

Independent Auditor's Report

To the Shareholders of Green Development Bank Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the General Purpose financial statements of the M/S Green Development Bank Ltd. (the "Bank"), which comprise the statement of financial position as at Ashadh 32, 2079 (July 16, 2022), and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the company as at 32 Ashad, 2079 (16 July 2022), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the *Auditors Responsibilities for the Audit of the Financial Statements* section of our Report. We are independent of the Company in accordance with the *ICAN's Handbook of 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 these requirements and ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be

materially misstated. If based on the work we have performed, we conclude that there is material misstatement of the other information, we are required to report that fact.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Except for the matter described in the Basis for Opinion section, we have determined that there are no key audit matters to communicate in our report.

Responsibility 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 misstatement, whether due to fraud or error.

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

Audit committee as those charged with Governance are responsible for overseeing the Company's financial reporting process.

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 misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is 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. Misstatement 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 risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional 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 purposes of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management,
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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.

**Report on the requirements of Bank and Financial Institutions Act, 2073 and
Companies Act, 2063**

As per Section 66(3) of Bank and Financial Institutions Act, 2073 we declare that-

- replies to the queries as per the demand were provided,
- the balance sheet, off-balance sheet transactions, profit and loss account, cash flow statement and other financial statements, as well, have been prepared in such format and in accordance with such procedures as prescribed by the Rastra Bank, and whether or not they actually matched with the accounts, records, books and ledgers maintained by the bank and financial institution,
- the accounts, records, books and ledgers have been maintained accurately in accordance with prevailing laws,



Green Development Bank Ltd.
Statement of Financial Position
 As on 32 Asar 2079

Particulars	Note	32.03.2079	31.03.2078
Assets			
Cash and Cash Equivalents	4.1	797,926,566	330,155,090
Due from Nepal Rastra Bank	4.2	101,224,913	64,212,561
Placement with Bank and Financial Institutions	4.3	-	-
Derivative Financial Instruments	4.4	-	-
Other Trading Assets	4.5	-	-
Loans and Advances to BFIs	4.6	24,150,270	44,748,256
Loans and Advances to Customers	4.7	2,571,904,931	1,854,837,647
Investment Securities	4.8	142,285,584	110,465,300
Current Tax Assets	4.9	1,012,733	2,042,693
Investment in Subsidiaries	4.10	-	-
Investment in Associates	4.11	-	-
Investment Property	4.12	-	-
Property and Equipment	4.13	74,172,344	27,274,221
Goodwill and Intangible Assets	4.14	1,419,280	2,204,543
Deferred Tax Assets	4.15	475,043	-
Other Assets	4.16	18,003,398	14,859,653
Total Assets		3,732,575,063	2,450,799,965

Particulars	Note	32.03.2079	31.03.2078
Liabilities			
Due to Bank and Financial Institutions	4.17	208,661,102	3,415,249
Due to Nepal Rastra Bank	4.18	-	-
Derivative Financial Instruments	4.19	-	-
Deposits from Customers	4.20	2,885,263,808	1,853,461,917
Borrowings	4.21	-	-
Current Tax Liabilities	4.9	-	-
Provisions	4.22	-	-
Deferred Tax Liabilities	4.15	-	3,039,021
Other Liabilities	4.23	73,044,767	36,175,980
Debt Securities Issued	4.24	-	-
Subordinated Liabilities	4.25	-	-
Total Liabilities		3,166,969,677	1,896,092,167
Equity			
Share Capital	4.26	519,000,000	519,000,000
Share Premium		1,809	1,809
Retained Earnings		21,268,959	10,499,613
Reserves	4.27	25,334,618	25,206,377
Total Equity Attributable to Equity Holders		565,605,385	554,707,799
Non Controlling Interest		-	-
Total Equity		565,605,385	554,707,799
Total Liabilities and Equity		3,732,575,063	2,450,799,965
Contingent Liabilities and Commitments	4.28	16,392,990	53,893,398
Net Assets Value per share		108.98	106.88

[Signature]
 Mr. Durga Prasad Shrestha
 Head: Finance and Planning

[Signature]
 Mr. Hari Bahadur Budhathoki
 Chief Executive Officer

[Signature]
 Niranjan Gautam
 Niranjan Gautam & Associates
 Chartered Accountants

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 Mr. Surya Prasad Lamsal
 Director

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 Mrs. Narayati Devi Shrestha
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[Signature]
 Mr. Manobigyan Shrestha
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[Signature]
 Mr. Krishna Shankar Shrestha
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 Chairman

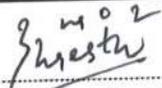
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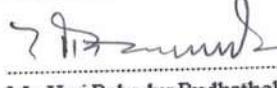


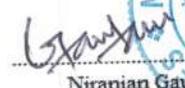


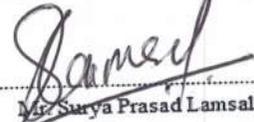
Green Development Bank Ltd.
Statement of Profit or Loss
 For the year ended 32 Asar 2079

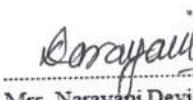
Particulars	Note	32.03.2079	31.03.2078
Interest Income	4.29	309,260,116	181,370,817
Interest Expense	4.30	191,078,394	100,114,487
Net Interest Income		118,181,722	81,256,330
Fee and Commission Income	4.31	11,788,577	10,412,672
Fee and Commission Expense	4.32	660,714	1,128,467
Net Fee and Commission Income		11,127,864	9,284,204
Net Interest, Fee and Commission Income		129,309,586	90,540,535
Net Trading Income	4.33	-	-
Other Operating Income	4.34	2,754,682	1,408,641
Total Operating Income		132,064,268	91,949,175
Impairment Charge/ (Reversal) for Loans and Other Losses	4.35	16,364,325	(284,125)
Net Operating Income		115,699,943	92,233,300
Operating Expense			
Personnel Expenses	4.36	45,331,167	40,253,822
Other Operating Expenses	4.37	25,220,761	24,414,203
Depreciation & Amortisation	4.38	14,713,186	7,500,135
Operating Profit		30,434,829	20,065,141
Non Operating Income	4.39	-	-
Non Operating Expense	4.40	1,949,948	1,001,450
Profit Before Income Tax		28,484,881	19,063,690
Income Tax Expense	4.41	9,809,810	6,083,047
Current Tax		10,099,732	6,331,095
Deferred Tax		(289,923)	(248,049)
Profit for the Period		18,675,072	12,980,644
Profit Attributable to:			
Equity-holders of the Bank		18,675,072	12,980,644
Non-Controlling Interest		-	-
Profit for the Period		18,675,072	12,980,644
Earnings per Share			
Basic Earnings per Share		3.60	2.50
Diluted Earnings per Share		3.60	2.50

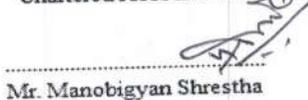

 Mr. Durga Prasad Shrestha
 Head: Finance and Planning

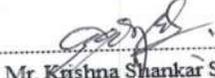

 Mr. Hari Bahadur Budhathoki
 Chief Executive Officer

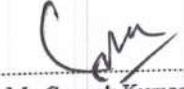

 Niranjn Gautam
 Niranjn Gautam & Associates
 Chartered Accountants


 Mr. Surya Prasad Lamsal
 Director


 Mrs. Narayani Devi Shrestha
 Director


 Mr. Manobigyan Shrestha
 Director


 Mr. Krishna Shankar Shrestha
 Director


 Mr. Ganesh Kumar Shrestha
 Chairman

Date: *Chaitra 26, 2079*
 Place: *Rupandehi, Nepal*





Green Development Bank Ltd.
Statement of Distributable Profit or Loss
 For the year ended 32 Asar 2079
 (As per NRB Regulation)

Particulars	NPR	
	32.03.2079	31.03.2078
Net profit or (loss) as per statement of profit or loss	18,675,072	12,980,644
Opening Figures	10,499,614	15,137,829
Appropriations:		
a. General reserve	3,735,014	2,596,129
b. Foreign exchange fluctuation fund		
c. Capital redemption reserve		
d. Corporate social responsibility fund	186,751	129,806
e. Employees' training fund	-	5,000,000
f. Other		
> Investment adjustment reserve	-	-
> Cash dividend	-	1,000,000
> Bonus Share issued	-	19,000,000
> Corporate Social Responsibility Fund	-	119,527
> Employee training fund	379,250	-
> Share issue expenses written off	-	-
> Others	(568,346)	-
Profit or (loss) before regulatory adjustment	25,442,017	10,512,065
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(3,698,015)	(12,451)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	-	-
e. Deferred tax assets recognised (-)/ reversal (+)	(475,043)	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	-	-
i. Other (+/-)	-	-
Distributable profit or (loss)	21,268,959	10,499,614

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 Director

Mr. Ganesh Kumar Shrestha
 Chairman

Date: Chaitra 26, 2079
 Place: Rupandehi, Nepal



Green Development Bank Limited
Statement of Other Comprehensive Income
 For the year ended 32 Asar 2079

Particulars	NPR	
	32.03.2079	31.03.2078
Profit for the year	18,675,072	12,980,644
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	(11,922,616)	12,965,300
Gains/(losses) on revaluation		
Actuarial gains/(losses) on defined benefit plans	(3,576,784.8)	3,889,590.0
Income tax relating to above items	(8,345,831.2)	9,075,710.0
Net other comprehensive income that will not be reclassified to profit or loss		-
b) Items that are or may be reclassified to profit or loss		
Gains/(losses) on cash flow hedge		-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)		-
Income tax relating to above items		-
Reclassify to profit or loss		-
Net other comprehensive income that are or may be reclassified to profit or loss		-
c) Share of other comprehensive income of associate accounted as per equity method	(8,345,831)	9,075,710
Other Comprehensive Income for the year, Net of Income Tax	<u>10,329,241</u>	<u>22,056,354</u>
Total Comprehensive Income for the Period		
Total Comprehensive Income attributable to:		
Equity-Holders of the Bank	10,329,241	22,056,354
Non-Controlling Interest		
Total Comprehensive Income for the Period	<u>10,329,241</u>	<u>22,056,354</u>



[Signature]
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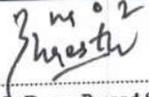
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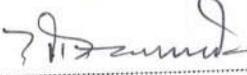
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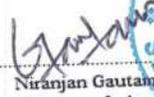
Date: *Chaitra 26, 2079*
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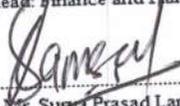

Green Development Bank Ltd.
Statement of Cash Flows
 For the year ended 31 Asar 2079

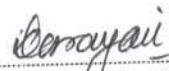
Particulars	32.03.2079	NPR 31.03.2078
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest Received	309,260,116	181,370,817
Fee and Other Income Received	11,788,577	10,412,672
Dividend Received	-	-
Receipts from Other Operating Activities	2,754,682	1,408,641
Interest Paid	(191,078,394)	(100,114,487)
Commissions and Fees Paid	(660,714)	(1,128,467)
Cash Payment to Employees	(45,331,167)	(40,253,822)
Other Expenses Paid	(43,535,034)	(25,131,528)
Operating Cash Flows before Changes in Operating Assets and Liabilities	43,198,067	26,563,826
(Increase) Decrease in Operating Assets		
Due from Nepal Rastra Bank	(37,012,351)	20,950,501
Placement with Banks and Financial Institutions	-	-
Other Trading Assets	20,597,986	25,122,152
Loans and Advances to BFIs	(717,067,283)	(719,168,993)
Loans and Advances to Customers	(2,588,829)	(4,814,339)
Other Assets	-	-
Increase (Decrease) in Operating Liabilities		
Due to Banks and Financial Institutions	205,245,853	(104,382)
Due to Nepal Rastra Bank	-	-
Deposit from Customers	1,031,801,891	536,611,669
Borrowings	-	-
Other Liabilities	33,829,766	22,998,428
Net Cash Flow from Operating Activities before Tax Paid	578,005,101	(91,841,139)
Income Tax Paid	(9,809,810)	(6,083,047)
Net Cash Flow from Operating Activities	568,195,291	(97,924,186)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investment Securities	(31,820,284)	(55,465,300)
Receipts from Sale of Investment Securities	-	-
Purchase of Property and Equipment	(61,611,309)	(8,514,154)
Receipts from Sale of Property and Equipment	-	-
Purchase of Intangible Assets	785,263	(60,787)
Purchase of Investment Properties	-	-
Receipts from Sale of Investment Properties	-	-
Interest Received	-	-
Dividend Received	-	-
Net Cash Used in Investing Activities	(92,646,330)	(64,040,241)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from Issue of Debt Securities	-	-
Repayments of Debt Securities	-	-
Receipts from Issue of Subordinated Liabilities	-	-
Repayments of Subordinated Liabilities	-	19,000,000
Receipt from Issue of Shares	-	-
Dividends Paid	-	-
Interest Paid	(7,777,485)	(10,924,290)
Other Receipts/Payments	(7,777,485)	8,075,710
Net Cash from Financing Activities	(7,777,485)	8,075,710
Net Increase (Decrease) in Cash and Cash Equivalents	467,771,476	(153,888,718)
Cash and Cash Equivalents at Shrawan 01, 2077	330,155,090	484,043,808
Effect of Exchange Rate fluctuations on Cash and Cash Equivalents Held		
Cash and Cash Equivalents at Asar 31, 2078	797,926,566	330,155,090


 Mr. Durga Prasad Shrestha
 Head, Finance and Planning

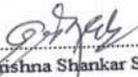

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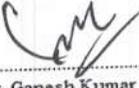

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 Chairman

Date: Chaitra 26, 2079
 Place: Rupandehi, Nepal





Green Development Bank Limited
Statements of Changes in Equity
For the year ended 31 Asar 2077

