

**NADEP Laghubitta Bittiya Sanstha Limited****नाडेप लघुवित्त वित्तीय संस्था लिमिटेड**

"नेपाल राष्ट्र बैंकबाट 'घ' वर्गको इजाजतपत्र प्राप्त वित्तीय संस्था" (राष्ट्रिय स्तर)

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Unaudited Interim Financial Statement**Condensed Statement of Financial Position**

As on 31st Ashwin 2079*

Figures in NPR

Assets	This Quarter Ending	This Quarter Ending
ASSETS		
Cash and Cash Equivalents	124,928,860	149,387,496
Statutory Balances and Due from Nepal Rastra Bank		
Placement with Bank and Financial Institutions		
Derivative Financial Instruments		
Other Trading Assets		
Loans and Advance to MFIs and Cooperatives		
Loans and Advances to Customers	5,309,000,453	4,685,147,209
Investment Securities	2,000,000	2,000,000
Current Tax Assets		
Investment Properties		
Property and Equipments	18,292,072	10,505,375
Goodwill and Intangible Assets	653,397	844,507
Deferred Tax Assets	44,914,311	35,456,738
Other Assets	140,044,204	128,647,042
Total Assets	5,639,833,296	5,011,988,367
Liabilities		
Due to Bank and Financial Institutions		
Due to Nepal Rastra Bank		
Derivative Financial Instrument		
Deposits from customers	1,805,701,132	1,591,559,852
Borrowings	2,212,722,762	1,997,368,387
Current Tax Liabilities	23,356,059	4,033,426
Provisions		
Deferred Tax Liabilities		
Other liabilities	682,530,965	560,871,408
Debt securities issued		
Subordinated Liabilities		
Total liabilities	4,724,310,918	4,153,833,072
Equity		
Share Capital	485,760,000	404,800,000
Share Premium		
Retained Earnings	188,157,568	222,381,368
Reserves	241,604,811	230,973,927
Total equity	915,522,379	858,155,295
Total Liabilities and Equity	5,639,833,296	5,011,988,367

Condensed Statement of Profit or Loss

For the quarter ended 31st Ashwin 2079*

Figures in NPR

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Interest income	176,590,557	176,590,557	146,557,081	146,557,081
Interest expense	105,188,516	105,188,516	67,981,664	67,981,664
Net interest income	71,402,040	71,402,040	78,575,416	78,575,416
Fees and commission income	16,723,901	16,723,901	16,808,435	16,808,435
Fees and commission expense	2,587,070	2,587,070	284,490	284,490
Net fee and commission income	14,136,831	14,136,831	16,523,945	16,523,945
Net interest and commission income	85,538,871	85,538,871	95,099,361	95,099,361
Net trading income				
Other operating income				
Total operating income	85,538,871	85,538,871	95,099,361	95,099,361
Impairment charge/(reversal) for loans and other losses	(26,268,948)	(26,268,948)	37,717,716	37,717,716
Net operating income	111,807,819	111,807,819	57,381,646	57,381,646
Operating expense	95,136,399	95,136,399	67,611,041	67,611,041
Personnel expenses	72,690,436	72,690,436	57,347,985	57,347,985
Other Operating expenses	21,680,041	21,680,041	9,398,406	9,398,406
Depreciation and Amortisation	765,921	765,921	864,650	864,650
Operating Profit	16,671,421	16,671,421	(10,229,395)	(10,229,395)
Non operating Income	824,087	824,087	888,463	888,463
Non operating expense				
Profit before income tax	17,495,508	17,495,508	(9,340,932)	(9,340,932)
Income tax expense	5,248,652	5,248,652	-	-
Current Tax	5,248,652	5,248,652		
Deferred Tax expense/(income)				
Profit for the period	12,246,855	12,246,855	(9,340,932)	(9,340,932)

Condensed Statement of Comprehensive Income

Amount in NPR

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto this Quarter	This Quarter	Upto this Quarter
Profit for the Period		12,246,855		(9,340,932.17)
Other Comprehensive Income				
Total Comprehensive Income				
Basic Earning per share (Annualized)		10.08		(7.69)
Diluted Earning per share (Annualized)		10.08		(7.69)

Ratio as per NRB Directive

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto this Quarter	This Quarter	Upto this Quarter
Capital Fund to RWA		12.33%		13.12%
Non Performing Loan (NPL) to Total Loan		4.97%		4.77%
Total Loan Loss Provision to total NPL		69.55%		117.58%
Cost of Funds		11.32%		6.50%
CD Ratio (Calculated as per NRB Directives)		285.82%		283.38%
Base Rate		11.43%		6.61%
Interest Rate Spread		3.6800%		8.50%

