finance

  
Bishnu Regmi  
Chief Executive Officer

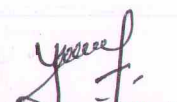
  
Chandra Man Maleku  
Chairman

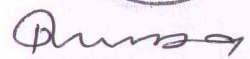
  
For L.S.P. Associates  
CA Gopal Kumar Shrestha  
External Auditor





  
Teknath Dhakal  
Director



  
Yasodha Adhikari  
Director

  
Pukar Thapa  
Director

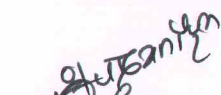
  
Ganesh Man Pradhan  
Director  
Date: 2081/11/12

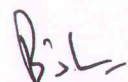
  
Balaram Paudel  
Independent Director


**Narayani Development Bank Limited**  
**Statement of Profit or Loss**  
**For the year ended Asar 31st, 2081**

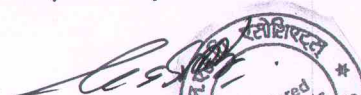
Particulars	Note	Bank	
		Current Year	Previous Year
Interest income	4.29	53,802,411	71,822,108
Interest expense	4.30	46,810,903	46,445,529
<b>Net interest income</b>		<b>6,991,508</b>	<b>25,376,579</b>
Fee and commission income	4.31	4,354,077	3,333,251
Fee and commission expense	4.32	350	19,189
<b>Net fee and commission income</b>		<b>4,353,727</b>	<b>3,314,062</b>
<b>Net interest, fee and commission income</b>		<b>11,345,235</b>	<b>28,690,641</b>
Net trading income	4.33	-	-
Other operating income	4.34	2,298,309	1,013,827
<b>Total operating income</b>		<b>13,643,544</b>	<b>29,704,468</b>
Impairment charge/(reversal) for loans and other losses	4.35	(18,646,267)	80,379,306
<b>Net operating income</b>		<b>32,289,811</b>	<b>(50,674,838)</b>
<b>Operating expense</b>			
Personnel expenses	4.36	21,059,543	21,177,848
Other operating expenses	4.37	18,062,772	21,101,497
Depreciation & Amortization	4.38	10,147,882	10,502,538
<b>Operating Profit</b>		<b>(16,980,386)</b>	<b>(103,456,721)</b>
Non operating income	4.39	-	-
Non operating expense	4.40	-	-
<b>Profit before income tax</b>		<b>(16,980,386)</b>	<b>(103,456,721)</b>
Income tax expense	4.41		
Current Tax			
Deferred Tax		(819,797)	25,355,998
<b>Profit for the year</b>		<b>(17,800,183)</b>	<b>(78,100,723)</b>
<b>Profit attributable to:</b>			
Equity holders of the Bank		(17,800,183)	(78,100,723)
Non-controlling interest			
<b>Profit for the year</b>		<b>(17,800,183)</b>	<b>(78,100,723)</b>
<b>Earnings per share</b>			
Basic earnings per share		(6.78)	(29.76)
Diluted earnings per share		(6.78)	(29.76)

AS per our report of even date

  
Rita Baniya  
Finance

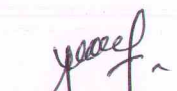
  
Bishnu Regmi  
Chief Executive Officer

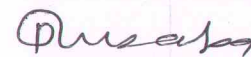
  
Chandra Man Maleku  
Chairman


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


  
Teknath Dhakal  
Director  
Date:



  
Yasodha Adhikari  
Director

  
Pukar Thapa  
Director

  
Ganesh Man Pradhan  
Director  
Date: 2081/11/12

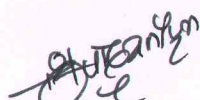
  
Balaram Paudel  
Independent Director



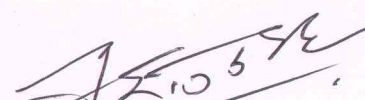
**Narayani Development Bank Limited**  
**Statement of Comprehensive Income**  
**For the year ended Asar 31st, 2081**

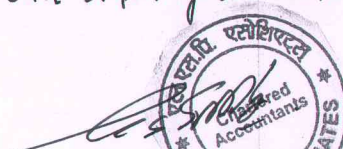
Particulars	Note	Bank	
		Current Year	Previous Year
<b>Profit for the year</b>		<b>(17,800,183)</b>	<b>(78,100,723)</b>
<b>Other comprehensive income, net of income tax</b>			
<b>a) Items that will not be reclassified to profit or loss</b>			
Gain/(loss) from investments in equity instruments measured at fair value		(274,056)	(797,283)
Gain/(loss) on revaluation			
Actuarial gains/(losses) on defined benefit plans			
Income tax relating to above items		82,217	239,185
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>		<b>(191,839)</b>	<b>(558,098)</b>
<b>b) Items that are or may be reclassified to profit or loss</b>			
Gains/(losses) on cash flow hedge			
Exchange gain/(losses) arising from translating financial assets of foreign operation			
Income tax relating to above items			
<b>Net other comprehensive income that are or may be reclassified to profit or loss</b>			
<b>c) Share of other comprehensive income of associate accounted as per equity method</b>			
<b>Other comprehensive income for the year, net of income tax</b>		<b>(191,839)</b>	<b>(558,098)</b>
<b>Total comprehensive income for the year</b>		<b>(17,992,022)</b>	<b>(78,658,821)</b>
<b>Total comprehensive income attributable to:</b>			
<b>Equity holders of the Bank</b>		<b>(17,992,022)</b>	<b>(78,658,821)</b>
<b>Non-controlling interest</b>		-	-
<b>Total comprehensive income for the year</b>		<b>(17,992,022)</b>	<b>(78,658,821)</b>

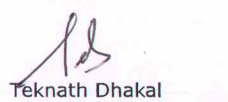
AS per our report of even date

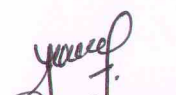
  
Ritu Baniya  
Finance

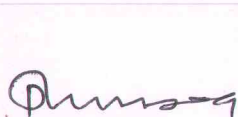
  
Bishnu Regmi  
Chief Executive Officer


  
Chandra Man Maleku  
Chairman

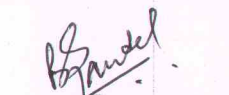
  
For L.S.P & Associates  
CA Gopal Kumar Shrestha  
External Auditor

  
Teknath Dhakal  
Director  
Date: 2081/11/12

  
Yasodha Adhikari  
Director

  
Pukar Thapa  
Director

  
Ganesh Man Pradhan  
Director

  
Balaram Paudel  
Independent Director



**Statement of Changes in Equity**  
**Narayani Development Bank Limited**  
**Statement of change in Equity**  
**For the year ended Asar 31st, 2081**

Particulars	Share Capital	Share Premium	General Reserve	Exchange Equalization	Attributable to Equity holders of the Bank	Retained Earning	Other Reserve	Total	Non-Controlling Interest	Total Equity
<b>Balance at Shrawan 1, 2079</b>	<b>262,467,600</b>	<b>10,101,374</b>	<b>108,174,262</b>	-	<b>15,846,707</b>	<b>(282,016,107)</b>	<b>6,889,232</b>	<b>120,192,912</b>	-	<b>120,192,911</b>
Adjusted/Restated balance at 1.Sawan 2079	262,467,600	10,101,374	108,174,262	-	15,846,707	(282,016,107)	6,889,232	120,192,912	-	120,192,911
Profit for the year	-	-	-	-	-	(675,917)	-	367,246	-	367,246
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	(78,100,723)	-	(78,100,723)	-	(78,100,723)
Atuarial gains/(losses) on revaluation	-	-	-	-	-	-	-	(558,098)	-	(558,098)
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	<b>(78,100,723)</b>	-	<b>(78,100,723)</b>	-	<b>(78,100,723)</b>
<b>Transfer to reserve during the year</b>	-	-	-	-	-	-	-	-	-	-
Statutory General Reserve	-	-	-	-	-	-	-	-	-	-
Staff Training Fund	-	-	-	-	-	-	-	-	-	-
Corporate Social Responsibility Reserve	-	-	-	-	-	-	-	-	-	-
Regulatory Reserve as per NRB	-	-	-	-	26,990,726	(26,990,726)	-	-	-	-
<b>Transfer from reserve during the year</b>	-	-	-	-	-	-	-	-	-	-
Statutory General Reserve	-	-	-	-	-	-	-	-	-	-
Staff Training Fund	-	-	-	-	-	-	-	-	-	-
Corporate Social Responsibility Reserve	-	-	-	-	-	-	-	-	-	-
Regulatory Reserve as per NRB	-	-	-	-	-	-	-	-	-	-
<b>Addition in calls in advance</b>	-	-	-	-	-	-	-	-	-	-
Transactions with owners, directly recognized in equity	-	-	-	-	-	-	3,762,600	3,762,600	-	3,762,600
Share issued	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-
<b>Total contributions by and distributions</b>	-	-	-	-	-	-	-	-	-	-
<b>Balance at Ashad end 2080</b>	<b>262,467,600</b>	<b>10,101,374</b>	<b>108,174,262</b>	-	<b>42,837,432</b>	<b>(387,783,472)</b>	<b>10,651,832</b>	<b>45,663,936</b>	-	<b>45,663,935</b>
Adjusted/Restated balance at 1.Sawan 2080	262,467,600	10,101,374	108,174,262	-	42,837,432	(387,783,472)	10,651,832	45,663,936	-	45,663,935
Profit for the year	-	-	-	-	-	529,656	-	529,656	-	529,656
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	(17,800,183)	-	(17,800,183)	-	(17,800,183)
Atuarial gains/(losses) on revaluation	-	-	-	-	-	-	-	(191,839)	-	(191,839)
Gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	<b>(17,800,183)</b>	-	<b>(17,800,183)</b>	-	<b>(17,800,183)</b>
<b>Transfer to reserve during the year</b>	-	-	-	-	-	-	-	-	-	-
Statutory General Reserve	-	-	-	-	-	-	-	-	-	-
Staff Training Fund	-	-	-	-	-	-	-	-	-	-
Corporate Social Responsibility Reserve	-	-	-	-	-	-	-	-	-	-
Regulatory Reserve as per NRB	-	-	-	-	6,205,278	(6,205,278)	-	-	-	-
<b>Transfer from reserve during the year</b>	-	-	-	-	-	-	-	-	-	-
Statutory General Reserve	-	-	-	-	-	-	-	-	-	-
Staff Training Fund	-	-	-	-	-	-	-	-	-	-
Corporate Social Responsibility Reserve	-	-	-	-	-	-	-	-	-	-
Regulatory Reserve as per NRB	-	-	-	-	-	-	-	-	-	-
<b>Addition in calls in advance</b>	-	-	-	-	-	-	-	-	-	-
Transactions with owners, directly recognized in equity	-	-	-	-	-	-	29,793,900	29,793,900	-	29,793,900
Share issued	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-
<b>Total contributions by and distributions</b>	-	-	-	-	-	-	-	-	-	-
<b>Balance at Ashad end 2081</b>	<b>262,467,600</b>	<b>10,101,374</b>	<b>108,174,262</b>	-	<b>49,042,711</b>	<b>(411,508,978)</b>	<b>40,695,433</b>	<b>57,995,470</b>	-	<b>57,995,470</b>

**Rita Baniva**  
Finance



**Teknath Dhakal**  
Director

**Yashoda Adhikari**  
Director

**Bishnu Ream**  
Chief Executive Officer

**Chandra Man Waleku**  
Chairman

**Ganesh Man Pradhan**  
Director

**Balaram Paudel**  
Independent Director


**CA Gopal Kumar Shrestha**  
External Auditor  
As per report of chartered accountants  
For L.S.P. & Associates  
Chartered Accountants




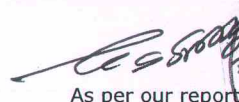
**Narayani Development Bank Limited**  
**Statement of Cash Flow**  
**For the year ended on 31st Asadh 2081**

Particulars	Note	Current Year	Previous Year
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			-
Interest received		51,658,434	67,335,847
Fees and other income received		4,354,077	3,333,251
Dividend received		-	-
Receipts from other operating activities		10,038	1,013,827
Interest paid		(46,810,903)	(46,445,529)
Commission and fees paid		(350)	(19,189)
Cash payment to employees		(21,059,543)	(21,177,848)
Other expense paid		(26,312,240)	(20,318,910)
<b>Operating cash flows before changes in operating assets and liabilities</b>		<b>(38,160,488)</b>	<b>(16,278,552)</b>
<u>(Increase)/Decrease in operating assets</u>		-	-
Due from Nepal Rastra Bank		7,609,487	(19,657,071)
Placement with bank and financial institutions		-	-
Other trading assets		(14,281,137)	-
Loan and advances to bank and financial institutions		-	1,636
Loans and advances to customers		144,174,693	(195,081,733)
Other assets		5,164,557	1,903,656
<u>Increase/(Decrease) in operating liabilities</u>		-	-
Due to bank and financial institutions		-	-
Due to Nepal Rastra Bank		-	-
Deposit from customers		(1,292,126)	296,140,860
Borrowings		-	-
Other liabilities		976,470	6,538,036
<b>Net cash flow from operating activities before tax paid</b>		<b>104,191,456</b>	<b>73,566,833</b>
Income taxes paid		(364,732)	(177,572)
<b>Net cash flow from operating activities</b>		<b>103,826,724</b>	<b>73,389,261</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		-	-
Purchase of investment securities		-	(40,000,000)
Receipts from sale of investment securities		-	4,063,967
Purchase or Sale of debenture/bond		-	-
Purchase of property and equipment		(621,928)	(21,211,363)
Receipt from the sale of property and equipment		156,962	4,298,534
Purchase of intangible assets		-	-
Receipt from the sale of intangible assets		-	-
Purchase/sale of investment properties		-	-
Receipt from the sale of investment properties		-	-
Interest received		155,200	155,200
Dividend received		2,288,271	-
<b>Net cash used in investing activities</b>		<b>1,978,505</b>	<b>(52,693,662)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		-	-
Receipt from issue of debt securities		-	-
Repayment of debt securities		-	-
Receipt from issue of subordinated liabilities		-	-
Repayment of subordinated liabilities		-	-
Receipt from issue of shares		-	-
Dividends paid		-	-
Interest paid		-	-
Other receipt/payment		30,043,601	3,762,600
<b>Net cash from financing activities</b>		<b>30,043,601</b>	<b>3,762,600</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>135,848,830</b>	<b>24,458,199</b>
Cash and Cash Equivalent From Acquisition		-	-
<b>Opening balance of cash and cash equivalents</b>		<b>128,200,835</b>	<b>103,742,637</b>
Effect of exchange rate fluctuations on cash and cash equivalents held		-	-
<b>Closing Cash and Cash Equivalent</b>		<b>264,049,666</b>	<b>128,200,835</b>


  
Ritu Baniya  
Finance


  
Bishnu Regmi  
Chief Executive Officer


  
Chandra Man Maleku  
Chairman

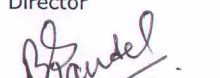
  
As per our report of even date  
For L.S.P & Associates  
CA Gopal Kumar Shrestha  
External Auditor

  
Teknath Dhakal  
Director

  
Yasodha Achikari  
Director

  
Pukar Thapa  
Director

  
Ganesh Man Pradhan  
Director

  
Balaram Paudel  
Independent Director





**Narayani Development Bank Limited**  
**Notes to Financial Statements**  
**For the year ended on 31st Asadh, 2081**

**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 Going Concern**

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

**2.2 Statement of Compliance**

The financial statements have been prepared on a going concern basis and under historical cost conventions except where the standards require otherwise. The financial statements of the group have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) developed by the Accounting Standards Board, Nepal (ASB Nepal) and pronounced for application by the Institute of Chartered Accountants of Nepal (ICAN).