NFR

Particulars	Attributable to Equity-Holders of the Bank						Non-Controlling Interest	Total Equity				
	Share Capital	Share Premium	General Reserve	Exchange Equalization Reserve	Regulatory Reserve	Fair Value Reserve			Revaluation Reserve	Retained Earnings	Other Reserve	Total
Balance at Shrawan 01, 2077	500,000,000	5,001,809	8,057,027	-	5,184,759	-	-	15,137,829	260,023	533,551,446	-	533,551,446
Comprehensive Income for the year	-	-	-	-	-	-	-	12,080,644	-	12,080,644	-	12,080,644
Profit for the year	-	-	-	-	-	-	-	12,080,644	-	12,080,644	-	12,080,644
Other Comprehensive Income, Net of Tax	-	-	-	-	-	-	9,075,710	-	-	9,075,710	-	9,075,710
Gains/(losses) from investment in equity instruments measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) arising from translating financial assets of foreign operation	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	2,595,129	-	-	-	-	12,080,644	-	22,056,354	-	22,056,354
Transfer to Reserves during the year	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Reserves during the year	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with Owners, directly recognized in Equity	-	-	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	10,000,000	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-
Previous year Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Total Contributions by and Distributions	10,000,000	(5,000,000)	2,595,129	-	12,451	-	-	(10,000,000)	-	(1,000,000)	-	(1,000,000)
Balance at Asar 31, 2078	510,000,000	1,809	10,653,156	-	5,197,209	12,451	9,075,710	10,490,614	270,302	554,707,799	-	554,707,799
Balance at Shrawan 01, 2078	510,000,000	1,809	10,663,156	-	5,197,209	12,451	9,075,710	10,490,614	270,302	554,707,799	-	554,707,799
Comprehensive Income for the year	-	-	-	-	-	-	-	18,675,072	-	18,675,072	-	18,675,072
Profit for the year	-	-	-	-	-	-	-	18,675,072	-	18,675,072	-	18,675,072
Other Comprehensive Income, Net of Tax	-	-	-	-	-	-	-	(8,474,077)	566,001	8,345,891	-	8,345,891
Gains/(losses) from investment in equity instruments measured at fair value	-	-	-	-	-	-	-	568,346	-	568,346	-	568,346
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) arising from translating financial assets of foreign operation	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	3,725,014	-	4,175,068	-	(8,474,077)	568,346	566,001	18,675,072	-	18,675,072
Transfer to Reserves during the year	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Reserves during the year	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with Owners, directly recognized in Equity	-	-	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-
Previous year Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Total Contributions by and Distributions	510,000,000	1,809	3,725,014	-	4,175,068	(8,345,891)	720,879	10,490,614	836,301	955,605,385	-	955,605,385
Balance at Asar 31, 2079	510,000,000	1,809	14,398,170	-	9,370,268	29,604	9,075,710	10,490,614	836,301	955,605,385	-	955,605,385



(Signature)
Naranjan Gautam
Chartered Accountants

(Signature)
Mr. Hari Bahadur Budhathols
Chief Executive Officer

(Signature)
Mr. Durga Prasad Shrestha
Head, Finance and Planning

(Signature)
Mr. Hari Bahadur Budhathols
Naranjan Gautam & Associates
Chartered Accountants

(Signature)
Mr. Manohargyan Shrestha
Director

(Signature)
Mrs. Naryam Devi Shrestha
Director

(Signature)
Mr. Krishna Shankar Shrestha
Director

(Signature)
Mr. Ganesh Kumar Shrestha
Chairman

Date: Chaitra 26, 2079
Place: Rupandehi, Nepal



Property Plant and Equipment

NRB

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixtures	Machinery & Other	Equipment & others	Right to Use Asset(ROU)	Total
Balance as on Asar end 2076	-	-	11,472,431	-	6,056,387	-	-	15,995,089	-	-
Addition during the Year	-	-	2,515,964	-	1,012,700	-	7,734	7,639,689	-	-
Acquisition	-	-	2,515,964	-	1,012,700	-	7,734	7,639,689	-	-
Capitalization	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	(3,028,009)	-	(113,039)	-	110,128	2,913,564	-	-
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-
Balance as on Asar end 2077	-	-	10,960,386	-	6,956,018	-	117,862	26,548,342	-	44,582,609
Addition during the Year	-	-	3,611,344	-	378,000	-	-	3,738,097	-	7,727,441
Acquisition	-	-	3,611,344	-	378,000	-	-	3,738,097	-	7,727,441
Capitalization	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-
Balance as on Asar end 2078	-	-	14,571,730	-	7,334,018	-	117,862	30,286,439	51,055,578	9,770,470
Addition during the Year	-	-	3,368,627	-	265,092	-	-	5,936,751	-	-
Acquisition	-	-	3,368,627	-	265,092	-	-	5,936,751	-	-
Capitalization	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-
Balance as on Asar end 2079	-	-	18,140,357	-	7,599,111	-	117,862	36,223,190	51,055,578	62,080,521
Depreciation and Impairment As on Asar end 2076	-	-	1,743,242	-	2,655,271	-	-	7,407,181	-	-
Impairment for the year	-	-	12,488,974	-	835,216.13	-	17,015	4,396,465	-	-
Depreciation charge for the year	-	-	-	-	-	-	-	19,119	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	2,992,139	-	3,490,487	-	17,015	11,822,755	-	18,322,407
Balance as on Asar end 2077	-	-	15,347,115	-	718,306.24	-	15,127	4,445,417	-	6,713,422
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	4,326,711	-	4,208,793	-	32,142	16,268,182	-	25,031,829
Balance as on Asar end 2078	-	-	15,819,700	-	648,519.00	-	4,821	4,425,622	7,266,991	13,927,923
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	6,108,681	-	4,887,312	-	36,964	20,693,804	7,266,991	38,968,722
Balance as on Asar end 2079	-	-	10,045,019	-	3,125,323	-	8,720	14,018,237	-	38,968,722
Capital Work in Progress	-	-	-	-	-	-	-	-	-	-
Net Book Value	-	-	7,968,247	-	3,465,533	-	100,847	14,725,577	-	26,260,202
As on Asar end 2077	-	-	10,045,019	-	3,125,323	-	8,720	14,018,237	-	27,274,221
As on Asar end 2078	-	-	12,031,676	-	2,741,798	-	86,809	15,329,386	43,788,387	74,178,344
As on Asar end 2079	-	-	-	-	-	-	-	-	-	-

[Signature]
 Mr. Durga Prasad Shrestha
 Head Finance and Planning
 Director

[Signature]
 Mr. Hari Bahadur Budharbahi
 Chief Executive Officer
 Director

[Signature]
 Mr. Manobigyan Shrestha
 Director



[Signature]
 Mr. Krishna Sharda Shrestha
 Director

[Signature]
 Mr. Ganesh Kumar Shrestha
 Chairman

Particulars	Goodwill	Software		Other	Total Asar end 2078	Total Asar end 2077
		Purchased	Developed			
Balance as on Asar end 2077		4,844,558			847,500	4,844,558
Addition during the Year		847,500			847,500	
Acquisition		847,500				
Capitalization						
Disposal during the year						
Adjustment/Revaluation						
Balance as on Asar end 2078		5,692,058			5,692,058	
Addition during the Year						
Acquisition						
Capitalization						
Disposal during the year						
Adjustment/Revaluation						
Balance as on Asar end 2079		5,692,058			5,692,058	
Amortisation and Impairment						2,700,802
Balance as on Asar 2077		2,700,802				
Impairment for the year		786,713			786,713	
Amortisation charge for the year						
Disposals						
Adjustment						
Balance as on Asar 2078		3,487,515			3,487,515	
Impairment for the year		785,263			785,263	
Amortisation charge for the year						
Disposals						
Adjustment						
Balance as on Asar 2079		4,272,778			4,272,778	
Capital Work in Progress		2,204,543				
Net Book Value		2,204,543				2,204,543
As on Asar end 2078		2,204,543				1,419,280
As on Asar end 2079		1,419,280				

[Signature]
Mr. Durga Prasad Shrestha
Head: Finance and Planning

[Signature]
Mr. Hari Bahadur Budhathoki
Chief Executive Officer

[Signature]
Nirajan Gautam
Nirajan Gautam & Associates
Chartered Accountants

[Signature]
Mr. Surve Prasad Lamsal
Director

[Signature]
Mrs. Narayani Devi Shrestha
Director

[Signature]
Mr. Manobigyan Shrestha
Director

[Signature]
Mr. Krishna Shankar Shrestha
Director

[Signature]
Mr. Ganesh Kumar Shrestha
Chairman





Green Development Bank Ltd.
Notes to Financial Statements
For the year ended 31 Asar 2079

Deferred Tax

4.15

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Current Year
			Net Deferred Tax Assets / (Liabilities)
Deferred tax on temporary differences on following items			
Loans and Advances to BFIs			
Loans and Advances to Customers			
Investment Properties		312,805	312,805
Investment Securities	-		(374,502)
Property and Equipment	374,502		-
Employees' Defined Benefit Plan		278,306	278,306
Lease Liabilities			-
Provisions			(691,653)
Other Temporary Differences	691,652.87	-	(475,044)
Deferred tax on temporary differences			-
Deferred tax on carry forward of unused tax losses			-
Deferred tax due to changes in tax rate			-
Net Deferred Tax Asset (Liabilities) as on year end of			3,039,021
Deferred Tax (Asset)/ Liabilities as on Shrawan 01,2078			(3,514,065)
Origination/(Reversal) during the year			(289,923)
Deferred Tax expense (income) recognized in profit or loss			(3,576,785)
Deferred Tax expense (income) recognized in OCI			352,643
Deferred Tax expense (income) recognized directly in Equity			

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Previous Year
			Net Deferred Tax Assets / (Liabilities)
Deferred tax on temporary differences on following items			
Loans and Advances to BFIs			
Loans and Advances to Customers			
Investment Properties		3,889,590	3,889,590
Investment Securities	127,247		(127,247)
Property and Equipment			-
Employees' Defined Benefit Plan			(276,297)
Lease Liabilities	276,297		-
Provisions			(447,036)
Other Temporary Differences	548,010.60	100,974	3,039,010
Deferred tax on temporary differences			-
Deferred tax on carry forward of unused tax losses			-
Deferred tax due to changes in tax rate			-
Net Deferred Tax Asset (Liabilities) as on year end of			(602,520)
Deferred Tax (Asset)/ Liabilities as on Shrawan 01,2077			3,641,530
Origination/(Reversal) during the year			(248,049)
Deferred Tax expense (income) recognized in profit or loss			3,889,579
Deferred Tax expense (income) recognized in OCI			
Deferred Tax expense (income) recognized directly in Equity			

[Signature]
Mr. Durga Prasad Shrestha
Head: Finance and Planning

[Signature]
Mr. Hari Bahadur Budhathoki
Chief Executive Officer

[Signature]
Niranjan Gautam
Niranjan Gautam & Associates
Chartered Accountants

[Signature]
Mr. Surya Prasad Lamsal
Director

[Signature]
Mrs. Narayani Devi Shrestha
Director

[Signature]
Mr. Manobigyan Shrestha
Director

[Signature]
Mr. Krishna Shankar Shrestha
Director

[Signature]
Mr. Ganesh Kumar Shrestha
Chairman





Green Development Bank
Segment Reporting as per NRB Directive
as on 31/03/2019

Amount in Rs

A. Information about reportable segment (NFRS)

Particulars		Banking	Treasury	Card	Remittance	All Others	Total
(a)	Revenue from external customers	280,878,898	18,313,877	154,850.00	-	24,455,750	323,803,375
(b)	Intersegment revenues						
(c)	Net Revenue	280,878,898	18,313,877	154,850.00	-	24,455,750	323,803,375
(d)	Interest Revenue	270,768,532	18,313,877	-	-	-	
(e)	Interest Expense	191,078,394	-	-	-	-	
(f)	Net interest revenue (b)	79,690,138	18,313,877				16,364,325
(g)	Impairment Charge	16,364,325					45,331,167
(h)	Personnel Expenses	39,321,913	2,563,869	21,678.38	-	3,423,706	27,831,423
(i)	Other operating expenses	24,400,486	1,463,821	12,377.10	-	1,954,738	14,713,186
(j)	Depreciation and Amortization	12,762,756	832,158	7,036.17	-	1,111,236	28,484,881
(k)	Segment profit/(loss)	(3,048,976)	13,454,029	113,758.35	-	17,966,069	
(l)	Entity's interest in the profit or loss of associates accounted for using equity method						
(m)	Other material non-cash items:						
						
						
						
(n)	Impairment of assets				8,405,045	18,003,398	3,732,575,063
(o)	Segment assets	3,563,881,035	142,285,584			638,650,153	3,732,575,063
(p)	Segment liabilities	3,093,924,910					

B. Reconciliation of reportable segment profit or loss

Particulars	Current Quarter
Total Profit before tax for reportable segment	28,484,881
profit before tax for other segment	-
Elimination of intersegment profit	-
Elimination of discontinued operation	-
Uncollected Amounts:	-
-Other Corporate Expenses	-
Profit before tax	28,484,881



- 3 months

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Green Development Bank Ltd.
Notes to Financial Statements
 For the year ended 31 Asar 2079

Cash and Cash Equivalent

4.1

Particulars	32.03.2079	NPR
		31.03.2078
Cash in Hand	40,208,231	38,487,185
Balances with BFIs	757,718,335	291,667,905
Money at Call and Short Notice	-	-
Other	-	-
Total	797,926,566	330,155,090