Statement of Distributable Profit

Figures in NPR

Net profit for the period end 31st Ashwin 2079	12,246,855
1.1 Profit required to be appropriated to:	2,694,308
a. General Reserve	2,449,371
b. Capital Redemption Reserve	
c. Exchange Fluctuation Reserve	
d. Corporate Social Responsibility fund	122,469
e. Employee Training fund	
f. Client Protection Fund	122,469
g. Other	
1.2 Profit required to be transferred to Regulatory Reserve:	4,249,780
a. Transferred to Regulatory reserve	
b. Transferred from Regulatory Reserve	4,249,780
Net profit for the period end 31st Ashwin 2079 available for distribution	13,802,327

Notes:

- Above financial statements are prepared in accordance with Nepal Financial Reporting Standards (NFRS) and certain Carve-outs issued by the Institute of Chartered Accountants of Nepal (ICAN). These figures may vary at the instances of statutory auditors and regulators.
- The detailed interim financial report has been published in the website.
- Loans and Advances are presented net of impairment charges and includes staff loans.
- Actuarial Valuation will be done for Employee Benefits.
- Personnel Expenses also include employee's bonus provision.
- Previous period figures are regrouped/rearranged/restated wherever necessary for consistent presentation and comparison.

Interest Rate

Deposits : 6% to 9%

Loan & Advance : 14%-15%

Disclosure Pursuant to Securities Registration and issue Regulation 2073 Rule 26 (1), Annexure 14**First Quarter of the financial year 2079/80****1. Financial Statement**

- Nepal Financial Reporting Standards (NFRS) compliant financial statement of the first quarter has been published along with this report.
- Key financial indicator

Earnings Per Share	10.08	Liquidity Ratio	6.23%
Price Earnings Ratio	-	Return on Equity	5.35%
Net Worth per Share	195	Total Assets Value Per Share	1161.03

2. Management Analysis

- Quarterly analysis of the microfinance's income and liquidity:
The microfinance has registered 1.22 crore in net profit and its liquidity ratio stands at 6.23% Current liquidity crisis has affected the microfinance.
- Business Analysis and Business Plan
Having License to operate all over Nepal, the microfinance the microfinance is providing its service in 53 districts through 88 branches. With the aim of improving access to financial services in 77 districts through 88 branches. With the aim of improving access to financial services to poor and marginalized women members and developing micro-entrepreneurship, the microfinance is serving 83669 households and has provided various loans to 48802 members till the end of this quarter. The microfinance is further planning to timely improve its quality of service as per the contemporary circumstances and needs & requirements of the members. The microfinance will keep on continuously developing the micro- entrepreneurship on its members through micro credit service and training facilities.

3. Details Related to Legal Proceedings

- No information regarding the lawsuit against the microfinance has been field during the quarterly period under review.
- No information regarding the lawsuit on account of violation of prevailing laws or commission of criminal offences has been filed against the promotor or director of the microfinance during the quarterly period under review.
- No information regarding the lawsuit of financial fraud /crime has been filed against the promotor and management team of the microfinance during the quarterly period under review.

4. Analysis of Microfinance's Share Transaction

- The shares of the microfinance are listed in Nepal Stock Exchange. The microfinance's share price is determined by the market's movement and microfinance's management is neutral in this regard.
- The microfinance has complied with all the prevailing norms of SEBON and directives issued by NRB.
- The trading of microfinance share has been halt as agreement for being acquired by Deprosc Laghubitta was done, which was canceled later.

5. Problems and Challenges**i. Internal Challenges**

- Challenges in the timely recovery of loan,
- Lack of investible fund due to liquidity crisis,
- Recruitment and retention of quality manpower,
- Increasing cost of operation,
- Decrease in employee productivity due to geographical difficulty,
- Management of increased operational risk with the increase in business volume & number of branches.

ii. External Challenges

- Increment in interest rate of deprived sector and other Borrowings availed by the microfinance,
- Changes in regulatory provision,
- Challenges in the management of the liquidity,
- Multiple borrowings and Duplication of members,
- Larger number of Microfinance and unhealthy competition between them,
- Lack of Markets for production of the members,
- Long term impact of COVID-19 pandemic.

iii. Future Strategies to overcome the challenges

- Analyzing the overall impact of COVID-19 & liquidity crisis and formulating & Implementing strategies accordingly.
- Optimum and efficient utilization of the available means and resources,
- Enhancing the Quality of Assets,
- Incorporating Digital banking in every possible aspect of the services,
- Expansion of branches to untapped areas of the country,
- Enhancing competitive advantages,
- Extension of lending in productive and Agricultural sector.

6. Corporate Governance

The microfinance is committed in maintaining the highest level of ethical standards, corporate governance and compliance. The board of director and management strictly comply with the regulatory norms issued by NRB and various other regulatory authorities. Further the microfinance adheres to all the regulatory and legal requirements and industry best practices.

7. Declaration by CEO

I, CEO of the microfinance, take responsibility for the truthfulness of the information disclosed in the report to the best of my knowledge. Further, the information disclosed herein are true and fair and have not knowingly concealed any material information which may affect the decision of the investor.