

INDEPENDENT AUDITOR'S REPORT

The Shareholders of M/s Grameen Bikas Laghubitta Bittiya Sanstha Limited

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of M/s Grameen Bikas Laghubitta Bittiya Sanstha Limited, Rupandehi, Nepal (hereinafter referred as "the Microfinance") which comprise the statement of financial position as at Ashad 31, 2080 [July 16, 2023], the statement of profit or loss, statement of other comprehensive income, statement of changes in equity & statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the Microfinance as at Ashad 31, 2080 (July 16, 2023) and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS) with allowed carveouts, comply with Company Act, 2063 and Bank and Financial Institution Act, 2073.

Basis of 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 financial institution in accordance with the Institute of Chartered Accountant of Nepal's code of ethics for professional accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the 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.N	Key Audit Matters	Our Audit Approach and Response
1.	<p>Interest Recognition</p> <p>The interest income of the Microfinance has to be recognized on accrual basis and following the Interest Income Recognition Guidelines 2019 issued by NRB. However, in case of bad loans and advances (overdue for more than 12 months), this guidelines require cessation of interest recognition on accrual basis. This requires careful observation and calculation for interest recognition, hence we have considered it as key audit matter.</p>	<p>Our audit approach regarding verification of process of interest recognition included:</p> <ol style="list-style-type: none"> Obtaining clear understanding of the process of accrual of interest income on loans and advances in the Core Banking Software of the Microfinance. Test check of the interest income booking with manual computation.

<p>2. Investment Valuation, Identification, and Impairment</p> <p>Investment of the Microfinance comprises of investment in unquoted equity instruments. The valuation of the aforesaid securities has been done in compliance with NAS 39 read with NFRS 9 and Directive no. 8 of NRB Unified Directive 2078. The investment in the government and NRB bonds and T-bills should be recognized on reporting date on Amortized cost basis whereas other investments in equity instruments, other than those held for trading, should be valued at Fair Value through Other Comprehensive Income (OCI).</p> <p>Given the varieties of treatments recommended for valuation of investment based on nature of cash flow, the business model adopted, complexity of calculations and the significance of amount involved in such investments, same has been considered as Key Audit Matter in our audit.</p>	<p>Our audit approach regarding verification of process of investment valuation, identification and impairment included:</p> <ol style="list-style-type: none"> a. Review of the investment of the Microfinance and its valuation having reference to NFRS issued by the Accounting Standard Board of Nepal and NRB Directive 4 read with 8. b. We assessed the nature of expected cash flow of the investments as well as the business model adopted by the management on the basis of available evidences/circumstances and ensured that classification of investment is commensurate with nature of cash flow and management intention of holding the investment.
<p>3. Impairment of Loans and Advances</p> <p>Microfinance shall measure impairment loss on loans and advances at the higher of:</p> <ul style="list-style-type: none"> ▪ Amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provisioning; and ▪ Amount determined as per para 63 of NAS 39 adopting Incurred Loss Model. <p>As per the norms prescribed by NRB, provision at prescribed rate should be created on loans and advances based on overdue status of loans and advances as well as utilization status of the facility, status of security, borrower's whereabouts etc.</p> <p>As per NAS 39 read with NFRS 9, impairment of loans and advances should be made on individual impairment basis for loans and advances that are individually significant and collective impairment basis for homogeneous groups of loans that are not considered individually significant. Collective impairment, loss is determined after taking into account the Historical Loss Experience in portfolios of similar credit risk and Management's experienced judgment as to whether current economic and credit conditions are such that the actual level of inherent losses at the reporting date is like to be greater or less than that suggested by historical experience.</p>	<p>Our audit approach regarding verification of impairment of loans and advances included:</p> <ol style="list-style-type: none"> a. Review of the overdue status of loans and advances by obtaining data from the system and matched the same with the NRB 2.2 report. b. Sample credit files were reviewed, among other things, from the perspective of utilization of loans and advances for intended purpose by way of scrutiny of financial statements, account movement, account turnover etc. c. Expected future cash flows from the individually significant loans and advances with indication of impairment are assessed on the basis of realizable value of collateral securities based on management estimate. d. Grouping of homogeneous group of loans was assessed on the basis of nature and purpose of loans and data of historical loss experience in portfolios are assessed on the basis of past due data from the system as well as data of loan loss provisions of the defined group in the past.



Given the fact that impairment of loans and advances under incurred loss model require assessment of future cash flows as well as historical loss experiences of portfolios. Further, impairment of loans and advances under NRB norms for loan loss provisioning will require assessment of overdue status of loans and advances and proper utilization of loan for intended purpose. Hence, assessment of availability and accuracy of required data for impairment of loans and advances under incurred loss model as well as NRB provisioning norms is regarded as key audit matters.

Emphasis Of Matter

We draw attention on the last paragraph of "Report on the requirements of Banks and Financial Institutions Act, 2073 and Company Act, 2063" and Notes No 3.22 of Notes to Accounts of Financial Statement section of this report regarding detection of fraud in the institution in one branch office for the amount embezzled in the Suryapura branch was Rs. 6,41,96,072.86 and the management has provided 100% provision of such amount in books of accounts and the institution has filed legal case for recovery. Our report is not modified in respect of this matter.

Information other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, including the report of the board of directors, but doesn't include the financial statements and our auditor's Report thereon. The annual report including the report of the Board of directors is expected to be made available to us after the date of this auditor's Report.

Our opinion on the financial statements doesn't cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements for our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing 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 or to cease operations, or has no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis 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 evidences 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 omissions, misrepresentations, or the override of internal control.
- Obtain 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 on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the institution'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 evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the institution 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, including the disclosures, represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements.

We communicate 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such comment.



Report on the requirements of Banks and Financial Institutions Act, 2073 and Company Act, 2063

We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit; the returns received from the branch offices of the Microfinance, though the statements are independently not audited, were adequate for the purpose of the audit; the financial statement including the statement of comprehensive income, statement of changes in equity, statement of cash flows including a summary of significant accounting policies and other explanatory notes have been prepared in all material respect in accordance with the provisions of Company Act, 2063, and they are in agreement with the books of accounts maintained by the Microfinance; and the accounts and records of the Microfinance are properly maintained in accordance with the prevailing laws.

In our opinion, so far as appeared from our examination of the books, the Microfinance has maintained adequate capital funds and adequate provision for possible impairment of assets in accordance with the directives issued by Nepal Rastra Bank.

To the best of our knowledge and according to the explanation given to us and from the examination of the books of accounts of the Microfinance, a fraud was detected and disclosed under Notes No. 3.22 of the Notes to Financial Statement, there was embezzlement of Rs. 6,41,96,072.86 where Institution has carried out investigation followed by necessary legal process to recover embezzlement at the Suryapura branch office manager and few staffs of the institution. According to the investigation report done by the organization, the amount embezzled in the Suryapura branch was Rs. 6,41,96,072.86 and the management has provided 100% provision of such amount in books of accounts. Except for the above fraud, we have not come across any case where the board of directors or any employee of the Microfinance have acted contrary to legal provisions relating to accounts, or committed any misappropriation or caused any loss or damage to the Microfinance or its property and violated any directives of Nepal Rastra Bank or acted in a manner to jeopardize the interest and security of the Microfinance, its depositors and its investors.

For N. B. S. M. & Associates
Chartered Accountants



CA. Durga Prasad Gnawali, FCA
Senior Partner
Date: 29 May, 2024

Place: Naxal, Kathmandu, Nepal

UDIN: 240530CA00461KcEgV

GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED

Statement of Financial Position

As at 31st Ashadh 2080 (16 July 2023)

Figures in NPR

	Note	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
ASSETS				
Cash and cash equivalents	4.1	351,613,768	508,548,481	722,551,553
Statutory Balances and Due from Nepal Rastra Bank	4.2	324,035	160,331	166,788
Placement with Bank and Financial Institutions	4.3	-	-	800,000,000
Derivative Financial Instruments	4.4	-	-	-
Other Trading Assets	4.5	-	-	-
Loans and advance to MFIs and cooperatives	4.6	-	-	-
Loans and advances to customers	4.7	11,342,961,695	12,877,609,742	12,197,010,686
Investment securities	4.8	2,025,000	2,025,000	2,025,000
Current tax assets	4.9	-	-	10,939,044
Investment Property	4.10	-	-	-
Property and Equipment	4.11	69,013,236	93,563,749	126,122,820
Goodwill and Intangible assets	4.12	3,133,529	952,356	-
Deferred Tax Assets	4.13	771,153,207	678,296,544	514,025,231
Other assets	4.14	111,938,369	109,033,397	120,382,384
Total Assets		12,652,162,839	14,270,189,600	14,493,223,506
Liabilities				
Due to Bank and Financial Institutions	4.15	5,211,871,917	5,824,451,766	6,076,746,413
Due to Nepal Ratsra Bank	4.16	-	688,000,000	860,763,560
Derivative Financial Instrument	4.17	-	-	-
Deposits from customers	4.18	3,747,707,764	3,921,843,013	3,798,579,266
Borrowings	4.19	129,653,600	129,653,600	149,567,000
Current Tax Liabilities	4.9	89,767,088	77,850,585	-
Provisions	4.20	-	-	-
Deferred Tax Liabilities	4.13	-	-	-
Other liabilities	4.21	1,294,771,207	1,530,743,085	1,546,597,359
Debt securities issued	4.22	-	-	-
Subordinated Liabilities	4.23	-	-	-
Total liabilities		10,473,771,576	12,172,542,048	12,432,253,597
Equity				
Share Capital	4.24	982,500,000	982,500,000	982,500,000
Share Premium		68,270,092	68,270,092	68,270,092
Retained Earnings		(591,381,843)	(391,476,283)	(223,152,639)
Reserves	4.25	1,719,003,014	1,438,353,743	1,233,352,456
Total equity attributable to equity holders		2,178,391,263	2,097,647,552	2,060,969,909
Non-controlling interest		-	-	-
Total Equity		2,178,391,263	2,097,647,552	2,060,969,909
Total Liabilities and Equity		12,652,162,839	14,270,189,600	14,493,223,506
Contingent Liabilities and commitment	4.26	6,764,478	6,764,478	6,764,478
Net Assets Value Per share		222	214	210

The accompanying notes are integral part of these financial statements.

As per our report of even date

[Signature]

Bharatraj Koirala
Chairman

[Signature]

Shivahari Dangal
Director

[Signature]

Sushil Kumar Nepal
Director

[Signature]

Kaman Sing Thapa Magar
Director

[Signature]

Manoj Kumar Khadka
Director

[Signature]

Shyam Kumar Katuwal
Chief Executive Officer

[Signature]

Motiraj Khanal
Acting Chief Finance Officer



CA. Durga Prasad Gnawali, FCA
Senior Partner
N. B. S. M. & Associates
Chartered Accountants

Date: May 29, 2024

Place : Kathmandu, Nepal

GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED

Statement of Profit or Loss

For the year ended 31st Ashadh 2080 (16 July 2023)

Figures in NPR

	Note	2079-80	Restated* 2078-79
Interest income	4.27	2,212,277,977	2,066,702,315
Interest expense	4.28	958,207,617	837,771,838
Net interest income		1,254,070,360	1,228,930,477
Fees and commission income	4.29	75,994,148	142,803,293
Fees and commission expense	4.30	13,021,729	13,309,499
Net fee and commission income		62,972,419	129,493,794
Net interest, fee and commission income		1,317,042,779	1,358,424,271
Net trading income	4.31	-	-
Other operating income	4.32	-	-
Total operating income		1,317,042,779	1,358,424,271
Impairment charge/(reversal) for loans and other losses	4.33	482,752,523	285,158,374
Net operating income		834,290,256	1,073,265,897
Operating expense			
Personnel expenses	4.34	871,631,094	800,435,605
Other Operating expenses	4.35	90,223,754	57,089,836
Depreciation and Amortisation	4.36	36,807,248	38,267,721
Operating Profit		(164,371,840)	177,472,735
Non operating Income	4.37	33,276	35,761,551
Non operating expense	4.38	-	-
Profit before income tax		(164,338,564)	213,234,286
Income tax expense	4.39	(85,227,979)	127,288,610
Current Tax		76,628,878	272,342,196
Deferred Tax		(161,856,857)	(145,053,586)
Profit for the year		(79,110,585)	85,945,676
Profit attributable to:			
Equity holders of the Financial Institution		(79,110,585)	85,945,676
Non-controlling interest		-	-
Profit for the year		(79,110,585)	85,945,676
Earnings Per Share (EPS)			
Basic Earnings Per Share		(8.05)	8.75
Diluted Earnings Per Share		(8.05)	8.75

The accompanying notes are integral part of these financial statements.

As per our report of even date

Bharatraj Koirala
Chairman

Shivahari Dangal
Director

Sushil Kumar Nepal
Director

Kaman Sing Thapa Magar
Director

Manoj Kumar Khadka
Director

Shyam Kumar Katuwal
Chief Executive Officer

Motiraj Khanal
Acting Chief Finance Officer

CA. Durga Prasad Gnawali, FCA
Senior Partner
N. B. S. M. & Associates
Chartered Accountants

Date: May 29, 2024

Place : Kathmandu, Nepal

GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED

Statement of Cash Flows

For the year ended 31st Ashadh 2080 (16 July 2023)

Figures in NPR

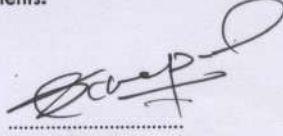
Particulars	2079-80	Restated* 2078-79
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	2,132,712,678	2,037,001,490
Fees and other income received	76,027,424	178,564,844
Dividend received	-	-
Receipt from other operating activities	-	-
Interest paid	(269,732,909)	(208,180,392)
Commission and fees paid	(13,021,729)	(13,309,499)
Cash payment to employees	(635,894,417)	(756,931,038)
Other expense paid	(90,223,754)	(57,089,836)
Operating cash flows before changes in operating assets and liabilities	1,199,867,293	1,180,055,569
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	(163,704)	6,457
Placement with Bank and Financial Institutions	-	800,000,000
Other Trading Assets	-	-
Loans and advances to bank and financial institutions	-	-
Loans and advances to customers	1,119,347,542	(962,401,227)
Other assets	2,164,298	6,868,119
Increase/(Decrease) in operating liabilities		
Due to Bank and Financial Institutions	(612,579,849)	(252,294,647)
Due to Nepal Ratsra Bank	(688,000,000)	(172,763,560)
Deposits from customers	(174,135,249)	123,263,747
Borrowings	-	(19,913,400)
Other liabilities	(183,546,691)	(115,704,903)
Net cash flow from operating activities before tax paid	662,953,641	587,116,155
Income taxes paid	(64,712,375)	(183,552,567)
Net cash flow from operating activities	598,241,266	403,563,588
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	-	-
Receipts from sale of investment securities	-	-
Purchase of property and equipment	(11,473,353)	(5,733,010)
Receipt from the sale of property and equipment	-	24,360
Purchase of intangible assets	-	-
Receipt from the sale of intangible assets	(2,964,555)	(952,356)
Purchase of investment properties	-	-
Receipt from the sale of investment properties	-	-
Interest received	11,017,401	23,364,793
Dividend received	-	-
Net cash used in investing activities	(3,420,507)	16,703,787
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of shares	-	-
Repayment of debt securities	-	-
Receipts from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities	-	-
Dividends paid	-	-
Interest paid	(713,265,592)	(593,863,877)
Other receipt/payment	(38,489,880)	(40,406,569)
Net cash from financing activities	(751,755,472)	(634,270,446)
Net increase (decrease) in cash and cash equivalents	(156,934,713)	(214,003,072)
Cash and cash equivalents at beginning of the period	508,548,481	722,551,553
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-
Cash and cash equivalents at the end of the period	351,613,768	508,548,481

The accompanying notes are integral part of these financial statements.