Due from Nepal Rastra Bank

4.2

Particulars	32.03.2079	NPR
		31.03.2078
Statutory Balances with NRB	101,224,913	64,212,561
Securities purchased under Resale Agreement	-	-
Other Deposit and Receivable from NRB	-	-
Total	101,224,913	64,212,561

Placements with Banks and Financial Institutions

4.3

Particulars	32.03.2079	NPR
		31.03.2078
Placement with Domestic BFIs	-	-
Placement with Foreign BFIs	-	-
Less: Allowances for Impairment	-	-
Total	-	-

Derivative Financial Instruments

4.4

Particulars	32.03.2079	NPR
		31.03.2078
<i>Held for Trading</i>	-	-
Interest Rate Swap	-	-
Currency Swap	-	-
Forward Exchange Contracts	-	-
Others	-	-
<i>Held for Risk Management</i>	-	-
Interest Rate Swap	-	-
Currency Swap	-	-
Forward Exchange Contracts	-	-
Others	-	-
Total	-	-

Other Trading Assets

4.5

Particulars	32.03.2079	NPR
		31.03.2078
Treasury Bills	-	-
Government Bonds	-	-
NRB Bonds	-	-
Domestic Corporate Bonds	-	-
Equities	-	-
Other Trading Assets	-	-
Total	-	-



Loans and Advances to BFIs

4.6

Particulars	NPR	
	32.03.2079	31.03.2078
Loans to Micro-Finance Institutions	25,176,528	44,633,166
Other	-	-
Allowances for Impairment	(1,258,826)	(1,959,581)
Sub-Total	23,917,702	42,673,585
Interest Receivable	232,568	2,074,671
Total	24,150,270	44,748,256
4.6.1 Allowances for Impairment		
Balance at Shrawan 01	1,959,581	701,154
Impairment Loss for the year:	(700,755)	1,258,427
Charge for the year		1,258,427
Recoveries/Reversal	(700,755)	-
Amount Written Off		-
Balance at Asar End	1,258,826	1,959,581

Loans and Advances to Customers

4.7

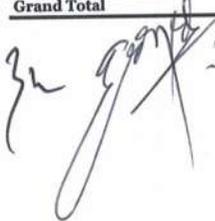
Particulars	NPR	
	32.03.2079	31.03.2078
Loans and Advances measured at Amortized Cost	2,606,413,113	1,878,401,085
Less: Impairment Allowances		
Collective Impairment	(34,874,119)	(24,377,301)
Individual Impairment	(14,018,219)	(7,449,958)
Net Amount	2,557,520,775	1,846,573,827
Loans and Advances measured at FVTPL		
Interest Receivable	14,384,155	8,263,821
Total	2,571,904,931	1,854,837,647

4.7.1: Analysis of Loans and Advances - By Product

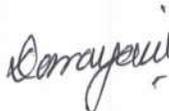
Particulars	NPR	
	32.03.2079	31.03.2078
Product		
Term Loans	653,894,465	651,248,000
Overdraft	1,000,161,161	445,182,684
Trust Receipt/Import Loans	-	-
Demand and other Working Capital Loans	-	-
Personal Residential Loans	70,059,729	162,594,000
Real Estate Loans	125,568	20,222,000
Margin Lending Loans	11,043,110	3,116,000
Hire Purchase Loans	333,474,112	179,319,000
Deprived Sector Loans	392,443,549	373,716,834
Bills Purchased	-	-
Staffs Loans	22,515,583	18,717,404
Other	122,695,836	24,285,162
Sub-Total	2,606,413,113	1,878,401,085
Interest Receivable	14,384,155	8,263,821
Grand Total	2,620,797,268	1,886,664,906

4.7.2: Analysis of Loans and Advances - By Currency

Particulars	NPR	
	32.03.2079	31.03.2078
Nepalese Rupee	2,606,413,113	1,878,401,085
Indian Rupee		
United States Dollar		
Great Britain Pound		
Euro		
Japanese Yen		
Chinese Yuan		
Other		
Sub-Total	2,606,413,113	1,878,401,085
Interest Receivable	14,384,155	8,263,821
Grand Total	2,620,797,268	1,886,664,906








4.7.3: Analysis of Loans and Advances - By Collateral

Particulars	NPR	
	32.03.2079	31.03.2078
Secured		
Moveable/Immoveable Assets	2,432,740,820	1,810,310,684
Gold and Silver	38,671,000	32,363,000
Guarantee of Domestic BFIs	-	-
Government Guarantee	-	-
Guarantee of International Rated Bank	-	-
Collateral of Export Document	-	-
Collateral of Fixed Deposit Receipt	99,459,000	12,234,000
Collateral of Government Securities	-	-
Counter Guarantee	-	-
Personal Guarantee	-	-
Other Collateral	35,542,293	23,493,401
Subtotal	2,606,413,113	1,878,401,085
Interest Receivable	14,384,155	8,263,821
Grand Total	2,620,797,268	1,886,664,906

4.7.4: Allowance for Impairment

Particulars	NPR	
	32.03.2079	31.03.2078
Specific Allowance for Impairment		
Balance at Shrawan 01	7,449,958	23,894,945
Impairment Loss for the year		
Charge for the year	6,568,261	(16,444,988)
Recoveries/Reversals during the year		
Write-Offs		
Exchange Rate Variance on Foreign Currency		
Other Movement		
Balance at Asar End	14,018,219	7,449,958
Collective Allowances for Impairment		
Balance at Shrawan 01	24,377,301	9,474,865
Impairment Loss for the year		
Charge/(Reversal) for the year	10,496,818	14,902,436
Exchange Rate Variance on Foreign Currency		
Other Movement		
Balance at Asar End	34,874,119	24,377,301
Total Allowances for Impairment	48,892,338	31,827,259

Investment Securities

4.8

Particulars	NPR	
	32.03.2079	31.03.2078
Investment Securities measured at Amortized Cost	118,742,900	80,000,000
Investment in Equity measured at FVTOCI	23,542,684	30,465,300
Total	142,285,584	110,465,300

4.8.1: Investment Securities measured at Amortized Cost

Particulars	NPR	
	32.03.2079	31.03.2078
Debt Securities		
Government Bonds	118,742,900	80,000,000
Government Treasury Bills	-	-
Nepal Rastra Bank Bonds	-	-
Nepal Rastra Bank Deposit Instruments	-	-
Other	-	-
Less: Specific Allowances for Impairment		
Total	118,742,900	80,000,000

4.8.2: Investment in Equity measured at FVTOCI

Particulars	NPR	
	32.03.2079	31.03.2078
Equity Instruments		
Quoted Equity Securities	23,542,684	30,465,300
Unquoted Equity Securities	-	-
Total	23,542,684	30,465,300

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4.8.3: Information relating to Investment in Equities

Particulars	32.03.2079	
	Cost	Fair Value
Investment in Quoted Equity		
Prabhu Life Insurance Ltd.(Promoters Share) 50,000 Promoter's Shares of Rs. 100 Each	5,000,000	8,925,000
Prabhu Select Fund 2,50,000 units of 10 each	2,500,000	2,402,500
Prabhu Capital Profolio Management Scheme SCT	10,000,000	7,215,184
50,000 Promoter's Shares of Rs. 100 Each	5,000,000	5,000,000
Investment in Unquoted Equity		
Prabhu Life Insurance Ltd. 50,000 Promoter's Shares of Rs. 100 Each		
Total	22,500,000	23,542,684

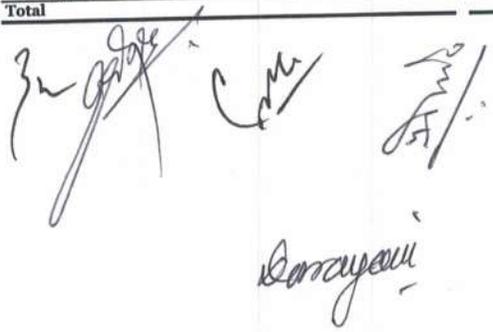
Particulars	32.03.2079		31.03.2078	
			NPR	
Current Tax Assets				4.9
Current year Income Tax Assets	22,997,605		13,927,832	
Tax Assets of Prior Periods	-		-	
Current Tax Liabilities				
Current year Income Tax Liabilities	10,099,732		6,331,095	
Tax Liabilities of Prior Periods	11,885,139		5,554,044	
Total	1,012,733		2,042,693	

Particulars	32.03.2079		31.03.2078	
			NPR	
Investment in Subsidiaries				4.10
Investment in Quoted Subsidiaries	-		-	
Investment in Unquoted Subsidiaries	-		-	
Total Investment	-		-	
Less: Impairment Allowances	-		-	
Net Carrying Amount	-		-	

4.10.1: Investment in Quoted Subsidiaries		32.03.2079	31.03.2078
.....Ltd.			
.....Shares of Rs. Each			
.....Ltd.			
.....Shares of Rs. Each			
Total			

4.10.2: Investment in Unquoted Subsidiaries		32.03.2079	31.03.2078
.....Ltd.			
.....Shares of Rs. Each			
.....Ltd.			
.....Shares of Rs. Each			
Total			

	Percentage of Ownership		Percentage of Ownership	
	32.03.2079		31.03.2078	
.....Ltd.				
Total				







4.10.4: Non Controlling Interest of the Subsidiaries

	32.03.2079	31.03.2078
Equity Interest held by NCI (%)		
Profit (Loss) allocated during the year		
Accumulated Balances of NCI as on Asar End		
Dividend Paid to NCI		

	32.03.2079	31.03.2078
Equity Interest held by NCI (%)		
Profit (Loss) allocated during the year		
Accumulated Balances of NCI as on Asar End		
Dividend Paid to NCI		

Investment in Associates 4.11

Particulars	NPR	
	32.03.2079	31.03.2078
Investment in Quoted Associates	-	-
Investment in Unquoted Associates	-	-
Total Investment	-	-
Less: Impairment Allowances	-	-
Net Carrying Amount	-	-

4.11.1: Investment in Quoted Associates

	32.03.2079	31.03.2078
.....Ltd.		
.....Shares of Rs. Each		
.....Ltd.		
.....Shares of Rs. Each		
Total		

4.11.2: Investment in Unquoted Associates

	32.03.2079	31.03.2078
.....Ltd.		
.....Shares of Rs. Each		
.....Ltd.		
.....Shares of Rs. Each		
Total		

4.11.3: Information relating to Associates of the Bank

	32.03.2079	31.03.2078
.....Ltd.		

4.11.4: Equity Value of Associates

	32.03.2079	31.03.2078
.....Ltd.		

Investment Properties 4.12

Particulars	NPR	
	32.03.2079	31.03.2078
Investment Properties measured at Fair Value		
Balance as on Shrawan 01.	-	-
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 01	-	-
Addition/(Disposal) during the year	-	-
Net Changes in fair value during the year	-	-
Adjustment/Transfer	-	-
Net Amount	-	-
Total	-	-

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Other Assets		4.16
		NPR
Particulars	32.03.2079	31.03.2078
Assets held for Sale	-	-
Other Non-Banking Assets	-	-
Bills Receivable	-	-
Accounts Receivable	8,405,045	772,174
Accrued Income	-	-
Prepayments and Deposits	1,154,615	5,927,050
Income Tax Deposit	-	-
Deferred Employee Expenditure	7,881,375	5,526,668
Other Assets	562,363	2,633,761
Total	18,003,398	14,859,653

Due to Banks and Financial Institutions		4.17
		NPR
Particulars	32.03.2079	31.03.2078
Money Market Deposits	-	-
Interbank Borrowing	-	-
Other Deposits from BFIs	208,661,102	3,415,249
Settlement and Clearing Accounts	-	-
Total	208,661,102	3,415,249

Due to Nepal Rastra Bank		4.18
		NPR
Particulars	32.03.2079	31.03.2078
Refinance from NRB	-	-
Standing Liquidity Facility	-	-
Lender of Last Resort facility from NRB	-	-
Securities sold under repurchase agreements	-	-
Other Payable to NRB	-	-
Total	-	-

Derivative Financial Instruments		4.19
		NPR
Particulars	32.03.2079	31.03.2078
<i>Held for Trading</i>	-	-
Interest Rate Swap	-	-
Currency Swap	-	-
Forward Exchange Contracts	-	-
Others	-	-
<i>Held for Risk Management</i>	-	-
Interest Rate Swap	-	-
Currency Swap	-	-
Forward Exchange Contracts	-	-
Others	-	-
Total	-	-

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4.20

Deposits from Customers

Particulars	NPR	
	32.03.2079	31.03.2078
Institutional Customers:		
Term Deposits.	244,559,168	85,400,000
Call Deposits	225,434,027	8,544,586
Current Deposits.	23,058,651	3,778,246
Others.	13,564	-
Individual Customers:		
Term Deposits	1,813,793,008	972,256,142
Saving Deposits	524,679,572	498,370,386
Current Deposits	30,561,397	83,671,592
Others	16,600,832	196,862,830
Sub-Total	2,878,700,220	1,848,883,782
Interest payable on deposits	6,563,587	4,578,135
Total	2,885,263,808	1,853,461,917

4.20.1: Currency wise analysis of deposit from customers

Particulars	NPR	
	32.03.2079	31.03.2078
Nepalese Rupee	2,878,700,220	1,848,883,782
Indian Rupee	-	-
United States Dollar	-	-
Great Britain Pound	-	-
Euro	-	-
Japanese Yen	-	-
Chinese Yuan	-	-
Other	-	-
Total	2,878,700,220	1,848,883,782

Borrowings

4.21

Particulars	NPR	
	32.03.2079	31.03.2078
Domestic Borrowings	-	-
Nepal Government	-	-
Other Institutions.	-	-
Other	-	-
Sub Total	-	-
Foreign Borrowings	-	-
Foreign Banks and Financial Institutions	-	-
Multilateral Development Banks	-	-
Other Institutions	-	-
Sub Total	-	-
Total	-	-