The Financial Statements comprise of Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Change in Equity, Statement of Cashflows and Notes to Accounts on the format prescribed by NRB Directive No. 4.

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

**Reporting Period:**

The Bank follows the Nepalese Financial year based on Nepali Calendar starting from 1st of Shrawan, 2080 and ending as on 31st Asadh, 2081. (17th of July, 2023 to 15th of July, 2024).

**Approval of Financial Statements**

The accompanied financial statements have been approved and authorised for issue by the Board of Directors in its meeting held on of <sup>12</sup> ~~12~~ 2081 and have been recommended for approval by shareholders in the Annual General Meeting.

**2.4 Functional and Presentation Currency**

The financial statements are presented in Nepalese Rupee, which is also the functional and presentation currency of the Bank. Figures are rounded off to nearest Rupee, except, where otherwise stated.

**2.5 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. Continuous evaluation is done on the estimation and judgements based on historical experience and other factors, including expectations of the future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

The accounting estimates and effect of such estimates are disclosed in the relevant notes wherever the estimates have been applied along with the nature and effect of change in accounting estimates, if any.

**Reporting Pronouncement**

The Bank has, for the preparation of financial statements, adopted the NFRS pronounced by ASB as effective on 13th September, 2013. The NFRS confirm, in all material aspect, to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

However, the Institute of Chartered Accountants of Nepal (ICAN) vide its notice dated 10th November, 2020 and 18 July 2022 has resolved that Carve-outs in NFRS with Alternative Treatment and effective period shall be provided to the Banks and Financial Institutions regulated by NRB on the specific recommendation of Accounting Standard Board (ASB).

**2.6 Changes in Accounting Policies**

The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of opening NFRS compliant Statement of Financial Position as at 1st Shrawan, 2074 being the date of transition to NFRS.

**2.7 New Standards and Interpretations not adapted.**

Amendments in existing standards and interpretations issued by IASB after the pronouncement of NFRS have not been applied and shall be adopted as and when made effective by ICAN/ASB Nepal.

**2.7.1 NFRS 9 'Financial Instruments'-Impairment**

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IFRS 9 'Financial Instruments' was issued by the IASB in July 2014 and effective internationally for the financials beginning on or after 1 January 2018. Accounting Standard Board of Nepal (ASBN) endorsed NFRS 9 Financial Instruments with some exceptions, mainly in the Impairment. Currently, Impairment is calculated as per carve out provided by ASB. The requirement of IFRS 9 is Expected Credit Loss Model.

#### Expected Credit Loss Model (ECL) of Impairment

The Expected Credit Loss (ECL) model is a forwardlooking model. The ECL estimates are unbiased, probability-weighted, and include supportable information about past events, current conditions, and forecasts of future economic conditions.

Under the general approach, IFRS 9 recognizes three stage approach to measure expected credit losses and recognized interest income.

**Stage 1: 12-month ECL** – No significantly increased credit risk Financial instruments that have not had a significant increase in credit risk since initial recognition require, at initial recognition a provision for ECL associated with the probability of default events occurring within the next 12 months (12-month ECL). For those financial assets with a remaining maturity of less than 12 months, a Probability of Default (PD) is used that corresponds to the remaining maturity. Interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

**Stage 2: Lifetime ECL** – Significantly increased credit risk in the event of a significant increase in credit risk since initial recognition, a provision is required for the lifetime ECL representing losses over the life of the financial instrument (lifetime ECL).

Interest income will continue to be recognized on a gross basis.

**Stage 3: Lifetime ECL** – Defaulted Financial instruments that move into Stage 3 once credit impaired and purchases of credit impaired assets will require a lifetime provision. Interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

**The standard NAS 39: Financial Instruments: Recognition and Measurement (equivalent to IAS 39 issued in 2013 before update in 2018)** recognized impairment of financial assets using an 'incurred loss model' which assumes that all loans will be repaid until evidence to the contrary (known as a loss or trigger event) is identified. Only at that point is the impaired loan (or portfolio of loans) written down to a lower value. An entity has to assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

A non-optional carve out has been provided by ICAN till FY 2080/81 on the recommendation of ASB, Nepal BFIs, with respect to NFRS 9. The Carve out has allowed the use of incurred loss model of impairment till aforementioned period.

Since the carve out/deferral is valid only till FY 2080/81 and NFRS 9 (2018) has already been pronounced by ASB, Nepal to be applicable from 16th July 2021, the BFIs are required to adopt the ECL impairment model of NFRS 9. Since default is a lagging indicator of credit risk and since classification of non-performing loans normally takes place after a borrower is overdue for more than 90 days, loan loss provisions are presently made by banks with significant delays after the borrower may have started facing financial difficulties thereby increasing the credit risk of BFIs. Generally, there will be a significant increase in credit risk before a financial asset becomes credit impaired or an actual default occurs. As (ECL) Impairment model incorporates more forward looking approach and assesses significant change in credit risk in determining impairment as against extant 'incurred loss' approach, the adoption of ECL model is expected to enhance credit risk management and resilience of banks and financial institutions.

**Management has therefore planned to fully implement ECL model from next fiscal year.**

#### 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:

##### 3.1 Basis of Measurement:

The financial statements have been prepared on the historical cost basis, except for the following material items.

Item	Basis of Measurement
Investment Securities through SOCI	Fair Value
Employee Defined Benefit Obligation	Accrued Amount as of reporting date.
Non-Banking Assets	Cost
Loans to Employees	Amortised 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

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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.

The Cash and Cash equivalents for the purpose of cash flow statement includes Cash in hand, balances with banks and financial institutions, money at call and money market funds and financial assets with original maturity less than 3 months from the date of acquisition.

### 3.4 Financial assets and financial liabilities

#### 3.4.1 Recognition

The Bank initially recognizes financial assets or financial liability in the Statement of Financial Position when, and only when, it becomes party to the contractual provisions of the instrument. The Bank initially recognises loan and advances, deposits and debt securities/subordinated liabilities issued on the date that they are originated which is the date that the Bank becomes party to the contractual provisions of the instruments. Investments in equity instruments, bonds, Government securities, NRB bond or deposit auction, reverse repos, outright purchase are recognized on trade date at which the Bank commits to purchase/acquire the financial assets. Regular way purchase and sale of financial assets are recognized on settlement date.

#### 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 contractual cash-flow characteristics. Based on these factors, financial assets are classified on following three categories as required by NFRS 9 namely:

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

**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.

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*[Circular stamp: Chartered Accountants]*



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

The individual impairment provision applies to financial assets evaluated individually for impairment and is based on Management's best estimate of the present value of the future cash flows that are expected to be received. In estimating these cash flows, Management makes judgements about the number of factors including a borrower's financial situation and the net realisable value of any underlying collateral. Top borrowers and loans classified as non-performing assets as per NRB norms forming part of 25% of the portfolio are tested for individual impairment. Each impaired asset is assessed on its merits to estimate the recoverable amount of cash flows.

#### The Bank considers the following factors in assessing objective evidence of impairment:

- Whether the counterparty is in default of principal or interest payments
- When a counterparty files for bankruptcy and this would avoid or delay discharge of its obligation.
- Where the Bank initiates legal recourse of recovery in respect of a credit obligation of the counterpart.
- Where the Bank consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated by a material forgiveness of debt or postponement of scheduled payments.
- Where there is observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific Individual financial assets.

#### A collective impairment provision is established for:

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

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

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

- Home Loan
- Hire Purchase Loan
- Personal Loan
- Business Loans
- Small & Micro Credit (SMEs)

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

### 3.5 Trading assets

Financial Assets are classified as trading assets (held for trading) if they have been acquired principally for the purpose of selling in the near term, or form part of the portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. They are recognised on trade date, when the bank enters into contractual arrangements with counterparties, and are normally derecognized when sold. They are initially measured at fair value, with transactions costs taken to profit and loss. Subsequent changes in their fair values are recognised in profit or loss. Bank do not have trading assets during the reporting period.

### 3.6 Derivatives assets and derivative liabilities

Derivative Instruments include transactions like interest rate swap, currency swap, forward foreign exchange contract etc. held for trading as well as risk management purposes. Derivative financial instruments are initially measured at fair value on the contract date and subsequently remeasured to fair value at each reporting date. Bank do not have any derivative instruments during the reporting period.

### 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.

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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 properties are land or building or both other than those classified as Property, Plant and Equipment under NAS 16- "Property, Plant & Equipment" and assets classified as Non-Current Assets Held for Sale under NFRS 5- "Non-Current Assets Held for Sale and Discontinued Operations" 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 & Building acquired as Non-Banking Assets are recognized as Investment Property as per NRB Directives. The Investment property has been measured at the lower of outstanding amount or fair value of collateral at the date of recognition.

Investment Properties are initially measured at cost, including transaction costs. Subsequently all investment properties are reported at fair value with any gains or losses in fair value reported in the statement of profit and loss as they arise. No depreciation is charged in investment property as they are not intended for the owner-occupied use.

### **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.

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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

#### a. Deposits

Deposits by banks & customers are financial liabilities of the bank as there is no obligation to deliver cash or financial assets back to the depositing bank or customer and are initially recognised at fair value, plus for those financial liabilities not at fair value through profit and loss. The transaction price is considered as the fair value for measuring the deposits.

#### b. Debt Securities Issued

Debt securities are initially measured at the fair value less incremental direct cost and subsequently at their amortised cost using effective interest method except where the bank designates liabilities at fair value through profit or loss. Bank do not have any debt securities issued at the reporting period.

#### c. Subordinated Liabilities

These are the liabilities subordinated, at the event of winding up, to claims of depositors, debt securities issued and other creditors. It shall include redeemable preference shares, subordinated notes issued, borrowings, etc.

### 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	304,949
Provision for Bank Balance(Crystal Finance)	304,949

**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 to the extent that it is possible that the economic benefits will flow to Bank and the consideration can be reliably measured. The following specific recognition criteria shall also be met for revenue recognition.

#### 3.13.1 Interest income

For all financial instruments measured at amortized cost 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.

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# 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 is booked as interest income and regulatory reserve has been created for the same as well.

### 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

The Bank has applied NFRS 16 Leases for accounting of operating lease from 1st Shrawan 2078 replacing NAS 17 Leases.  
**As a lessee**

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset of the site on which it is located, less any lease incentives received.



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The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment in addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its cost of fund rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee, and

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### **Short-term leases and leases of low-value assets**

The Bank has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets i.e. not be affected by the size, nature, or circumstances of the lessee.

Bank has subject to adjust the calculation made to Right of Use Assets as well as lease liability calculated under NFRS 16. The adjustment have been made in the respective heads and sub heads as well as retained earnings.

### **3.17 Foreign Currency Transaction**

The financial statements are presented in Nepalese Rupees which is the functional and presentation currency of the Bank.

Transaction in foreign currencies are initially recorded in the relevant 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.

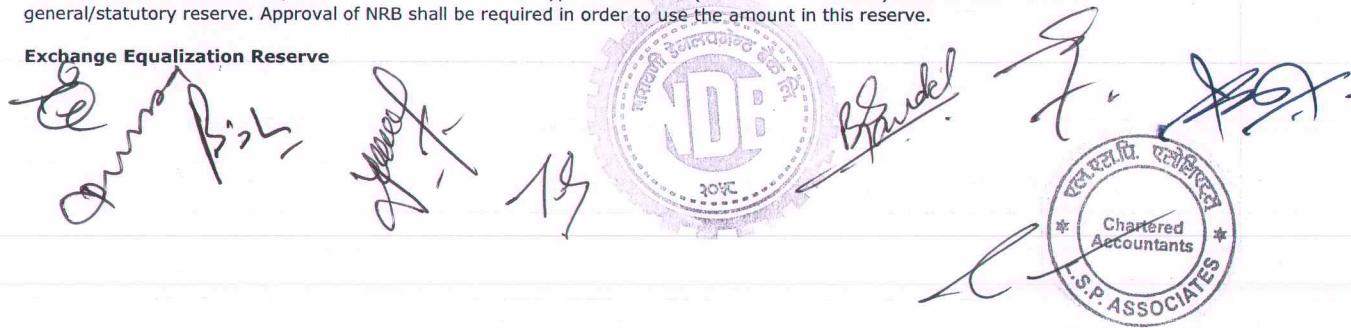
#### **3.19.2 Reserves**

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. NRs. 5,000 has been expensed off as prescribed in the directive in this fiscal year.

Particulars	2078/79	2079/80	2080/81	Remarks
<b>Total amount deposited in Corporate Social Responsibility</b>	<b>9,399</b>	<b>9,399</b>	<b>9,399</b>	<b>9,399</b>
<b>Details of expenses</b>				
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				
<b>Total Expenditure</b>			(5,000)	
<b>Amount owed to Corporate Social Responsibility Fund</b>	<b>9,399</b>	<b>9,399</b>	<b>4,399</b>	<b>4,399</b>

**d) Regulatory Reserve**

The amount to this reserve has been allocated from profit/retained earnings as per the Directive of NRB for the purpose of implementation of NFRSs and is not regarded as free for distribution of dividend. Details are as presented under:

**Regulatory Reserve Comprises of Following**

Particulars	Amount
Interest Income On NFRS	281,217
Deferred Tax Assets	38,787,446
Fair Value reserve	976,931
Provision for NBA transferred to Regulatory Reserve	8,997,117
<b>Total</b>	<b>49,042,711</b>

**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**



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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 Skill Development Fund. In line of this requirement, the movement on the Skill Development Fund is as follows:

Particulars	2080/81	2079/80
Opening Staff Training Fund	296,288	296,288
3% of the previous year salary and allowances	394,657	560,273
Total amount incurred for employee training and skill	447,305	310,572
Excess/(Deficit) amount incurred for employee training and skill development program	-	-
<b>Staff Skill Development Fund carried forward to next year</b>	<b>296,288</b>	<b>249,701</b>

**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	2078.79	
	No.	Amount (NRs.)
Promoter Kitta	131,998	15,687,575
Public Kitta	13,651	6,022,011
<b>Total</b>	<b>145,649</b>	<b>21,709,586</b>
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		2,956,688
<b>Closing share premium accounted for the year</b>		<b>10,101,374</b>

**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 be 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	304,949
Receivable from Dibya Kumar Shrestha	70,091,173
<b>Total</b>	<b>78,542,979</b>

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 during the reporting period.



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### 3.2 Non-performing assets

The Total non performing loan and advances is Rs. 188,298,498 , and loan loss provision related to the non performing loans and advances is Rs 129,748,920 which is 74 % of NPA and total loan loss provision to NPA is 76%. NPL is 47 %.