As per our report of even date

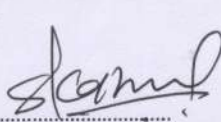

Bharatraj Koirala
Chairman



Shivahari Dangal
Director



Sushil Kumar Nepal
Director


Kaman Sing Thapa Magar
Director


Manoj Kumar Khadka
Director


Shyam Kumar Katuwal
Chief Executive Officer


Motiraj Khanal
Acting Chief Finance Officer


CA. Durga Prasad Gnawali, FCA
Senior Partner
N. B. S. M. & Associates
Chartered Accountants

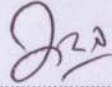
GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Statement of Comprehensive Income
For the year ended 31st Ashadh 2080 (16 July 2023)

Figures in NPR

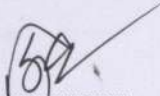
Particulars	2079-80	Restated* 2078-79
Profit for the year	(79,110,585)	85,945,676
Other Comprehensive Income, net of income tax		
a) Items that will not be reclassified to Profit or Loss		
Gains / (Losses) from investment in equity instruments measured at fair value	-	-
Gains / (Losses) on revaluation	-	-
Actuarial Gains / (Losses) on defined benefit plans	230,000,645	(64,059,088)
Income tax relating to above items	(69,000,194)	19,217,726
Net other Comprehensive Income that will not be reclassified to Profit or Loss	161,000,452	(44,841,362)
b) Items that are or may be reclassified to Profit or Loss		
Gains/(losses) on cash flow hedge	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-
Income tax relating to above items	-	-
Net other Comprehensive Income that are or may be reclassified to Profit or Loss	-	-
Other Comprehensive income for the year, net of income tax	161,000,452	(44,841,362)
Total Comprehensive income for the year	81,889,866	41,104,314
Total Comprehensive income attributable to:		
Equity shareholder of the bank	81,889,866	41,104,314
Non controlling interest	-	-
Total Comprehensive income for the period	81,889,866	41,104,314

The accompanying notes are integral part of these financial statements.

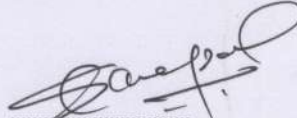
As per our report of even date



.....
 Bharatraj Koirala
 Chairman



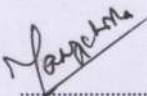
.....
 Shivahari Dangal
 Director



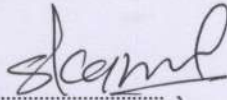
.....
 Sushil Kumar Nepal
 Director



.....
 Kaman Sing Thapa Magar
 Director



.....
 Manoj Kumar Khadka
 Director



.....
 Shyam Kumar Katuwal
 Chief Executive Officer



.....
 Motiraj Khana
 Acting Chief Finance
 Officer



.....
 CA. Durga Prasad Gnawali FCA
 Senior Partner
 N. B. S. M. & Associates

Date: May 29, 2024

Place : Kathmandu, Nepal

GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Statement of Distributable Profit or Loss
For the year ended 31st Ashadh 2080 (16 July 2023)
As per NRB Regulation

Particulars	Current Year	Previous Year
Net Profit/(loss) as per Statement of Profit or Loss	(79,110,585)	85,945,676
Appropriation		
a. General Reserve	-	(11,759,709)
b. Foreign Exchange Fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	-	(587,985)
e. Employees training fund	(5,271,212)	(9,482,152)
f. Client Protection Fund	-	(30,587,985)
g. Staff Welfare Fund	-	(1,763,956)
h. Other	-	(70,000,000)
Profit/(loss) before regulatory adjustment	(84,381,797)	(38,236,112)
Regulatory Adjustments:		
a. Interest Receivable (-)/previous accrued interest received(+)	(50,764,902)	1,124,665
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment(-)/reversal(+)	-	-
d. Short provision for possible losses on Non-Banking Assets (-)/reversal(+)	-	-
e. Deferred Tax Assets recognized(-)/reversal(+)	(92,856,663)	(164,296,030)
f. Goodwill recognized (-)/Impairment of Goodwill(+)	-	-
g. Bargain purchase gain recognized (-)/reversal(+)	-	-
h. Actuarial Loss recognized (-)/reversal(+)	44,841,362	(44,841,362)
i. Other	(16,743,559)	7,928,921
Net Profit/(loss) for the year end available for distribution	(199,905,560)	(238,319,918)
Opening Retained Earning	(391,476,283)	(223,152,639)
Adjustment(+/-)		
Distribution:		
Bonus share issued		
Cash dividend paid		-
Transfer:		
Transfer from Other Reserve	-	69,996,274
Total Distributable Profit/(Loss) - Retained Earnings as on year end date	(591,381,843)	(391,476,283)

Bharatraj Koirala
Chairman

Shivahari Dangal
Director

Sushil Kumar Nepal
Director

Kaman Sing Thapa Magar
Director

Manoj Kumar Khadka
Director

Shyam Kumar Katuwal
Chief Executive Officer

Motiraj Khanal
Acting Chief Finance
Officer

CA. Durga Prasad Gnawali, FCA
Senior Partner
N. B. S. M. & Associates
Chartered Accountants

Date: May 29, 2024

Place : Kathmandu, Nepal

GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED

Notes to Financial Statements

For the year ended on 31st Ashad 2080

1 Reporting entity

Grameen Bikas Laghubitta Bittiya Sanstha Limited (referred as "the GBLBS" or "the financial institution") is a public limited company incorporated under the Companies Act, 2063 and licensed by Nepal Rastra Bank to conduct micro-finance activities. Grameen Bikas Laghubitta Bittiya Sanstha Ltd. (GBLBS), formerly Nepal Grameen Bikas Bank Ltd., came into existence in 2014 August 15 (Shrawan 30, 2071) with a successful merger of the then five regional level Grameen Bikas Banks operated in the then five development regions of Nepal. The head office of the institution is located in Butwal, Rupandehi district of Lumbini Province. GBLBS was registered as a public limited company on 30th July 2014 (Shrawan 14, 2071) under the Company Act, 2063 and is regulated under the Bank and Financial Institution Act, 2073. The name "Nepal Grameen Bikas Bank Ltd." was changed into "Grameen Bikas Laghubitta Bittiya Sanstha Ltd." as per the decision of the Annual General Meeting of the institution and approval of the Office of the Company Registrar (approval date: 2074/12/28). The shares of the financial institution has been listed in nepse with share symbol "GBLBS".

The principal activities of the financial institution is to provide microfinance loan and services with the prime objective of alleviating poverty, hardship, and suffering of the rural people throughout its working area. The unique traits of the institution are well-defined target groups (especially women), area approach, group guarantee lending, non-collateral lending, etc. In order to achieve its goal, the institution has been working through micro-credit services and capacity development programs for the community. Moreover, it has followed the Grameen Bank Model started by Prof. Muhammad Yunus (Nobel Laureate), a Bangladeshi social entrepreneur, banker and economist.

During the period, the Microfinance has provided its services through 189 total branch offices and 8 province offices located in seven provinces by the end of FY 2079.080.

2 Basis of Preparation

The financial statements have been prepared on accrual basis of accounting except the Cash Flow information, which is prepared on a cash basis, using the direct method as prescribed by Nepal Financial Reporting Standards (NFRSs), as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

The financial statements comprise the Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to Financial Statement comprising summary of principal accounting policies and explanatory notes that are significant importance to the stakeholders.

2.1 Statement of Compliance

The financial statements also comply the requirements of Companies Act 2063 and policy, procedures and directives of Securities Board of Nepal. The financial statements of the Microfinance, have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) issued by the Accounting Standards Board (ASB) Nepal established under Nepal Chartered Accountants Act 2059. The financial statements are based on the formats mandated by the Directive No. 4 of The Unified Directives to Microfinance, 2079 as made applicable by the Nepal Rastra Bank.

These financial statements for the year ended 31st Ashadh, 2080 are the first financial statements of the Microfinance prepared in accordance with NFRS and these financial statements were approved by the board of Directors dated 16th Jestha 2081. Reconciliations and description of the effect of the transition to NFRS from previous GAAP is given in Note 5.11 of this financial statement. Previous year's figures have been regrouped/reclassified wherever necessary to conform with the current year's classification / disclosures.

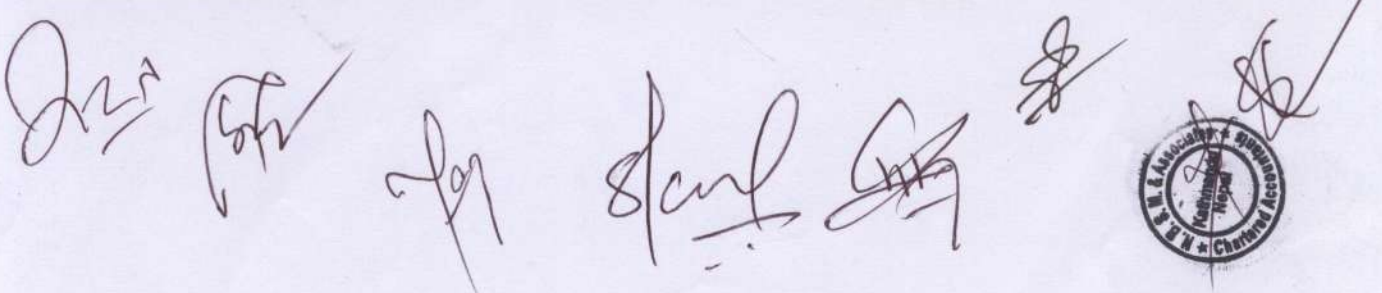
2.1.1 Use of Carve-out

ICAN has provided carve-out on specific areas for alternative treatment of the items of financial statements required as per NFRS. Based on such, the Microfinance has used the following carve outs for preparation and presentation of the financial statements in line with NFRS.

a) Impairment Loss on Loans and Advances

As per NFRS 9 Financial Instruments read together with carve-outs issued by ICAN for alternative treatment, An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. If any such evidence exists, the entity determine the amount of any impairment loss unless the entity is a bank or financial institution registered as per Bank and Financial institution Act 2073. Such entities shall measure impairment loss on loan and advances as the higher or amount derived as per the norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per NFRS 9. The entity shall disclose the impairment loss as per this carve-out and amount of impairment loss determined.

The Microfinance has calculated the impairment loss as per NFRS 9 but has recognised the loan loss provision as per the norms of Nepal Rastra Bank using this carve-out.



b) Effective Interest Rate

As per NFRS 9 read together with carve out issued by ICAN for alternative treatment, the Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, an entity shall estimate the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call, and similar options) but shall not consider the expected credit losses. The calculation includes all fees and points paid or received unless it is immaterial or impracticable to determine reliably, between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

The Microfinance has used the carve out and has not included the service charges in the calculation of effective interest rate, considering the impact would not have been materially different if the Microfinance had done otherwise.

2.2 Reporting Period and Approval of Financial Statements

2.2.1 Reporting Period

The reporting period for this financial statements is the period ending on 31st Ashadh 2080 (i.e., FY 2079-80). Financial information of following period/dates are provided on the financial statements.

1. Comparative NFRS financial statements (financial statements as on and for the periods ended on 32nd Ashad 2079 and opening balance of equity components for 1st Shrawan 2078)

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

2.2.2 Approval of Financial Statements

The financial statements are yet to be authorised for issue by the Board of Directors.

2.3 Functional and Presentation Currency

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

2.4 Use of Estimates, Assumptions and Judgments

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the use of certain critical accounting estimates and judgments. It also requires the management to exercise judgment in the process of applying the company's accounting policies. The company makes certain estimates and assumptions regarding the future events. The estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, the actual results may differ from these estimates and assumptions. The estimates and assumptions that might result in adjustment to the carrying amounts of assets and liabilities within the next financial year are on the following components:

1. Classification of financial assets

The classification of financial assets into amortized cost or at fair value (either through profit or loss or through other comprehensive income) depends upon whether the contractual cash flows from such instruments are solely payments of principal and interest (SPPI criterion), including the business model within which such instruments are managed. The classification of the financial assets has been based on the business model of the Microfinance at the reporting date. The reclassification of financial assets can only occur upon change in the business model of the entity.

2. Fair value of financial assets

Fair value of financial statements are determined on three levels on the basis of available market on reporting date and the measurement may change depending on available market circumstances.

The fair value of financial instruments that are traded in an active market is the closing price on the reporting dates. Whenever the instruments are not actively traded in active market, they are determined using other techniques considering the observable market inputs to the extent possible.

The Microfinance measures fair values using the following fair value hierarchy as provided in NFRS 13.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Microfinance can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the similar asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability. The Microfinance has used the accounting book value and considered if there exists factors that would otherwise result in changes to the book value of assets or liabilities.

3. Impairment loss on financial assets

Impairment loss on financial assets is provided on the higher of loan loss provision as per NRB Directives to Microfinance 2080 and NFRS 9. On calculating loss as per NFRS 9, estimates are made on amount of loans that are considered to require individual assessment, grouping of loans for collective assessment, parameters for assessing impairment, objective and subjective parameters for assessment of significant increase in credit risk, default of financial assets, probability of default, loss given default, future cash flow estimates, historical data on similar types of loan or group of loans.



Jr 27

Lawrence

[Signature]

[Signature]



4. Useful life and salvage value of property and equipment

The management reconsiders the economic useful life and salvage value of property and equipment on each reporting dates based on the information available on such dates.

5. Impairment loss of non-financial assets

The non-financial assets are tested for impairment on identification of indicators for impairment i.e., triggering events. The impairment loss is recognised when the carrying amount exceeds the recoverable amount. The Microfinance has not identified any triggering event during the reporting period, hence it has not tested the non-financial assets for impairment.

6. Current Tax and Deferred tax

Significant management judgment is required to arrive at the figure of current tax and deferred tax, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Microfinance has calculated the current and deferred tax based on its assumptions and estimates on parameters available when the financial statements were prepared.

7. Employee benefit obligations

Judgment is required to determine the estimated liability that shall arise on part of accumulated leave of staff and gratuity which is generally paid out on retirement or termination of employment. Valuation of such is done by qualified actuary using assumption like interest rate, rate of increase in annual compensation, remaining service period etc. Factors considered may change depending on market changes or legal changes which are beyond the control of the company.

The Microfinance pays gratuity to its employees as per the Employee Service Bylaw, as follows:

1. Past Service less than 5 Years - Nil
2. Past Service Years greater than equal to 5 years and less than 10 years - 1 month's Salary for each completed year of Service
3. Past Service Years greater than equal to 10 years and less than 15 years - 1.5 month's Salary for each completed year of Service
4. Past Service Years greater than equal to 15 years and less than 20 years - 2 months Salary for each completed year of service
5. Past Service Years greater than equal to 20 years, 2.5 months Salary for each completed year of Service.

The Microfinance has identified such gratuity benefit, the liability of which arises after retirement of employees, as "Defined Benefit Plan" as per NAS 19 Employee Benefits.

The Microfinance pays leave benefits to its employees as per the Employee Service Bylaw, as follows:

Home Leave: Employees are entitled for 30 days' home leave in a year. Such leave can be accumulated for total 120 days during the employment period. If the leave is accumulated for more than 120 days during the period of employment, it can be withdrawn by the employee based on the prevailing salary. It can also be withdrawn if the leave is accumulated for more than 60 days during the period of employment, however, the encashment shall not exceed for 30 days.

Hence, such leave benefit has been identified as "Other Long-term Employee Benefit" as per NAS 19.

Sick Leave: Employees are entitled to 15 days sick leave in a year, which can be accumulated. It can be encashed by the employees only upon the end of the employment period. Hence, such leave benefit has been identified as "Defined Benefit Plan" as per NAS 19.

NAS 19 requires gain/loss on actuarial remeasurement of Defined Benefit Plan to be recognised through other comprehensive income while that of Other Long-term Employee Benefit through profit or loss.

2.5 Changes in Accounting Policies

There has been no significant change in the accounting policies adopted by the Microfinance except where required due to adoption of Nepal Financial Reporting Standards.

2.6 Discounting

Discounting has been applied whenever the assets and liabilities are of non-current in nature and the impact of time value of money is not insignificant.

2.7 Going Concern

The Management has made an assessment on the Microfinance's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt over the Microfinance's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.8 Separate Financial Statements

The presented financial statements is the separate financial statements of the Microfinance. The Microfinance does not have subsidiary, accordingly, preparation of consolidated financial statements as per NFRS 10 is not required.