Provisions

4.22

Particulars	NPR	
	32.03.2079	31.03.2078
Provisions for Redundancy	-	-
Provisions for Restructuring	-	-
Pending Legal Issues and Tax Litigation	-	-
Onerous Contracts	-	-
Other Provisions	-	-
Total	-	-

4.22.1: Movement in Provision

Particulars	NPR	
	32.03.2079	31.03.2078
Balance at Shrawan 01	-	-
Provisions made during the year	-	-
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Unwind of Discount	-	-
Balance at Asar end	-	-

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Other Liabilities

4.23

Particulars	NPR	
	32.03.2079	31.03.2078
Liabilities for employees defined benefit obligations	3,800,158	3,350,562
Liabilities for long service leave	2,983,510	1,968,929
Liabilities for employees defined benefit Contribution	-	-
Short term employee benefits	-	-
Bills payable	-	-
Creditors and accruals	234,383	403,474
Interest payable on borrowing	-	-
Liabilities on deferred grant income	-	-
Unpaid Dividend	-	-
Liabilities under Finance Lease	-	-
Employee bonus payable	3,164,987	1,906,369
Deposit Fund	7,500,000	7,500,000
Manager's Cheque	189,131	1,749,261
Lease Liabilities	47,148,569	-
Other Liabilities	8,024,029	19,297,384
Total	73,044,767	36,175,980

4.23.1: Defined Benefit Obligation

NPR

The amounts recognised in the statements of financial positions are as follows :

Particulars	NPR	
	32.03.2079	31.03.2078
Present value of unfunded obligations	2,983,510	1,968,926
Present value of funded obligations	-	-
Total present value of obligations	-	-
Fair value of plan assets	-	-
Present value of net obligations	-	-
Recognised liability for defined benefit obligations	2,983,510	1,968,926

4.23.2: Plan Assets

Plan assets comprise

NPR

Particulars	NPR	
	32.03.2079	31.03.2078
Equity securities	-	-
Government bonds	-	-
Bank deposit	-	-
Other	-	-
Total	-	-

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4.23.3: Movement in the present value of defined benefit obligations

Particulars	NPR	
	32.03.2079	31.03.2078
Defined benefit obligations at Sawan 1	1,968,929	1,089,516
Actuarial losses	1,545,550	327,864
Benefits paid by the plan	(1,519,611)	(142,227)
Current service costs and interest	988,645	693,776
Defined benefit obligations at Asar end	2,983,513	1,968,929

4.22.4: Movement in the fair value of plan assets

Particulars	NPR	
	32.03.2079	31.03.2078
Fair value of plan assets at Sawan 1	-	-
Contributions paid into the plan	-	-
Benefits paid during the year	-	-
Actuarial (losses) gains	-	-
Expected return on plan assets	-	-
Fair value of plan assets at Asar end	-	-

4.23.5: Amount recognised in profit or loss

Particulars	NPR	
	32.03.2079	31.03.2078
Current service costs	879,824	602,117
Interest on obligation	108,821	91,659
Expected return on plan assets	-	-
Actuarial Losses / (Gain)	1,545,550	327,864
Total	2,534,195	1,021,640

4.23.6: Amount recognised in other comprehensive income

Particulars	NPR	
	32.03.2079	31.03.2078
Actuarial (gain)/loss	-	-
Total	-	-

4.23.7: Actuarial assumptions

Particulars	NPR	
	32.03.2079	31.03.2078
Discount rate	11%	9%
Expected return on plan asset	-	-
Future salary increase	6%	6%
Withdrawal rate	-	-

Debt securities issued

Particulars	NPR	
	32.03.2079	31.03.2078
Debt securities issued designated as at fair value through profit or loss	-	-
Debt securities issued at amortised cost	-	-
Total	-	-

Subordinated Liabilities

Particulars	NPR	
	32.03.2079	31.03.2078
Redeemable preference shares	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-
Other	-	-
Total	-	-

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Share capital

4.26

Particulars	NPR	
	32.03.2079	31.03.2078
Ordinary shares	519,000,000	519,000,000
Convertible preference shares (equity component only)	-	-
Irredeemable preference shares (equity component only)	-	-
Perpetual debt (equity component only)	-	-
Total	519,000,000	519,000,000

4.26.1: Ordinary Shares

Particulars	NPR	
	32.03.2079	31.03.2078
Authorized Capital	519,000,000	519,000,000
5,190,000 Ordinary share of Rs. 100 each	-	-
Issued capital	500,000,000	500,000,000
5,000,000 Ordinary share of Rs. 100 each	19,000,000	19,000,000
190,000 Ordinary share of Rs. 100 each	-	-
Subscribed and paid up capital	519,000,000	519,000,000
5,190,000 Ordinary share of Rs. 100 each	-	-
Total	519,000,000	519,000,000

4.26.2: Ordinary share ownership

Particulars	NPR	
	32.03.2079	31.03.2078
Domestic ownership		
Nepal Government	-	-
"A" class licensed institutions	-	-
Other licensed intitutions	-	-
Other Institutions	2.01%	2.01%
Public	42.99%	42.99%
Promoters	55.00%	55.00%
Foreign ownership		
Total	100%	100%

Reserves

4.27

Particulars	NPR	
	32.03.2079	31.03.2078
Statutory general reserve	14,398,170	10,663,155
Exchange equilisation reserve	-	-
Corporate social responsibility reserve	521,145	334,395
Capital redemption reserve	-	-
Regulatory reserve	9,370,267	5,197,210
Investment adjustment reserve	-	-
Capital reserve	-	-
Assets revaluation reserve	-	-
Fair value reserve	729,879	9,075,710
Dividend equalisation reserve	-	-
Actuarial gain	(64,093)	(64,093)
Special reserve	-	-
Other reserve	379,250	-
Total	25,334,618	25,206,377

Contingent liabilities and commitments

4.28

Particulars	NPR	
	32.03.2079	31.03.2078
Contingent liabilities	-	-
Undrawn and undisbursed facilities	16,392,990	3,000,000
Capital commitment	-	-
Lease Commitment	-	50,893,398
Litigation	-	-
Total	16,392,990	53,893,398

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4.28.1: Contingent Liabilities

Particulars	NPR	
	32.03.2079	31.03.2078
Acceptance and documentary credit	-	-
Bills for collection	-	-
Forward exchange contracts	-	-
Guarantees	-	-
Underwriting commitment	-	-
Other commitments	-	-
Total		

4.28.2: Undrawn and undisbursed facilities

Particulars	NPR	
	32.03.2079	31.03.2078
Undisbursed amount of loans	-	3,000,000
Undrawn limits of overdrafts	14,892,990.00	-
Undrawn limits of credit cards	-	-
Undrawn limits of letter of credit	-	-
Undrawn limits of guarantee	1,500,000	-
Total	16,392,990	3,000,000

4.28.3: Capital commitments

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

Particulars	NPR	
	32.03.2079	31.03.2078
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		

4.28.4: Lease commitments

Particulars	NPR	
	32.03.2079	31.03.2078
Operating lease commitments		
Future minimum lease payments under non cancellable operating lease, where the bank is lessee		
Not later than 1 year		8,004,309
Later than 1 year but not later than 5 years		35,651,746
Later than 5 years		7,237,343
Sub total		50,893,398
Finance lease commitments		
Future minimum lease payments under non cancellable operating lease, where the bank is lessee		
Not later than 1 year		-
Later than 1 year but not later than 5 years		-
Later than 5 years		-
Sub total		
Grand total		50,893,398

4.28.5: Litigation

Bank do not have any either initiated any litigation.

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Green Development Bank Ltd.
Notes to Financial Statements
 For the year ended 32 Asar 2079

Interest Income

4.29

Particulars	NPR	
	32.03.2079	31.03.2078
Cash and cash equivalent	7,345,960	3,105,610
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	-	3,636,661
Loan and advances to bank and financial institutions	-	166,720,877
Loans and advances to customers	270,768,532	3,526,068
Investment securities	10,967,917	1,726,673
Loan and advances to staff	2,596,464	2,654,928
Other Interest Income	17,581,243	-
Total interest income	309,260,116	181,370,817

Interest Expenses

4.30

Particulars	NPR	
	32.03.2079	31.03.2078
Due to bank and financial institutions	1,709,750	-
Due to Nepal Rastra Bank	-	-
Deposits from customers	189,368,644	100,114,487
Borrowing	-	-
Debt securities issued	-	-
Subordinated liabilities	-	-
Other Charges	-	-
Total Interest expense	191,078,394	100,114,487

Fees and Commission Income

4.31

Particulars	NPR	
	32.03.2079	31.03.2078
Loan administration fees	737,372	415,253
Service fees	10,110,367	9,299,365
Consortium fees	-	-
Commitment fees	63,881	-
DD/TT/Swift fees	-	-
Credit card/ATM issuance and renewal fees	154,850	-
Prepayment and swap fees	-	-
Investment banking fees	-	-
Asset management fees	-	-
Brokerage fees	-	-
Remittance fees	420,407	470,384
Commission on letter of credit	-	-
Commission on guarantee contracts issued	-	-
Commission on share underwriting/issue	-	-
Locker rental	-	-
Other fees and commission income	301,701	227,670
Total Fees and Commission Income	11,788,577	10,412,672

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Fees and Commission Expense

Particulars	4-32	
	NPR	
	32.03.2079	31.03.2078
ATM management fees	660,714	270,433
VISA/Master card fees	-	-
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees.	-	-
Remittance fees and commission	-	858,034
Other fees and commission expense	-	-
Total Fees and Commission Expense	660,714	1,128,467

Net Trading income

Particulars	4-33	
	NPR	
	32.03.2079	31.03.2078
Changes in fair value of trading assets	-	-
Gain/loss on disposal of trading assets	-	-
Interest income on trading assets	-	-
Dividend income on trading assets	-	-
Gain/loss foreign exchange transaction	-	-
Other	-	-
Net trading income		

Other Operating Income

Particulars	4-34	
	NPR	
	32.03.2079	31.03.2078
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/loss on sale of gold and silver	2,754,682	1,408,641
Other Operating Income	-	-
Total	2,754,682	1,408,641

Impairment charge/(reversal) for loan and other losses

Particulars	4-35	
	NPR	
	32.03.2079	31.03.2078
Impairment charge/(reversal) on loan and advances to BFIs	327,295	-
Impairment charge/(reversal) on loan and advances to customers	16,037,030	(284,125)
Impairment charge/(reversal) on financial Investment	-	-
Impairment charge/(reversal) on placement with BFIs	-	-
Impairment charge/(reversal) on property and equipment	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-
Impairment charge/(reversal) on investment properties	-	-
Total	16,364,324.7	(284,124.6)

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Personnel Expenses

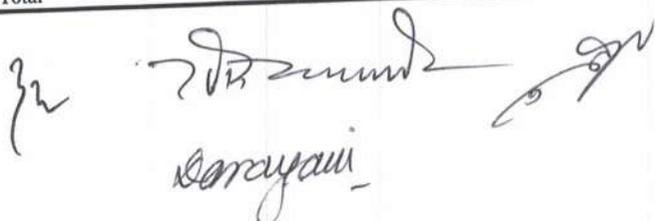
Particulars	NPR	
	32.03.2079	31.03.2078
Salary	19,681,844	18,950,456
Allowances	13,426,291	12,300,632
Gratuity Expense	2,007,309	1,563,035
Provident Fund	1,914,497	1,876,394
Uniform	892,000	800,000
Training & development expense	465,995	293,922
Leave encashment	2,457,602	1,126,212
Medical	-	-
Insurance	179,179	-
Employees incentive	-	-
Cash-settled share-based payments	-	-
Pension expense	-	-
Finance expense under NFRS	1,070,573	1,222,159
Other expenses related to staff	70,890	214,642
Subtotal	42,166,180	38,347,453
Employees Bonus	3,164,987	1,906,369
Grand total	45,331,167	40,253,822

Other Operating Expense

Particulars	NPR	
	32.03.2079	31.03.2078
Directors' fee	310,000	298,000
Directors' expense	120,703	201,307
Auditors' remuneration	395,500	514,150
Other audit related expense	73,495	145,346
Professional and legal expense	-	-
Office administration expense	4,333,874	2,801,785
Operating lease expense	-	8,004,309
Operating expense of investment properties	-	-
Corporate social responsibility expense	81,025	119,572
Onerous lease provisions	-	-
Depreciation ROU	-	-
Interest on Lease Liability	4,675,031	-
Other Expenses	15,231,134	12,329,734
Total	25,220,761	24,414,203

4-37.1: Office Administrative Expenses

Particulars	NPR	
	32.03.2079	31.03.2078
Light, Electricity & Water	1,530,664	1,272,400
Postage, Telex, Telephone & Fax	284,661	309,203
Office Equipment, Furniture Repair	-	-
Printing & Stationery	1,282,512	975,018
Other-Meeting Expenses	75,170	-
Other-Internet Expenses	1,160,866	245,164
Total	4,333,873	2,801,785


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Depreciation and Amortisation

4.38

Particulars	NPR	
	32.03.2079	31.03.2078
Depreciation on property and equipment	6,660,932	6,713,422
Depreciation on investment property	-	-
Amortisation of intangible assets	785,263	786,713
Depreciation ROU	7,266,991	-
Total	14,713,186	7,500,135

Non Operating Income

4.39

Particulars	NPR	
	32.03.2079	31.03.2078
Recovery of loan written off	-	-
Other income	-	-
Total	-	-

Non Operating Expenses

4.40

Particulars	NPR	
	32.03.2079	31.03.2078
Loan written off	1,949,948	1,001,450
Redundancy provision	-	-
Expense of restructuring	-	-
Other expense.	-	-
Total	1,949,948	1,001,450

Income Tax Expenses

4.41

Particulars	NPR	
	32.03.2079	31.03.2078
Current tax expense	-	-
Current year	10,099,732	6,331,095
Adjustments for prior years	-	-
Deferred tax expense	-	-
Origination and reversal of temporary differences	(289,923)	(248,049)
Changes in tax rate	-	-
Recognition of previously unrecognised tax losses	-	-
Total income tax expense	9,809,809.6	6,083,046.5

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GREEN DEVELOPEMENT BANK LIMITED

As on Asar 32, 2079 (July 16, 2022)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, unless otherwise indicated.