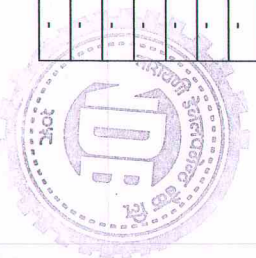
## Narayani Development Bank Limited

### Classification of Loans, Advances & Bills Purchase and Provisioning

At the year ended Ashadh, 2081

(Amount NPR in '000)

Particulars	Loans & Advances					Bills Purchased/Discounted			
	Domestic			Foreign	Total	Domestic	Foreign	Total	Total
	Insured	Uninsured	Other						
<b>1 Performing Loan and Advances</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5=1+2+3+4</b>	<b>6</b>	<b>7</b>	<b>8=6+7</b>	<b>9=5+8</b>
1.1 Pass Loan	13,389	11,097	193,005	-	217,491	-	-	-	217,491
1.1.1 Pass Loan (other than Restructured/Rescheduled Covid Related)	13,389	8,809	164,477	-	186,675	-	-	-	186,675
1.1.2 Pass Loan (Restructured/Rescheduled Covid Related)	13,389	8,809	156,910	-	179,108	-	-	-	179,108
1.1.3 Pass Loan (Restructured/Rescheduled Other than Covid Related)	-	-	-	-	-	-	-	-	-
1.2 Watch List	-	2,288	28,528	-	30,816	-	-	-	30,816
<b>2 Non-Performing Loan and Advances</b>	<b>1,613</b>	<b>2,941</b>	<b>184,749</b>	<b>-</b>	<b>189,303</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>189,303</b>
2.1 Restructured / Rescheduled	-	-	-	-	-	-	-	-	-
2.2 Sub-standard	416	423	36,907	-	37,746	-	-	-	37,746
2.3 Doubtful	1,197	827	40,464	-	42,488	-	-	-	42,488
2.4 Loss	-	1,691	107,378	-	109,069	-	-	-	109,069
<b>3 Total Loan and Advances (1+2)</b>	<b>15,002</b>	<b>14,038</b>	<b>377,754</b>	<b>-</b>	<b>406,794</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>406,794</b>
<b>4 Total Loan Loss Provision</b>	<b>863</b>	<b>2,430</b>	<b>141,092</b>	<b>-</b>	<b>144,386</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>144,386</b>
4.1 Pass	161	106	1,883	-	2,149	-	-	-	2,149
4.2 Watch List	-	114	1,426	-	1,541	-	-	-	1,541
4.3 Restructured / Rescheduled	-	-	946	-	946	-	-	-	946
4.3.1 Restructured / Rescheduled Covid Related	-	-	-	-	-	-	-	-	-
4.3.2 Restructured / Rescheduled Others	-	-	946	-	946	-	-	-	946
4.4 Sub-standard	104	106	9,227	-	9,436	-	-	-	9,436
4.5 Doubtful	599	414	20,232	-	21,244	-	-	-	21,244
4.6 Loss	-	1,691	107,378	-	109,069	-	-	-	109,069
4.7 Additional	-	-	-	-	-	-	-	-	-
4.8 SOL exceed	-	-	-	-	-	-	-	-	-
4.9 PG & Third party collateral	-	-	-	-	-	-	-	-	-
<b>5 Total Provision Upto Previous Quarter</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1 Pass	-	-	-	-	-	-	-	-	-
5.2 Watch List	-	-	-	-	-	-	-	-	-
5.3 Restructured / Rescheduled	-	-	-	-	-	-	-	-	-
5.3.1 Restructured / Rescheduled Covid Related	-	-	-	-	-	-	-	-	-



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5.3.2 Restructured / Rescheduled Others									
5.4 Sub-standard								-	-
5.5 Doubtful								-	-
5.6 Loss								-	-
5.7 Additional								-	-
5.8 SOL exceed								-	-
5.9 PG & Third party collateral								-	-
6 Provision Write Back of this Year								-	-
7 Additional Provision for this Year								-	-
8 Addition/Write back of Provision								-	-
9 Total Loan Loss Provision (5-6+7)								-	-
Net Loan (3-4)	14,139	11,608	236,662	-	262,408	-	-	-	262,408



**Narayani Development Bank Limited**  
**Notes to Financial Statements**

**Cash and cash equivalent**

**4.1**

Particulars	Current Year	Previous Year
Cash in hand	18,783,923	15,756,710
Balances with B/FIs	245,265,743	112,444,126
Money at call and short notice		-
Other		-
<b>Total</b>	<b>264,049,666</b>	<b>128,200,835</b>

Cash and cash equivalents includes the cash, bank balance at Banks & Financial Institutions and is carried at amortised cost. The cash and balance with BFIs are maintained to manage liquidity at branch level. Cash at vault and cash in transit are adequately secured for physical losses.

**Due from Nepal Rastra Bank**

**4.2**

Particulars	Current Year	Previous Year
Statutory balances with NRB	48,488,766	40,879,280
Securities purchased under resale agreement		-
Other deposit and receivable from NRB		-
<b>Total</b>	<b>48,488,766</b>	<b>40,879,280</b>

Statutory balance with NRB represents the balance maintained for regulatory cash reserve ratio required by the Nepal Rastra Bank.

**Placements with Bank and Financial Institutions**

**4.3**

Particulars	Current Year	Previous Year
Placement with domestic B/FIs	-	-
Placement with foreign B/FIs	-	-
Less: Allowances for impairment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Bank do not have any placements related to Domestic and Foreign Banks & Financial Institutions.

**Derivative financial instruments**

**4.4**

Particulars	Current Year	Previous Year
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	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Other trading assets**

**4.5**

Particulars	Current Year	Previous Year
Treasury bills	-	-
Government bonds	-	-
NRB Bonds	-	-



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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

Domestic Corporate bonds	-	-
Equities	-	-
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
Pledged	-	-
Non-pledged	-	-

Trading Assets are those assets that the bank has acquired for the purpose of selling in the near term, or holds as part of the portfolio that is managed together for short-term profit as presented under this head. Bank do not have any investment under this heading for the reporting period.

**Loan and advances to B/FIs**

**4.6**

Particulars	Current Year	Previous Year
Loans to microfinance institutions	-	-
Other	-	-
Less: Allowances for impairment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Loans and advances disbursed to Banks & Financial Institutions are presented under this head. Currently, Bank haven't disbursed any loans and advances to Bank & Financial Institutions.

**4.6.1: Allowances for impairment**

Balance at Sawan 1	Current Year	Previous Year
Impairment loss for the year:		
Opening	-	-
Charge for the year	-	-
Recoveries/reversal	-	-
Amount written off		
<b>Balance at Asar end</b>	<b>-</b>	<b>-</b>

Loans and advances disbursed to banks and financial institutions are presented above. These assets are measured at amortized cost. These are interest bearing advances and the income on these assets is credited to statement of profit or loss under interest income.

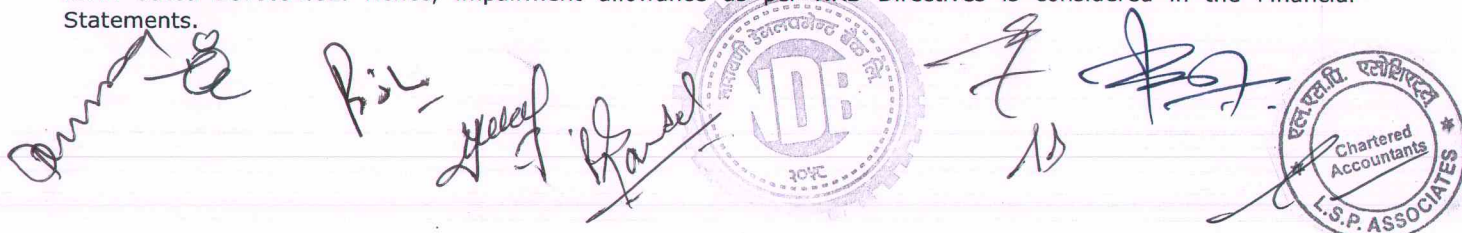
**Loans and advances to customers**

**4.7**

Particulars	Current Year	Previous Year
Loan and advances measured at amortized cost	408,782,570	552,957,263
Less: Impairment allowances		
Collective impairment	4,635,944	8,642,914
Individual impairment	139,749,612	134,019,982
<b>Net amount</b>	<b>264,397,015</b>	<b>410,294,367</b>
Loan and advances measured at FVTPL		
<b>Total</b>	<b>264,397,015</b>	<b>410,294,367</b>

"Loans and advances disbursed to customers and employees other than banks and financial institutions are presented above. These assets are measured at amortized cost. These are interest bearing advances and the income on these assets is credited to statement of profit or loss under interest income.

Loans and advances are presented net of impairment allowances as per Directive No. 2 issued by Nepal Rastra Bank. Impairment as per NRB directives for each of the above periods is higher than the impairment as per para 5 of the Alternative treatment and its application guideline provided in the carve out for implementation of NFRS 9 by ICAN dated 2079.04.02. Hence, impairment allowance as per NRB Directives is considered in the Financial Statements.



**Narayani Development Bank Limited**  
**Notes to Financial Statements**

Impairment in loans and advances to BFIs and loans and advances to customer are as per NRB directive no.2 NPR 144,384,872/- which is higher than total impairment as per NFRS 9. As per NFRS 9 impairment are NPR 20,119,568/- for the FY 2080.81.

**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	Current Year	Previous Year
Individual impairment	17,885,502	10,164,965
Collective impairment	2,234,066	4,626,269
<b>Total</b>	<b>20,119,568</b>	<b>14,791,234</b>

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

Particulars	Current Year	Previous Year
<b>Performing loan</b>	<b>217,490,750</b>	<b>397,988,930</b>
Good	179,107,971	304,230,601
Watchlist	30,815,994	93,758,329
Restructured Loan	7,566,785	-
<b>Non-performing loan</b>	<b>188,299,190</b>	<b>149,604,319</b>
Substandard	37,745,599	18,042,995
Doubtful	42,488,462	6,170,088
Loss	108,065,128	125,391,236
<b>Total</b>	<b>405,789,940</b>	<b>547,593,249</b>
<b>Add: loan to employees</b>	<b>1,003,853</b>	<b>1,032,953</b>
<b>Net AIR</b>	<b>1,988,778</b>	<b>4,331,061</b>
<b>Total loan</b>	<b>408,782,570</b>	<b>552,957,263</b>
<b>Impairment allowance</b>		
<b>Performing loan</b>	<b>4,635,944</b>	<b>8,642,914</b>
Good	2,149,296	3,954,998
Watchlist	1,540,800	4,687,916
Restructured Loan	945,848	-
<b>Non-performing loan</b>	<b>139,749,612</b>	<b>134,019,982</b>
Substandard	9,436,400	4,510,749
Doubtful	21,244,231	3,085,044
Loss	109,068,981	126,424,189
Additional	-	-
<b>Total</b>	<b>144,385,555</b>	<b>142,662,896</b>

Loans and Advances to BFIs as well as to individual borrowers has been carried at amortised cost and includes accrued interest receivable amounting NRs. 3,527,011.

**4.7.1 Analysis of Loans and advances By product**

Product	Current Year	Previous Year
Term loans	79,651,567	113,140,457
Overdraft	83,728,183	120,119,707
Trust receipt/Import loans	-	-

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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

Demand and other working capital loans	-	-
Personal residential loans	26,022,415	39,250,686
Real estate loans	-	5,245,500
Margin lending loans	-	-
Hire purchase loans	25,586,016	33,779,436
Deprived sector loans	368,836	16,991,489
Bills purchased	-	-
Staff loans	99,102	-
Service Loan	9,908,608	10,023,483
Industrial Loan	-	-
Agriculture Loan	21,294,103	21,636,483
Commercial Loan	152,400,994	171,234,835
Loan Against FDR	2,700,000	7,405,032
Loan Against Share	-	6,044,249
Investment on Sworojgar	2,721,890	2,721,890
Other	1,308,225	-
<b>Sub total</b>	<b>405,789,940</b>	<b>547,593,249</b>
<b>Loans to employees</b>	<b>1,003,853</b>	<b>1,032,953</b>
Accrued Interest receivable	1,988,778	4,331,061
<b>Grand total</b>	<b>408,782,570</b>	<b>552,957,263</b>

**4.7.2: Analysis of loan and advances - By Currency**

Currency	Current Year	Previous Year
Nepalese rupee	408,782,570	552,957,263
Indian rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yuan	-	-
Other	-	-
<b>Total</b>	<b>408,782,570</b>	<b>552,957,263</b>

**4.7.3: Analysis of loan and advances - By Collateral**

Collateral	Current Year	Previous Year
<b>Secured</b>		
Movable/immovable assets	406,060,680	513,878,656
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	-	-
<b>Subtotal</b>	<b>408,782,570</b>	<b>516,600,546</b>
<b>Unsecured</b>	-	36,356,718
<b>Grant Total</b>	<b>408,782,570</b>	<b>552,957,263</b>

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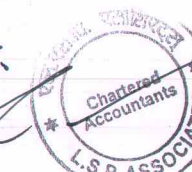


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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

**4.7.4: Allowances for impairment**

Particulars	Current Year	Previous Year
<b><u>Specific allowances for impairment</u></b>		
Balance at Sawan 1	134,019,982	52,861,762
Impairment loss for the year:	-	-
Charge for the year	5,729,630	81,158,220
Recoveries/reversal during the year	-	-
Write-offs	-	-
Exchange rate variance on foreign currency	-	-
Other movement	-	-
<b>Balance at Asar end</b>	<b>139,749,612</b>	<b>134,019,982</b>
<b><u>Collective allowances for impairment</u></b>		
Balance at Sawan 1	8,642,914	4,593,306
Impairment loss for the year:	-	-
Transfer On Merger and Acquisition	-	-
Charge/(reversal) for the year	(4,006,971)	4,049,607.83
Exchange rate variance on foreign currency	-	-
Other movement	-	-
<b>Balance at end</b>	<b>4,635,944</b>	<b>8,642,914</b>
<b>Total allowances for impairment</b>	<b>144,385,555</b>	<b>142,662,896</b>

**Investment Securities**

**4.8**

Particulars	Current Year	Previous Year
Investment securities measured at amortized cost	4,000,000	4,000,000
Investment in equity measured at FVTOCI	43,153,554	43,427,610
<b>Total</b>	<b>47,153,554</b>	<b>47,427,610</b>

Investment made by the Bank in financial instruments has been presented under this account head in two categories i.e. investment securities measured at amortized cost and investment in equity measured at fair value through other comprehensive income.

Investment other than those measured at amortized cost is measured at fair value and changes in fair value has been recognized in other comprehensive income. Where income from the investment is received in the form of bonus shares, the valuation of investment is made by increasing the number of shares without changing in the cost of investment.

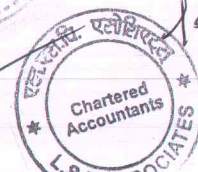
**4.8.1: Investment securities measured at amortized cost**

Particulars	Current Year	Previous Year
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	-	-
<b>Total</b>	<b>4,000,000</b>	<b>4,000,000</b>

Government bond consist of Development Bond issued by NRB.