3 Significant Accounting Policies

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

Note	Accounting Policy	Information Note No.
3.1	Basis of Measurement	
3.2	Basis of Consolidation	
3.3	Cash and Cash Equivalent	4.1
3.4	Financial Assets and Financial Liabilities	
3.5	Trading Assets	4.5
3.6	Derivative Assets and Liabilities	4.4
3.7	Property and Equipment	4.11
3.8	Goodwill Intangible assets	4.12

Handwritten signatures and initials are present over the table, including a large signature on the left and several initials on the right.





3.9	Investment Property	4.10
3.10	Income tax	4.9
3.11	Deposits, debt securities issued and subordinated liabilities	4.18, 4.22, 4.23
3.12	Provisions	4.20
3.13	Revenue	4.27, 4.29, 4.31, 4.33, 4.37
3.14	Interest expense	4.28
3.15	Employees Benefits	4.23
3.16	Leases	
3.17	Foreign currency translation	
3.18	Financial guarantee and loan commitment	
3.19	Share capital and reserves	4.24, 4.25
3.2	Earning per share including diluted	
3.21	Segment reporting	5.4
3.22	Events after reporting date	

3.1 Basis of Measurement

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

Particulars	Measurement Basis
Investment in shares and mutual fund schemes	Fair value
Non-banking assets	Lower of Market Value or Outstanding Receivable at the date of booking NBA
Loans to employees	Amortized cost
Property and equipment, investment property and intangible assets	Deemed cost as fair value

3.2 Basis of consolidation

The Microfinance does not have subsidiary companies, accordingly, consolidation of financial statements is required.

3.3 Cash and cash equivalent

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

3.4 Financial assets and financial liabilities

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

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

3.4.1 Recognition

The Microfinance initially recognises financial assets or financial liabilities on the date of which the Microfinance becomes party to the contractual arrangement.

3.4.2 Classification and Measurement

Financial Assets: The classification and measurement of financial assets depend on how these are managed i.e. the Microfinance's business model and their contractual cash-flow characteristics. Based on these factors, financial assets are classified on following three categories:

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

i) At amortized cost: Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments for which the Microfinance has the business model of collecting the contractual cash flows and holding 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 (FVTPL) if the Microfinance holds such instruments for the purpose of trading or designates such assets at fair value through profit or loss to prevent accounting mismatch. The 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 FVTOCI are non-derivative financial assets that are not classified in any of the above category. Financial assets at FVTOCI 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. The Microfinance has irrevocably opted to classify the investment made in shares as a part of long-term strategic investment as financial assets at FVTOCI on initial recognition.

Financial Liabilities: The Microfinance classifies its financial liabilities, other than financial guarantee and loan commitments, as measured at amortised 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.



Handwritten signatures and initials, including 'KSP', 'Jagdish', '220', and 'S. S. S. S. S.'.



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 Microfinance 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 derecognised) 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 recognised in OCI is recognised 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 the 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 transacted on principal market, in the absence of which the most advantageous market is the active market.

When available, the Microfinance 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.

If there is no quoted price in an active market then the Microfinance uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Fair value of non-financial assets like property & equipment, investment property and intangible assets are considered the deemed cost of such assets in line with NFRS 1.

Fair Value Hierarchy

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

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

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

Level 3: Fair value is determined used using other method as the inputs for valuation are unobservable inputs for the asset or liability. Microfinance has used the 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

At each reporting date, the Microfinance assesses whether there is objective evidence that financial assets are impaired. The financial assets or a group of financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer,
- default or delinquency by a borrower,
- the restructuring of a loan or advance by the Microfinance on terms that the Microfinance would not consider otherwise,
- indication that a borrower or issuer will enter bankruptcy,
- the disappearance of an active market for a security, or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group or economic conditions that correlate with defaults in the group.

In addition, for an investment in an equity security, a significant or prolonged decline in its net worth below its book value is objective evidence of impairment.

The Microfinance considers evidences of impairment for loans and advances and investment securities at both specific asset and at collective level. All individually significant loans and advances and investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and investment securities with similar risk characteristics.

In assessing the collective impairment, the Microfinance uses the statistical modelling of historic trends of the probability of default, the time of recoveries and the amount of loss incurred and makes an adjustment if the current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historic trends. Default rates, loss rates and expected timing of future recoveries are regularly benchmarked against the actual outcomes to ensure that they remain appropriate. In the absence of information for calculation of individual impairment, all the loans and advances to customes have been tested for collective impairment.

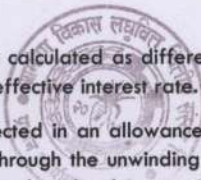


Handwritten signature

Handwritten signature

Handwritten signature

Handwritten signature



Impairment losses on assets measured at amortised cost are calculated as difference between the carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or investment securities. Interest on the impaired assets continues to be recognised through the unwinding of the discount. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss (through OCI for such investments measured at fair value through OCI on which there exists fair value reserve).

The Microfinance writes off a loan or an investment security, either partially or in full and any related allowance for impairment losses, when the Finance determines that there is no realistic prospect of recovery.

For the purpose of collective assesment of impairment Microfiance has categorized assets into following board products :

- Micro Business Loan
- Micro Enterprises Loan
- special member loan
- Micro Enterprise Loan (A)
- BioGas Loan Group
- Seasonal Loan
- Irrigation Loan
- Emergency Loan
- Refinance Loan
- Toilet Loan
- Loan Against Group Saving
- Housing Loan Non-Collateral
- Bio Gas Loan
- Micro Enterprises B
- Housing Loan Collateral
- Joined Project Loan
- Group fund Loan

Craveout adoption for assesment of impairment charge

The microfinance has opted to apply crave-out on alternative treatment of 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 Directives, higher of the amount derived from these measures is taken as impairment loss for loans and receivables.

Comparision of Impairment as per NFRS and NRB :

Particulars	As on 32nd Ashadh 2079
LLP as per NRB Directives	1,584,274,092.23
On Pass Loan	61,038,057.44
On Watchlist Loan	76,868,016.31
On Rescheduled/Restructured Loan	75,788,473.68
On Substandard Loan	44,727,300.95
On Doubtful Loan	117,052,610.95
On Loss Loan	861,290,766.96
Additional impairment recognised by the NRB	326,076,281.32
Additional impairment recognised by the Auditor's	21,432,584.62
Impairment as per NFRS	964,237,047.66

3.4.6 Amortized cost measurement

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

3.4.7 Effective Interest Method

Effective Interest Method is the method that is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation and recognition of the interest revenue or interest expense in profit or loss over the relevant period.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

3.5 Trading assets

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



Handwritten signatures and initials of various individuals, including a prominent signature that appears to be 'JZO'.



3.6 Derivatives assets and derivative liabilities

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

3.7 Property and Equipment

Non-financial tangible assets that are held for providing service to customers and for administrative use of the Microfinance 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 Microfinance Ongoing repair and maintenance are expensed off as incurred.

Subsequent to the initial measurement, NAS 16 provides accounting policy choice to measure the assets either on cost or on revaluation. The Microfinance has measured all items at cost on subsequent measurement. On transition to NFRS, the Microfinance has elected to continue with the carrying value of all of its property and equipment measured as per the previous GAAP and use that carrying value as the deemed cost in line with provisions of NFRS 1, considering the carrying amount as per previous GAAP approximately equates the fair value of such assets.

Derecognition

An item of property 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.

Assets not capitalized

Items of property and equipment with original cost up to Rs. 5,000 are directly accounted as expenses.

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 capable of operating in the manner intended by the management, the cost of construction is transferred to the appropriate category of property and equipment and depreciation commences.

Residual Value

The Microfinance has assessed the salvage value of all property 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 asset 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 ready for intended 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.

Items of property and equipment are depreciated on Straight Line Method over their useful life.

Management of the Microfinance has assessed useful life of property and equipment, as follows:

Items	Useful Life
Building	50 years
Leasehold Properties	Lease period
Vehicle	8 - 12 years
Office Equipment, Furniture & Fixture, Computer	7 - 10 years
Other Assets	8 - 10 years

3.8 Goodwill and Intangible assets

Goodwill

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

Goodwill is allocated to cash generating unit (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, the 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 the Microfinance has control over such assets for the specified period and it is probable that future economic benefits could be derived from such assets. The Microfinance has followed NAS 38 for accounting of intangible assets.



Handwritten signatures and initials at the bottom of the page.



Computer Software

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

Intangible assets are amortized over the period of its estimated use, or in case 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.

On transition to NFRS, the Microfinance has elected to continue with the carrying value of all of its intangible assets measured as per the previous GAAP and use that carrying value as the deemed cost as fair value in line with provisions of NFRS 1.

3.9 Investment Property

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

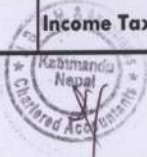
3.10 Income tax

Income tax expenses include current tax, deferred tax and any adjustments recognised 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 Microfinance is 30% (previous year rate was 30%).

Particulars		Amounts (NPR.)
Profit as per NFRS (Before Staff Bonus Provision)		-164,338,564
Less: Staff Bonus Provision		0
Profit as per NFRS (After Staff Bonus Provision)		-164,338,564
Add:		
Inadmissible Expenses as per Income tax Act, 2058		
1	Depreciation as per Accounting System	36,807,248.1
2	Impairment of loans as per books	487,821,793.7
3	Staff Gratuity Provision	75,680,386.0
4	Staff Leave Provision	62,444,710.7
5	Interest Cost on Employee Benefit Obligations	101,584,969.3
6	Interest Cost on Lease Liabilities	8,843,122.8
7	Interest income on plan assets	53,991,560.0
8	Fines and Penalties	0.0
9	Repair and Maintenance Expenses as per Accounting System	2,661,961.8
10	LLP as per tax - Reversal of excess claim	52,939,177.7
11	Interest Income of previous year not recognised previously in tax	0
		882,774,930.2
Less:		
Admissible Expenses as Per Income Tax Act, 2058		
1	Depreciation as per Section 19	6,584,088.1
2	LLP as per tax	0.0
3	Payment of staff Gratuity	335,420,673.0
4	Leave encashment	76,842,243.0
5	Recovery of loan written off	32,500.0
6	Bad Debt Recovery	5,069,270.3
7	Lease Payments	37,343,724.0
8	Adjustment of Grant Income	776.4
9	Repair and maintenance expenses as per section 16	1,713,498.8
10	Less: Loss Carried Forward	0.0
Total Taxable Income		255,429,592.8
Income Tax Liability		76,628,877.8
Advance Tax deposited		64,712,437.8
Income Tax Receivable/(Payable)		-11,916,440.0



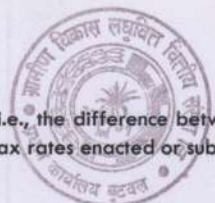
[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]



Deferred Tax

Deferred tax is calculated on temporary differences i.e., the difference between the tax base of assets and liabilities and carrying amount in the financial statements. Deferred tax is calculated using tax rates enacted or substantively enacted by the end of the reporting period.

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

Deposits:

Deposits by members is initially recognized at fair value, net of transaction costs for those financial liabilities not at fair value through profit or loss. The transaction price is considered as the fair value for measuring the deposits.

Debt Securities Issued

Debt Securities are initially measured at the fair value less incremental direct cost and subsequently at their amortized cost using effective interest method except where the bank designates the liabilities at fair value through profit or loss. However, the microfinance does not have debt securities during the reporting period.

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. During the reporting period, the microfinance did not have any such liabilities.

3.12 Provisions and Contingent Liabilities

Provision: Provision is a liability with uncertain timing and event. Provision is recognised if as a result of a past event, the Microfinance has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 recognised as finance cost.

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 Microfinance, 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 the financial statements.

3.13 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the financial institution and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

3.13.1 Interest income

Interest Income includes interest income on loan and advance, investment securities except on those investment securities measure at fair value through profit or loss, cash and cash equivalent, due from Nepal Rastra Bank, due from BFIs, loan and advances to staff etc. Interest income on loans and advances are recognized on amortised principal which is nearer to the effective interest method suggested by NFRS. The adoption of effective interest method is not possible due to constraints of time, effort and cost in short term compared to the benefits it provides. Interest of loans and advances which are significantly impaired are not recognized. Interest income on government bond, treasury bills and bank balances are recognized under effective interest method.

Further NRB Interest Income Guideline 2019 issued on July 2019 set the criteria for determining when interest income recognition should be Hence, Accrued Interest on Loans (other than loans whose contractual payments and or interest are more than 12 month in arrears) has been recognized.

As on Asadh End 2080 the Microfinance has ceased accrual of interest amounting to NPR. 737,671,903 related to bad loan which was NPR. 789,822,073 as on Asadh End 2079.

Microfinance, in general, generates interest income from loan to customers, investment in debt securities and call deposits.

Particulars	As at 31st Ashadh 2078	As at 32nd Ashadh 2079	As at 31st Ashadh 2080
Interest Suspense(Receivable)	770,160,140	896,414,934	916,786,054
Interest receivable due for 1 year or less	107,717,526	106,592,862	179,114,151
Interest receivable due for more than 1 year	662,442,614	789,822,073	737,671,903

3.13.2 Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided based on satisfaction of the performance obligations. 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. The Microfinance has opted to use carve-out as mentioned in Note 2.1.1 (b) 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 the proportionate amount of fee is accounted as income.



Handwritten signatures and initials at the bottom of the page.



3.13.3 Dividend income

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

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 Microfinance are accounted on accrual basis.

3.15 Employees Benefits

Employee expenses includes the amount paid to employees of microfinance in respect of their service. Payment in respect of services include short-term, post-employment, termination and other long-term employee benefits. Post-employment 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 the actuarial valuation.

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

Defined Benefit Plans include the gratuity entitle to the employees as per Employee Service Bylaw of the Microfinance.

Other 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, or when the accumulation exceeds the prescribed period.

3.16 Leases

NFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lease accounting by removing the distinction between operating and financial lease and requiring the recognition of a right-of-use assets and a lease liability at commencement for all leases, except for short-term leases and lease of low value assets when such recognition exemptions are adopted. The impact of adoption of NFRS 16 on the financial statements is described below.

The date of initial application of NFRS 16 for the Microfinance is 1st Shrawan 2078.

The Microfinance has applied NFRS 16 using the modified retrospective approach which:

- requires the Microfinance to recognize the effect of initially applying NFRS 16 by considering the date of initial application as the date of commencement of lease.
- does not permit restatement of comparatives, which continue to be presented under NAS 17 and IFRIC 4.

Under NFRS 16, right-of-use assets are tested for impairment in accordance with NAS 36.

For short-term leases (lease term of 12 month or less) and leases of low-value assets, the microfinance has opted to recognize a lease expenses on straight-line basis as permitted by NFRS 16. This expenses is presented with in 'Notes 4.35- Other Operating expenses' in the statement of profit or loss.

The Microfinance has used the following practical expedients when applying the modified retrospective approach to lease previously classified as operating leases applying NAS 17.

- The Microfinance has applied a single discount rate of 11.5% to a portfolio of lease with reasonably similar characteristics.
- The Microfinance has elected not to recognize right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Microfinance has excluded initial direct costs from the measurement of the right-of-use assets at the date of initial application.
- The Microfinance has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

3.17 Foreign Currency Transaction

Transaction in foreign currencies are recorded in the functional currency at spot rate i.e., 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 amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payment during the year and the amortised 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 recognised in Profit or Loss.



Handwritten signatures and initials, including 'L2', 'Lamb', and several other illegible signatures.



3.18 Financial guarantee and loan commitment

Financial guarantees are contract that require the Microfinance 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 amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised 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 the number of shares held. The Microfinance does not have shares other than ordinary shares.

3.19.2 Reserves

Microfinance 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 transferred 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.

Movement in General Reserve during this fiscal year:

Particulars	Amount(NPR)
Opening Balance of 1st Sharwan 2079	332,732,933
Addition to the Fund this FY	
a. Provision of this FY (20% of net profit as per NFRS)	-
b. 50% of Dividend in excess of 15% Dividend	-
Total (A)	332,732,933
Less : Expenses from Fund this FY	-
Total (B)	-
Closing Balance as on Ashad End 2080 (A-B)	332,732,933

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 Indian 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 Point 16 of Directive 6/080 Microfinance is required to allocate 1% of its net profit for the year for CSR and is required to create CSR Reserve. The amount appropriated to this reserve is expensed off as prescribed in the same Directive in the next fiscal year.