1. Reporting Entity

Green Development Bank Limited is a limited liability company domiciled in Nepal which has been in operation in Nepal since 2070 (BS). The development bank is registered with the Office of Company Registrar as a public limited company and carries out banking activities in Nepal under the license from Nepal Rastra Bank as Class "Kha" licensed institution (Regional Level-5 Districts (2076/02/14). It's registered and corporate office are at Pokhara, Nepal since 05/05/2076 were in Baglung, Nepal earlier

The development bank offers maximum banking services of banking products and services including loans and advances, deposits etc. to wide range of clients encompassing individuals, corporates, large public sector companies, government corporations, etc. as authorized by the Nepal Rastra Bank (Central Bank of Nepal).

The development bank is listed on Nepal Stock Exchange and its stock symbol is "GRDBL".

2. Basis of Preparation

The financial statements of the development bank have been prepared on accrual basis of accounting except the Cash Flow information, which is prepared on a cash basis, using the direct method. 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 the Notes to the Accounts of the Development bank. The accounting policies are consistently applied to all the years presented, except for the changes in accounting policies disclosed specifically.

2.1. Statement of Compliance

The financial statements have been prepared and approved by the Board of Directors in accordance with Nepal Financial Reporting Standards 2018 (NFRS) and as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN) and in the format issued by Nepal Rastra Bank in Directive No. 4 of NRB Directives, 2077.

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Accounting Standard Board Nepal has resolved carve-outs for implementation of NFRS on September 13, 2018 (28, 2075) and November 20, 2019 (Mangsir 04, 2076). Bank has opted to use carve outs with alternative treatment specified therein as below:

Carve- Out Number	Alternative treatment	Bank's Treatment
5(Sept 2018)	An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial assets or group of financial assets measured at amortized cost is impaired. If any such evidence exists the entity shall apply paragraph 63 to determine the amount of any impairment loss unless the entity is bank and Financial institution registered as per Bank and Financial Institution Act 2073. Such entities shall measure impairment loss on loan and advance as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for Loan Loss provisioning and amount determined as per Para 63 of NAS 39 and shall apply impairment Para 63 of NAS 39 to measure the impairment loss on Financial assets other than Loan and advances.	Bank has adopted NAS 39 for impairment of financial assets. For loan and advances to customers, impairment loss is taken as higher of regulatory requirement and NFRS requirement.

2.2. Reporting Period

Reporting Period is a period from the first day of Shrawan (mid-July) of any year to the last day of Asar (mid-July) of the next year as per Nepali calendar-

	Nepali Calendar	English Calendar
Current Year	2078/79	2021/22
Previous Year	2077/78	2020/21
Current Year Period	Shrawan 01, 2078 to Asar 32, 2079	July 16, 2021 to July 16, 2022
Previous Year Period	Shrawan 01, 2077 to Asar 31, 2078	July 16, 2020 to July 15, 2021



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2.3. Functional and Presentation Currency

The financial statement of the development bank is presented in Nepalese Rupees (NPR), which is the currency of the primary economic environment in which it operates. Financial information is presented in Nepalese Rupees. There was no change in the presentation and functional currency during the year under review. The figures are rounded to nearest integer, except otherwise indicated.

2.4. Use of Estimates, Assumptions and Judgment

The Development bank, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. Further, the development bank is required to make judgments in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. This may later be determined that a different choice could have been more appropriate. The accounting policies have been included in the relevant notes for each item of the financial statements and the effect and nature of the changes, if any, have been disclosed. The NFRS requires the development bank to make estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements. The development bank applies estimates in preparing and presenting the financial statements and such estimates and underlying assumptions are reviewed periodically. The revision to accounting estimates are recognized in the period in which the estimates are revised and are applied prospectively. Disclosures of the accounting estimates have been included in the relevant sections of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

2.5. Changes in Accounting Policies

The Company has consistently applied the accounting policies to all periods presented in these financial statements except for new or revised statements and interpretations implemented during the year. The nature and effect of new standards and interpretations are discussed in note that follows.

2.6. New Reporting standards issued but not effective

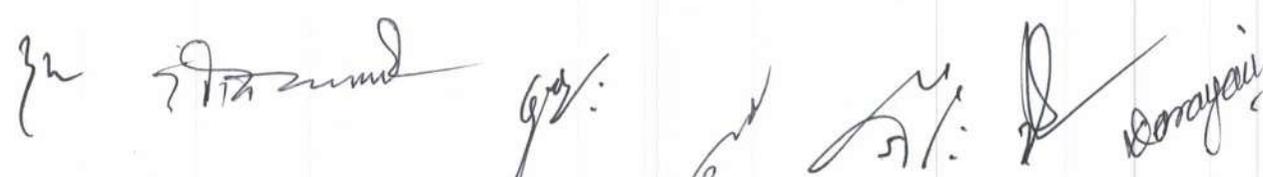
A number of new standards and amendments to the existing standards and interpretations have been issued by IASB after the pronouncements of NFRS with varying effective dates. Those become applicable when ASB Nepal incorporates them within NFRS.

For the reporting of financial instruments, NAS 32 Financial Instruments Presentation, NAS 39 Financial Instruments Recognition and Measurements and NFRS 7 Financial Instruments Disclosures have been applied.

NFRS-9 has been complied for the classification of Financial Instruments.

Few carve- outs on applicable Accounting Standards as provided by the Institute of Chartered Accountants of Nepal have been used by the Bank, the quantitative and qualitative impacts of the same have been disclosed.





2.7. Discounting

Non-current assets and liabilities are discounted where discounting is material. Interest income and expenses have been recognized on unwinding of financial assets and liabilities respectively.

2.8. Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately, unless they are immaterial as permitted by the Nepal Accounting Standard – NAS 1 on 'Presentation of Financial Statements'. Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the development bank. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.9. Prior Period Errors

Prior Period Errors are omissions or misstatements in an entity's financial statements. Such omissions may relate to one or more prior periods. Correction of an error is done by calculating the cumulative effect of the change on the financial statements of the period as if new method or estimate had always been used for all the affected prior years' financial statements. Sometimes such changes may not be practicable. In such cases, it is applied to the latest period possible by making corresponding adjustment to the opening balance of the period.

3. Significant Accounting Policies

The principal accounting policies applied by the development bank in the preparation of these financial statements are presented below. These policies have been consistently applied to all the years presented unless stated otherwise.

3.1. Basis of Measurement

The Financial Statements of the development bank have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position:

- Available for sale investments (quoted) are measured at fair value.
- Liabilities for defined benefit obligations are recognized at the present value of the defined benefit obligation less the fair value of the plan assets.
- Financial assets and financial liabilities held at amortized cost are measured using a rate that is a close approximation of effective interest rate.

3.2. Basis of consolidation

a. Business Combinations and Goodwill

Development bank does not have any subsidiary. There are no such entities which are required to be consolidated but not done during the year.



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b. Non-Controlling Interest

Development bank does not have a Subsidiary. So, the non-controlling interest has not been calculated separately.

c. Subsidiaries

Subsidiaries are entities that are controlled by the development bank. Development bank does not have any subsidiary.

d. Loss of Control

When the development bank loses control over a Subsidiary, it derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position. Development bank does not have any subsidiary.

e. Special Purpose Entity (SPE)

The development bank does not have any special purpose entity.

f. Transaction elimination on consolidation

The development bank does not have any subsidiary.

3.3. Cash and cash equivalents

Cash and Cash Equivalents include cash in hand, balances with banks and money at call and at short notice. These are subject to insignificant risk of changes in their fair value and are used by the development bank in the management of short-term commitments.

Details of the Cash and Cash Equivalents are given in Note 4.1 to the Financial Statements.

3.4. Financial assets and Financial Liabilities

3.4.1. Initial Recognition

a. Date of Recognition

All financial assets and liabilities are initially recognized on the trade date, i.e. the date on which the development bank becomes a party to the contractual provisions of the instrument. This includes 'regular way trades. Regular way trade means purchases or sales of financial assets that required delivery of assets within the time frame generally established by regulation or convention in the market place.

Investment in Share, debenture, government bond, NRB bond, reverse repo, outright purchase shall be recognized in the books when the Development Bank made commitment to purchase such securities.

3.4.2. Classification and Subsequent Measurement of Financial Instruments

1. Classification and Subsequent Measurement of Financial Assets



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Development bank has classified financial asset on the basis of purpose for which it has hold such financial asset (Business Model Test)

Financial assets have been divided into following categories

(a) Financial asset measured at amortized cost

Financial asset is measured at mortised cost if both of the following condition are met

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial asset measured at fair value

- Fair value through other comprehensive income—financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Fair value through profit or loss—any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

2. Classification and Subsequent Measurement of Financial Liabilities

At the inception, the development bank determines the classification of its financial liabilities. Accordingly, financial liabilities are classified as:

- a. Financial liabilities at fair value through profit or loss
 - i. Financial liabilities held for trading
 - ii. Financial liabilities designated at fair value through profit or loss
- b. Financial liabilities at amortized cost

(a) Financial Liabilities at Fair Value through Profit or Loss

Financial Liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value and changes therein are recognized in profit or loss.

(b) Financial Liabilities at Amortized Cost

Financial instruments issued by the development bank that are not classified as fair value through profit or loss are classified as financial liabilities at amortized cost, where the substance of the contractual arrangement results in it having an obligation either to deliver cash or another financial asset to another institution, or to exchange financial assets or financial liabilities with another institution under conditions that are potentially unfavorable to the development bank or settling the obligation by delivering variable number of development bank's own equity instruments.



After initial recognition, such financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Within this category, deposits and debt instruments with fixed maturity period have been recognized at amortized cost using the method that very closely approximates effective interest rate method. The amortization is included in 'Interest Expenses' in the Statement of Profit or Loss. Gains and losses are recognized in the Statement of Profit or Loss when the liabilities are derecognized.

3.4.3. De-recognition of Financial Assets and Liabilities

a. De-recognition of Financial Assets

The development bank derecognizes a financial asset (or where applicable a part of financial asset or part of a group of similar financial assets) when:

- The rights to receive cash flows from the asset have expired; or
- The development bank has transferred its rights to receive cash flows from the asset or
- The development bank has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either development bank has transferred substantially all the risks and rewards of the asset or it has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

b. De-recognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability.

The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

Amortized Cost Measurement

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



3.4.4.

Fair Value Measurement



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Fair value' is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of liability reflects its non-performance risk. The fair values are determined according to the following hierarchy as per NFRS 13:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. (PARA 76)

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. (PARA 81)

Level 3 inputs are unobservable inputs for the asset or liability. (PARA 86)

The Bank measures the fair value of an instrument using quoted prices in an active market if available. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transaction on arm's length basis. Further, All unquoted investments are recorded at cost.

3.4.5. Impairment of Financial Assets

The development bank assesses at each reporting date, whether there is any objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss is impaired. A financial asset or group of financial assets is deemed to be impaired if and only if there is objective evidence of impairment as a result of one or more events, that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include:

- Indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganization;
- Default or delinquency in interest or principal payments;
- And where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

a. Impairment of Financial Assets carried at Amortized Cost

For financial assets carried at amortized cost, such as amounts due from banks, held to maturity investments etc., the development bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant or collectively for financial assets that are not individually significant. In the event



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development bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics such as collateral type, past due status and other relevant factors and collectively assesses them for impairment. However, assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

i. Individually Assessed Financial Assets

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

- Known Cash Flow difficulties experienced by the borrowers;
- Past due contractual payments of either principal or interest;
- Breach of loan covenants or conditions;
- The probability that the borrower will enter bankruptcy or other financial reorganization; and
- A significant downgrading in credit rating by an external credit rating agency.

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

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the development bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was



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recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write off is later recovered, the recovery is credited to the impairment charges for loans and other losses.

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

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

About 20 to 30 percent of total exposure has selected for individual impairment. NRB provision and loan limit has considered as basis of selection. After that such loans are tested for impairment on several possible criteria. Loans which are not individually impaired has been reclassified for collective impairment.

ii. **Collectively Assessed Financial Assets**

Impairment is assessed on a collective basis in two circumstances:

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

Implemented Policy

As per the decision of ICAN on NFRS carve out, impairment shall be recognized higher of NRB provision and impairment computed as per NFRS 39. Impairment under impairment testing as under NFRS is amounting to Rs 12,156,187 which is less than impairment computed under NRB provision amounting to Rs 50,151,164. Hence, Development Bank has recognized higher amount of impairment amounting to as per NRB provision.

3.5. Trading Assets

One of the categories of financial assets at fair value through profit or loss is "held for trading" financial assets. All financial assets acquired or held for the purpose of selling in the short term or for which there is a recent pattern of short-term profit taking are trading assets.