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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

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

Particulars	Current Year	Previous Year
<b>Equity instruments</b>		
Quoted equity securities	43,153,554	43,427,610
Unquoted equity securities	-	-
<b>Total</b>	<b>43,153,554</b>	<b>43,427,610</b>

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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

**4.8.3: Information relating to investment in equities**

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
<b>Investment in quoted equity</b>				
Prudential Insurance Company Limited - Ordinary Share	54,900	533,448	54,900	535,360
Nepal Insurance Company Limited - Ordinary Share	-	40,480	-	-
Ajod Insurance Company Ltd.	2,039,662	2,227,019	2,039,662	1,751,288
Investment on share Butwal Power Company Ltd.	2,454,608	2,091,880	2,454,608	2,230,214
Lumbini general Insurance Co. Ltd.	-	727	-	748
Global IME Balanced Fund-1 (GIBF1)	15,000,000	13,650,000	15,000,000	14,010,000
Prabhu Smart Fund (PRSF)	10,000,000	9,610,000	10,000,000	9,900,000
Citizen Super 30 Mutual Fund	15,000,000	15,000,000	15,000,000	15,000,000
<b>Total</b>	<b>44,549,170</b>	<b>43,153,554</b>	<b>44,549,170</b>	<b>43,427,610</b>

**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	No. of Shares	Per Unit Cost	Cost price
1	IGI Prudential Insurance Company Limited (IGI)	549	558.00	306,342	549	560	307,440	549	100	54,900
2	IGI Prudential Insurance Company Limited (IGI)	128	558.00	71,424	128	560	71,680	128	-	-
3	IGI Prudential Insurance Company Limited (IGI)	249	558.00	138,942	249	560	139,440	249	-	-
4	IGI Prudential Insurance Company Limited (IGI) (Bonus)	30	558.00	16,740	30	560	16,800	-	-	-
5	Butwal Power Company Limited (BPCL)	98	310.00	30,380	98	331	32,389	98	375	36,771
6	Butwal Power Company Limited (BPCL)	5,000	310.00	1,550,000	5,000	331	1,652,500	5,000	386	1,927,830
7	Butwal Power Company Limited (BPCL)	1,318	310.00	408,580	1,318	331	435,599	1,318	372	490,007
8	Butwal Power Company Limited (BPCL)	11	310.00	3,410	11	331	3,636	11	-	-
9	Butwal Power Company Limited (BPCL) (Bonus)	321	310.00	99,510	321	331	106,091	-	-	-
14	Nepal Insurance Company Limited (NICL) (Bonus)	46	880.00	40,480	-	-	-	-	-	-
15	United Ajo Insurance Company Ltd. (UAIL)	3,721	598.50	2,227,019	3,375	519	1,751,288	4,091	499	2,039,662
16	Sagarmatha Lumbini Insurance Co. Limited (SALICO)	1	727.00	727	1	748	748	1	-	-
17	Global IME Balanced Fund-1 (GIBF1)	1,500,000	9.10	13,650,000	1,500,000	9	14,010,000	1,500,000	10	15,000,000
18	Prabhu Smart Fund (PRSF)	1,000,000	9.61	9,610,000	1,000,000	10	9,900,000	1,000,000	10	10,000,000
19	Citizen Super 30 Mutual Fund	1,500,000	10.00	15,000,000	1,500,000	10	15,000,000	1,500,000	10	15,000,000
<b>Total</b>		<b>4,011,472</b>		<b>43,153,554</b>	<b>4,011,080</b>		<b>43,427,610</b>	<b>4,011,445</b>		<b>44,549,170</b>

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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

**Current tax assets**

**4.9**


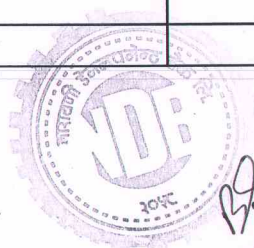
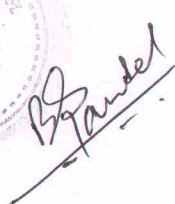
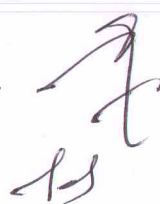

Particulars	Current Year	Previous Year
<b>Current tax assets</b>	<b>10,344,772</b>	<b>9,980,040</b>
Current year income tax assets	10,344,772	9,980,040
Tax assets of prior periods	-	-
<b>Current tax liabilities</b>	<b>-</b>	<b>-</b>
Current year income tax liabilities	-	-
Tax liabilities of prior periods	-	-
<b>Total</b>	<b>10,344,772</b>	<b>9,980,040</b>


Current Tax Assets includes Tax Deducted at Source (TDS) by several parties on behalf of the Bank.

**Investment in subsidiaries**

**4.10**

Particulars	Current Year	Previous Year
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	-	-
<b>Total investment</b>	<b>-</b>	<b>-</b>
Less: Impairment allowances	-	-
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>



**Narayani Development Bank Limited**  
**Notes to Financial Statements**

**4.10.1: Investment in quoted subsidiaries**

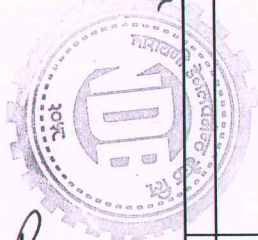
	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
.....Ltd.				
..... shares of Rs. .... each				
.....Ltd.				
..... shares of Rs. .... each				
.....				
<b>Total</b>			-	-

**4.10.2: Investment in unquoted subsidiaries**

	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
.....Ltd.				
..... shares of Rs. .... each				
.....Ltd.				
..... shares of Rs. .... each				
.....				
<b>Total</b>			-	-

**4.10.3: Information relating to subsidiaries of the Bank**

	Current Year		Percentage of ownership held by the Bank	
	Cost	Fair Value	Current Year	Previous Year
.....Ltd.				
.....Ltd.				
.....Ltd.				
.....Ltd.				
<b>Total</b>			-	-



B-L

Yashraj

Pandey

AX

20/11/17





**Narayani Development Bank Limited**  
**Notes to Financial Statements**

**4.10.4: Non controlling interest of the subsidiaries**

Particulars	Current Year	Previous Year ... Ltd.
Equity interest held by NCI (%)		
Profit/(loss) allocated during the year		
Accumulated balances of NCI as on Asar end		
Dividend paid to NCI		
Particulars	Current Year	Previous Year ... Ltd.
Equity interest held by NCI (%)		
Profit/(loss) allocated during the year		
Accumulated balances of NCI as on Asar end		
Dividend paid to NCI		
Particulars	Current Year	Previous Year ... Ltd.
Equity interest held by NCI (%)		
Profit/(loss) allocated during the year		
Accumulated balances of NCI as on Asar end		
Dividend paid to NCI		

**4.11 Investment in associates**

Particulars	Current Year	Previous Year
Investment in quoted associates		
Investment in unquoted associates		
<b>Total investment</b>		-
Less: Impairment allowances		
<b>Net carrying amount</b>	-	-












**Narayani Development Bank Limited**  
Notes to Financial Statements

**4.11.1: Investment in quoted associates**

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
<b>Total</b>			-	-

**4.11.2: Investment in unquoted associates**

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
<b>Total</b>			-	-

**4.11.3: Information relating to associates of the Bank**

Particulars	Current Year		Percentage of ownership held by the Bank	
	Cost	Fair Value	Current Year	Previous Year
<b>Total</b>			-	-

**4.11.4: Equity value of associates**

Particulars	Current Year	Previous Year

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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

**4.12 Investment properties**

Particulars	Current Year	Previous Year
<b>Investment properties measured at fair value</b>		
Balance as on Sawan 1, .....		
Addition/disposal during the year		
Net changes in fair value during the year		
Adjustment/transfer		
<b>Net amount</b>		
<b>Investment properties measured at cost</b>		
Balance as on Sawan 1		
Addition during the year	14,281,137	
Disposal during the year		
Adjustment/transfer		
Accumulated depreciation		
Accumulated impairment loss		
<b>Net amount</b>	<b>14,281,137</b>	
<b>Total</b>	<b>14,281,137</b>	

**Note 4.12.1: Investment property comprise the following**

Own Land		
Non-Banking Assets	14,281,137	
<b>Total</b>	<b>14,281,137</b>	

**Note 4.12.2: Details of Non Banking Assets:**

Borrower's or Party's Name & Address	Current Year	Previous Year
Raj Kumar Mahato	2,639,637	
Kalika Krishi Machhapalan Tatha Pashupanchi Farm	4,841,500	
Shila Fancy And Cosmetic	6,800,000	
<b>Total</b>	<b>14,281,137</b>	

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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

**Borrowing**

**4.21**

Particulars	Current Year	Previous Year
Domestic Borrowing	-	-
Nepal Government	-	-
Other Institutions	-	-
Other	-	-
<b>Sub total</b>	-	-
Foreign Borrowing	-	-
Foreign Bank and Financial Institutions	-	-
Multilateral Development Banks	-	-
Other Institutions	-	-
<b>Sub total</b>	-	-
<b>Total</b>	-	-

**Provisions**

**4.22**

Particulars	Current Year	Previous Year
Provisions for redundancy	-	-
Provision for restructuring	-	-
Pending legal issues and tax litigation	-	-
Onerous contracts	-	-
Other	-	864,450
<b>Total</b>	-	<b>864,450</b>

**4.22.1: Movement in provision**

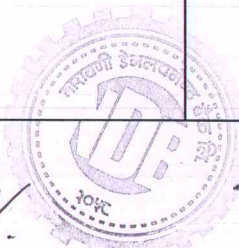
Particulars	Current Year	Previous Year
Balance at Sawan 1	864,450	562,240
Provisions made during the year	-	302,210
Provisions used during the year	(864,450)	-
Provisions reversed during the year	-	-
Unwind of discount	-	-
<b>Balance at Asar end</b>	-	<b>864,450</b>

Provision has been made for the payable amount to internal audit fee and statutory audit fee for FY 2079.80 for an amount of NRs. 158,200 and NRs. 706,250 which is paid during the FY 2080.81 and the same provision is winded up.

**Other liabilities**

**4.23**

Particulars	Current Year	Previous Year
Liability for employees defined benefit obligation	2,650,850	2,456,040
Liability for long-service leave	1,569,003	2,189,190
Short-term employee benefits	108,080	-
Staff Welfare Fund	1,380,870	1,380,870
Bills payable	-	-
Creditors and accruals	18,615,498	21,146,734
Interest payable on deposit	339,623	213,364
Interest payable on borrowing	-	-



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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

Liabilities on deferred grant income	-	-
Unpaid Dividend	-	-
Lease Liabilities under NFRS 16	19,160,379	15,173,949
Lease Liabilities under NAS 17	141,149	141,149
Employee bonus payable	-	-
Other	2,744,960	880,781
<b>Total</b>	<b>46,710,411</b>	<b>43,582,077</b>

Under Other consists of amount of NRs. 2,055,224.22 which is the interest suspense of Assets booked under Non Banking Assets which shall be realised as interest income once the assets is realised by the Bank.

**4.23.1: Defined benefit obligations**

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

Particulars	Current Year	Previous Year
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	Current Year	Previous Year
Equity securities	-	-
Government bonds	-	-
Bank deposit	-	-
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

Particulars	Current Year	Previous Year
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**

Particulars	Current Year	Previous Year
Fair value of plan assets at Sawan 1	-	-
Contributions paid into the plan	-	-
Benefits paid during the year	-	-
Actuarial (losses) gains	-	-



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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

Expected return on plan assets	-	-
Fair value of plan assets at Asar end	-	-

**4.23.5: Amount recognized in profit or loss**

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

**4.23.6: Amount recognized in other comprehensive income**

Particulars	Current Year	Previous Year
Actuarial (gain)/loss	-	-
<b>Total</b>	-	-

**4.23.7: Actuarial assumptions**

Particulars	Current Year	Previous Year
Discount rate	-	-
Expected return on plan asset	-	-
Future salary increase	-	-
Withdrawal rate	-	-

**Debt securities issued**

**4.24**

Particulars	Current Year	Previous Year
Debt securities issued designated as at fair value through profit or loss	-	-
Debt securities issued at amortized cost	-	-
<b>Total</b>	-	-

**Subordinated Liabilities**

**4.25**

Particulars	Current Year	Previous Year
Redeemable preference shares	-	-
Irredeemable cumulative preference shares	-	-
Other	-	-
<b>Total</b>	-	-

**Share capital**

**4.26**

Particulars	Current Year	Previous Year
Ordinary shares	262,467,600	262,467,600
Convertible preference shares (equity component)	-	-
Irredeemable preference shares (equity component)	-	-
Perpetual debt (equity component only)	-	-
<b>Total</b>	<b>262,467,600</b>	<b>262,467,600</b>

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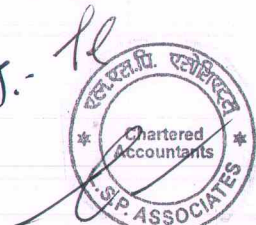
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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

**4.26.1: Ordinary shares**

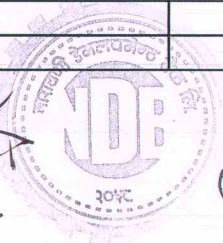
Particulars	Current Year	Previous Year
Authorized Capital 5,300,000 Ordinary share of Rs. 100 each	530,000,000	530,000,000
Issued capital 26,24,676 Ordinary share of Rs. 100 each	262,467,600	262,467,600
13,12,338 Ordinary share of Rs. 100 each		
Subscribed and paid up capital 26,24,676 Ordinary share of Rs. 100 each	262,467,600	262,467,600
13,12,338 Ordinary share of Rs. 100 each		
<b>Total</b>	<b>262,467,600</b>	<b>262,467,600</b>

Regulatory capital for the related years are:

Reconciliation of no. of equity shares	Current Year	Previous Year
Opening	2,624,676	2,624,676
Add: issued during the year	-	-
<b>Closing</b>	<b>2,624,676</b>	<b>2,624,676</b>

The shareholders holding 0.5% or more of total paid up capital As at 31.03.2081 are as follows:

Name of Shareholders	No. of Shares	Percentage Holding
Ropa Investment Pvt. Ltd	259,522	9.89%
Anita Shrestha	196,880	7.50%
Arjun Kumar Pokhrel	195,692	7.46%
Uttam Prasad Dwa	105,000	4.00%
Anju Devi Shrestha	94,335	3.59%
Ramkishan Gotame	94,335	3.59%
Ambi Ratna Shakya	84,450	3.22%
Nabaraj Bajgain	80,000	3.05%
Jamuna Krishna Tamrakar	65,628	2.50%
Hema Kumari Lohani	50,042	1.91%
Dhirendra Mainali	49,222	1.88%
Alpana Shrestha	47,261	1.80%
Tek Nath Bhattarai	33,723	1.28%
Rajesh Kumar Karmacharya	32,814	1.25%
Sunil Shrestha	32,814	1.25%
Yashoda Adhikari	30,000	1.14%
Hari Bahadur Bhandari	28,000	1.07%
Tek Nath Dhakal	26,000	0.99%
Tirtha Ram Shrestha	25,431	0.97%
Gopal Prasad Dahal	25,000	0.95%
Rekha Bhattarai	25,000	0.95%
Sujan Duwadi	24,000	0.91%
Deepak Dhital	23,126	0.88%
Krishna Murari Lamichhane	22,814	0.87%
Gopal Karmacharya	19,690	0.75%



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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

Shova Mishra	18,998	0.72%
Prakash Pant	16,626	0.63%
Bijay Bahadur Bajracharya	13,126	0.50%
Hari Bahadur Hamal	13,126	0.50%

**4.26.2: Ordinary share ownership**

Particulars	Current Year		Previous Year	
	Percent	No. of Shares	Percent	No. of Shares
<b>Domestic ownership</b>				
Nepal Government	-	-	-	-
"A" class licensed institutions	-	-	-	-
Other licensed institutions	-	-	-	-
Other Institutions	-	-	-	-
Public	30%	787,613	-	787,613
Other	70%	1,837,063	30%	1,837,063
<b>Foreign ownership</b>	-	-	70%	-
<b>Total</b>	<b>100%</b>	<b>2,624,676</b>	<b>100%</b>	<b>2,624,676</b>

**4.27 Reserves**

Particulars	Current Year	Previous Year
Statutory general reserve	108,174,262	108,174,262
Exchange equalization reserve	-	-
Corporate social responsibility reserve	4,399	9,399
Capital adjustment reserve	40,145,045	10,346,145
Regulatory reserve	49,042,711	42,837,432
Investment adjustment reserve	-	-
Capital reserve	-	-
Assets revaluation reserve	-	-
Fair value reserve	(976,931)	(785,092)
Dividend equalization reserve	-	-
Actuarial gain	-	-
Special reserve	-	-
Other Reserves	545,989	296,288
<b>Total</b>	<b>196,935,475</b>	<b>160,878,435</b>

**Movement of all reserves is presented below:**

**Statutory General Reserve**

General Reserve shall be maintained as per the regulatory requirements as stated by Bank & Financial Institutions Act, 2073. Bank is required to set aside 20% of the net profit until the reserve is twice of the paid up capital and thereafter 10% of the net profit.