Movement in CSR Fund this fiscal year:

Particulars	Amount(NPR)
Opening Balance of 1st Sharwan 2079	3,701,014
Addition to the Fund this FY	
a. Provision of this FY (1% of net profit as per NFRS)	-
Total (A)	3,701,014
Less : Expenses from Fund this FY	
a. Grocery Donation to social organizations	223,790
b. Distribution of dustbin to schools	15,000
Total (B)	238,790
Closing Balance as on Ashad End 2080 (A-B)	3,462,224



[Handwritten signature]

[Handwritten signature]

[Handwritten signatures]



d) **Client Protection Fund**

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

Movement in Client Protection Fund this fiscal year:

Particulars	Amount(NPR)
Opening Balance of 1st Sharwan 2079	184,582,710
Addition to the Fund this FY	
a. Interest Income to the fund	
b. Miscellenious Addition	
c. 1% of Net Profit as per NFRS of the FY	-
d. 35% of Dividend in excess of 15%	-
Total (A)	184,582,710
Less : Expenses from Fund this FY	
a. Assistance to member during pregnancy for hygiene foods and expenses for medical cure of member	222,085
b. Restoration and Security of failure of Business of Member	76,581
c. Help for centre home repair	
d. Scholarship Expenses	114,872
e. Other	199,110.98
f. Training and Observation Expenses of Member	153,162
Total Expenses (B)	765,811.45
Closing Balance as on Ashad End 2080 (A-B)	183,816,898

d) **Regulatory Reserve**

The amount that is allocated from Profit/Retained Earnings of the microfinance to this reserve as per the directives of NRB for the purpose of implementation of NFRS and which shall not be regarded as free for distribution of dividend shall be presented under this reserve. The regulatory reserve of the microfinance includes the reserve net of tax and employee bonus created relating to Accrued Interest Receivable as on Ashadh end 2080 not recovered. Reserve on Deferred Tax Assets, Non-banking Assets, Reduction in fair value of investment in Equity below cost price, Actuarial Loss etc.

Details of Regulatory reserve has been presented herewith

Particulars	FY 2079.080	FY 2078.079
Interest Receivable	125,042,505.99	74,615,003.17
Income from Reversal of Provision of Restructured Loans	19,977,045.31	-
Short provision for possible losses on investments	-	-
Short provision on NBA	-	-
Deferred Tax assets	771,153,206.58	677,959,144.16
Gain on Bargain Purchase	-	-
Actuarial Gain Recognized	14.00	3,233,499.98
Fair Value loss recognized in OCI	-	-
Others	-	-
Total	916,172,771.88	755,807,647.31

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.

i) **Assets Revaluation Reserve**

j) **Capital Redemption Reserve**

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

k) **Proposed Dividend Distribution**

The Board of the microfinance has not recommended any dividend.

l) **Investment Adjustment Reserve**

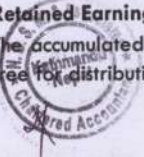
It is a regulatory reserve created as a cushion for adverse price movements in bank's investments as directed by the Directives of Nepal Rastra Bank.

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.

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 of dividend to the shareholders shall be presented under this heading.

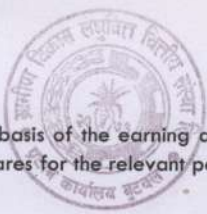


[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]



3.20 Earning per share including diluted

The Microfinance 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

The Microfinance's operating segments are organized and managed separately through the respective department/business managers according to the nature of products and services provided with each segment representing a strategic business unit. These business units are reviewed by Chief Executive Officer of the Microfinance.

The Microfinance has not identified any segment for reporting because of lack of discrete financial information.

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. Except for the following events relating to fraud, there is no event that require additional disclosure in the financial statements: Management has conducted the investigation against fraud detected in Suryapura Branch where Mr. Yogendra Prasad Dhawal headed the branch since BS 2068 (approx. 12 years). According to the investigation report as on 2080-05-18 conducted by the organization in that branch, it was found that there was embezzlement of Rs. 6,41,96,072.86 by creating dummy loan account and embezzlement of customer's deposit where internal control system of the organization was not found to be effective.

Institution has carried out the necessary legal process to recover embezzlement at the Suryapura branch office of the institution. According to the investigation report done by the organization, the amount embezzled in the Suryapura branch was Rs. 6,41,96,072.86 and the management has provided 100% provision of such amount in books of accounts.

[Handwritten signatures and initials in blue ink]



GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Notes to the Financial Statements for the year ended 31st Ashadh 2080

Note No. 4.1

(Figures in NPR)

Cash and cash equivalents

Cash and cash equivalent comprise the total amount of cash-in-hand, balances with other bank and financial institutions, money at call and short notice, treasury bills having original maturity of less than three months and cash in transit is presented as follows:

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Cash in hand	47,418,605	67,037,116	75,096,039
Balance with B/FIs	304,195,163	441,511,365	647,455,514
Money at call and short notice	-	-	-
Other	-	-	-
Total	351,613,768	508,548,481	722,551,553

Note No. 4.2

Statutory Balances and Due from Nepal Rastra Bank

Balances held with Nepal Rastra Bank including balance for compulsory cash reserve is presented as follows:

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Statutory Balances with NRB	324,035	160,331	166,788
Statutory Balances with BFIs	-	-	-
Securities Purchased under re-sale agreement	-	-	-
Other deposit and receivable from NRB	-	-	-
Total	324,035	160,331	166,788

Note No. 4.3

Placement with Bank and Financial Institutions

Placements with domestic as well as foreign bank and financial institutions with original maturities of more than three months from the acquisition date are presented as follows:

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Placements with domestic B/FIs	-	-	800,000,000
Less: Allowances for Impairment	-	-	-
Total	-	-	800,000,000



[Handwritten signatures and initials]



GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Notes to the Financial Statements for the year ended 31st Ashadh 2080

Note No. 4.4

Derivative Financial Instruments

The Microfinance does not have any Derivative Financial Instruments.

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Held for trading	-	-	-
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	-	-	-
Others	-	-	-
Held for risk management	-	-	-
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	-	-	-
Others	-	-	-
Total	-	-	-

Note No. 4.5

Other Trading Assets

The Micro Finance does not have any trading assets.

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Treasury Bills	-	-	-
Government Bonds	-	-	-
NRB Bonds	-	-	-
Domestic Corporate Bonds	-	-	-
Equities	-	-	-
Other	-	-	-
Total	-	-	-
Pledged			
Non-pledged			

Note No. 4.6

Loans and advances to MFIs and Cooperatives

The Micro Finance does not have any Loans and advances to MFIs and Cooperatives

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Loans to microfinance institutions	-	-	-
Loans to FIs	-	-	-
Loans to Cooperatives	-	-	-
Less: Allowance for impairment	-	-	-
Other			
Less: Allowance for impairment	-	-	-
Total	-	-	-

Samuel 22A

Samuel
[Signature]
[Signature]
[Signature]





GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Notes to the Financial Statements for the year ended 31st Ashadh 2080

Note 4.6.1.

Allowance for impairment

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Balance for 1 st Shrawan	-	-	-
Impairment loss for the year	-	-	-
Charge for the year	-	-	-
Recoveries/reversal	-	-	-
Amount written off	-	-	-
Balance at Asar end			

Note No. 4.7

Loans and advances to customers

Sum of the outstanding amount of all loans and advances extended to the customers other than BFIs, bills purchased and discounted and amortized cost of staff loans; less the amount of impairment allowances is presented under this head.

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Loans and advances measured at amortised cost	12,619,060,423	13,677,843,977	12,667,488,993
AIR On Loans and Advances	179,114,151	106,592,862	107,717,526
Less: Impairment allowances	(1,584,274,092)	(1,096,452,299)	(815,774,792)
Collective Allowances	(137,906,074)	(194,110,061)	(175,500,431)
Individual Allowances	(1,446,368,018)	(902,342,238)	(640,274,361)
Net amount	11,213,900,482	12,687,984,540	11,959,431,727
Loans and advances to staff measured at FVTPL	169,466,136	225,610,558	277,746,742
Less: Fair Value Adjustment	(40,404,923)	(35,985,356)	(40,167,784)
Net amount	129,061,213	189,625,202	237,578,959
Total	11,342,961,695	12,877,609,742	12,197,010,686

Note No. 4.7.1

Analysis of Loans and advances- By Product

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Product			
Term Loans	11,034,786,331	12,581,391,679	11,851,714,201
Short term, term loan	-	-	-
Hire purchase loan	-	-	-
Personal Residential Loans	-	-	-
Staff loans	129,061,213	189,625,202	237,578,959
Others	-	-	-
Sub Total	11,163,847,544	12,771,016,881	12,089,293,160
Interest receivable	179,114,151	106,592,862	107,717,526
Grand Total	11,342,961,695	12,877,609,742	12,197,010,686

Stamp *227*

Signature *Signature* *Signature* *Signature*



Signature



GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Notes to the Financial Statements for the year ended 31st Ashadh 2080

Note No. 4.7.2

Analysis of Loans and advances- By Collateral

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Secured			
Immovable assets	9,042,088,940	3,854,793,230	2,841,494,210
Government Guarantee			-
Collateral of Government securities			-
Collateral of fixed deposit receipt			-
Group Guarantee	3,576,971,483	9,823,050,747	9,825,994,783
Personal Guarantee			-
Other collateral			-
Subtotal	12,619,060,423	13,677,843,977	12,667,488,993
Unsecured	-	-	-
Grand Total	12,619,060,423	13,677,843,977	12,667,488,993

Note No. 4.7.3

Allowances for Impairment

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Specific allowance for impairment			
Balance at Shrawan 1	194,110,061	175,500,431	108,847,073
Impairment loss for the year	-	18,609,630	66,653,358
Recoveries/reversal during the year	(56,203,987)	-	-
Write-offs	-	-	-
Exchange rate variance on foreign currency	-	-	-
Other Movement	-	-	-
Balance at Asadh end	137,906,074	194,110,061	175,500,431
Collective allowances for impairment			
Balance at Shrawan 1	902,342,238	640,274,361	634,646,563
Impairment loss for the year	544,025,781	262,067,876	5,627,798
Recoveries/reversal during the year	-	-	-
Write-offs	-	-	-
Exchange rate variance on foreign currency	-	-	-
Other Movement	-	-	-
Balance at Asadh end	1,446,368,018	902,342,238	640,274,361
Total Allowance for impairment	1,584,274,092	1,096,452,299	815,774,792



Scanned J27

Panguna
[Signature]
[Signature]
[Signature]

GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Notes to the Financial Statements for the year ended 31st Ashadh 2080



Note No. 4.8

Investment securities

Investments made by Microfinance in financial instruments has been presented under this account head in three categories i.e. investment securities designated at fair value through profit or loss, investment securities measured at amortized cost and investment in equity measured at fair value through other comprehensive income which is as follows:

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Investment securities measured at amortised cost	-	-	-
Investment Securities measured at FVTPL	-	-	-
Investment Securities measured at FVTOCI	2,025,000	2,025,000	2,025,000
Total	2,025,000	2,025,000	2,025,000

Note No. 4.8.1

Investment securities measured at amortized cost

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Debt securities	-	-	-
Government bonds	-	-	-
Government treasury bills	-	-	-
Nepal Rastra Bank bonds	-	-	-
Nepal Rastra Bank deposits instruments	-	-	-
Other	-	-	-
Less: specific allowances for impairment	-	-	-
Total	-	-	-

Note No. 4.8.2

Investment in equity measured at fair value through other comprehensive income

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Equity instrument	-	-	-
Quoted equity instrument	-	-	-
Unquoted equity instrument	2,025,000	2,025,000	2,025,000
Less: specific allowances for impairment	-	-	-
Total	2,025,000	2,025,000	2,025,000

Note No. 4.9

Advance tax deposited by the bank less tax liabilities are presented under this head. Liabilities recognized for the purpose of current income tax, including fees, penalties are presented under this head.

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Current tax assets			
Current year income tax assets	64,712,438	146,963,119	10,939,044
Tax assets of prior periods	-	-	-
Total	64,712,438	146,963,119	10,939,044
Current tax Liabilities			
Current year income tax liabilities	76,628,878	224,813,704	-
Tax Liabilities of prior periods	77,850,648	-	-
Total	154,479,526	224,813,704	-
Total	(89,767,088)	(77,850,585)	10,939,044



GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Notes to the Financial Statements for the year ended 31st Ashadh 2080



Note No 4.8.3
Information relating to investment in equities

Particulars	As at 31st Ashadh 2080		As at 32nd Ashadh 2079		As at 1 st Shrawan 2078	
	Cost	Fair value	Cost	Fair value	Cost	Fair value
Investment in Unquoted Equity						
Nepal Finsoft company Ltd 20,000 shares of Rs. 100 each	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Grameen Network Nepal 150 shares of Rs. 100 each	15,000	15,000	15,000	15,000	15,000	15,000
Centre for Microfinance Company Pvt. Ltd. 100 shares of Rs. 100 each	10,000	10,000	10,000	10,000	10,000	10,000
Total	2,025,000	2,025,000	2,025,000	2,025,000	2,025,000	2,025,000



[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Notes to the Financial Statements for the year ended 31st Ashadh 2080



Note No 4.10

Investment Properties

Land or land and building other than those classified as property and equipment; and non-current assets held for sale under relevant accounting standard has been presented under this account head. This shall include land, land and building acquired as non-banking assets by the bank but not sold.

The MFI has no investment properties.

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Investment Properties measured at fair value			
Balance as on Shrawan 1	-	-	-
Addition/Disposal during the year	-	-	-
Net changes in fair value during the year	-	-	-
Adjustment/Transfer	-	-	-
Net Amount	-	-	-
Investment Properties measured at cost			
Balance as on Shrawan 1	-	-	-
Addition/Disposal during the year	-	-	-
Adjustment/Transfer	-	-	-
Accumulated depreciation	-	-	-
Accumulated impairment loss	-	-	-
Net Amount	-	-	-
Total	-	-	-

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]



GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Notes to the Financial Statements for the year ended 31st Ashadh 2080

Note 4.11 Property and Equipment

Particulars	Land	Building	Vehicle	Office Equipment	Other Assets	Total
Cost						
Opening Balance as on 1st Shrawan 2078	4,596,038	3,595,229	36,996,633	67,549,323	12,088,998	124,826,220
Adjustment/Restatement	-	102,421,912	-	1,031,704	(2,127,802)	101,325,814
Restated Balance as on 1st Shrawan 2078	4,596,038	106,017,141	36,996,633	68,581,027	9,961,196	226,152,035
Addition during the Year						
Acquisition	-	-	284,900	1,994,680	3,796,705	6,076,285
Acquisition of Right-of-use asset						
Capitalization					(98,578)	(98,578)
Disposal during the year					(112,967)	(112,967)
Adjustment/Revaluation			(1,314)	(229,067)	(343,348)	(343,348)
Balance as on Asar end 2079	4,596,038	106,017,141	37,280,219	70,346,640	13,546,355	231,786,393
Addition during the Year						
Acquisition			1,144,712.14	8,574,338	1,754,303	11,473,353
Acquisition of Right-of-use asset						
Capitalization						
Disposal during the year						
Adjustment/Revaluation						
Balance as on Asar end 2080	4,596,038	106,017,141	38,424,931	78,920,978	15,300,658	243,259,746
Depreciation and Impairment						
Opening Balance as on 1st Shrawan 2078	-	1,767,124	31,069,033	59,583,070	8,623,696	101,042,921
Adjustment/Restatement				2,724,926	(3,738,633)	(1,013,706)
Restated Balance as on 1st Shrawan 2078	-	1,767,124	31,069,033	62,307,996	4,885,063	100,029,215
Impairment for the year						
Depreciation charge for the Year		60,274	1,889,520	2,759,623	2,270,148	6,979,565
Amortisation of Right-of-use asset		31,288,083			(74,218.8)	31,288,083
Disposals						
Adjustment						
Balance as on Asar end 2079	-	33,115,481	32,958,552	65,067,619	7,080,992	138,222,644
Impairment for the year						
Depreciation charge for the Year		60,109.6	801,567.2	2,397,200	1,476,906	4,735,783
Amortisation of Right-of-use asset		31,288,083.2				31,288,083
Disposals						
Adjustment						
Balance as on Asar end 2080	-	64,463,674	33,760,119	67,464,819	8,557,898	174,246,510
Capital Work in Progress						
Net Book Value						
As on 31st Ashadh 2078	4,596,038	104,250,017	5,927,600	6,273,031	5,076,133	126,122,820
As on 32nd Ashadh 2079	4,596,038	72,901,660	4,321,667	5,279,021	6,465,363	93,563,749
As on 31st Ashadh 2080	4,596,038	41,553,467	4,664,812	11,456,160	6,742,760	69,013,236

Right-of-use assets recognised and accounted as per NFRS 16 Leases have been presented under "Building", which is the corresponding underlying asset represented by the lease.