3.6. Property, Plant and Equipment

a. Recognition

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Two conditions are satisfied for recognition of PPE

- It is probable that future economic benefits associated with the assets will flow to the entity; and
- The cost of the assets can be measured reliably

b. Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of an item of property, plant & equipment. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of computer equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Fixed asset amounting less than Rs 5,000 was not recognized as PPE rather charged off to revenue.

c. Depreciation

Depreciation is calculated by using the written down value method on cost or valuation of the Property & Equipment other than freehold land and leasehold properties. Depreciation on leasehold properties is calculated by using the straight-line method on cost or valuation of the property. The rates of depreciations are given below:

Rate of Depreciation per annum (%)

Asset Category	Current Year	Previous Year
Buildings	5%	5%
Motor Vehicles	20%	20%
Computer Equipment	25%	25%
Furniture, Office Equipment	25%	25%
Other Assets	15%	15%
Leasehold Properties	10 years(SLM Basis)	10 years(SLM Basis)

d. Changes in Estimates

The asset's methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

e. Capital Work in Progress



These are expenses of capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalization.

f. De-recognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of an item of property, plant and equipment is included in the Statement of Profit or Loss when the item is derecognized.

3.7. Goodwill and Intangible Assets

Goodwill

Goodwill is recognized when purchase consideration is more than fair value of net assets of entity in case of business combination. After initial recognition, goodwill is value at cost less impairment. Goodwill is tested for impairment every year with or without any indication of impairment.

Intangible Assets

Initially intangible assets are measured at fair value. Subsequently measured at amortized cost on the basis of useful life of Intangible assets

Computer Software & Licenses

Cost of purchased licenses and all computer software costs incurred, licensed for use by the development bank, which are not integrally related to associated hardware, which can be clearly identified, reliably measured, and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category 'Intangible assets' and carried at cost less accumulated amortization and any accumulated impairment losses. Intangible asset amounting less than Rs 5,000 was charged off to revenue.

Amortization of Intangible Assets

Intangible Assets, except for goodwill, are amortized on a straight-line basis in the Statement of Profit or Loss from the date when the asset is available for use, over the best of its useful economic life based on a pattern in which the asset's economic benefits are consumed by the development bank. Amortization methods, useful lives, residual values are reviewed at each financial year end and adjusted if appropriate. The development bank assumes following useful life of intangible assets.

Asset Category	For the year ended 15 July 2022	For the year ended 15 July 2021
Computer Software	5 years	5 years
Licenses	5 years	5 years



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3.8. Investment Property

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both but not for sale in the ordinary course of business.

Measurement

Investment property is accounted for under Cost Model in the Financial Statements. Accordingly, after recognition as an asset, the property is carried at its cost, less impairment losses. If any property is reclassified to investment property due to changes in its use, fair value of such property at the date of reclassification becomes its cost for subsequent accounting.

De-recognition

Investment properties are derecognized when they are disposed of or permanently withdrawn from use since no future economic benefits are expected. Transfers are made to and from investment property only when there is a change in use. When the use of a property changes such that it is reclassified as Property, Plant and Equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3.9. Income Tax

As per Nepal Accounting Standard- NAS 12 (Income Taxes) tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation.

A. Current Tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to Inland Revenue Department in respect of the current year, using the tax rates and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years.

B. Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences except:

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credits and unused tax losses (if any), to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, carried forward unused tax credits and unused tax losses can be utilized except.

Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority.



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3.10. Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are the bank's sources of funding. Deposits include non-interest-bearing deposits, saving deposits, term deposits, call deposits and margin deposits. The estimated fair value of deposits with no stated maturity period is the amount repayable on demand. The fair value of fixed interest-bearing deposits is considered as the interest receivable on these deposits plus carrying amount of these deposits. The fair value of debt securities issued is also considered as the carrying amount of these debt securities issued. Sub-ordinated liabilities are liabilities subordinated, at the event of winding up, to the claims of depositors, debt securities issued and other creditors.

3.11. Provisions

A provision is recognized if, as a result of a past event, the development bank 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. The amount recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking in to account the risks and uncertainties surrounding the obligation at that date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows. A provision for onerous contracts is recognized when the expected benefits to be derived by the development bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured as the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Provision is not recognized for future operating losses.

Before a provision is established, the development bank recognizes any impairment loss on the assets associated with that contract. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

3.12. Revenue Recognition

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

A. Interest Income

For all financial assets measured at amortized cost, interest bearing financial assets classified as Fair value through other comprehensive income, interest income is recorded using the rate that closely approximates the EIR because the development bank considers that the cost of exact calculation of effective interest rate method exceeds the benefit that would be derived from such compliance. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.



Further, Interest income on Loans and Advances is recognized as per the guideline on recognition of interest income, 2019 issued by NRB.

B. Fee and Commission Income

Fees earned for the provision of services over a period of time are accrued over that period. These fees include Service fees, commission income. Loan syndication fees are recognized as revenue when the syndication has been completed and the development bank retained no part of the loan package for itself, or retained a part at the same effective interest rate as for the other participants. Portfolio and other management advisory fees and service distribution fees are recognized based on the applicable contracts, usually on a time apportionment basis.

C. Dividend Income

Dividend income is on equity instruments are recognized in the statement of profit and loss within other income when the development bank's right to receive payment is established.

D. Net Trading Income

Net trading income comprises gains less losses relating to trading assets and liabilities, and includes all realized interest, dividend and foreign exchange differences as wells as unrealized changes in fair value of trading assets and liabilities.

E. Net Income from other financial instrument at fair value through Profit or Loss

Trading assets such as equity shares and mutual fund are recognized at fair value through profit or loss. No other financial instrument is designated at fair value through profit or loss. The development bank has no income under the heading net income from other financial instrument at fair value through profit or loss.

3.13. Interest Expense

For financial liabilities measured at amortized cost using the rate that closely approximates effective interest rate, interest expense is recorded using such rate. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

3.14. Employee Benefits

Employee benefits include:

- Short term employee benefits are measured on an undiscounted basis and are expenses as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Development bank has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Short term



employee benefit includes following benefits which is expected to be paid within 12 months from reporting period.

- a. Wages, salaries and social security contributions;
- b. annual leave and paid sick leave;
- c. Profit sharing and bonuses, and
- d. Non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) for current employees

II. Post employments benefits are as follows:

A. Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which a financial institution pays fixed contribution into a separate Development bank (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods, as defined in Nepal Accounting Standards – NAS 19 (Employee Benefits). The contribution payable by the employer to a defined contribution plan in proportion to the services rendered to Development bank by the employees and is recorded as an expense under 'Personnel expense' as and when they become due. Unpaid contribution is recorded as a liability under 'Other Liabilities'.

The development bank contributed 10% on the salary of each employee to the Employees' Provident Fund. The above expenses are identified as contributions to 'Defined Contribution Plans' as defined in Nepal Accounting Standards – NAS 19 (Employee Benefits). Gratuity is also the part of defined contribution plan.

B. Defined Benefit Plans

Development bank has not made any benefit to its employees under defined benefit plans.

C. Unutilized Accumulated Leave

The development bank's liability towards the accumulated leave which is expected to be utilized beyond one year from the end of the reporting period is treated as other long-term employee benefits.

Liability under accumulated leave is determined on the basis of actuarial valuation report.

3.15. Finance and Operating Leases

When development bank is the lessee, leased assets are not recognized on the Statement of Financial Position.

Bank has only involved in operating leases. Lease is accounted as per NFRS 16, "Leases". Right to use asset and lease liability is recognized in SOFP and Interest on Lease Liability and depreciation on Right to Use Asset are recognized in SOPL.

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3.16. Foreign Currency Transactions, Translation and Balance

All foreign currency transactions are translated into the functional currency, which is Nepalese Rupees, using the exchange rates prevailing at the dates when the transactions were affected. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Nepalese Rupees using the spot foreign exchange rate ruling at that date and all differences arising on non-trading activities are taken to 'Other Operating Income' in the Statement of Profit or Loss.

However, the development bank has no foreign exchange transactions and thus no any income related to such transaction.

3.17. Financial guarantee and loan commitment

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts may have various legal forms, such as a guarantee, some types of letters of credit, etc. Where the development bank has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, etc. whether cancellable or not and the development bank had not made payments at the reporting date, those instruments are included in these financial statements as commitments.

However, the company does not have any such financial guarantee and loan commitment.

3.18. Share capital and reserves

Share capital and reserves are different classes of equity claims. Equity claims are claims on the residual interest in the assets of the entity after deducting all its liabilities. Changes in equity during the reporting period comprise income and expenses recognized in the statement of financial performance; plus, contributions from holders of equity claims, minus distributions to holders of equity claims.

3.19. Earnings per share

The development bank presents basic and diluted Earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary equity holders of the development bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting both the profit and loss attributable to the ordinary equity holders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any.

Earnings per share is calculated and presented in the face of Statement of Profit and loss

3.20. Segment reporting

The development bank has identified the key segments of business on the basis of business on the nature of banking operations. It helps management to assess the performance of the



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business segments. The business segments identified are Banking (including Loans and Deposits), Cards, Remittance and Treasury.

3.21. Proposed Dividend

The Development Bank has proposed 3.80% bonus share amounting to Rs. 19,722,000 and 0.20% cash dividend amounting to Rs. 1,038,000 for the financial year 2078/79.

4. SIGNIFICANT ACCOUNTING POLICIES (Disclosures)

A. Staff Loans measured at fair value

Under previous NAS, staff loans were recorded at cost less repayments net of loan loss provision, if any. Under NFRS, the Development bank has to measure the staff loans granted below the market interest rate at their fair value, calculate based on the market interest rate of similar products.

The fair value of such loans as at Asar 32 2079 was Rs 14,634,209 and their previous NAS carrying amount was Rs. 22,515,583. The difference between the fair value and NAS carrying amount was Rs. 7,881,374 has been netted off against staff loans & recognized as deferred employee expenditure in other assets.

The fair value of such loans as at Asar 31 2078 was Rs 18,717,405 And their previous NAS carrying amount was Rs. 24,244,072. The difference between the fair value and NAS carrying amount was Rs. 5,526,668 has been netted off against staff loans & recognized as deferred employee expenditure in other assets

B. Adjustment on loan impairment

In compliance with the NRB Directives and subsequent amendment there to, specific loan loss provisions were made based on the arrears time period and General provision were made at a specified rate given by NRB time to time.

C. Financial Investments- Available for Sale

Under previous NAS, the Development bank recognized its investment portfolios which are not held for trading activities at their cost. Under NFRS, the Development bank has designated such investments as available-for-sale investments and measured at fair value. Such investments include equity investments, mutual Funds and portfolio management scheme.

As at Asar 32 2079 fair value of investment which are available for sale was amounting to Rs 142,285,584. Such investment was in quoted and unquoted securities.

As at Asar 31 2078 fair value of investment which are available for sale was amounting to Rs 30,465,300. Such investment was in quoted securities.



32 2/13/2019 Page 19
Niranjan Gautam & Associates Chartered Accountants
Rupandehi

D. Deferred Taxation

The deferred tax asset previously identified under NAS accounts were reversed and relevant assets/liabilities were recognized where necessary.

As on Asar 32 2079 deferred tax assets of Rs 475,043 was recognized for deductible temporary difference.

As on Asar 31 2078 deferred tax liability of Rs 3,039,021 was recognized for deductible temporary difference.

E. Interest Income

Income amounting to Rs 4,278,232 was recognized for financial year 2078/79 for accrual of interest on loans, Interest benefit for staff loans and amortization of development bonds as an impact of interest unwinding.

Income amounting to Rs 181,370,817 was recognized for financial year 2077/78 for accrual of interest on loans, Interest benefit for staff loans and amortization of development bonds as an impact of interest unwinding.

Interest amounting to Rs 2,024,631.20 has been deducted from the Interest income as Premium returned to the customer.

F. Personnel Cost

Additional expense of Rs 633,677 was deducted in Personnel expenses as result of actuarial valuation for the fiscal year 2078/79

Additional expense of Rs 336,582 was deducted in Personnel expenses as result of actuarial valuation for the fiscal year 2077/78

1. Bonus to staffs -as per the Labor Act, 10% bonus has been levied after bonus before income tax.
2. Income Tax – tax has been computed on the basis of profit computed from NFRS. The difference due to previous year has been booked in deferred tax.

G. Operating Lease

Development Bank has implemented NFRS 16, "Leases" for the first time. Lease liability 920,989 which was previously created under NAS 17, has been deducted from deferred tax asset and retained earning. All operating leases of the Development bank is for the contract of more than 1 years. Right to use assets, lease liability, interest the on lease liability and depreciation on RoU was computed on individual contracts. Total RoU asset was Rs 51,055,577 at the beginning of the year after charging depreciation on ROU assets amounting to Rs 7,266,911 and interest



on lease liability amounting to Rs 4,675,030 to Statement of Profit or Loss closing ROU asset is Rs 43,788,587 and Lease Liability is Rs 47,148,569.

5. Disclosures and Additional Information

5.1. Risk Management

In compliance with Nepal Rastra Bank Directives 6 on "Corporate Governance", the Board of Bank has established a Risk Management Committee with clear terms of reference. As at the date of this report, the Bank's Risk Management Committee comprised of the following:

S. No.	Members of Risk Management	Designation
1	Non-Executive Director from Promoter	Member
2	Non-Executive Director from Public	Member
3	Operation and Compliance Head	Member
4	Risk Department Head	Member-Secretary

The Committee meets at least four times annually to oversee and review the fundamental prudential risks including operational, credit, market, reputational, capital and liquidity risk etc.

The responsibilities of Risk Management Committee are as follows:

- Formulate policies and guidelines for identification, measurement, monitoring and control all major risk categories.
- Ensuring the Bank has clear, comprehensive and well documented policies and procedure.
- Defining the Bank's overall risk tolerance in relation to credit risk.
- Ensuring that Bank's significant risks exposure is maintained at prudent levels and consistent with the available capital.

Apart from Board Level Risk Management Committee the other committees and groups as mentioned below supports for Overall Risk Management.