**Corporate Social Responsibility Reserve**

Corporate Social Responsibility reserve of 1% of net profit after tax is maintained as per Nepal Rastra Bank Directive. The balance in the reserve includes unexhausted balance of previous year which shall be utilized CSR objective in the coming years.

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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

In the current year following expenses have been made in CSR.

Particulars	Amount (NRs.)
As on Sawan 1 2080	9,399
Ghumau Bharatpur Abhiyan "Poem Competition"	5,000
Balance as on Asadh end, 2081	4,399

**Details of capital adjustment reserve and other reserves.**

Capital adjustment reserve	Current Year	Previous Year
Calls in Advances	33,583,355	3,784,455
Capital Adjustment Reserves	6,561,690	6,561,690
<b>Total</b>	<b>40,145,045</b>	<b>10,346,145</b>

**Regulatory Reserve**

Regulatory Reserve is created due to the changes in NFRS conversion and adoption with effect in the retained earnings of the bank.

**Regulatory Reserve Comprises of Following**

Particulars	Current Year	Previous Year
Interest Income On NFRS	281,217	2,527,314
Loss on investment	-	-
Provision on NBA	8,997,117	-
Deferred Tax Assets	38,787,446	39,525,027
Fair Value reserve transferred from Retained earnings	976,931	785,092
Bargain gain	-	-
Actuarial Valuation	-	-
Others	-	-
<b>Total</b>	<b>49,042,711</b>	<b>42,837,432</b>

**Fair Value Reserve**

The fair value reserve is created against the valuation of the investment of the bank as per the fair valuation of the investment made.

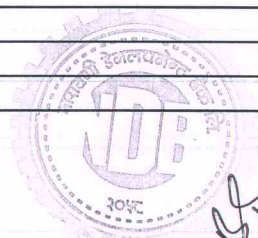
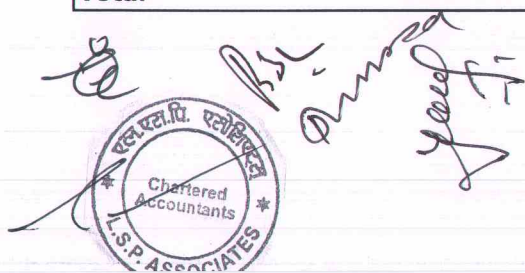
**Fair Value Reserve Comprises of Following**

Particulars	Current Year	Previous Year
Fair Value as on Previous year	(226,994)	(1,270,157)
Fair Value of Investment Securities Disposed	-	1,043,162
Net change in fair value	-	-
<b>Total</b>	<b>(226,994)</b>	<b>(226,994)</b>

**Other Reserves**

Other Reserves includes reserve created for the Employee Training Reserve created as per NRB Directive. The allocation to fund is made for deficit amount which cannot be expensed as training expenses in the current Fiscal year. The balance reserve will be utilised for staff training expenses in the coming years.

Staff Training Fund	Current Year	Previous Year
Opening Balance of the Fund	296,288	296,288
Less: Expenses made during the year	-	-
Add: Addition to the reserves	249,701	-
<b>Total</b>	<b>545,989</b>	<b>296,288</b>



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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

**Staff Training Expenses**

<b>Staff Training Expenses</b>	<b>Current Year</b>
Employee Expenses of Previous FY	18,675,764
3% of employee Expenses	560,273
Training Expenses made during the year	310,572
<b>Excess/(Deficit)</b>	<b>(249,701)</b>

The deficit amount is added to Staff training fund to be utilised in staff training expenses in the coming years.

**Contingent liabilities and commitments**

**4.28**

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Contingent liabilities		-
Undrawn and undisbursed facilities	2,985,075	48,867,616
Capital commitment		-
Lease Commitment	19,301,528	15,315,099
Litigation		-
<b>Total</b>	<b>22,286,603</b>	<b>64,182,715</b>

**4.28.1: Contingent liabilities**

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Acceptance and documentary credit	-	-
Bills for collection	-	-
Forward exchange contracts	-	-
Guarantees	-	-
Underwriting commitment	-	-
Other commitments	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4.28.2: Undrawn and undisbursed facilities**

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Undisbursed amount of loans		-
Undrawn limits of overdrafts	2,985,075	48,867,616
Undrawn limits of credit cards		-
Undrawn limits of letter of credit		-
Undrawn limits of guarantee		-
<b>Total</b>	<b>2,985,075</b>	<b>48,867,616</b>

**4.28.3: Capital commitments**

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

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
<b>Capital commitments in relation to Property and Equipment</b>		
Approved and contracted for	-	-

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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

Approved but not contracted for	-	-
<b>Sub total</b>	-	-
<b>Capital commitments in relation to Intangible assets</b>		
Approved and contracted for	-	-
Approved but not contracted for	-	-
<b>Sub total</b>	-	-
<b>Total</b>	-	-

**4.28.4: Lease commitments**

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The right-of-use asset is subsequently depreciated using the straight-line method

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted the Bank's Cost of fund.

Particulars	Current Year	Previous Year
<b>a. Lease liabilities included in the statement of Financial Position</b>		
Current	2,668,487	2,944,830
Non-Current	16,491,891	12,229,120
<b>Total Lease Liabilities</b>	<b>19,160,379</b>	<b>15,173,949</b>
<b>b. Reconciliation of Right of Use Assets</b>		
<b>Right of Use Assets (ROU)</b>		
ROU as on Shrawan 1st	14,360,205	13,336,261
Addition during the year	6,624,677	7,197,960
Disposal during the year	-	(4,149,987)
Depreciation	(3,474,867)	(2,839,204)
Other Adjustments made	-	815,176
<b>Sub total</b>	<b>17,510,015</b>	<b>14,360,205</b>
<b>c. Reconciliation of Lease Liabilities</b>		
<b>Opening Lease Liabilities 1st Shrawan</b>	<b>15,173,949</b>	<b>13,934,075</b>
Addition during the year	<b>6,624,677</b>	<b>7,197,960</b>
Disposal during the year	-	<b>(3,603,120)</b>
Interest	<b>1,411,098</b>	<b>1,177,489</b>
<b>Lease payment made</b>	<b>(4,049,346)</b>	<b>(3,449,340)</b>
<b>Other Adjustments made</b>	-	<b>(83,114)</b>
<b>Subtotal</b>	<b>19,160,379</b>	<b>15,173,949</b>
<b>Grand total</b>	<b>19,160,379</b>	<b>15,173,949</b>

**4.28.5: Litigation**

Bank have the following litigations pending the decision.

- 1) Krishna Bhakta Dhuru
- 2) Hacking Case

The Bank doesn't have any other litigation except the cases in the ordinary course of business. The Bank doesn't anticipate any additional Financial Liability in these pending lawsuits.



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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

**Interest income**

**4.29**

Particulars	Current Year	Previous Year
Cash and cash equivalent	-	-
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	2,717,187	2,313,351
Loan and advances to bank and financial institutions	-	-
Loans and advances to customers	50,909,478	69,315,276
Investment securities	155,200	155,200
Loan and advances to staff	20,547	38,281
Other	-	-
<b>Total interest income</b>	<b>53,802,411</b>	<b>71,822,108</b>

**Disclosure:**

Interest income is recognized for all items on accrual basis as per the fair presentation framework of NFRS. Interest accrual till Asadh 2081 which is received till Shrawan 2081 is taken as Interest Income which amounts to NRs. Interest accrual on default party is not recognized as per the guidelines issued by Nepal Rastra Bank. Hence considering the materiality of the transaction cost with respect to the tenure of the loan interest rate charged to customer is considered as effective interest rate to calculate the interest on loans and advances.

**Refer Note 13(a) for interest income recognition**

**Interest expense**

**4.30**

Particulars	Current Year	Previous Year
Due to bank and financial institutions	21,675,147	1,871,115
Due to Nepal Rastra Bank	-	-
Deposits from customers	25,135,756	44,574,414
Borrowing	-	-
Debt securities issued	-	-
Subordinated liabilities	-	-
Other	-	-
<b>Total interest expense</b>	<b>46,810,903</b>	<b>46,445,529</b>

Interest Expenses on all financial liabilities including deposits are recognised in profit or loss using Effective Interest Rate Method.

**Fees and Commission Income**

**4.31**

Particulars	Current Year	Previous Year
Loan administration fees	-	-
Service fees	111,500	2,781,100
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	142,734	331,990
Commission on letter of credit	-	-
Commission on guarantee contracts issued	-	-
Commission on share underwriting/issue	-	-
Locker rental	-	-



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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

Other fees and commission income	4,099,843	220,161
<b>Total fees and Commission Income</b>	<b>4,354,077</b>	<b>3,333,251</b>

Fees & Commission Income are generally recognised on an accrual basis when the service has been provided or significant act is performed. Service Income on Loan is recognised by the bank as and when received and is not deferred with tenure of loan.

**Fees and commission expense**

4.32

Particulars	Current Year	Previous Year
ATM management fees	-	-
VISA/Master card fees	-	-
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees	-	-
Remittance fees and commission	-	-
Other fees and commission expense	350	19,189
<b>Total fees and Commission Expense</b>	<b>350</b>	<b>19,189</b>

**Net trading income**

4.33

Particulars	Current Year	Previous Year
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	-	-
<b>Net trading income</b>	<b>-</b>	<b>-</b>

**Other operating income**

4.34



Particulars	Current Year	Previous Year
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	2,288,271	-
Gain/loss on sale of property and equipment	10,038	1,452
Gain/loss on sale of investment property	-	-
Operating lease income	-	-
Gain/loss on sale of gold and silver	-	-
Locker rent	-	-
Other	-	-
<b>Total</b>	<b>2,298,309</b>	<b>1,013,827</b>





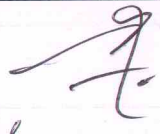

Other Operating Income includes profit/(loss) on sale of Property, Plant & Equipment under the ownership of the bank and dividend amount received on the equity instruments available for sale.

**Impairment charge/(reversal) for loan and other losses**

4.35

Particulars	Current Year	Previous Year
Impairment charge/(reversal) on loan and advances to B/FIs	-	(21)

**Narayani Development Bank Limited**  
**Notes to Financial Statements**

Impairment charge/(reversal) on loan and advances to customer	1,722,659	85,207,828
Impairment charge/(reversal) on financial Investment	-	-
Impairment charge/(reversal) on placement with banks and	-	-
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	(20,368,926)	(4,828,501)
<b>Total</b>	<b>(18,646,267)</b>	<b>80,379,306</b>

The impairment charge has been created for the additional impairment loss booked by the Bank which is higher of the impairment as per NRB directive and Incurred Loss Model.

The reversal of impairment charge on other assets amounting to NRs. 20,368,926 is the provision created on the Bank Balance receivables from the Crystal Finance Ltd. Which has been realised in the FY 2080.81.

**Personnel Expense**

**4.36**

Particulars	Current Year	Previous Year
Salary	8,935,148	9,002,880
Allowances	10,305,315	9,672,883
Gratuity expense	-	-
Provident fund	618,452	606,621
Uniform	-	580,000
Training & development expense	310,572	447,305
Leave encashment	793,070	865,659
Medical	96,986	-
Insurance	-	-
Employees incentive	-	-
Cash-settled share-based payments	-	-
Contribution To Employee Pension Fund	-	-
Finance expense under NFRS	-	-
Other expenses related to staff	-	2,500
<b>Subtotal</b>	<b>21,059,543</b>	<b>21,177,848</b>
Employees bonus	-	-
<b>Grand total</b>	<b>21,059,543</b>	<b>21,177,848</b>

Provision for staff bonus is a mandatory requirement under the requirement of the Bonus Act, 2074.

All expenses related to employees of a bank has been included under this head. Expenses covered under this head include employees' salary, allowances, pension, gratuity, contribution to provident fund, training expenses, uniform expenses, insurance, staff bonus, finance expense under NFRS, etc. Staff Loans are fair valued using the market rates.

**Other operating expense**

**4.37**

Particulars	Current Year	Previous Year
Directors' fee	785,000	953,000
Directors' expense	408,770	872,946
Auditors' remuneration	519,800	557,350
Other audit related expense	169,993	132,750
Professional and legal expense	114,000	399,200
Office administration expense	14,654,111	16,465,802






**Narayani Development Bank Limited**  
**Notes to Financial Statements**

Operating lease expense	-	-
Operating expense of investment properties	-	-
Corporate social responsibility expense	-	-
Finance cost under lease NFRS 16	1,411,098	1,177,489
Onerous lease provisions	-	-
Technical support Expenses	-	542,960
<b>Total</b>	<b>18,062,772</b>	<b>21,101,497</b>

All operating expenses except Employee Personnel expenses are recognised and presented under this head. The details of the office administration expenses is presented below:

<b>Office administration expenses include the following:</b>	<b>Current Year</b>	<b>Previous Year</b>
Water and electricity	1,177,775	1,157,296
<b>Repair and maintenance</b>		
Leasehold assets	16,605	-
Vehicles	190,035	222,461
Computer and accessories	79,991	134,001
Office equipment and furniture	79,015	283,801
Others	13,312	84,068
Insurance	134,497	472,668
Postage, telex, telephone , fax	100,364	125,194
Printing and stationery	501,925	751,958
Newspaper, books and journal	4,830	45,325
Advertisement	546,146	693,102
Donation	-	25,000
COVID Expenses	-	-
Security	3,531,770	2,957,380
Deposit and loan guarantee premium	233,694	49,387
Travel allowance and expense	387,791	615,388
Entertainment	28,590	182,903
Annual/special general meeting	742,709	555,461
Fuel Expenses	882,114	976,485
Other	3,442,592	5,863,543
Registration Fees And Charges	2,503,200	1,227,230
NCHL and CIC Expenses	57,155	43,153
<b>Total</b>	<b>14,654,111</b>	<b>16,465,802</b>

**Disclosure:**

<b>Other expenses include the following:</b>	<b>Amount (Rs.)</b>	<b>Amount (Rs.)</b>
Amortization of Share Issue Exp.	50,000	286,591
Business Promotion Expenses	33,735	265,839
Business Exhibition Expenses	-	71,190
Annual Maintenance Contact Exp.	372,406	332,128
Antivirus Expenses	67,800	74,580
Anniversary Expenses	8,700	53,875
Connectivity Expenses	-	27,955
Internet Expenses	176,280	176,280
Intranet Expenses	523,752	449,966
Branch Opening Expenses	-	26,642





**Narayani Development Bank Limited**  
**Notes to Financial Statements**

Vehicle Tax Expenses	82,035	72,600
Website Design & Dev. Expenses	-	84,750
Sub-Committee Meeting Allowances	120,000	249,520
Bod Secretarial Expenses	7,500	48,000
<b>Other Expenses</b>		
Kitchen	157,452	306,442
Cleaning And Sanitation	46,831	90,944
Small Accessories	32,606	127,717
Cib Report Expenses	5,400	-
Bank Charges	5,316	7,108
Meeting Expenses	37,650	3,755
Internship Expenses	9,600	48,800
Gift And Souvenir	4,095	10,195
Vehicle Parking Expense	250	1,280
Auction Allowance Exp.	-	-
Consultant Fee	67,800	-
Office Exp	151,953	621,665
Festival Expenses	82,095	-
Fine & Penalties	504,330	2,404,800
Misc. Expenses	111,321	20,920
Other Local Tax Expenses	213,750	-
Right Share Expenses	569,935	-
<b>Total</b>	<b>3,442,592</b>	<b>5,863,543</b>

**Depreciation & Amortization**

**4.38**

Particulars	Current Year	Previous Year
Depreciation on property and equipment	7,479,337	9,716,207
Depreciation on investment property	-	-
Amortization of intangible assets	2,668,545	786,332
<b>Total</b>	<b>10,147,882</b>	<b>10,502,538</b>

Depreciation is calculated by using the written down value method on cost or valuation of the Property & Equipment other than freehold land and leasehold properties. Depreciation on leasehold properties is calculated by using the straight line method on cost or valuation of the property. Intangible asset contains software which has been amortized over 5 years.