[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Notes to the Financial Statements for the year ended 31st Ashadh 2080



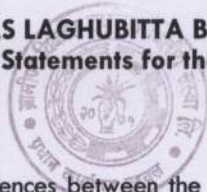
Note : 4.12

Goodwill and Intangible Assets

Particulars	Goodwill	Software		Total
		Purchased	Developed	
Cost				
Balance as on 1st Shrawan 2078	-	-	-	-
Addition during the Year	-	-	-	-
Acquisition	-	-	952,356	952,356
Capitalization	-	-	-	-
Disposal during the year	-	-	-	-
Adjustment/Revaluation	-	-	-	-
Balance as on 32nd Ashadh 2079	-	-	952,356	952,356
Addition during the Year	-	-	-	-
Acquisition	-	-	-	-
Capitalization	-	-	2,964,555	2,964,555
Disposal during the year	-	-	-	-
Adjustment/Revaluation	-	-	-	-
Balance as on 31st Ashadh 2080	-	-	3,916,911	3,916,911
Amortization and Impairment				
Balance as on 1st Shrawan 2078	-	-	-	-
Amortization charge for the Year	-	-	-	-
Impairment for the year	-	-	-	-
Disposals	-	-	-	-
Adjustment	-	-	-	-
Balance as on 32nd Ashadh 2079	-	-	-	-
Amortization charge for the Year	-	-	783,382	783,382
Impairment for the year	-	-	-	-
Disposals	-	-	-	-
Adjustment	-	-	-	-
Balance as on 31st Ashadh 2080	-	-	783,382	783,382
Capital Work in Progress				
Capital Work in Progress	-	-	3,916,911	3,916,911
Net Book Value				
As on 31st Ashadh 2078	-	-	-	-
As on 32nd Ashadh 2079	-	-	952,356	952,356
As on 31st Ashadh 2080	-	-	3,133,529	3,133,529

Handwritten signatures and initials are present on the right side of the page, including a large signature that appears to read 'Santosh Kumar'.

GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Notes to the Financial Statements for the year ended 31st Ashadh 2080



Note No. 4.13

(Figures in NPR)

Deferred Tax

Deferred tax is calculated on temporary differences between the book values of financial assets/liabilities and tax bases of assets/liabilities using the statutory tax rate of 30%. Details as follows:

Particulars	As at 31st Ashadh 2080		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
Deferred tax on temporary differences on following items			
Investment properties (NBA)	-	-	-
Interest Receivable	-	-	-
Employees' Defined Benefit Plan	481,164,575	-	481,164,575
Provisions (Bank deposit and advance)	285,996,321	-	285,996,321
Property and Equipment	-	10,526,526	(10,526,526)
Intangible Assets	-	-	-
Lease Liabilities	14,518,836	-	14,518,836
Other temporary differences	-	-	-
Deferred tax on temporary differences			771,153,207
Deferred tax on carry forward of unused tax losses	-	-	-
Net Deferred tax asset/(liabilities) as on 31st Ashadh 2080			771,153,207
Deferred tax asset/(liabilities) as on Shrawan 1, 2079			678,296,544
Deferred Tax income/(expense) during the year			92,856,663
Deferred tax income/(expense) recognised in profit or loss			161,856,857
Deferred tax income/(expense) recognised in other comprehensive income			(69,000,194)
Deferred tax income/(expense) recognised in directly in equity			-

Particulars	Restated* As at 32nd Ashadh 2079		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
Deferred tax on temporary differences on following items			
Interest Receivable		31,977,859	(31,977,859)
Employees' Defined Benefit Plan	584,525,810		584,525,810
Loan Loss Provision	123,768,030		123,768,030
Property and Equipment	-	21,088,454	(21,088,454)
Intangible Assets	-	-	-
Lease Liabilities	23,069,016	-	23,069,016
Other temporary differences			-
Deferred tax on temporary differences	731,362,856	53,066,313	678,296,544
Deferred tax on carry forward of unused tax losses	-	-	-
Net Deferred tax asset/(liabilities) as on 32nd Ashadh 2079			678,296,544
Deferred tax asset/(liabilities) as on Shrawan 1, 2078			514,025,231
Deferred Tax income/(expense) during the year			164,271,312
Deferred tax income/(expense) recognised in profit or loss			145,053,586
Deferred tax income/(expense) recognised in other comprehensive income			19,217,726
Deferred tax income/(expense) recognised in directly in equity			-



Stamp

J23

SR

Parvati

[Handwritten signatures]



Particulars	Restated*		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
Deferred tax on temporary differences on following items			
Interest Receivable	-	32,315,258	(32,315,258)
Employees' Defined Benefit Plan	491,260,361	-	491,260,361
Loan Loss Provision	54,720,103	-	54,720,103
Property and Equipment	(30,366,548)	-	(30,366,548)
Intangible Assets	-	-	-
Lease Liabilities	30,726,574	-	30,726,574
Other temporary differences	-	-	-
Deferred tax on temporary differences	546,340,489	32,315,258	514,025,231
Deferred tax on carry forward of unused tax losses	-	-	-
Net Deferred tax asset/(liabilities) as on 31st Ashadh 2078			514,025,231
Deferred tax asset/(liabilities) as on Shrawan 1, 2077			-
Deferred Tax income/(expense) during the year			514,025,231
Deferred tax expense/(income) recognised in profit or loss			-
Deferred tax expense/(income) recognised in other comprehensive income			-
Deferred tax expense/(income) recognised in directly in equity			514,025,231

Stamul

[Handwritten signature]

227

[Handwritten signature]



[Handwritten signature]

GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Notes to the Financial Statements for the year ended 31st Ashadh 2080

(Figures in NPR)

Note No. 4.14

Other Assets

Other Asset include accounts receivable, interest receivable, accrued income, prepayments, deposit, deferred employee benefits and stationery stock details presented as follows:

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Assets held for sale	-	-	-
Other non banking assets	-	-	-
Bills receivable	-	-	-
Accounts receivable	59,601,505	62,003,489	68,886,286
Accrued Income	-	-	-
Prepayments and deposits	5,667,960	6,449,390	6,678,406
Staff Advances	-	-	-
Income tax deposit	-	-	-
Deferred Employee Expenditure	40,404,923	35,985,356	40,167,784
Other Miscellaneous Assets	6,263,981	4,595,162	4,649,909
Total	111,938,369	109,033,397	120,382,384

Note:4.15

Due to Bank and Financial Institutions

Deposits from other BFIs is shown under this head. Details as follows:

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Borrowing from BFIs	5,211,871,917	5,824,451,766	6,076,746,413
Settlement and clearing accounts	-	-	-
Other	-	-	-
Total	5,211,871,917	5,824,451,766	6,076,746,413

Note:4.16

Due to Nepal Rastra Bank

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Refinance from NRB	-	-	-
Standing liquidity facility	-	-	-
Lender of last resort facility from NRB	-	-	-
Securities sold under repurchase agreement	-	-	-
Other payable to NRB	-	688,000,000	860,763,560
Total	-	688,000,000	860,763,560

Note:4.17

Derivative financial instruments

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Held for trading			
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	-	-	-
Others	-	-	-
Held for risk management			
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	-	-	-
Others	-	-	-
Total	-	-	-

Stamp

J 20

Parashar



GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Notes to the Financial Statements for the year ended 31st Ashadh 2080

Note:4.18

Deposits from Customers

All deposits account other than deposit from bank and financial institutions (local and foreign bank and NRB) is presented under this head. Details are presented as follows:

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Institutional Customers:			
Term deposits	-	-	-
Call Deposits	-	-	-
Other	-	-	-
Sub total:	-	-	-
Individual Customers:			
Term deposits	-	-	-
Saving Deposits	-	-	-
Savings from Members	3,747,707,764	3,921,843,013	3,798,579,266
Other	-	-	-
Sub total:	3,747,707,764	3,921,843,013	3,798,579,266
Total	3,747,707,764	3,921,843,013	3,798,579,266

Note:4.19

Borrowing

The Microfinance does not have any borrowings as on reporting date.

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Domestic Borrowing:			
Nepal Government	129,653,600	129,653,600	149,567,000
Other licensed institution	-	-	-
Other	-	-	-
Sub total	129,653,600	129,653,600	149,567,000
Foreign Borrowing:			
Foreign Bank and Financial Institutions	-	-	-
Multilateral Development Bank	-	-	-
Other institutions	-	-	-
Sub total	-	-	-
Total	129,653,600	129,653,600	149,567,000

Note:4.20

Provisions

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Provisions for redundancy	-	-	-
Provision for restructuring	-	-	-
Pending legal issues and tax litigation	-	-	-
Onerous contract	-	-	-
Other Provisions	-	-	-
Total	-	-	-

Note:4.20.1

Movement in provision

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Balance at shrawan 1st	-	-	-
Provisions made during the year	-	-	-
Provisions used during the year	-	-	-
Provisions reversed during the year	-	-	-
Unwind of discount	-	-	-
Balance at Ashadh End	-	-	-

Stamp

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]



GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Notes to the Financial Statements for the year ended 31st Ashadh 2080

Note:4.21
Other liabilities

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Liability for employees defined benefit obligations	923,599,718	1,159,695,103	1,031,270,993
Liability for long-service leave	98,503,036	95,567,083	92,638,399
Short-term employee benefits	-	-	-
Bills Payable	-	-	-
Creditors and Accruals	120,005,511	52,225,043	19,086,811
Interest payable on deposit	5,892	33,639,899	17,000,633
Interest payable on borrowing	53,417,319	47,215,996	55,849,593
Liabilities on deferred grant income	378,832	378,832	378,832
Unpaid Dividend	457,076	457,076	483,823
Lease Liabilities	48,396,119	76,896,720	102,421,912
Employee bonus payable	8,991,706	8,991,706	184,483,905
Other	41,015,998	55,675,628	42,982,457
Total	1,294,771,207	1,530,743,085	1,546,597,359

Note:4.21.1
Defined benefit obligation

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Present value of funded obligations	1,311,255,817	1,667,515,399	1,516,542,686
Present value of non-funded obligations	194,123,064	185,336,885	148,345,350
Total present value of obligations	1,505,378,881	1,852,852,284	1,664,888,036
Fair value of plan assets	581,779,163	693,157,181	633,617,043
Present value of net obligations	923,599,718	1,159,695,103	1,031,270,993
Recognised liability for defined benefit obligation	923,599,718	1,159,695,103	1,031,270,993

Note:4.21.2
Plan Assets

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Equity securities	-	-	-
Government bonds	-	-	-
Bank deposits	-	-	-
Other	581,779,163	693,157,181	633,617,043
Total	581,779,163	693,157,181	633,617,043

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

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Defined benefit obligation at 1 st Shrawan	1,852,852,284	1,664,888,036	1,458,750,990
Actuarial losses/(gain)	(224,846,876)	56,564,438	(82,600,110)
Benefit paid by the plan	(361,529,901)	(89,090,484)	(66,272,638)
Current service cost	92,087,530	88,144,958	239,179,156
Interest cost	146,815,844	132,345,336	115,830,638
Defined benefit obligation at Ashadh end	1,505,378,881	1,852,852,284	1,664,888,036

Note:4.21.4
Movement in the fair value of plan assets

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Fair value of plan assets at 1 st Shrawan	693,157,181	633,617,043	419,761,110
Contributions paid into the plan	170,051,095	100,000,000	250,000,000
Benefit paid during the year	(335,420,673)	(84,283,246)	(66,272,638)
Actuarial (losses) gains	5,153,769	(7,494,650)	(10,801,412)
Expected return on plan assets	48,837,791	51,318,034	40,929,983
Fair value of plan assets at Ashadh end	581,779,163	693,157,181	633,617,043



Stamul

Jiz

Bo

Laxmi

[Signature]

GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Notes to the Financial Statements for the year ended 31st Ashadh 2080

Note:4.21.5

Amount recognised in profit or loss

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Current service cost	111,402,575	104,355,119	255,302,466
Interest on obligation	154,396,150	139,711,257	123,059,401
Expected return on plan assets	(48,837,791)	(51,318,034)	(40,929,983)
Actuarial loss/(gain)	26,773,617	11,327,030	(16,951,273)
Total	243,734,551	204,075,372	320,480,611

Note:4.21.6

Amount recognised in other comprehensive income

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Actuarial (gain)/loss	(230,000,645)	64,059,088	(71,798,698)
Total	(230,000,645)	64,059,088	(71,798,698.00)

Note:4.21.7

Actuarial assumptions

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Discount rate	8%	8%	8%
Expected return on plan assets			
Future salary increase	8%	8%	8%
Withdrawal rate	0.50%	0.50%	0.50%
Total	17%	17%	17%

Note:4.21.8

Long-service leave

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Present value of funded obligations	-	-	-
Present value of non-funded obligations	98,503,036	95,567,083	92,638,399
Total present value of obligations	98,503,036	95,567,083	92,638,399
Fair value of plan assets	-	-	-
Present value of net obligations	98,503,036	95,567,083	92,638,399
Recognised liability for long-service leave	98,503,036	95,567,083	92,638,399

Note:4.21.9

Movement in the present value of long-service leave

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Other long-term obligation at 1 st Shrawan	95,567,083	92,638,399	90,971,066
Actuarial losses/(gain)	26,773,617	11,327,030	(16,951,273)
Benefit paid by the plan	(50,733,015)	(31,974,428)	(4,733,467)
Current service cost	19,315,045	16,210,161	16,123,310
Interest cost	7,580,306	7,365,921	7,228,763
Other long-term obligation at Ashadh end	98,503,036	95,567,083	92,638,399

Note:4.22

Debt securities issued

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Debt securities issued designated at fair value through profit or loss	-	-	-
Debt securities issued at amortised cost	-	-	-
Total	-	-	-

Note:4.23

Subordinated liabilities

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Redeemable preference shares	-	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-	-
Other	-	-	-
Total	-	-	-



[Handwritten signatures and initials]

GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Notes to the Financial Statements for the year ended 31st Ashadh 2080



Note:4.24
Share capital

(Figures in NPR)

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Ordinary shares	982,500,000	982,500,000	982,500,000
Convertible preference share(Equity component)	-	-	-
Irredeemable preference share(Equity componen)	-	-	-
Perpetual debt(Equity component only)	-	-	-
Total	982,500,000	982,500,000	982,500,000

Note:4.24.1
Ordinary shares

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Authorized capital:			
15,000,000 ordinary share of Rs.100 each	1,500,000,000	1,500,000,000	1,500,000,000
Issued capital:			
9,825,000 ordinary share of Rs.100 each	982,500,000	982,500,000	982,500,000
Subscribed and paid of capital:			
9,825,000 ordinary share of Rs.100 each	982,500,000	982,500,000	982,500,000
Total	982,500,000	982,500,000	982,500,000