Risk Governance

Risk Management Committee was formed to review the credit risk, market risk and liquidity risk of the Bank. Apart from the Assets Liability Management Committee has been formed to monitor Liquidity risk as well as market risk, AML CFT committee in order to monitor the operational risk. The committee and subcommittee have effectively discharged their duties & responsibility.

Risk Management Department conducts periodical financial surveillance and monitoring. In addition to this, the risk management committee analyses the Stress testing of the bank as required by Nepal Rastra Bank and its impact and corrective action to mitigate the risk.

The major risk areas and mitigation mechanism is as given below:

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5.1.1. Credit Risk

Credit risk is the probability of loss of principal and reward associated with it due to failure of counterparty to meet its contractual obligations to pay the Bank in accordance with agreed terms. The Credit Risk Monitoring and Reporting Framework/ have been prepared in order to mitigate/minimize the credit risk of the Bank through appropriate monitoring and reporting framework established within the Bank.

Bank has implemented various System/ Policies/ Procedures/ Guidelines for the effective management of Credit Risk. For each type of loan, credit policies and procedures define criteria for granting loans in a safe and sound manner including but not limited purpose of credit and source of repayment, collection of relevant information based on the different client risk profiles, use of adequate tools, adequacy, enforceability and liquidity status of collaterals, as well as the practical aspects of their mobilization.

Standardized loan application forms has been in use for facilitating collection and analysis of all the relevant data for evaluating credit worthiness and proper evaluation of the credit risk of the prospective borrower. The factors considered in evaluating loan applications normally included prospects of the business, management of the firm/company, financial analysis-income statement, balance sheet, cash flow statement, key financial indicators, and key risk and mitigates. Further, inspection and supervision are also conducted before approval of the loan for pre-analysis and after the disbursement of the loan as well for monitoring the utilization of the loan.

Maximum exposure to credit risk

The Bank has financial assets consisting mainly of loans & advances and investments at amortized cost. In these cases, the maximum exposure to credit risk is the carrying amount of the related financial assets.

5.1.2. Market Risk

Risks arising out of adverse movements in interest rates and equity prices are covered under Market Risk Management. Market Risk is the potential for loss of earnings or economic value due to adverse changes in financial market rates or prices. Institution exposure to market risk arises principally from customer driven transactions.

In line with Risk Management Guidelines prescribed by NRB, the Bank focuses on risk management in addition to that interest rate risk is assessed at a regular interval to strengthen market risk management. The market risk is managed within the risk tolerances and market risk limits set by ALCO. ALCO regularly meets, analyses and takes decision over the Market Risk by analyzing the internal as well as external factor.

5.1.3. Liquidity Risk

Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for fixed nature asset positions is not available to the Bank on acceptable terms. The Liquidity Risk is managed by ALCO. The ALCO has developed the Treasury circular for overall liquidity management of bank.

The following table depicts the maturity profile of the investment portfolio on an undiscounted cash flow basis which is designed and managed to meet the required level of liquidity as and when liquidity outgo arises taking into consideration the time horizon of the financial liabilities of the business.

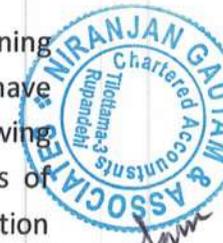
Particulars	Amount in Rs					Total
	1-90 days	91-180 days	180-270 days	271-365 days	More than 1 Year	
Assets	1,101,456	187,627	240,451	186,047	1,982,981	3,698,562
Cash and cash equivalent	40,207					40,207
Due from Nepal Rastra Bank				40,000	80,000	120,000
Placement with Bank and FIs	858,943			10,000	12,500	881,443
Derivative financial instruments.					-	-
Other trading assets						-
Loans and Advances to MFIs and Cooperatives	-					-
Loans and advances to customers	184,865	187,627	240,451	136,047	1,890,481	2,639,471
Interest Receivable	17,441					17,441
Investment in subsidiaries						-
Liabilities	1,645,738	389,678	361,543	277,902	41,606	2,716,467
Due to Bank and Financial Institution						-
Due to Nepal Rastra Bank						-
Derivative financial instruments						-
Deposits from customers	1,565,922	389,678	361,543	277,902	41,606	2,636,651
Borrowing						-
Other liabilities	79,816	-	-	-	-	79,816
Debt securities issued						-
Total	1,645,738	389,678	361,543	277,902	41,606	2,716,467

5.1.4. Operational Risk

Operational risk is the prospect of loss resulting from inadequate or failed procedures, systems or policies, employee errors, system failures, fraud or other criminal activity, any event that disrupts business processes.

Operational risk exposures are managed through a consistent set of management processes that drive risk identification, assessment, control and monitoring. For the control of operational risk of institution, it has Financial Administration Policy, Employee Bylaws, Operational Manual, AML/CFT Policy, Suspicious Transaction Identification Procedure, and Politically Exposed Person Policy, which guides the day-to-day operations.

Each risk control owner is responsible for identifying risks that are material and for maintaining an effective control environment across the organization. Risk control owners have responsibility for the control of operational risk arising from the management of the following activities: External Rules & Regulations, Liability, Legal Enforceability, Damage or Loss of Physical Assets, Safety & Security, Internal Fraud or Dishonesty, External Fraud, Information Security, Processing Failure, and Model. Operational risks can arise from all business lines and



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22 | Page

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from all activities carried out by the Bank. Operational risk management approach seeks to ensure management of operational risk by maintaining a complete process universe defined for all business segments, products and functions processes.

5.1.5. Internal Control

The Board is committed to managing risks and in controlling its business and financial activities in a manner which enables it to maximize profitable business opportunities, avoid or reduce risks which can cause loss or reputational damage, ensure compliance with applicable laws and regulations and enhance resilience to external events. To achieve this, the Board has adopted policies and procedures of risk identification, risk evaluation, risk mitigation and control/monitoring.

The effectiveness of the Company's internal control system is reviewed regularly by the Board, its Committees, Management and Internal Audit. The Audit Committee has reviewed the effectiveness of the Bank's system of internal control during the year and provided feedback to the Board as appropriate. The bank has outsourced the Internal Audit function to maintain independency on the internal control system of institution. The Internal Audit monitors compliance with policies/standards and the effectiveness of internal control structures across the Bank through its program of business/unit audits. The Internal Audit function is focused on the areas of greatest risk as determined by a risk-based assessment methodology. Internal Audit reports are quarterly forwarded to the Audit Committee. The findings of all audits are reported to the Chief Executive Officer and Business Heads for initiating immediate corrective measures.

5.2. Capital management

Capital management approach is driven by its desire to maintain a strong capital base to support the development of its business and to meet the regulatory capital requirements.

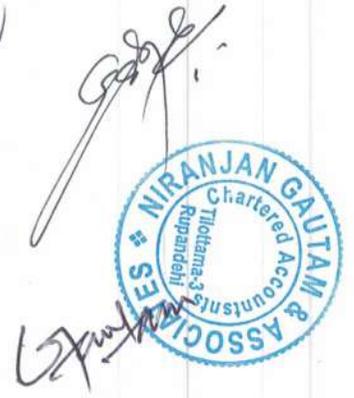
5.3. Qualitative Disclosures

Bank has maintained capital adequacy as per directive issued by NRB. For the purpose, the Bank has developed Internal Capital Adequacy Assessment Process (ICAAP) which acts as a guiding document for reporting the ongoing assessment of the Bank's risks, how the Bank intends to mitigate those risks and how much current and future capital is necessary having considered other mitigating factors.

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5.3.1. Capital structure and capital adequacy

a. Tier 1 capital and a breakdown of its components

Amount in Rs '000

1.2 CAPITAL		Current Period	Previous Period
(A) Core Capital (Tier 1)		565,605.77	556,406.09
a	Paid up Equity Share Capital	519,000.00	519,000.00
b	Irredeemable Non-cumulative preference shares		
c	Share Premium	1.81	1.81
d	Proposed Bonus Equity Shares		
e	Statutory General Reserves	25,335.00	13,326.00
f	Retained Earnings	21,268.96	26,366.00
g	Un-audited current year cumulative profit/(loss)		(2,287.71)
h	Capital Redemption Reserve		
i	Capital Adjustment Reserve		
j	Debenture Redemption Reserve		
k	Dividend Equalization Reserves		
l	Other Free Reserve		
n	Less: Goodwill		
o	Less: Fictitious Assets		
p	Less: Investment in equity in licensed Financial Institutions		
q	Less: Investment in equity of institutions with financial interests		
r	Less: Investment in equity of institutions in excess of limits		
s	Less: Investments arising out of underwriting commitments		
t	Less: Reciprocal crossholdings		
u	Less: Purchase of land & building in excess of limit and unutilized		
v	Less: Other Deductions		
Adjustments under Pillar II			
SRP 6.4a(1)	Less: Shortfall in Provision	-	
SRP 6.4a(2)	Less: Loans & Facilities extended to related parties and restricted lending	-	

b. Tier 2 capital and a breakdown of its components

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(B) Supplementary Capital (Tier 2)			
		34,874.12	65,191
a	Cumulative and/or Redeemable Preference Share		
b	Subordinated Term Debt		
c	Hybrid Capital Instruments		
d	General loan loss provision	34,874.12	65,190.95
e	Exchange Equalization Reserve		
f	Investment Adjustment Reserve		
g	Asset Revaluation Reserve		
h	Other Reserves		
Total Capital Fund (Tier I and Tier II)		600,479.89	621,597.04

c. Capital adequacy ratio

1.3 CAPITAL ADEQUACY RATIOS	Current Period	Previous Period
Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	19.25%	22.76%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	20.44%	25.43%

d. Risk weighted exposure for credit risk

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(Rs. in '000)

A. Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e
Cash Balance	40,207.31			40,207.31	0%	-
Balance With Nepai Rastra Bank	101,224.91			101,224.91	0%	-
Gold					0%	-
Investment in Nepalese Government Securities	80,000.00			80,000.00	0%	-
All Claims on Government of Nepal					0%	-
Investment in Nepal Rastra Bank securities	38,742.90			38,742.90	0%	-
All claims on Nepal Rastra Bank					0%	-
Claims on Foreign Government and Central Bank (ECA 0-1)					0%	-
Claims on Foreign Government and Central Bank (ECA -2)					20%	-
Claims on Foreign Government and Central Bank (ECA -3)					50%	-
Claims on Foreign Government and Central Bank (ECA-4-6)					100%	-
Claims on Foreign Government and Central Bank (ECA -7)					150%	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework					0%	-
Claims on Other Multilateral Development Banks					100%	-
Claims on Domestic Public Sector Entities					100%	-
Claims on Public Sector Entity (ECA 0-1)					20%	-
Claims on Public Sector Entity (ECA 2)					50%	-
Claims on Public Sector Entity (ECA 3-6)					100%	-
Claims on Public Sector Entity (ECA 7)					150%	-
Claims on domestic banks that meet capital adequacy requirements	782,894.86			782,894.86	20%	156,578.97
Claims on domestic banks that do not meet capital adequacy requirements					100%	-
Claims on foreign bank (ECA Rating 0-1)					20%	-
Claims on foreign bank (ECA Rating 2)					50%	-
Claims on foreign bank (ECA Rating 3-6)					100%	-
Claims on foreign bank (ECA Rating 7)					150%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement					20%	-
Claims on Domestic Corporates (Credit rating score equivalent to AAA)					80%	-
Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)					85%	-
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)					90%	-
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)					100%	-
Claims on Domestic Corporates (Unrated)	192,424.61			192,424.61	100%	192,424.61
Claims on Foreign Corporates (ECA 0-1)					20%	-
Claims on Foreign Corporates (ECA 2)					50%	-
Claims on Foreign Corporates (ECA 3-6)					100%	-
Claims on Foreign Corporates (ECA 7)					150%	-
Regulatory Retail Portfolio (Not Overdue)	1,456,239.88			1,456,239.88	75%	1,092,179.91
Claims fulfilling all criterion of regularity retail except granularity					100%	-
Claims secured by residential properties	276,026.71			276,026.71	60%	165,616.03
Claims not fully secured by residential properties					150%	-
Claims secured by residential properties (Overdue)	6,371.48			6,371.48	100%	6,371.48
Claims secured by Commercial real estate					100%	-
Past due claims (except for claims secured by residential properties)	39,829.65			39,829.65	150%	59,744.47
High Risk claims	613,027.30			613,027.30	150%	919,540.96
Lending Against Securities (Bonds)					100%	-
Investments in equity and other capital instruments of institutions listed in stock exchange					100%	-
Investments in equity and other capital instruments of institutions not listed in the stock exchange	22,500.00			22,500.00	150%	33,750.00
Staff loan secured by residential property					50%	-
Interest Receivable/claim on government securities	12,168.07			12,168.07	0%	-
Cash in transit and other cash items in the process of collection					20%	-
Other Assets (as per attachment)	78,341.03			78,341.03	100%	78,341.03
TOTAL (A)	3,739,998.72			3,739,998.72		2,704,547.46



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B. Off Balance Sheet Exposures