**Non operating income**

**4.39**

Particulars	Current Year	Previous Year
Recovery of loan written off	-	-
Bargain gain on acquisition	-	-
Loan write off	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

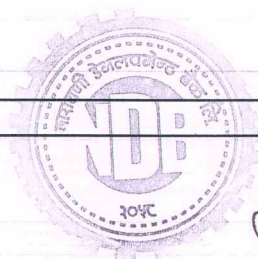
**Non operating expense**

**4.40**

Particulars	Current Year	Previous Year
Loan written off	-	-
Redundancy provision	-	-
Expense of restructuring	-	-
Other expense	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**Narayani Development Bank Limited**  
**Notes to Financial Statements**





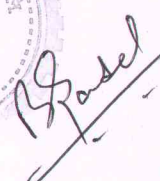
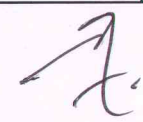
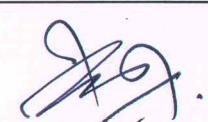
**Income tax expense**


**4.41**

Particulars	Current Year	Previous Year
<b>Current tax expense</b>		-
Current year	-	-
Adjustments for prior years	-	-
<b>Deferred tax expense</b>		<b>25,355,998</b>
Origination and reversal of temporary differences	-	25,355,998
Changes in tax rate	-	-
Recognition of previously unrecognized tax losses	-	-
<b>Total income tax expense</b>	<b>-</b>	<b>25,355,998</b>

**4.41.1: Reconciliation of tax expense and accounting profit**

Current Year	Current Year	Previous Year
<b>Profit before tax</b>	<b>(16,980,386)</b>	<b>(103,456,721)</b>
Tax amount at tax rate of 30%	(5,094,116)	(31,037,016)
Add: Tax effect of expenses that are not deductible for tax	-	-
Less: Tax effect on exempt income	-	-
Add/less: Tax effect on other items	-	-
Total income tax expense	(5,094,116)	(31,037,016)
<b>Effective tax rate</b>	<b>30%</b>	<b>30%</b>



**Narayani Development Bank Limited**  
**Statement of Distributable Profit or Loss**  
**For the year ended Asar 31st, 2081**

Particulars	Current Year	Previous Year
<b>Net profit or (loss) as per statement of profit or loss</b>	<b>(17,800,183)</b>	<b>(78,100,723)</b>
<b>Appropriations:</b>		
a. General reserve	-	-
b. Foreign exchange fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	-	-
e. Employees' training fund	(249,701)	-
f. Other	-	-
<b>Profit or (loss) before regulatory adjustment</b>	<b>(18,049,884)</b>	<b>(78,100,723)</b>
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	2,246,097	(2,162,432)
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 (+)	(8,997,117)	-
e. Deferred tax assets recognized (-)/ reversal (+)	737,580	(25,595,183)
f. Goodwill recognized (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognized (-)/reversal (+)	-	-
h. Actuarial loss recognized (-)/reversal (+)	-	-
i. Other (+/-) Fair Value Gain/(Loss)	(191,839)	766,889
<b>Net Profit for the year ended Asar 31st, 2081 available for distribution</b>	<b>(24,255,162)</b>	<b>(105,091,449)</b>
<b>Opening Retained Earning as on Sawan 1st 2080</b>	<b>(387,783,472)</b>	<b>(282,016,107)</b>
Adjustment(+/-)	-	-
Prior period items-Lease Adjustments	-	367,246
Fair value of Investment securities disposed	-	(1,043,162)
Reversal of Expenses charged in prior periods	529,656	-
<b>Adjusted Retained earnings as on Sawan 1</b>	<b>(387,253,816)</b>	<b>(282,692,024)</b>
<b>Distribution:</b>		
Bonus Shares Issued	-	-
Cash Dividend Paid	-	-
<b>Total Distributable profit or (loss) as on year date</b>	<b>(411,508,978)</b>	<b>(387,783,472)</b>
Annualised Distributable Profit/(Loss) Per share	(6.88)	(29.76)

**Reversal of Expenses charged in prior periods includes following:**

Personal Nature Expenses reversed by NRB Inspection	400
Personal Nature Expenses reversed by NRB Inspection	2,000
BOD Meeting allowance reversed (27,28,29,29KA,30) by NRB Inspection	21,250
BOD expenses of Director Ganeshman Pradhan reversed by NRB Inspection	11,000
Lodging and Fooding expenses reversed by NRB Inspection	100,409
	<b>135,059</b>
Write back of Provision made for IBT	394,597
<b>Total</b>	<b>529,656</b>

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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

**5 Disclosure and Additional Information**

**5.1 Financial Risk Management**

**Introduction and Overview**

Risk is inherent in the Bank's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is mainly exposed to;

- 1) Credit Risk
- 2) Liquidity Risk
- 3) Market Risk
- 4) Operational Risk
- 5) Information Technology Risk
- 6) Other Risk

**a) Credit Risk**

Risk is an inherent aspect of business operations and is a key driver of revenue generation. For banks, effective risk management aims to strike a balance between risk and return to achieve the best possible risk-adjusted return on capital. While maintaining a reasonable return is crucial for business sustainability, chasing excessive risk for higher rewards can jeopardize the business. Hence, effective risk management is critical for achieving long-term success.

Bank has implemented a rigorous risk management framework, supported by policies and processes that have been approved by the Board of Directors. This framework ensures that risks are independently identified, measured, and managed across all areas of banking operations.

In line with NRB directives, the bank has established a Board-level Risk Management Committee responsible for overseeing and ensuring that the bank's risk appetite aligns with its policies. The Chief Risk Officer (CRO) acts as the secretary of this committee, diligently monitoring and reporting on credit-related risks during committee meetings.

**b) Market Risk**

Market risk refers to the possibility that the value or future cash flows of financial instruments might change due to fluctuations in market variables such as interest rates, foreign exchange rates, commodity prices, and equity prices. The Bank categorizes its market risk exposures into trading and non-trading portfolios, managing each type separately with a dedicated market risk management policy.

Market risks are reviewed by the Asset Liability Management Committee (ALCO) and also discussed. Quarterly reports on these aspects are extensively reviewed by the ALCO, which ensures that operations align with established policies and procedures. The committee also recommends actions to address risks related to interest rate changes, exchange rate fluctuations, and equity price movements.

**c) Liquidity Risk**

Liquidity risk involves the potential challenge the Bank might face in fulfilling its financial commitments, which require cash or other financial assets. This risk means that the Bank might struggle to meet its payment obligations both under normal conditions and in times of stress. To mitigate this risk, the Bank has diversified its funding sources beyond its core deposit base and follows a policy of managing assets with liquidity considerations in mind. Daily monitoring of future cash flows and liquidity is also part of this approach.

The Bank monitors its liquidity through the Asset Liability Management Committee (ALCO), which reviews and discusses the quarterly Statutory Liquidity Ratio (SLR) report.

To prepare for unforeseen cash flow disruptions, the Bank maintains a portfolio of highly marketable and diverse assets that are expected to be easily liquidated. Additionally, it has committed lines of credit to address liquidity needs. The Bank also holds a statutory deposit with the Nepal Rastra Bank, approximately 7.68% of customer local deposits. As part of its policy, the Bank evaluates and manages its liquidity position under various scenarios, including stress factors both general to the market and specific to the Bank. A key aspect of this management is maintaining the required ratio of liquid assets to liabilities to meet regulatory requirements. Liquid assets include cash, short-term bank deposits, and readily sellable liquid debt securities.

SLR for the month of Asadh 2081 is 50.12%.

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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

**5 Disclosure and Additional Information**

**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.

To manage operational risk effectively, the Bank focuses on minimizing losses and customer dissatisfaction due to process failures. This includes scrutinizing product flows and design vulnerabilities that could lead to fraud, analyzing the impacts of technological failures, and developing contingency plans to address external shocks that might disrupt the Bank's operations.

The Branches are dedicated for overseeing operational risk, including compliance with Know Your Customer (KYC) and Anti-Money Laundering (AML) regulations. Branches report directly to the Compliance or Operation Department. The personnel from the department has, has full access to daily reports, operational processes, and the authority to recommend changes. The sub department employee report to the head of this department or Chief Risk Officer or Compliance Officer. The Bank uses Operation Manuals for all its business activities, ensuring operations adhere to these manuals, policies, guidelines, and directives from the central bank. Daily operational functions are reported through a separate line to maintain independence.

Processes are periodically reviewed to address any deficiencies and improve accuracy. Centralizing functions such as Credit approval, bill payments, and loan disbursement helps minimize errors due to staff inexperience. Public awareness of the Bank's services and products is maintained through notices on the website, in branches, or through other publications. New staff members receive orientation and are supervised by experienced colleagues until they acquire the necessary skills.

Skill development programs are conducted regularly, with staff receiving opportunities for training, seminars, and workshops. Knowledge sharing is encouraged, allowing trained staff to share insights with peers.

**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.

The Core Banking System (CBS) is another area of concern, with growing external threats. The Information and Technology Division reviews and ensures the security aspects align with the Bank's IT Policy.

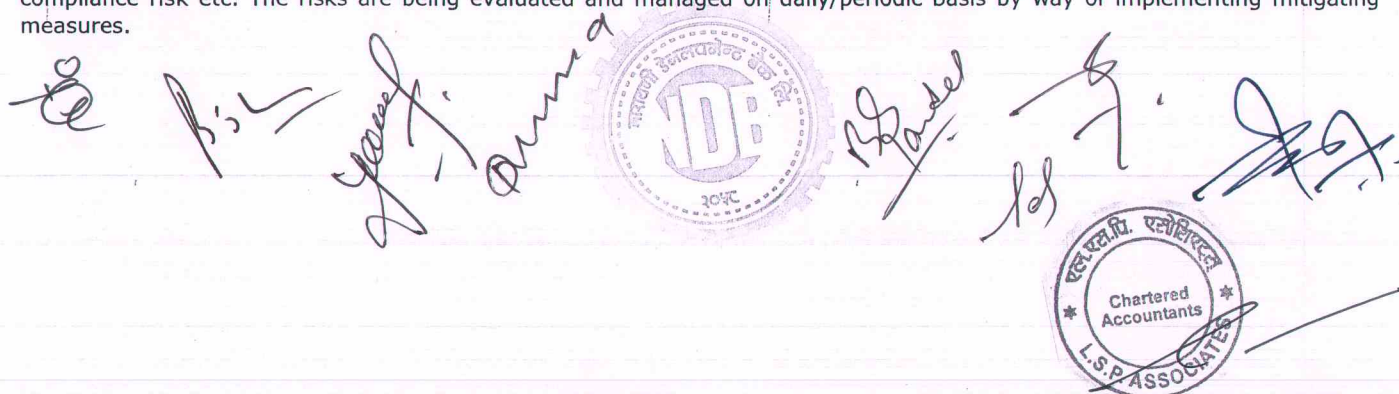
The Bank has not conducted an Information System Audit to date. However, it has introduced a comprehensive operational risk monitoring and reporting framework and has implemented measures such as daily transaction checks at all branches to mitigate operational risks.

In operations, a maker-checker concept is employed, requiring that transactions be reviewed by two individuals to capture any deviations. The Bank also maintains an online replication Disaster Recovery Site (DRS), which captures transaction records from the Production Server. Both the Production Server and the DRS are housed in secure, shock-resistant buildings. Periodic drills test the functionality of the DRS.

Each desktop is equipped with an E-scan Antivirus Software to prevent unauthorized data transfer or import, ensuring data security. Periodic backups of individual desktop data are stored at the data center to facilitate data recovery if needed.

**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.

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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

**5 Disclosure and Additional Information**

**Risk Management Framework**

The Board of Directors is ultimately responsible for creating and overseeing the Bank's risk management framework. The Chief Risk Officer (CRO) and their team handle the Bank's overall risk management, which involves identifying, assessing, monitoring, and mitigating various business risks—both global and local—that could impact the Bank's objectives and operations. This role also ensures that the Bank adheres to internal policies and external regulations, including legal and contractual obligations, on an ongoing basis. Additionally, the CRO integrates major risks into the capital assessment process. The Bank's risk management policies are designed to identify and evaluate potential risks, establish appropriate limits and controls, and ensure compliance with these limits. These policies and systems are reviewed annually to adapt to changes in market conditions and the Bank's offerings. Through rigorous training and adherence to management standards, the Bank maintains a structured and effective control environment, clearly defining the roles and responsibilities of all employees. The risk management framework is illustrated below



**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 2081**

Particulars	Classification	Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Cash and cash equivalent				264,049,666
Due from Nepal Rastra Bank	AC			48,488,766
Loans and advances to BFI	AC			-
Loans and advances to customers	AC			264,397,015
Investment securities				
Quoted shares	FVOCI	-		43,427,610
Unquoted shares	FVOCI			-
Other Investment	AC			-
<b>Total Financial Assets</b>		-	-	<b>620,363,057</b>
<b>Financial Liabilities</b>				
Due to Bank and Financial Institutions	AC			-
Due to Nepal Rastra Bank	AC			-
Deposits from customers	AC			631,521,022
Borrowing	AC			-
Other Liabilities	AC			46,710,411
<b>Total Financial Liabilities</b>		-	-	<b>678,231,433</b>



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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

**5 Disclosure and Additional Information**

**As at 31 Ashad 2079**

Particulars	Classification	Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Cash and cash equivalent				128,200,835
Due from Nepal Rastra Bank	AC			40,879,280
Loans and BFI	AC			-
Loans and advances to customers	AC			410,294,367
Investment securities				
Quoted shares	FVOCI	-		43,427,610
Unquoted shares	FVOCI			-
Other Investment	AC			-
<b>Total Financial Assets</b>		-	-	<b>622,802,091</b>
<b>Financial Liabilities</b>				
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			43,582,077
<b>Total Financial Liabilities</b>		-	-	<b>676,395,225</b>

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

**5.3 Capital Management**

**5.3.1 Principle and Objective**

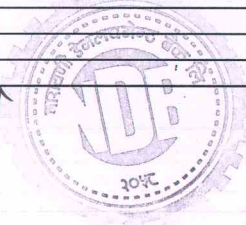
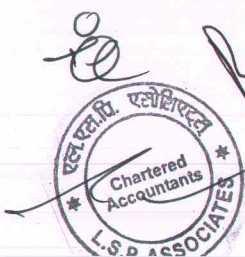
The principle of capital management of the Bank is to maintain strong capital base, meet the regulatory requirements and ensure reasonable return on capital to its shareholders. The Bank is in the process to issue additional share capital to meet the capital requirements.