Note:4.24.2
Ordinary share ownership

Particulars	As at 31st Ashadh 2080		As at 32nd Ashadh 2079		As at 1st Shrawan 2078	
	Percent	Amount	Percent	Amount	Percent	Amount
Domestic ownership(promoter)	69.91%	686,846,100	69.91%	686,846,100	69.91%	686,846,100
Nepal Government	30.17%	296,370,538	30.17%	296,370,538	30.17%	296,370,538
"A" class licensed institutions	18.23%	179,132,862	15.43%	151,634,662	15.43%	151,634,662
Other licensed institutions	13.11%	128,830,800	13.11%	128,830,800	13.11%	128,830,800
Other institutions	8.40%	82,511,900	8.40%	82,511,900	8.40%	82,511,900
Other			2.80%	27,498,200	2.80%	27,498,200
Domestic ownership(public)	30.09%	295,653,900	30.09%	295,653,900	30.09%	295,653,900
Nepal Government						
"A" class licensed institution						
Other licensed institutions						
Other institutions						
Other	30.09%	295,653,900	30.09%	295,653,900	30.09%	295,653,900
Foreign ownership Promoter						
Foreign ownership public						
Total	100.00%	982,500,000	100.00%	982,500,000	100.00%	982,500,000

Note: 4.24.3
List of shareholders holding shares on and Above 0.5%

S.No.	Name of Shareholders	Shares Held	% of Shareholding
1	Nepal Government	2,963,705.38	30.165%
2	Nepal Bank Limited	677,550.62	6.896%
3	Rastriya Banijya Bank Limited	500,476.00	5.094%
4	Nepal Bangladesh Bank Limited	145,215.00	1.478%
5	Himalayan Bank Limited	143,994.00	1.466%
6	Nepal SBI Bank Limited	139,215.00	1.417%
7	Nabil Bank Limited	80,453.00	0.819%
8	Nepal Investment Bank Limited	72,898.00	0.742%
9	Peoples Investment Company Limited	1,005,012.00	10.229%
10	Sobha Mishra	66,705.00	0.679%

(Handwritten signatures and initials)

GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Notes to the Financial Statements for the year ended 31st Ashadh 2080



Note No. 4.26

Contingent Liabilities and Commitment

(Figures in NPR)

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Contingent Liabilities	6,764,478	6,764,478	6,764,478
Undrawn and undisbursed facilities	-	-	-
Capital commitment	-	-	-
Lease commitment	-	-	-
Litigation	-	-	-
others	-	-	-
Total	6,764,478	6,764,478	6,764,478

Note No. 4.26.1

Capital commitments

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

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Capital commitments in relation to Property and Equipment			
Approved and contracted for	-	-	-
Approved but not contracted for	-	-	-
Sub Total	-	-	-
Capital commitments in relation to Intangible assets			
Approved and contracted for	-	-	-
Approved but not contracted for	-	-	-
Sub Total	-	-	-
Total	-	-	-

Note No. 4.26.2

Lease Commitments

Particulars	As at	Restated*	Restated*
	31st Ashadh 2080	As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Not later than 1 year	-	-	-
Later than 1 year but not later than 5 years	-	-	-
Later than 5 years	-	-	-
Grand Total	-	-	-

Note No. 4.26.3

Litigation

Litigation by the Microfinance against Inland Revenue Department's amended income tax assessment is under process in Revenue Tribunal. The management of the Microfinance believes that the Tribunal will decide in its favour on the claims made by the Department .



Handwritten signatures and initials of various individuals, including the auditor and management members.

GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Notes to the Financial Statements for the year ended 31st Ashadh 2080



Note: 4.27

Interest income

(Figures in NPR)

Interest income include interest income on loan and advance, investment securities except on those investment securities measure at fair value through profit or loss, cash and cash equivalent, due from BFIs, loan and advances to staff etc. Details presented as follows:

Particulars	For the year ended 31st Ashadh 2080	For the year ended 32nd Ashadh 2079 (Restated)
Cash and cash equivalents	11,017,401	23,364,793
Due from Nepal Rastra Bank	-	-
Placement with Banks and Financial Institutions	-	-
Loans and Advances to Financial Institutions	-	-
Loans and advances to customers	2,194,586,448	2,024,189,432
Investment securities	-	-
Loans and advances to staff	6,674,129	19,148,091
Other	(0)	(1)
Total Interest Income	2,212,277,977	2,066,702,315

Note: 4.28

Interest expense

Interest expenses include interest accrued on deposits collected and debt securities issued, and unwinding of lease liabilities.

Details presented as follows:

Particulars	For the year ended 31st Ashadh 2080	For the year ended 32nd Ashadh 2079 (Restated)
Due to Bank and Financial Institutions	-	-
Due to Nepal Rastra Bank	-	-
Deposits from customers	236,098,902	224,819,658
Borrowing	713,265,592	602,497,474
Debt securities issued	-	-
Subordinated liabilities	-	-
Other	8,843,123	10,454,706
Total Interest Expenses	958,207,617	837,771,838

Note: 4.29

Fees and Commission Income

Fees and commission income include management fee, service charges, syndication fee, forex transaction commission etc.

Details presented as follows:

Particulars	For the year ended 31st Ashadh 2080	For the year ended 32nd Ashadh 2079 (Restated)
Loan Administration fees	-	-
Service fees	59,294,281	134,145,953
Commitment fees	-	-
Card Issuance fees	-	-
pepayment and swap fees	-	-
Remittance fees	-	-
Brokerage fees	-	-
Other Fees and Commission Income	16,699,867	8,657,340
Total Fees and Commission Income	75,994,148	142,803,293



Stamp

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]



Note: 4.30

Fees and Commission Expense

Fees and commission expense include ATM management fees, card related fees, remittance fees & commissions/TT/swift charges etc.

Details presented as follows:

Particulars	For the year ended 31st Ashadh 2080	For the year ended 32nd Ashadh 2079 (Restated)
Brokerage	-	-
ATM management fees	-	-
VISA/Master card fees	-	-
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees	-	-
Remittance fees and commission	99,232	32,420
Other Fees and Commission Expense	12,922,497	13,277,079
Total Fees and Commission Expenses	13,021,729	13,309,499

Note: 4.31

Net trading income

Particulars	For the year ended 31st Ashadh 2080	For the year ended 32nd Ashadh 2079 (Restated)
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	-	-
Total Net Trading Income	-	-

Note: 4.32

Other operating income

Particulars	For the year ended 31st Ashadh 2080	For the year ended 32nd Ashadh 2079 (Restated)
Foreign Exchange Revaluation Gain	-	-
Gain/loss on sale of investment Securities	-	-
Fair value gain/loss on investment properties	-	-
Dividend on equity instruments	-	-
Gain/loss on sale of property and equipment	-	-
Gain/loss on sale of investment property	-	-
Operating lease income	-	-
Gain on Bargain Purchase	-	-
Gain/Loss on sale of gold and silver	-	-
Other	-	-
Total	-	-

Note: 4.33

Impairment charge/(reversal) for loan and other losses

Detail presented as follows:

Particulars	For the year ended 31st Ashadh 2080	For the year ended 32nd Ashadh 2079 (Restated)
Impairment charge/(reversal) on loan and advances to B/FIs	-	-
Impairment charge/(reversal) on loan and advances to customer	487,821,794	280,677,506
Impairment charge/(reversal) on financial investment	(5,069,270.34)	4,480,868
Impairment charge/(reversal) on placement with bank and financial institutions	-	-
Impairment charge/(reversal) on property and equipment	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-
Impairment charge/(reversal) on investment properties	-	-
Total	482,752,523	285,158,374





Note: 4.34

Personnel Expense

All expenses related to employees of the Microfinance are included under this head. Details presented as follows:

Particulars	For the year ended 31st	For the year ended 32nd
	Ashadh 2080	Ashadh 2079 (Restated)
Salary	431,446,248	386,571,034
Allowances	94,573,457	93,021,640
Gratuity expenses	75,680,386	74,207,638
Provident fund	39,508,594	37,131,858
Social Security Fund	-	-
Uniform	7,550,000	7,880,000
Training & Development Expense	9,116,568	5,744,120
Leave encashment	62,444,711	41,474,511
Medical	32,848,602	31,127,343
Employee Insurance	13,013,803	14,335,487
Employees Incentive	-	-
Cash-settled share-based payments	-	-
Pension Expense	-	-
Voluntary Resignation scheme	-	-
Finance expenses under NFRS	101,584,969	95,853,920
Other Expenses Related to Staff	3,863,755	4,096,347
Sub-Total	871,631,094	791,443,899
Employees Bonus	-	8,991,706
Total	871,631,094	800,435,605

Note: 4.35

Other operating expense

Operating expense other than those relating to personnel expense are recognized are presented in this head.

Details presented as follows:

Particulars	For the year ended 31st	For the year ended 32nd
	Ashadh 2080	Ashadh 2079 (Restated)
Directors' fee	301,000	611,000
Directors' expense	729,480	1,023,822
Auditors' remuneration	593,250	706,250
Other audit related expense	378,313	94,114
Professional and legal expense	2,861,918	1,740,908
Office administration expense	77,556,261	47,381,752
Lease expense on short-term lease	-	-
Operating expense of investment properties	-	-
Corporate Social Responsibility Expense	-	-
Client Protection expense	-	-
Onerous lease provision	-	-
Other Miscellaneous Operating Expenses	7,803,533	5,531,990
Total	90,223,754	57,089,836

Handwritten signatures and initials of various individuals, including a prominent signature on the left and several initials on the right.





Note No 4.35.1 Office Administration Expenses

Particulars	For the year ended 31st	For the year ended 32nd
	Ashadh 2080	Ashadh 2079 (Restated)
Light Electricity and Water Expenses	2,548,280	2,630,651
Repair and maintenance		
(a) Building	-	-
(b) Vehicles	1,770,919	2,545,221
(c) Computer and accessories	-	-
(d) Office Equipment and furniture	1,016,988	1,200,710
(e) Other	127,465	46,076
Insurance	23,608,985	839,103
Postage, telex, telephone, fax	4,007,073	3,505,628
Printing and stationery	5,135,800	5,965,701
News paper, books and journals	28,345	6,438
Advertisement	219,187	444,319
Donation	-	-
Security expense	-	-
Deposit and loan guarantee premium	-	-
Travelling Allowance and expenses	31,125,419	21,011,002
Entertainment	-	-
Annual/special general meeting expense	666,465	1,505,457
Other		
(a) Linens and Curtains	167,465	465,805
(b) Registration and Renewal	1,151,117	1,352,330
(c) Committee Meeting Fees and Expenses	585,948	817,238
(d) Guest and Hospitality	5,396,804	5,046,074
Total	77,556,261	47,381,752

Note No 4.35.2 Other Miscellaneous Operating Expenses

Particulars	For the year ended 31st	For the year ended 32nd
	Ashadh 2080	Ashadh 2079 (Restated)
Technical Fee		73,728
Fuel	2,117,329	1,508,280
Writeoff expense	-	370,845
Software AMC	2,640,881	-
Miscellaneous	3,045,323	3,579,137
Total	7,803,533	5,531,990

Note: 4.36

Depreciation & Amortisation

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life. Depreciation and amortization include depreciation on plant and equipment & amortization of intangible assets.

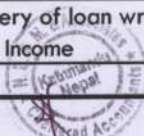
Details presented as follows:

Particulars	For the year ended 31st	For the year ended 32nd
	Ashadh 2080	Ashadh 2079 (Restated)
Depreciation on Property and Equipment	4,735,783	6,979,638
Depreciation on Right of use assets	31,288,083	31,288,083
Amortisation of intangible assets	783,382	-
Total	36,807,248	38,267,721

Note: 4.37

Non operating income

Particulars	For the year ended 31st	For the year ended 32nd
	Ashadh 2080	Ashadh 2079 (Restated)
Recovery of loan written off	32,500	24,250
Other Income	776	35,737,301
Total	33,276	35,761,551



Handwritten signature

Handwritten signature

Handwritten signature

Handwritten signature

Handwritten signature

Handwritten signature

Note: 4.38

Non Operating Expense

The incomes that have no direct relationship with the operation of transactions are presented under this head.



Particulars	For the year ended 31st Ashadh 2080	For the year ended 32nd Ashadh 2079 (Restated)
Loan Written Off	-	-
Redundancy provision	-	-
Expenses of restructuring	-	-
Other expense	-	-
Total	-	-

Note: 4.39

Income tax expense

Particulars	For the year ended 31st Ashadh 2080	For the year ended 32nd Ashadh 2079 (Restated)
Current tax expense		
Current year	76,628,878	224,813,704
Adjustment for prior years	-	47,528,492
Deferred tax expense		
Origination and reversal of temporary differences	(161,856,857)	(145,053,586)
Changes in tax rate	-	-
Recognition of previously unrecognised tax losses	-	-
Total income tax expense	(85,227,979)	127,288,610

4.39.1

Reconciliation of tax expense as per taxable profit and accounting profit

Particulars	For the year ended 31st Ashadh 2080	For the year ended 32nd Ashadh 2079 (Restated)
Profit before tax	(164,338,564)	213,234,286
Tax amount at tax rate of 30%	(49,301,569)	63,970,286
Add: Tax effect of expenses that are not deductible for tax purpose	125,930,447	262,415,975
Less: Tax effect on exempt income	-	(15,155,325)
Add/Less: Tax effect on other items	-	(86,417,232)
Total income tax expense	76,628,878	224,813,704
Effective tax rate	-47%	105%

[Handwritten signatures and initials in red ink]





5. Disclosure and Additional Information

5.1 Risk Management & Risk Management Framework

Risk is inherent in the Financial Institution'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 Financial Institution's continuing profitability and each individuals within the Financial Institution is accountable for the risk exposures relating to his or her responsibilities. The microfinance is mainly exposed to;

1. Liquidity Risk
2. Interest Rate Risk
3. Credit Risk
4. Operational Risk

The Board of Directors has overall responsibility for the establishment and oversight of the microfinance's risk management framework. Risk Management Committee is responsible for overall risk management of the microfinance which includes managing, assessing, identifying, monitoring and reducing pertinent macro and micro-economics level business risks that could interfere with microfinance's objectives and goals and whether the microfinance is in substantial compliance with its internal operating policies and other applicable regulations and procedures, external, legal, regulatory or contractual requirements on a continuous basis. Further, Risk management committee ensures integration of all major risks in capital assesment process. Risk management policies and systems are reviewed annually to reflect changes in market conditions, products and services offered. The microfinance, through its training and management standards and procedures, continuously updates and maintains a disciplined and constructive control environment, in which all employess are assigned and made to understand their respective roles and responsibilities.

5.1.1 Liquidity Risk

Liquidity risk is the risk that the microfinance will encounter difficulties in meeting its financial commitments that are settled by delivering cash or other financial assets. Hence the microfinance may be unabile to meet its payment obligations when they fall due under both normal and stress circumstanes. To limit this risk , management has arranged diversified funding sources in addition to its core deposit base, and adopted a policy of continuously managing assets with liquidity in mind and of mointoring future cash flows and liquidity on a daily basis. The microfinance has developed internal control process and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required.

The microfinance maintains a portfolio of highly marketable and diverse assets assumed to be easily liquidated in the event of an unforeseen interruption of expected cash flow. The microfinance also has committed lines of credit facilities that could be utilized to meet liquidity needs. Further, the microfinance maintains a statutory deposit with in A Class financial institution equal to Approx 7.08% of the member deposit and as cash reserve ratio equal to Approx 0.65% of the member's deposit and lending from different institutions which also mitigate the bar set by Nepal Rastra Bank. In accordance with the microfinance's policy, the liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specific to the financial institution. The most important of these is to maintain the required ration of liquid assets to liabilities, to meet the regulatory requirement. Liquid assets consist of cash, short-term bank deposits and liquid debt securities available for immediate sale.

5.1.2 Interest Rate Risk

Interst rate risk is the potential that a change in overall rate will reduce the value of a bond or other fixed-rate investment. The Microfinance will take the following measures to minimize the risk arising from interest rates:

- a. Only assets and liabilities affected by changes in interest rates has been included in the assets and liabilities.
- b. When analyzing the differences in the situation where the payment term of assets and liabilities does not match, the amount of cash balance and non-payment of interest has been included.
- c. In order to manage and mimimize the interest rate risk, the microfinance has prepared quartely (October, December, March and July mid) details and submitted to the microfinance supervision Department of Nepal Rastra Bank within fifteen days after the end of the quarter.



[Handwritten signatures and initials]



5.1.3 Credit Risk

The risk of potential loss because of counterparty failures to meet its obligations to pay the credit obtained from microfinance as per agreed terms is known as credit risk. A loan application from which has been used by microfinance, includes all the relevant data and information required for assessment of borrowers' background, business and experience, financial statement of borrower, credibility, sector wise analysis etc.

5.1.4 Operational Risk

The risk that arises during day to day operations of the microfinance is called operating risk. In context of microfinance, small but large number of transactions has been done, decentralized working methods has been adopted, more focus has been given on area expansion for geo-geography versatility, priority has been given to cost reduction, due to lack of integrated information system, expansion of program in rural areas with lack of infrastructure and lack of appropriate technology to provide service as per needs of customer, there is always a possibility of operation risk in the program. The microfinance has arranged the necessary staff to carry out various responsibilities for daily operation. All the employees have to carry out their post responsibilities in the working process within the policy rules specified by the microfinance. But sometimes due to negligence of the stakeholders and personal interest attached with them, the microfinance is at risk when it goes beyond the policy rules. This type of risk is likely to reduce the profitability of microfinance and much more increase in reputational risk of microfinance. Since the operational risk is due to internal factors, this risk can be reduced only if the internal control system is strengthened.

5.1.6 Fair Value of Financial Assets and Liabilities

Fair value is a market based measurement, not an entity specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transaction and market information might not be available. However, the objective of a fair value measurement in both cases is the same to estimate the price at which an orderly transaction to sell the assets or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

Fair values are determined according to the following hierarchy:

Level 1:-

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Held for trading and available for sale investments have been recorded using Level 1 inputs.

Level 2:-

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liability either directly or indirectly.

Level 3:-

Level 3 inputs are unobservable inputs for asset and liability.

The following table shows an analysis financial instruments recorded at fair value by level of the fair value hierarchy:

Particulars	2079-080			2078-079		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Instrument available for sales						
Quoted Equities						
Unquoted Equities						
Grameen Network Nepal (150 shares of Rs. 100 each)			15,000			15,000
Centre for Microfinance Pvt Ltd (100 ordinary shares @ NPR.100 Paid up)			10,000			10,000
Nepal Finsoft Company Ltd (20,000 Ordinary Shares @ NPR.100 Paid up)			2,000,000			2,000,000
Quoted Mutual Funds						
Total	-	-	2,025,000	-	-	2,025,000



Handwritten signatures and initials in black ink, including a large signature on the left and several smaller ones on the right.

5.2 Capital Management

The Microfinance's capital management policies and practices support its business strategy and ensure that it is adequately capitalized to withstand even in severe macroeconomic downturns. The microfinance is a licenced institutions providing financial services therefore it must comply with capital requirement of Nepal Rastra Bank.

(i) Qualitative disclosures

Nepal Rastra Bank has directed the microfinance to develop own internal policy, procedure and structure to manage all meterial risk inherent in business for assessing capital adequacy in relation to the risk profiles as well as strategies for maintaining capital levels. This includes basic requirements of having good governance, efficient process of managing all material risks and an effective regime for assessing and maintaining adequate capital. The microfinance has BODs approved risk management policies for proper governance as guided by Nepal Rastra Bank.

ii) Quantitative disclosures

Capital Structure and Capital Adequacy

• Tier 1 Capital and a breakdown of its components:

Particulars	Amount(NPR.)
Paid up Equity Share Capital	982,500,000
Irredeemable Non-cumulative preference shares	-
Shares Premium	68,270,092
Proposed Bonus Equity Shares	-
Statutory General Reserves	332,732,933
Retained Earnings	(591,381,843)
Unaudited current year cumulative profit	-
Special Reserve Fund	-
Capital Reserves	107,000,000
Dividend Equalization Reserves	-
Capital Redemption Reserve Fund	-
Bargain purchase gain recognized	-
Less: Goodwill	-
Less: Intragible Assets	-
Less: Deferred Tax Assets	-
Less: Investment in equity of licenced 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 underwritings commitments	-
Less: Purchase of Land & Buildings in excess of limit & utilized	(4,181,450)
Less: Reciprocal crossholdings	-
Less: Others Deductions	-
Total Tier 1 Capital	894,939,732

• Tier 2 Capital and a breakdown of its components:

Particulars	Amount(NPR.)
Cumulative and /or Redeemable Preference Shares	-
Subordinated Term Debt	-
Hybrid Capital Instrument	-
General Loan loss provision	219,594,733
Exchange Equalization Reserve	-
Investment Adjustment Reserves	25,000
Assets Revaluation Reserves	-
Special Reserve Fund	-
Total Tier 2 Capital	219,619,733

• Total Qualifying Capital

Particulars	Amount(NPR.)
Core Capital (Tier 1)	894,939,732
Supplementary Capital (Tier 2)	219,619,733
Total Capital Fund	1,114,559,465



Sam

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

Statement of Risk Weighted Assets (RWA)
At the month end of Ashad, 2078

A. On- Balance Sheet Items

S.N	Description	Weight (%)	Current Period	
			Amount(NPR.)	RWA
1	Cash Balance	0	47,418,605	-
2	Gold (Tradable)	0	-	-
3	NRB Balance	0	324,035	-
4	Investment to Govt. Bond	0	-	-
5	Investment to NRB Bond	0	-	-
6	Loan Againts Own FD	0	-	-
7	Loan Againts Govt. bond	0	-	-
8	Accured Interest on Govt. Bond	0	-	-
9	Investment to Youth and Small Entrepreneur Self-employment Fund	0	-	-
10	Balance on domestic banks and financial institutions	20	304,195,163	60,839,033
11	Loan againts other's and financial institution's FD	20	-	-
12	Foreign bank balance	20	-	-
13	Money at Call	20	-	-
14	Loan against internationally rated bank guarantee	20	-	-
15	Investment to internationally rated banks	20	-	-
16	Inter-bank Lending	20	-	-
17	Investment on shares/debentures/bonds	100	2,025,000	2,025,000
18	Other Investments	100	-	-
19	Loans & Advances, bill purchase/discount	100	12,788,526,559	12,788,526,559
20	Fixed assets	100	72,146,765	72,146,765
21	Net interest receivables (Total IR-8-Interest Suspense)	100	-	-
22	Net Non-Banking Assets	100	-	-
23	Others Assets (Except advance payment on tax)	100	111,938,369	111,938,369
24	Real estate / residential housing loans exceeding the limits	100	-	-
Total On-Balance-sheet Items (A)			13,326,574,497	13,035,475,726

B. Off- Balance Sheet Items

S.N	Description	Weight (%)	Current Period	
			Amount(NPR.)	RWA
1	Bills Collection	0	-	-
2	Forward foreign exchange contract	10	-	-
3	L/C with maturity less than six months (Outstanding Value)	20	-	-
4	Gurantee againts International rated bank's counter guarantee	20	-	-
5	L/C with maturity more than six months (Outstanding value)	50	-	-
6	Bid Bond, performance bond ande underwriting	50	-	-
7	Loan sale with repurchase aggrement	50	-	-
8	Advance payment guarantee	100	-	-
9	Financial and other guarantee	100	-	-
10	Irrevocable Loan commitment	100	-	-
11	Possible liabilities for income tax	100	6,764,478	6,764,478
12	All type of possible liabilities including acceptance	100	-	-
13	Rediscounted bills	100	-	-
14	Unpaid portion of partly paid share investment	100	-	-
15	Unpaid guarantee claims	200	-	-
16	Amount to be maintained for operational risk (2% of Total Assets)	100	266,531,490	266,531,490
Total Off-Balance sheet Items (B)			273,295,968	273,295,968
Total Risk Weighted Assets (A±B)				13,308,771,694

C. Total Capital Fund (Tier 1 Capital + Tier 2 Capital) **1,114,559,465**

D. Minimum capital fund to be maintained based on Risk Weighted Assets

1	Minimum Capital Fund Required (8% of RWA)	1,064,701,736
2	Minimum Core Capital Required (4% of RWA)	532,350,868
3	Capital Fund Maintained (in %)	8.37%
4	Core Capital Maintained (in %)	6.72%

iii) Compliance with External Requirement

The Microfinance has complied with externally imposed capital requirements to which it is subject and there are no such consequences where the Microfinance has not complied with those requirements.



(Handwritten signature)

(Handwritten signatures and initials)

Note no 5.3

Classification of financial assets and financial liabilities



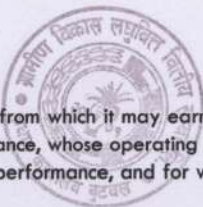
Particulars	Fair Value through PL	Amortized Cost	Fair Value through OCI	Total
Financial Assets:				
Cash and cash equivalents		351,613,768		351,613,768
Due from Nepal Rastra Bank				-
Loans and advances to B/FIs				-
Loans and advances to customers		11,342,961,695		11,342,961,695
Investment securities (Govt. & Development Bonds)				-
Investment securities (Equity)	-		2,025,000	2,025,000
Other Financial assets				-
Total financial Assets	-	11,694,575,463	2,025,000	11,696,600,463
Financial Liabilities:				
Due to Bank and Financial Institutions		5,211,871,917		5,211,871,917
Due to Nepal Rastra Bank				-
Deposits from customers		3,747,707,764		3,747,707,764
Other Financial Liabilities				-
Debt securities issued				-
Total financial Liabilities		8,959,579,681		8,959,579,681



[Handwritten signature]

[Multiple handwritten signatures]

[Handwritten signature]



Note no 5.4 Operating segment Information

5.4.1. General information

A component of the Microfinance that engages in business activities from which it may earn revenues and incur losses, including revenue and expenses that relate to transactions with any other components of the microfinance, whose operating results are reviewed regularly by the management to make decisions about resources allocation to each segment and assess its performance, and for which discrete financial information is available is termed as operating segment.

The Chief-operating decision makers of the Microfinance have not identified any operating segments due to unavailability of discrete financial information.

5.4.2. Measurement of operating segment profit or loss, assets and liabilities

The Microfinance has not identified any operating segments.

5.4.3. Information about geographical areas

The Microfinance operates in all seven provinces of Nepal with 8 province management offices.

5.4.4 Information about major customers

The Microfinance does not have any customer, which generates more than 10% of the entity's revenue.



[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]



5.5 Share options and share based payment

The Microfinance does not extend any share options and share based payments to any of its employee. Thus during the reporting period the microfinance does not have any transactions that are to be accounted as per NFRS 2 Share Based Payment.

5.6 Contingent liabilities and commitment

Comprehensive disclosure of the contingent liabilities and commitments are made on Note 4.26.



Signature

Signature

Signature

5.7 Related Party Disclosures

5.7.1. List of Directors and Key Managerial Personnel

The Microfinance has carried out transactions in the ordinary course of business on an arm's length basis with parties who are defined as Related Parties including Key Management Person (KMP) as required by Nepal Accounting Standard 24 "Related Party Disclosures" the disclosure of related party has been made as under: The following parties have been identified as the related parties for the reporting period as per NAS 24:

S.N.	Name	Relationship	Date of Appointment
1	Bhart Raj Koirala	Chairman of Board	04-02-81
2	Shivahari Dangal	Board Member	05-05-78
3	Shusil Kumar Nepal	Board Member	05-08-79
4	Kaman Sing Thapa Magar	Board Member	25-01-81
5	Manoj Kumar Khadka	Board Member	05-05-78
6	Shayam Kumar Katuwal	Chief Executive Officer	14-01-79
7	Dipak Prasad Pandey	Deputy Chief Executive Officer	09-06-79

5.7.2. Transactions with and Payments to Directors & Key Managerial Personnel

Board of Directors Allowances and Facilities

S.N.	Particulars	No of Meetings	Sitting Fees (NPR.)
1	Board Meeting	16	301,000
2	Audit Committee Meeting	9	90,500
3	Risk Management Committee	3	30,600
4	Anti-Money Laundering Committee	4	31,800
5	Staff Benefits and Facilities Committee	3	16,300
6	Others	8	196,115
	Total		666,315

Further, the following expenses are made for Board of Directors in the reporting period.

S.N	Particulars	Amounts
1	Communication & News Paper	90,500
2	Air & Bus Fare Expenses	152,517
3	Tiffin & Miscellaneous Expenses	486,462.69
	Total	729,479.69

Chief Executive Officer's Emoluments and Facilities

S.N.	Particulars	Amount (NPR.)
1	Short Term Employee Benefits	2,075,920
2	Retirement Benefits	-
3	Social Security Fund Benefit	-
4	Others	-
	Total	2,075,920



Handwritten signatures and initials, including a large signature and several initials.

Handwritten signature.

Handwritten signature and initials.



5.8 Merger and Acquisition

The Financial Institution has not entered into any merger and acquisition activities in the reporting period and in the comparative previous period.

5.9 Additional Disclosures of non consolidated entities.

The Microfinance does not have any subsidiaries & associates. So, additional disclosure is not required.

5.10. Events after reporting date

No events requiring the adjustment as per NAS 10 "Events occurring after Reporting Period" are observed after the reporting period.



[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

5.11. First time Adoption of NFRS

These financial statements, for the year ended 31st Ashad 2080 are the first the Microfinance has prepared in accordance with NFRS. For periods up to and including the year ended 32nd Ashad 2079, the Microfinance prepared its financial statements in accordance with local generally accepted accounting principles (Previous GAAP). In preparing these financial statements, the Microfinance's opening statement of financial position was prepared as at 1st Shrawan 2078, the Microfinance's date of transition to NFRS. This note explains the principal adjustments made by the Microfinance in restating its previous GAAP statements of financial position as at 1st Shrawan 2078 and its previously published previous GAAP financial statements as at and for the year ended 32nd Ashad 2079.

Exemptions applied:

NFRS 1 *First-Time Adoption of Nepal Financial Reporting Standards* allows first-time adopters certain exemptions from the retrospective application of certain NFRS. The Microfinance has applied the following exemptions:

a) Estimates:

On the assessment of estimates made under the previous GAAP financial statements, the Microfinance has concluded that there is no necessity to revise the estimate under NFRS, as there is no objective evidence that those estimates were in error. However, estimates that were required under NFRS but not required under previous GAAP are made by the Microfinance for the relevant reporting dates reflecting conditions existing as at that date.

b) Deemed cost:

The Microfinance has used the fair value of property, plant and equipment and intangible assets as on the date of transition, other than land. The Microfinance has used carrying amounts as per previous GAAP as deemed cost for land since the value of land is broadly comparable to NFRS value.

Transition to NFRS –Reconciliation:

The following reconciliations provide the explanations and quantification of the differences arising from the transition from previous GAAP to NFRS in accordance with NFRS 1.

I. Reconciliation of equity as at 1st Shrawan 2078

II. Reconciliation of equity as at 32nd Ashad 2079

III. Reconciliation of statement of comprehensive income for the year ended 32nd Ashad 2079

Previous GAAP information has been reclassified/regrouped in accordance with NFRS, wherever necessary, based on the audited financial statement of the Microfinance for the year ended 31st Ashad 2078 and 32nd Ashad 2079.

5.11.1. Reconciliation of Equity

Particulars	Explanatory Note	As at 32.03.2079 (End of last period presented under previous GAAP)	As at 01.04.2078 (Transition Date)
Total equity under Previous GAAP		2,028,834,768	1,974,462,893
Adjustments under NFRSs:			
<i>Impairment on loan and advances</i>			
<i>Remeasurement of employee benefit obligations</i>	1	(297)	15,946,316
<i>Lease accounting</i>	2	(5,762,892)	
<i>Revaluation of property & equipment</i>		(82,391)	(82,391)
<i>Recognition of investment property</i>			
<i>Amortization of debt securities issued</i>			
<i>Deferred tax</i>	3	(29,491,193)	(37,074,435)
<i>Goodwill/Bargain purchase gain</i>			
<i>Interest income recognized on cash basis</i>	4	(107,717,526)	
<i>Interest income recognized on accrual basis</i>	4	214,310,388	107,717,526
<i>Other</i>		(2,443,305)	-
<i>Adjustment for Proposed dividend</i>		-	
<i>Share Capital</i>			
<i>Client protection fund</i>			
<i>CSR fund</i>			
Total Adjustment to equity		68,812,783	86,507,016
Total Equity under NFRSs		2,097,647,551	2,060,969,909

* Explanatory note

1) Employee Benefit Obligations calculated as per actuarial valuations required by NAS 19.