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

**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 31.03.2081	As at 31.03.2080
<b>1.1 Risk Weighted Exposure (RWE)</b>		
RWE for Credit Risk	436,733,559	524,191,826
RWE for Operational Risk	22,497,883	7,049,669
RWE for Market Risk	-	-
<b>Total RWE before adjustment under Pillar II</b>	<b>459,231,442</b>	<b>531,241,495</b>
<b>Adjustments under Pillar II</b>		
SRP 6.4a (5) ALM policies & practices are not satisfactory, add 1% of net interest income to RWE	253,766	-
SRP 6.4a (7) Add RWE equivalent to reciprocal of capital charge of 4 % of gross income.	1,188,179	2,285,076
SRP 6.4a (9) Overall risk management policies and procedures are not satisfactory. Add 4% of RWE	18,369,258	21,249,660
SRP 6.4a (10) Desired level of disclosure requirement has not been achieved. Add 2% of RWE	-	10,624,830
<b>Total RWE</b>	<b>479,042,644</b>	<b>565,401,060</b>
<b>1.2 Capital</b>		
<b>A. Core Capital (Tier I)</b>	<b>8,809,368</b>	<b>17,830,900</b>
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	33,583,355	3,784,455
Statutory General Reserves	108,174,262	108,174,262
Retained Earnings	(411,508,978)	(388,140,718)
Un-audited current year cumulative profit/(loss)	-	-
Capital Redemption Reserve	-	-
Capital Adjustment Reserve	6,561,690	21,443,927



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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

**5 Disclosure and Additional Information**

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	(569,935)	-
<b>Adjustments under Pillar II</b>		
<b>B. Supplementary Capital (Tier II)</b>	<b>3,657,433</b>	<b>8,642,914</b>
Cumulative and/or Redeemable Preference Share	-	-
Subordinated Term Debt	-	-
Hybrid Capital Instruments	-	-
General Loan Loss Provision	3,657,433	8,642,914
Exchange Equalization Reserve	-	-
Investment Adjustment Reserve	-	-
Assets Revaluation Reserve	-	-
Other Reserves	-	-
<b>Total Capital Fund (Tier I and Tier II)</b>	<b>12,466,800</b>	<b>26,473,814</b>
<b>1.3 Capital Adequacy Ratio</b>		
<b>Tier I Capital to Total RWE</b>	1.84%	3.15%
<b>Total Capital Fund to Total RWE</b>	2.60%	4.68%

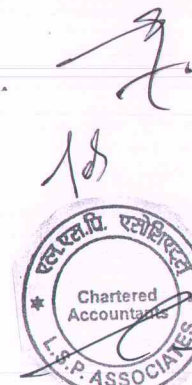
The Bank is currently facing challenges in maintaining the minimum capital adequacy ratio as prescribed by Nepal Rastra Bank (NRB). As of the unaudited financial statements for the period ending Poush 2081, the Bank has reported a Tier II Capital Adequacy Ratio of 1.19%, which is below the required threshold. This shortfall indicates a potential gap in the Bank's capital buffer to absorb unforeseen financial shocks and meet regulatory requirements for stability and solvency.

The Bank is closely monitoring its capital position and has implemented a series of corrective measures aimed at improving the capital adequacy ratio. These measures include (but are not limited to) raising additional capital, optimizing risk-weighted assets, and enhancing operational efficiency to strengthen its capital base and ensure compliance with NRB's regulatory framework.

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### 5.3.3.3 Risk Exposure

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

a) Credit Risk

As on Ashad 31 2081						
Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	
a	b	c	d=a-b-c	e	f=d*e	
Cash Balance	-	-	18,783,923	0%	-	
Balance With Nepal Rastra Bank	-	-	48,488,766	0%	-	
Gold	-	-	-	0%	-	
Investment in Nepalese Government Securities	-	-	4,000,000	0%	-	
All Claims on Government of Nepal	-	-	-	0%	-	
Investment in Nepal Rastra Bank securities	-	-	-	0%	-	
All claims on Nepal Rastra Bank	-	-	2,721,890	0%	-	
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	0%	-	
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	20%	-	
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	50%	-	
Claims on Foreign Government and Central Bank (ECA-4-6)	-	-	-	100%	-	
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	150%	-	
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework	-	-	-	0%	-	
Claims on Other Multilateral Development Banks	-	-	-	100%	-	
Claims on Domestic Public Sector Entities	-	-	-	100%	-	
Claims on Public Sector Entity (ECA 0-1)	-	-	-	20%	-	
Claims on Public Sector Entity (ECA 2)	-	-	-	50%	-	
Claims on Public Sector Entity (ECA 3-6)	-	-	-	100%	-	
Claims on Public Sector Entity (ECA 7)	-	-	-	150%	-	
Claims on domestic banks that meet capital adequacy requirements	-	-	245,265,743	20%	49,053,149	
Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	100%	-	
Claims on foreign bank (ECA Rating 0-1)	-	-	-	20%	-	
Claims on foreign bank (ECA Rating 2)	-	-	-	50%	-	
Claims on foreign bank (ECA Rating 3-6)	-	-	-	100%	-	
Claims on foreign bank (ECA Rating 7)	-	-	-	150%	-	
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	20%	-	
Claims on Domestic Corporates (Credit rating score equivalent to AAA)	-	-	-	80%	-	
Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)	-	-	-	85%	-	
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)	-	-	-	90%	-	


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# Notes to Financial Statements

## 5.3.3 Risk Exposure

Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)	-	-	-	-	-	-
Claims on Domestic Corporates (Unrated)	4,022,078	2,011,039	-	-	2,011,039	100%
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	-	20%
Claims on Foreign Corporates (ECA 2)	-	-	-	-	-	50%
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	-	100%
Claims on Foreign Corporates (ECA 7)	-	-	-	-	-	150%
Regulatory Retail Portfolio (Not Overdue)	55,986,399	-	-	-	55,986,399	75%
Claims fulfilling all criterion of regularity retail except granularity	91,932,219	807,886	-	-	91,124,333	100%
Claims secured by residential properties	16,010,312	-	-	-	16,010,312	60%
Claims not fully secured by residential properties	-	-	-	-	-	150%
Claims secured by residential properties (Overdue)	10,012,103	4,043,692	-	-	5,968,410	100%
Claims secured by Commercial real estate	691,193	-	-	-	691,193	100%
Past due Claims (except for Claims secured by residential properties)	151,756,725	120,674,677	-	-	31,082,048	150%
High Risk Claims	62,885,741	12,016,351	-	-	50,869,390	150%
Real Estate loans for land acquisition and development (Other than mentioned in Capital Adequacy framework 2007-point 3.3(j)(1)(i))	-	-	-	-	-	125%
Lending against Shares (above Rs.5 Million)	-	-	-	-	-	125%
Lending Against Securities (Bonds)	-	-	-	-	-	100%
Lending Against Shares (upto Rs. 5 Million)	-	-	-	-	-	100%
Real Estate loans for land acquisition and development (For institutions/projects registered/licensed and approved by Government of Nepal for land acquisition and development purposes)	-	-	-	-	-	100%
Personal Hirepurchase/Personal Auto Loans	9,771,280	-	-	-	9,771,280	100%
Investments in equity and other capital instruments of institutions listed in stock exchange	47,153,554	-	-	-	47,153,554	100%
Investments in equity and other capital instruments of institutions not listed in the stock exchange	-	-	-	-	-	150%
Staff loan secured by residential property	-	-	-	-	-	50%
Interest Receivable/claim on government securities	-	-	-	-	-	0%
Cash in transit and other cash items in the process of collection	-	-	-	-	-	20%
Other Assets (as per attachment)	73,350,458	17,510,015	-	-	55,840,443	100%
TOTAL (A)	842,832,383	157,063,660	-	-	685,768,723	436,136,544
<b>B. Off Balance Sheet Exposures</b>						
Revocable Commitments	-	-	-	-	-	0%
Bills Under Collection	-	-	-	-	-	0%
Forward Exchange Contract Liabilities	-	-	-	-	-	10%
LC Commitments With Original Maturity Upto 6 months domestic counterparty	-	-	-	-	-	20%
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	20%
Foreign counterparty (ECA Rating 2)	-	-	-	-	-	50%
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	100%
Foreign counterparty (ECA Rating 7)	-	-	-	-	-	150%



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# Notes to Financial Statements

## 5.3.3 Risk Exposure

LC Commitments With Original Maturity Over 6 months domestic counterparty	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	-	-	-	-	0.4	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-
Underwriting commitments	-	-	-	-	50%	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	100%	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	100%	-
Advance Payment Guarantee	-	-	-	-	100%	-
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsements	-	-	-	-	100%	-
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-
Irrevocable Credit commitments (short term)	2,985,075	-	-	2,985,075	20%	597,015
Irrevocable Credit commitments (long term)	-	-	-	-	50%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above	-	-	-	-	20%	-
their respective regulatory capital requirement	-	-	-	-	100%	-
Other Contingent Liabilities	-	-	-	-	200%	-
Unpaid Guarantee Claims	-	-	-	-	-	-
<b>TOTAL (B)</b>	<b>2,985,075</b>	<b>-</b>	<b>-</b>	<b>2,985,075</b>		<b>597,015</b>
Total RWE for credit Risk Before Adjustment (A) +(B)	<b>845,817,458</b>	<b>157,063,660</b>	<b>-</b>	<b>688,753,798</b>		<b>436,733,559</b>
Adjustments under Pillar II						
SRP 6.4a(3) - Add 10% of the loans & facilities in excess of Single Obligor Limits to RWE						
SRP 6.4a(4) - Add 1% of the contract (sale) value in case of the sale of credit with recourse to RWE						
<b>Total RWE for Credit Risk</b>	<b>845,817,458</b>	<b>157,063,660</b>	<b>-</b>	<b>688,753,798</b>	<b>-</b>	<b>436,733,559</b>



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### 5.3.3.3 Risk Exposure

As on Ashad 31 2080





# Notes to Financial Statements

## 5.3.3 Risk Exposure

Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)	-	-	-	-	-	85%	-
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)	-	-	-	-	-	90%	-
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)	-	-	-	-	-	100%	-
Claims on Domestic Corporates (Unrated)	18,142,493	-	-	-	18,142,493	100%	18,142,493
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	-	20%	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	-	50%	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	-	100%	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)	258,768,830	7,537,510	-	-	251,231,320	75%	188,423,490
Claims fulfilling all criterion of regularity retail except granularity	5,873,057	-	-	-	5,873,057	100%	5,873,057
Claims secured by residential properties	39,250,686	1,878,800	-	-	37,371,886	60%	22,423,132
Claims not fully secured by residential properties	-	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	-	-	-	-	-	100%	-
Claims secured by Commercial real estate	13,306,724	1,452,168	-	-	11,854,557	100%	11,854,557
Past due claims (except for claims secured by residential properties)	117,656,182	117,656,182	-	-	-	150%	-
High Risk claims	82,091,041	4,589,495	-	-	77,501,546	150%	116,252,319
Lending Against Securities (Bonds)	-	-	-	-	-	100%	-
Lending Against Shares (upto Rs. 2.5 Million)	-	-	-	-	-	100%	-
Investments in equity and other capital instruments of institutions listed in stock exchange	43,427,610	-	-	-	43,427,610	100%	43,427,610
Investments in equity and other capital instruments of institutions not listed in the stock exchange	-	-	-	-	-	150%	-
Staff loan secured by residential property	-	-	-	-	-	50%	-
Interest Receivable/claim on government securities	-	-	-	-	-	0%	-
Cash in transit and other cash items in the process of collection	-	-	-	-	-	20%	-
Other Assets (as per attachment)	95,306,344	-	-	-	95,306,344	100%	95,306,344
TOTAL (A)	846,903,083	133,114,155	-	-	713,788,927		524,191,826
B. Off Balance Sheet Exposures							
Revocable Commitments	-	-	-	-	-	0%	-
Bills Under Collection	-	-	-	-	-	0%	-



*Dr. P. S. Jeyaraj*

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*Dr. P. S. Jeyaraj*

*Dr. P. S. Jeyaraj*



# Notes to Financial Statements

## 5.3.3 Risk Exposure

Forward Exchange Contract Liabilities	-	-	-	-	10%	-
LC Commitments With Original Maturity Up to 6 months domestic counterparty	-	-	-	-	20%	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-
Underwriting commitments	-	-	-	-	50%	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	100%	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	100%	-
Advance Payment Guarantee	-	-	-	-	100%	-
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsements	-	-	-	-	100%	-
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-
Irrevocable Credit commitments (short term)	-	-	-	-	20%	-
Irrevocable Credit commitments (long term)	-	-	-	-	50%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	20%	-
Other Contingent Liabilities	-	-	-	-	-	-
Unpaid Guarantee Claims	-	-	-	-	200%	-
TOTAL (B)	846,903,083	133,114,155	-	-	-	524,191,826
Total RWE for credit Risk Before Adjustment (A) +(B)	846,903,083	133,114,155	-	-	-	524,191,826
Adjustments under Pillar II	-	-	-	-	-	-
Total RWE for Credit Risk	846,903,083	133,114,155	-	-	-	524,191,826

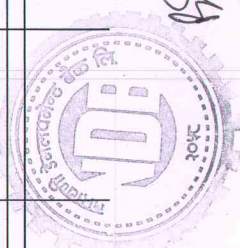


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Notes to Financial Statements  
Eligible Credit Risk Mitigants  
At the month end of Ashadh, 2081

Eligible Credit Risk Mitigants Credit exposures	Deposits with Bank (a)	Deposits with other banks/FI (b)	Gold (c)	Govt. & NRB Securities (d)	G'tee of Govt. of Nepal (e)	Sec/G'tee of Other Sovereigns (f)	G'tee of domestic banks (g)	G'tee of MDBs (h)	Sec/G'tee of Foreign Banks (i)	Total (c)
<b>Balance Sheet Exposures</b>										
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 Domestic Public Sector Entities										
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 equivalent to AAA)										
Claims on Domestic Corporates (Credit rating score equivalent to AA+)										
Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)										
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)										
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)										
Claims on Domestic Corporates (Unrated)										
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										
Real Estate loans for land acquisition and development (Other than mentioned in Capital Adequacy framework 2007-point 3.3(1)(1)(i))										
Lending Against Securities (Bonds)										
Lending Against Securities (Bonds)										
Real Estate loans for land acquisition and development (For institutions/projects registered/licensed and approved by Government of Nepal for land acquisition and development purposes)										



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**b) Operational Risk**

Particulars	Fiscal Year		
	2077/78	2078/79	2079/80
Net Interest Income	(939,963)	9,591,894	25,376,579
Commission and Discount Income			
Other Operating Income	2,131,175	4,508,192	4,327,889
Exchange Fluctuation Income			
Addition/Deduction in Interest Suspense during the period	-	-	-
<b>Gross Income (a)</b>			
<b>Alfa (b)</b>	<b>1,191,212</b>	<b>14,100,086</b>	<b>29,704,468</b>
	15%	15%	15%
<b>Fixed Percentage of Gross Income [c=(a x b)]</b>			
<b>Capital Requirement for operational risk (d) (average of c)</b>	<b>178,682</b>	<b>2,115,013</b>	<b>4,455,670</b>
<b>Risk Weight (reciprocal of capital requirement of 10%) in times</b>			<b>2,249,788</b>
<b>Equivalent Risk Weight Exposure [f=(d x e)]</b>			<b>10</b>
<b>Pillar II Adjustments</b>			<b>22,497,883</b>
<b>If Gross Income for the last three years is negative (6.4 a 8)</b>			
Total Credit and Investment (net of Specific Provision) of related month			-
Capital Requirement for Operational Risk (5% of net credit and			-
<b>Risk Weight (reciprocal of capital requirement of 10%) in times</b>			<b>10</b>
<b>Equivalent Risk Weight Exposure (g)</b>			
<b>Equivalent Risk Weight Exposure [h=f+g]</b>			<b>22,497,883</b>



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**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.