2) Lease accounting for lessee as per NFRS 16.

3) Defferred Tax Liability arised due to accrual basis of accounting for interest income and other NFRS adjustments.

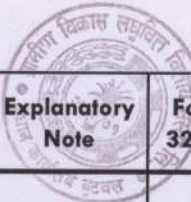
4) Due to Accrual Basis of Accounting for interest income



Handwritten signatures and initials of the auditors and management.

5.11.2. Reconciliation of Profit or Loss

Particulars	Explanatory Note	For the year ended 32nd Ashadh 2079
Profit/(Loss) before tax under Previous GAAP		174,452,672
Adjustments under NFRSs:		
Interest Income		(1,124,665)
Impairment of loans and advances		-
Employee benefit amortisation under staff loan		-
Employee benefit obligation		48,112,475
Lease expense		(5,762,892)
Amortisation expense of debt securities		-
Other Operating Income		-
Interest Expense		-
Depreciation & Amortisation		(2,443,305)
Other		-
Total adjustment to profit or loss		38,781,614
Profit/(Loss) before tax under NFRSs		213,234,286
Income Tax Expense		
Current Tax		(272,342,196)
Deferred Tax		145,053,586
Profit/(Loss) after tax under NFRSs		85,945,676
Other Comprehensive Income		(44,841,362)
Total Comprehensive Income under NFRSs		41,104,314



[Handwritten signature]



[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

5.11.3. Effect of NFRS adoption for the Statement of Financial Position as on 1st Shrawan 2078

Particulars	Explanatory Note	Previously reported balance	Reconciliation	NFRS Balance
Assets				
Cash and cash equivalents	1	75,096,039	647,455,514	722,551,553
Statutory Balances and Due from Nepal Rastra Bank		166,788	-	166,788
Placement with Bank and Financial Institutions	2	647,455,514	152,544,486	800,000,000
Derivative Financial Instruments		-	-	-
Other Trading Assets		-	-	-
Loans and advances to MFIs and cooperatives		-	-	-
Loans and advances to customers	3	11,851,714,201	345,296,485	12,197,010,686
Investment securities	4	802,025,000	(800,000,000)	2,025,000
Current tax assets	5	-	10,939,044	10,939,044
Investment properties		-	-	-
Property and Equipment	6	23,783,299	102,339,521	126,122,820
Goodwill and Intangible assets	7	-	-	-
Deferred Tax Assets	8	-	514,025,231	514,025,231
Other assets	9	1,553,617,097	(1,433,234,712)	120,382,384
Total Assets		14,953,857,938	(460,634,431)	14,493,223,506
Share Capital and Reserves				
Share capital		982,500,000	-	982,500,000
Total Reserves	10	991,962,893	86,507,016	1,078,469,909
Total Equity		1,974,462,893	86,507,016	2,060,969,909

Liabilities				
Due to Bank and Financial Institutions	11	-	6,076,746,413	6,076,746,413
Due to Nepal Rastra Bank	12	-	860,763,560	860,763,560
Derivative Financial Instrument		-	-	-
Deposits from customers		3,798,579,266	-	3,798,579,266
Borrowings	13	7,087,076,973	(6,937,509,973)	149,567,000
Current Tax Liabilities	5	-	-	-
Provisions		-	-	-
Deferred Tax Liabilities		-	-	-
Other liabilities	14	2,093,738,806	(547,141,447)	1,546,597,359
Debt securities issued		-	-	-
Subordinated Liabilities		-	-	-
Total Equity and Liabilities		14,953,857,938	(460,634,431)	14,493,223,506



Stamp

[Handwritten signatures]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

5.11.4. Effect of NFRS adoption for the Statement of Financial Position as on 32nd Ashadh 2079

	Explanatory Note	Previously reported balance	Reconciliation	NFRS Balance
Assets				
Cash and cash equivalents	1	66,661,416	441,887,065	508,548,481
Statutory Balances and Due from Nepal Rastra Bank		160,331	-	160,331
Placement with Bank and Financial Institutions	2	441,511,365	(441,511,365)	-
Derivative Financial Instruments		-	-	-
Other Trading Assets		-	-	-
Loans and advances to MFIs and cooperatives		-	-	-
Loans and advances to customers	3	12,581,391,679	296,218,064	12,877,609,742
Investment securities	4	2,025,000	-	2,025,000
Current tax assets	5	-	-	-
Investment properties		-	-	-
Property and Equipment	6	25,907,973	67,655,776	93,563,749
Goodwill and Intangible assets	7	-	952,356	952,356
Deferred Tax Assets	8	-	678,296,544	678,296,544
Other assets	9	1,846,942,335	(1,737,908,939)	109,033,397
Total Assets		14,964,600,099	(694,410,499)	14,270,189,600

Share Capital and Reserves

Share capital		982,500,000	-	982,500,000
Total Reserves	10	1,046,334,768	68,812,784	1,115,147,552
Total Equity		2,028,834,768	68,812,784	2,097,647,552

Liabilities

Due to Bank and Financial Institutions	11	-	5,824,451,766	5,824,451,766
Due to Nepal Rastra Bank	12	-	688,000,000	688,000,000
Derivative Financial Instrument		-	-	-
Deposits from customers		3,921,843,013	-	3,921,843,013
Borrowings	13	6,642,105,366	(6,512,451,766)	129,653,600
Current Tax Liabilities	5	224,813,704	(146,963,119)	77,850,585
Provisions		-	-	-
Deferred Tax Liabilities		-	-	-
Other liabilities	14	2,147,003,249	(616,260,164)	1,530,743,085
Debt securities issued		-	-	-
Subordinated Liabilities		-	-	-
Total Equity and Liabilities		14,964,600,099	(694,410,499)	14,270,189,600

* Explanatory note for each line items has been disclosed separately.



Stamp

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Large handwritten signature]

5.11.5. Reconciliation of Statement of Profit or Loss and Other Comprehensive income for the year ended 32nd Ashadh 2079

	Explanatory Note	Previously reported balance	Reconciliation	NFRS Balance
Interest Income	15	2,092,502,273	(25,799,958)	2,066,702,315
Interest Expenses	16	827,317,132	10,454,706	837,771,838
Net Interest Income		1,265,185,142	(36,254,664)	1,228,930,477
Fees and Commission Income	17	154,490,686	(11,687,393)	142,803,293
Fees and Commission Expenses	18	-	13,309,499	13,309,499
Net Fees and Commission Income		154,490,686	(24,996,892)	129,493,794
Other Operating Income	19	-	-	-
Total Operating Income		1,419,675,828	(61,251,557)	1,358,424,271
Impairment charge/(reversal) for loans and other losses	20	249,462,586	35,695,788	285,158,374
Net Operating Income		1,170,213,241	(96,947,345)	1,073,265,897
Operating Expenses		995,825,145	(100,031,983)	895,793,162
Personnel expenses	21	884,910,767	(84,475,162)	800,435,605
Other operating expenses	22	110,914,378	(53,824,542)	57,089,836
Depreciation & Amortisation	23	-	38,267,721	38,267,721
Operating Profit		174,388,096	3,084,638	177,472,735
Non operating income	24	64,576	35,696,975	35,761,551
Profit before income tax		174,452,672	38,781,614	213,234,286
Income tax expense			-	
Current Tax Expenses		272,342,196	-	272,342,196
Deferred Tax Expenses/(Income)	25	(156,688,070)	11,634,484	(145,053,586)
Profit for the period		58,798,546	27,147,130	85,945,676
Other comprehensive Income:				
Other comprehensive gain /(loss) for the year ^a , net of tax		-	-	-
Other comprehensive Income not to be reclassified to profit or loss in subsequent periods		-	-	-
i. Re-measurement (losses) / gains on post employment defined benefit plans	26	-	(64,059,088.00)	(64,059,088.00)
ii. Tax relating to items that will not be reclassified to profit or loss	26	-	19,217,726.40	19,217,726.40
Total Comprehensive Income for the Period		58,798,546	(17,694,232)	41,104,314

5.11.6. Effect of NFRSs adoption for Statement of Cash Flows for the period ended on 32nd Ashadh 2079

Particulars	Explanatory Note	Previously reported balance	Reconciliation	NFRS Balance
Net cash flow from Operating Activities	27	(1,007,697,548)	1,411,261,135	403,563,588
Net cash flow from Investing Activities	27	793,339,066	(776,635,280)	16,703,787
Net cash flow from Financing Activities	27	(26,748)	(634,243,699)	(634,270,446)
Net Increase/(Decrease) in cash and cash Equivalent		(214,385,229)	382,157	(214,003,072)
Cash and cash Equivalent at the beginning of the period	28	722,718,341	(166,788)	722,551,553
Cash and cash Equivalent at the end of the period		508,333,113	215,368	508,548,481



Stamp

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]



GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Butwal, Rupandehi

Principle Indicator
For the year ended 31st Ashadh 2080 (16 July 2023)

Particulars	Indicators	FY 2079.80	FY 2078.79	FY 2077.78	FY 2076.77	FY 2075.76
Net Profit/ Gross Income	Percent	-3.46%	3.84%	16.86%	-10.51%	10.15%
Earnings Per Share	NPR	-8.05	8.29	31.57	(22.01)	21.46
Market Value Per Share	NPR	632.75	756.00	1,225.00	430.00	360.00
Price Earning Ratio	Ratio	-78.58	91.19	38.80	(19.54)	16.78
Dividend (including bonus) on Share Capital	Percent	-	-	-	-	-
Cash Dividend on Share Capital	Percent	-	-	-	-	-
Interest income/ Loans and Advances and Investments	Percent	17.5%	16.46%	15.09%	16.37%	16.58%
Staff Expenses/ Total Operating Expenses	Percent	87.28%	88.77%	89.37%	42.83%	42.62%
Interest Expenses/ Total Deposits & Borrowings	Percent	9.75%	7.93%	5.21%	8.80%	8.83%
Exchange Gain/ Total Income	Percent	-	-	-	-	-
Staff Bonus/ Total Staff Expenses	Percent	-	1.05%	6.10%	-	4.19%
Net Profit/Total Loans & Advances	Percent	-0.63%	0.63%	2.54%	-2.10%	2.00%
Net Profit/ Total Assets	Percent	-0.63%	0.57%	2.15%	-1.88%	1.76%
Total Loans & Advances/ Total Deposits	Percent	337%	328%	320.98%	288.81%	305.91%
Total Operating Expenses/ Total Assets	Percent	7.89%	6.76%	6.37%	18.59%	14.51%
Capital Adequacy (On Risk Weighted Assets)						
a. Core Capital	Percent	6.72%	11.81%	7.82%	7.12%	8.84%
b. Supplementary Capital	Percent	1.65%	1.17%	1.14%	0.92%	0.86%
c. Total Capital Fund	Percent	8.37%	12.98%	8.96%	8.04%	9.70%
Non-Performing Loan/ Total Loans & Advances	Percent	10.27%	6.46%	4.92%	5%	4%
Weighted Average Interest Rate Spread	Percent	3.62%	5.76%	8.72%	7.79%	8.53%
Book Net Worth (Per Share)	NPR	221.7	216.91	213.17	164.40	137.23
Number of Shares	Nos.	9,825,000.00	9,825,000.00	9,825,000.00	9,825,000.00	9,242,156.00
No. of Staff	Nos.	825	853	868	889	918



Stamp

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

GRAMEEN BIKAS LAGHUBITTA BITTIYA SANSTHA LIMITED
Comparison of Audited and Unaudited Financial Statements
As at 31st Ashadh 2080 (FY 2079-80)

Rs. in '000

S. No.	Particulars	As per Unaudited Financial Statements	As per Audited Financial Statements	Difference		Reasons for Variance
				Amount	%	
1	Total Capital and Liabilities (1.1 to 1.7)	15,032,647	8,904,455	(6,128,192)	-41%	
1.1	Paid up Capital	982,500	982,500	-	0%	
1.2	Reserves and Surplus	1,059,878	1,195,891	136,013	13%	Due to audit and NFRS adjustments
1.3	Debenture and Bond	-	-	-	0%	
1.4	Borrowings	5,343,887	5,341,526	(2,361)	0%	Due to difference in reconciliation
1.5	Deposits (a+b)	3,747,708	3,747,708	(3,747,708)	-100%	
	a. Members	3,747,708	3,747,708	(0)	0%	
	b. Public	-	-	-	0%	
1.6	Income Tax Liability	29,556	89,767	60,211	204%	Due to NFRS Adjustments and Adjustment with Current Tax Asset
1.7	Other Liabilities	3,869,118	1,294,771	(2,574,347)	-67%	Due to adjustment of some liabilities with assets as required by NFRS
2	Total Assets (2.1 to 2.7)	15,032,647	11,881,010	(3,151,637)	-21%	
2.1	Cash and Bank Balance	301,730	351,938	50,208	17%	Due to differences identified in bank reconciliation.
2.2	Money at Call and Short Notice	-	-	-	0%	
2.3	Investments	2,025	2,025	-	0%	
2.4	Loans and Advances	12,619,575	11,342,962	(1,276,613)	-10%	Due to recognition of accrued interest receivable and clubbing of loans and advances to staffs under this head, as required by NFRS
2.5	Fixed Assets	33,586	72,147	38,561	115%	Due to difference identified in reconciliation and NFRS adjustments. Significant increase is due to recognition of Right-of-use asset as per NFRS 16
2.6	Non-Banking Assets	-	-	-	0%	
2.7	Other Assets	2,075,731	111,938	(1,963,793)	-95%	Due to NFRS Adjustments
3	Profit and Loss Account					
3.1	Interest Income	2,189,150	2,212,278	23,128	1%	Due to recognition of accrued interest receivable as income as per NFRS
3.2	Interest Expense	949,265	958,208	8,943	1%	Due to various NFRS adjustments
A.	Net Interest Income (3.1 - 3.2)	1,239,885	1,254,070	14,185	1%	
3.3	Fees, Commission and Discount	123,284	75,994	(47,290)	-38%	Due to various NFRS adjustments
3.4	Other Operating Income	-	-	-	0%	
3.5	Foreign Exchange Gain/Loss (Net)	-	-	-	0%	
B.	Total Operating Income (A+ 3.3 + 3.4 + 3.5)	1,363,169	1,330,065	(33,104)	-2%	
3.6	Staff Expenses	711,814	871,631	159,817	22%	Recognition of staff bonus under this head as per NFRS and other NFRS adjustments for employee benefit expenses
3.7	Other Operating Expenses	145,063	140,053	(5,010)	-3%	Due to various NFRS adjustments
C.	Operating Profit Before Provision (B - 3.6 - 3.7)	506,292	318,381	(187,911)	-37%	
3.8	Provision for Possible Losses	402,658	482,753	80,095	20%	Additional provision as suggested by the auditor and management's assessment
D.	Operating Profit (C - 3.8)	103,634	(164,372)	(268,006)	-259%	
3.9	Non-Operating Income/Expenses (Net)	-	33	33	0%	Reclassification as required by NFRS
3.10	Write Back of Provision for Possible Loss	-	-	-	0%	
E.	Profit from Regular Activities (D + 3.9 + 3.10)	103,634	(164,339)	(267,973)	-259%	
3.11	Extraordinary Income/Expenses (Net)	32	-	(32)	-100%	Reclassification as required by NFRS
F.	Profit before Bonus and Taxes (E + 3.11)	103,666	(164,339)	(268,005)	-259%	
3.12	Provision for Staff Bonus	5,183	-	(5,183)	-100%	Staff Bonus now reclassified to Personnel Expense under NFRS. Change in amount is due to NFRS adjustment.
3.13	Provision for Tax	29,556	(85,228)	(114,784)	-388%	Due to NFRS adjustments and deferred tax income
G.	Net Profit/Loss (F - 3.12 - 3.13)	68,927	(79,111)	(148,038)	-215%	