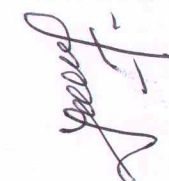

*In general, the products that derive revenue is classified in the following manner.*

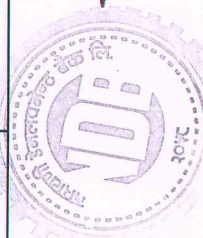
- i) Consumer banking: Revenue generated by serving individual consumer is categorized under this product. This includes loans and deposit from individual
- ii) Corporate banking: Revenue generated from customer other than consumer is categorized under this product. This includes loan and deposit.
- iii) Treasury: Revenue generated by way of making investment in government securities, corporate bonds, mutual fund units, shares etc. are grouped under this
- 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 2081**

Particulars	Province 1	Province 2	Province 3	Gandaki	Province 5	Province 6	Province 7	Total
Revenue from external customers								-
Intersegment revenues								-
<b>Net revenue</b>	-	-	-	-	-	-	-	-
Interest income			53,802,411					53,802,411
Interest expenses			46,810,903					46,810,903
<b>Net interest revenue</b>	-	-	<b>6,991,508</b>	-	-	-	-	<b>6,991,508</b>
Depreciation and amortization			10,147,882					10,147,882
<b>Segment profit/(loss)</b>			<b>(3,156,374)</b>					<b>(3,156,374)</b>

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**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**

There does not exist such difference.

**iii) Nature of any differences between the measurements of the reportable segment's assets**

There does not exist such difference.

**iv) Nature of any changes from prior periods in the measurement methods used to**

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**

<b>Total revenue for reportable segments</b>	<b>53,802,411</b>
Other revenue	-
Elimination of intersegment revenues	-
<b>Entity's revenue</b>	<b>53,802,411</b>

**b) Profit or loss**

<b>Total profit or loss for reportable segments</b>	<b>(3,156,374)</b>
Other profit or loss	
Elimination of intersegment profit	
Unallocated amounts:	
Staff bonus	-
Income tax	-
NFRS adjustments	
<b>Profit After income tax</b>	<b>(3,156,374)</b>

**c) Assets**

<b>Total assets for reportable segments</b>	
Other assets	
Unallocated assets	
<b>Entity's assets</b>	

**d) Liabilities**

<b>Total liabilities for reportable segments</b>	
Other liabilities	
Unallocated liabilities	
<b>Entity's liabilities</b>	

**5.4.5 Information about product and services**

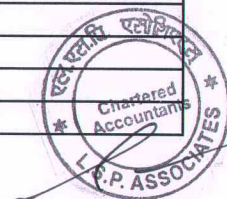
<b>Particulars</b>	<b>Amount</b>
Consumer banking	
Corporate banking	
Treasury	
Others	

**5.4.6 Information about geographical areas**

Revenue from geographical areas are as follows:

**Domestic:**

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**Narayani Development Bank Limited**  
**Notes to Financial Statements**

Province 1	-
Province 2	-
Province 3	6,991,508
Gandaki	-
Province 5	-
Province 6	-
Province 7	-
<b>Foreign:</b>	-
<b>Total</b>	<b>6,991,508</b>

**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**

**5.7.1 Identified Related Parties**

The bank has identified following as Related Parties under:

- 1) Directors
- 2) Key Management Personnel of the Bank &
- 3) Related Parties of the above two

**5.7.2 Key management personnel**

Key managerial Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The Board of Directors, Chief Executive Officer (CEO) and Deputy CEO of the bank are identified as KMP of the bank.

<b>Name</b>	<b>Position</b>
Chandra Man Maleku	Chairman, Board of Directors
Tek Nath Dhakal	Member, Board of Directors
Pukar Thapa	Member, Board of Directors
Ganesh Man Pradhan	Member, Board of Directors
Balaram Paudel	Independent Director
Bishnu Regmi	Chief Executive Officer (CEO)



Mr. Bishnu Regmi also serves as the secretary of the BOD.

**5.7.3 Transactions with Board of Directors**

**Board of Directors Meeting Fee/Allowance**

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**Narayani Development Bank Limited****Notes to Financial Statements**

Following are the payment made to the BOD in the form of meeting fee/allowances.

Particulars	Sitting Fees (NRs.)
Board Meeting	632,000
Audit Committee Meeting	45,000
Risk Management Committee Meeting	50,000
Karmachari Sewa & Subidha Committee	5,000
AML/CFT Committee	20,000
<b>Total</b>	<b>752,000</b>

Additional Facilities	Amount (NRs.)
Telephone Allowance	58,000.00
Internet Allowance	75,000.00
Newspaper Allowance	20,000.00
<b>Total</b>	<b>153,000.00</b>

**b) Chief Executive Officer**

Mr. Bishnu Regmi is ser serves as Chief Executive Officer of the Bank. He is provided salary and allowance and benefits as per contract entered on his appointment.

**c) Total Transaction with Key Management Personnel**

Particulars	CEO	Ex.CEO	Ex. Dy CEO
Salary & Allowances	1,727,784	480,000	1,128,932
Provident Fund			55,578
Other Benefits	100,000	26,100	44,901
<b>Total</b>	<b>1,827,784</b>	<b>506,100</b>	<b>1,229,411</b>

**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.

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### 5.10 Events after reporting date

Events after the balance sheet date are those events, favorable and unfavorable, that occur between the balance sheet date and the date when the financial statements are authorized for issue.

Appropriate adjustments in the financial statements and disclosures in notes to accounts have been made for all material and significant events that have occurred between the balance sheet date and date when the financial statements have been authorized for issue.

Where necessary all material events after reporting date have been considered and appropriate adjustments or disclosures have been made in the Financial Statements as per NAS 10.

Dividend Income of NRs. 15 Lakh have been received for the fiscal year 2080/81 by the bank as on 21st October, 2024. The income was for the period of FY 2080/81 which was received after the reporting period but before the date of signing the financial statements. Therefore, non operating income was recognised for the same.

### 5.11 Additional Disclosures

#### a) Recovery of Interest after year end and upto Shrawan end, 2081

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.

Additionally, the circular issued by Nepal Rastra Bank as on 2081.04.14 which has relaxed this provision with which Bank may not appropriate such amount in case it is recovered within the end of Shrawan i.e. one month after the year end.

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 2081	As on Asadh end 2080
Total Accrued Interest as on date	32,204,646	18,881,212
AIR on Bad Loan	24,472,123	12,769,558
AIR on other NPL	5,649,587	1,780,592
AIR on Restructured Loan	94,158	-
Total Accrued Interest on NPL as on date	30,215,868	14,550,150
AIR on staff loans	-	-
Accrued interest receivable (except for the staff loans)	1,988,778	4,331,061
Less: Cessation of the interest on loan (Refer Notes 5.11)	-	-
Less: Interest recovered upto <del>15th</del> Shrawan/(upto Bhadra 15 in PY) as per Directives No. 4	1,542,402	319,452
Amount required to be appropriated to Regulatory Reserves (before staff bonus & tax)	446,376	4,011,609
Gross appropriations to the Regulatory Reserves (before staff bonus & taxes)	281,217	2,527,314
Amount already appropriated to Regulatory Reserves (before staff bonus & tax)	2,527,314	364,881
Net appropriations to the Regulatory Reserves for unrecovered interest	(2,246,097)	2,162,432

### 5.12 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.

### 5.13 As per AGM Procedure of NRB Guidelines No.16

Particulars	As of Asadh end 2081	As of Asadh end 2080
	No. of Customers	No. of Customers
Accrued Interest Received after Asadh end 2080 till Shrawan end, 2081	120	56.00
Additional 0.3% Loan Loss Provision created on Pass Loan Portfolio	NA	NA
Extension of moratorium period of loan provided to Industry or Project under Construction	NA	NA
Restructure/Rescheduled Loan with 5% Loan Loss Provision	NA	NA
Enhancement of Working Capital Loan by 20% to COVID affected borrowers	NA	NA
Enhancement of Term Loan by 10% to COVID affected borrowers	NA	NA
Expiry Date of Additional 20% working capital loan (COVID Loan) extended for upto 1 year with 5% provisioning	NA	NA
Expiry Date of Additional 10% Term loan (COVID Loan) extended for upto 1 year with 5% provisioning	NA	NA
Time Extension provided for repayment of Principal and Interest for upto two years as per clause 41 of NRB Directives 2	NA	NA

Table No. 2

Particulars	As of Asadh end 2081	As of Asadh end 2080
	No. of Customers	No. of Customers
Refinance Loan	NA	NA
Business Continuity Loan	NA	NA

Table No. 3

Particulars	As of Asadh end 2081	As of Asadh end 2080
	No. of Customers	No. of Customers
Subsidized Loan	NA	NA



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**Narayani Development Bank Limited**  
**Other Assets**

At the month end of Ashadh, 2081

S.No.	Assets	Gross Amount	Specific Provision	(Rs. in '000) Net Balance
1	Current Tax Assets	10,344,772		10,344,772
2	Investment Property	-		-
3	Property and Equipment	37,948,950	17,510,015	20,438,934
4	Assets held for Sale			-
5	Other non-banking assets	14,281,137	-	14,281,137
6	Bills receivable			-
7	Accounts receivable	10,775,599		10,775,599
8	Accrued income			-
9	Prepayment and Deposits			-
10	Income tax deposits			-
11	Deferred Employee Expenditure			-
12	Others		-	-
	<b>TOTAL</b>	<b>73,350,458</b>	<b>17,510,015</b>	<b>55,840,443</b>

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# 5.15 EPS and Net Worth for the year 2080-81

Net worth	As at 31.03.2081	As at 31.03.2080
Total Equity	57,995,470	45,663,936
Less: amount not attributable to shareholders		
CSR		
Training		
Available to shareholders	57,995,470	45,663,936
No. of shares including bonus share	2,624,676	2,624,676
No. of shares excluding bonus share		
Net worth per share	22.10	17.40

EPS	As at 31.03.2081	As at 31.03.2080
Profit for the year	(17,800,183)	(78,100,723)
Wtd. Avg no. of shares	2,624,676	2,624,676
EPS-Basic	(6.78)	(29.76)
EPS Diluted	(6.78)	(29.76)
Annualized	(6.78)	(29.76)

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**Statement of Principal Indicators last 5 year**

Indicators	Unit	2080-81	2079-80	2077-78	2076-77	Remarks
Adequacy of Capital Fund on Risk Weighted Assets						
Core Capital						
Total Capital Fund	NPR	8,809,368	17,830,900	76,068,559	31,102,811	
Risk Weighted Exposure	NPR	12,466,800	26,473,814	76,887,740	31,130,030	
Earning Per Share (Average share outstanding)	NPR	479,042,644	565,401,060	551,536,737	92,845,869	
Market Value Per Share	NPR	(6.78)	(30)	(27.56)	(9.10)	(2.05)
Book Net Worth Per Share	NPR	565	414	380.00	649.00	
Net Profit Per Staff	NPR	22.10	17	45.79	62.67	
Per Employee Staff Cost	NPR	(434,151)	(1,775,016)	(1,549,948.93)	(542,747.00)	
Number of Promotor Equity Shares	NPR	42,804	40,110	33,135	24,420	Per month
Number of Public Equity Shares	Nos.	1,837,273	1,837,273	852,690.00	-	
Number of Permanent Staffs	Nos.	787,403	787,403	459,648.00	-	
Number of Branches	Nos.	26	29	19.00	8.00	
Number of Extension Counters	Nos.	5	5	5.00	-	
Number of ATM Machines	Nos.	-	-	-	-	
Price Earning Ratio	Times	1	1	1.00	1.00	
Capital Adequacy Ratio-(Tier-I)	Percent	(83.31)	(13.91)	(13.79)	0.10	
Capital Adequacy Ratio-(Tier-II)	Percent	1.84%	3.15%	22%	58%	33%
Dividend (Including bonus) on Share Capital	Percent	2.60%	4.68%	23%	58%	33%
Cash Dividend on Share Capital	Percent	-	-	-	0%	0%
Net Profit / Gross Income	Percent	-	-	-	0%	0%
Net Profit / Loans and Advances	Percent	-255%	-308%	-239%	-527%	-48%
Return on Total Assets	Percent	-4%	-14%	-15%	-13%	-11%
Return on Equity	Percent	-2%	-11%	-11%	-6%	-1%
Interest Income / Loans and Advances	Percent	-31%	-30%	-45%	-15%	-3%
Exchange Gain / Total Income	Percent	13%	13%	6%	2%	23%
Interest Expenses / Total Deposits and Borrowings	Percent	0%	0%	-	-	-
Total Operating Expenses / Total Assets	Percent	7%	7%	3.90%	3.26%	1.92%
Staff Bonus / Total Staff Expenses	Percent	7%	7%	7.73%	2.49%	100.00%
Total Credit / Deposits	Percent	43%	40%	29.92%	51.37%	0.0%
Non-Performing Loans / Total Loans	Percent	0%	0%	0%	0%	0%
Base Rate	Percent	65%	87%	104.71%	95.89%	20.59%
Weighted Average Interest Rate Spread	Percent	46%	27%	14.00%	8.99%	63.60%
Weighted Average Interest Rate on Deposit	Percent	16.22%	17.46%	24.18%	33.47%	0.75%
Weighted Average Interest Rate on Credit	Percent	3.83%	5.50%	4.19%	7.39%	12.55%
Institutional Deposit/Total Deposit	Percent	7.38%	8.35%	8.89%	6.85%	2.00%
	Percent	11.22%	13.85%	13.08%	6.85%	0.00%
	Percent	34.73%	50.46%	27.00%	58.79%	0.00%

**Note:**

The information left blank was prior to the bank declared problematic

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