	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
Revocable Commitments				-	0%	-
Bills Under Collection				-	0%	-
Forward Exchange Contract Liabilities			-	-	10%	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty			-	-	20%	-
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-
Foreign counterparty (ECA Rating 2)			-	-	50%	-
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-
Foreign counterparty (ECA Rating 7)			-	-	150%	-
LC Commitments With Original Maturity Over 6 months domestic counterparty			-	-	50%	-
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-
Foreign counterparty (ECA Rating 2)			-	-	50%	-
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-
Foreign counterparty (ECA Rating 7)			-	-	150%	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty			-	-	40%	-
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-
Foreign counterparty (ECA Rating 2)			-	-	50%	-
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-
Foreign counterparty (ECA Rating 7)			-	-	150%	-
Underwriting commitments			-	-	50%	-
Lending of Bank's Securities or Posting of Securities as collateral			-	-	100%	-
Repurchase Agreements, Assets sale with recourse			-	-	100%	-
Advance Payment Guarantee			-	-	100%	-
Financial Guarantee			-	-	100%	-
Acceptances and Endorsements			-	-	100%	-
Unpaid portion of Partly paid shares and Securities			-	-	100%	-
Irrevocable Credit commitments (short term)			-	-	20%	-
Irrevocable Credit commitments (long term)	16,392.99		-	16,392.99	50%	8,196.50
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement			-	-	20%	-
Other Contingent Liabilities			-	-	100%	-
Unpaid Guarantee Claims			-	-	200%	-
TOTAL (B)	16,392.99	-	-	16,392.99		8,196.50
Total RWE for credit Risk Before Adjustment (A) +(B)	3,756,391.71	-	-	3,756,391.71		2,712,743.96
Adjustments under Pillar II						
SRP 6.4a(3) - Add 10% of the loans & facilities in excess of Single Obligor Limits to RWE						-
SRP 6.4a(4) - Add 1% of the contract (sale) value in case of the sale of credit with recourse to RWE						-
Total RWE for Credit Risk after Bank's adjustments under Pillar II	3,756,391.71	-	-	3,756,391.71		2,712,743.96

e. Risk weighted exposure for operational risk

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S.N.	Particulars	Fiscal Year		
		2075/076	2076/077	2077/078
1	Net Interest Income	71,517.08	79,324.00	81256.33
2	Commission and Discount Income	8246.00	6806.36	10412.67
3	Other Operating Income	844.22	1069.24	1408.64
4	Exchange Fluctuation Income			
5	Addition/Deduction in Interest Suspense during the period	(7,241.00)	(16,855.00)	(13,818.00)
6	Gross income (a)	73,366.30	70,344.60	79,259.64
7	Alfa (b)	15%	15%	15%
8	Fixed Percentage of Gross Income [c=(a×b)]	11,004.94	10,551.69	11,888.95
9	Capital Requirement for operational risk (d) (average of c)	11,148.53		
10	Risk Weight (reciprocal of capital requirement of 10%) in times (e)	10		
11	Equivalent Risk Weight Exposure [f=(d×e)]	111,485.27		

SRP 6.4a (8) Adjustments under Pillar II (If Gross Income for the last three years is negative)

1	Total Credit and Investment (net of Specific Provision) of releted month	-
2	Capital Requirement for Operational Risk (5% of net credit and investment)	-
3	Risk Weight (reciprocal of capital requirement of 11%) in times	9.09
4	Equivalent Risk Weight Exposure (g)	-
5	Equivalent Risk Weight Exposure [h=f+g]	111,485.27

a. Total Risk Weighted Exposure:

1. 1 RISK WEIGHTED EXPOSURES		(Rs. in '000)	
		Current Period	Previous Period
a	Risk Weighted Exposure for Credit Risk	2,712,743.96	2,234,979.61
b	Risk Weighted Exposure for Operational Risk	111,485.27	114,577.01
c	Risk Weighted Exposure for Market Risk	-	
Total Risk Weighted Exposures (Before adjustments of Pillar II)		2,824,229.23	2,349,556.63
Adjustments under Pillar II			
SRP 6.4a (5)	ALM policies & practices are not satisfactory, add 1% of net interest income to RWE	812.56	803.39
SRP 6.4a (6)	Add% of the total deposit due to insufficient Liquid Assets	-	-
SRP 6.4a (7)	Add RWE equivalent to reciprocal of capital charge of 2-5% of gross income	-	-
SRP 6.4a (9)	Overall risk management policies and procedures are not satisfactory. Add 3% of RWE	84,726.88	70,486.70
SRP 6.4a (10)	Desired level of disclosure requirement has not been achieved. Add 1% of RWE	28,242.29	23,495.57
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)		2,938,010.96	2,444,342.28



5.4. Classification of financial assets and financial liabilities

Amount in Rs

Particulars	As at		As at	
	32-03-2079		31-03-2078	
	Carrying Value	Fair Value	Carrying Value	Fair value
Assets				
Assets carried at Amortized Cost				
Cash and cash equivalent	797,926,566	797,926,566	330,155,090	330,155,090
Statutory Balances and Due from Nepal Rastra Bank	101,224,913	101,224,913	64,212,561	64,212,561
Placement with Bank and Financial Institutions	-	-	-	44,748,256
Loan and advances to customers	2,572,137,499	2,572,137,499	1,854,837,647	1,854,837,647
Investment Securities	118,742,900	118,742,900	80,000,000	80,000,000
Investment in subsidiaries				
Fair Value through Profit and Loss (FVTPL)				
Investment Securities				
Fair Value through Other Comprehensive Income (FVTOCI)				
Investment Securities	22,500,000	23,542,684	17,500,000	30,465,300
Liabilities				
Liabilities carried at Amortised Cost				
Due to Bank and Financial Institutions	208,661,102	208,661,102	3,415,249	3,415,249
Due to Nepal Rastra Bank	-	-	-	-
Deposits from customers	2,885,264,311	2,885,264,311	1,853,461,917	1,853,461,917
Borrowings				
Fair Value through Profit and Loss (FVTPL)				
Derivative financial instruments.				

5.5. Segment Analysis

5.5.1. General Information

An operating segment is a component that engages in business activities from which it earns revenue and incurs expense, including revenues and expenses that relating to transaction with any of groups other components, whose operating results are reviewed by management.

Business segments have been identified and reported taking into account the function, products and the services offered by the bank and the departmental operation carried out by the bank. Segment results that are reported to the Bank's include directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Bank operates in the following segments:

Banking:

It includes the general function carried out by the banks. Lending and deposits are included in the Banking operation. The major sources of the income include the interest income and the processing fees on the loan granted.



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Treasury:

Investments made by the banks is covered by this segment. The investment includes the investment made on the government bonds and the various listed and the un-listed securities including the units of the mutual funds. The income of this segment includes the interest and the dividend income.

Card:

It includes the technology-based services offered by the bank.

Remittance:

It covers the remittance services offered by the bank to its valued customers. The Bank serves as a remittance agent to various remittance companies to send and pay international as well as domestic remittance.

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A. Information about reportable segment (NFRS)

Particulars	Amount in Rs					
	Banking	Treasury	Card	Remittance	All Others	Total
(a) Revenue from external customers	280,878,898	18,313,877	154,850.00	-	24,455,750	323,803,375
(b) Intersegment revenues						
(c) Net Revenue	280,878,898	18,313,877	154,850.00	-	24,455,750	323,803,375
(d) Interest Revenue	270,768,532	18,313,877	-	-	-	
(e) Interest Expense	191,078,394	-	-	-	-	
(f) Net interest revenue (b)	79,690,138	18,313,877				
(g) Impairment Charge	16,364,325					16,364,325
(h) Personnel Expenses	39,321,913	2,563,869	21,678.38	-	3,423,706	45,331,167
(i) Other operating expenses	24,141,995	1,574,107	13,309.61	-	2,102,011	27,831,423
(j) Depreciation and Amortization	12,762,756	832,158	7,036.17	-	1,111,236	14,713,186
(k) Segment profit/(loss)	(2,790,484)	13,343,743	112,825.84	-	17,818,796	28,484,881
(l) Entity's interest in the profit or loss of associates accounted for using equity method						
(m) Other material non-cash items:						
.....						
.....						
.....						
(n) Impairment of assets						
(o) Segment assets	3,563,881,035	142,285,584		8,405,045	18,003,398	3,732,575,063
(p) Segment liabilities	3,093,924,910				638,650,153	3,732,575,063

B. Reconciliation of reportable segment profit or loss

Particulars	Current Quarter
Total Profit before tax for reportable segment	28,484,881
profit before tax for other segment	-
Elimination of intersegment profit	-
Elimination of discontinued operation	-
Uncollected Amounts:	-
-Other Corporate Expenses	-
Profit before tax	28,484,881



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

The bank has identified the major segments on the basis of the nature of the operation. The bank has accounted the inter segment transaction if any as per the banking policy.

5.5.3. Reconciliation of reportable segment revenues, profit or loss, assets and liabilities:

Revenue

Particulars	Amount (Rs.)
Total revenue for reportable segments	299,347,625
Other revenues	24,455,750
Elimination of intersegment profits	-
Entity's revenues	323,803,375

Profit or Loss

Particulars	Amount (Rs.)
Total profit or loss for reportable segments	10,666,085
Other profit or loss	17,818,796
Elimination of intersegment profits	
Unallocated amounts:	
Profit or loss before income tax	28,484,881

Assets

Particulars	Amount (Rs.)
Total assets for reportable segments	3,714,876,437
Other assets	18,003,398
Unallocated amounts:	
Entity's assets	3,732,879,437

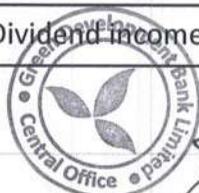
Liabilities

Particulars	Amount (Rs.)
Total liabilities for reportable segments	3,093,925,413
Other liabilities	638,954,527
Unallocated amounts:	
Entity's liabilities	3,732,879,437

5.5.4. Information about the products and the services

Amount in Rs

S.N	Description	Revenue
(a)	General Banking-Loan to customers, BFIs, Others	305,803,375
(b)	Treasury: Investment of the bonds, Dividend income	18,313,877



(c)	Card: Mobile, Internet Banking and SCT card fees	-
(d)	Remittance	0

5.6. Share options and share based payment

The Bank do not have a policy for share options to its employees and also during the year the Bank has not made any payments or settlements by issuing new shares.

5.7. Contingent liabilities and commitment (Rs.)

Particulars	32-03-2079(Rs.)	31-03-2078 (Rs.)
Contingent liabilities	-	-
Undrawn and undisbursed facilities	1,500,000	3,000,000
Capital commitment	-	-
Lease Commitment	-	50,893,398
Litigation	-	-
Total	1,500,000	98,391,526

Litigations:

Litigations are anticipated in the context of business operations due to the nature of the transactions involved.

However, the Development bank has no any litigations.

5.8. Related Parties disclosures

a. Related party

The bank has identified following as related parties under NAS 24:

1. Directors
2. Key Management Personnel of the Bank and
3. Related parties of the above two

b. Key Managerial Personnel

Key Management Personnel (KMP) of the Development bank include members of the Board, Chief Executive Officer and all top-level executives. Followings are a list of Board of Directors and CEO bearing office.

S.N.	Name of the Key Management Personnel	Post
1	Mr. Ganesh Kumar Shrestha	Chairman
2	Mr. Krishna Shankar Shrestha	Director
3	Mr. Manobigyan Shrestha	Director
4	Mrs. Narayani Devi Shrestha	Director
5	Mr. Surya Prasad Lamsal	Director
6	Mr. Hari Bahadur Budhathoki	Chief Executive Officer



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5.11. Events after reporting date

Bank monitors and assess events that may have potential impact to qualify as adjusting and / or non-adjusting events after the end of the reporting period. All adjusting events are adjusted in the books with additional disclosures and non-adjusting material events are discloses in the notes with possible financial impact, to the extent ascertainable.

5.12. Effect on Non-Banking Assets

The Bank does not have any Non-Banking Assets (NBA)

5.13. Change of estimate

There is no change in estimate during the current year.

5.14. Earnings per share

The Bank measures earning per share on the basis of the earnings 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.

Amount in Rs

Particulars	Year ended	Year ended
	32-03-2079	31-03-2078
Profit attributable to equity shareholders (a)	18,675,072	12,980,644
Weighted average of number of equity shares used in computing basic earnings per share (b)	5,190,000	5,190,000
Adjusted weighted average of number of equity shares used in computing basic earnings per share		
Basic and diluted earnings per equity share of NPR 100 each (a/b)	3.60	2.50

As there are no potential ordinary shares that would dilute current earning of equity holders, basic EPS and diluted EPS are equal for the period presented.

Pursuant to the requirement of NAS 33, the company has retrospectively adjusted and restated the Basic Earnings per Share (BEPS) and Diluted Earnings Per Share (DEPS) for previous year.

5.15. Non-performing assets

The Details of performing and non-performing loan and its changes are presented below

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Particulars	Current Year	Previous Year	Change	
			Amount	%
Pass loan (performing loans)	2,600,364,360.87	1,913,364,835.00	686,999,525.87	35.91%
Non-Performing Loans (NPL)	39,106,655.38	15,196,083.00	23,910,572.38	157.35%
Restructured /rescheduled		-	-	
Substandard	15,971,792.47	2,065,238.00	13,906,554.47	0.00%
Doubtful	13,950,315.21	2,796,865.00	11,153,450.21	398.78%
Loss	9,184,547.70	10,333,980.00	(1,149,432.30)	0.00%
Gross Loans & Advances	2,639,471,016.25	1,928,560,918.00	710,910,098.25	36.86%

5.16. Concentration of Deposits, Loans & Advances and Contingents

Amount in Rs

Particulars	Loans & Advances and Bills Purchased	Loans & Advances and Bills Purchased
	Current Year	Previous Year
Total Amount Outstanding	2,639,471,016.25	1,928,560,918
Highest Exposure of a Single Unit	61,136,270	62,900,000
Concentration of Exposure (%)	2.32%	3.26%

For the calculation of concentration, loans and advances is total loans extended to the customers except staff loans and interest accruals on loans and the deposits is total deposits from the customers excluding interest payables.

Single Obligor Limit and Sector-wise Limit (Directive No. 3) for both funded and non-funded are within the limit as prescribed by NRB directives.

5.17. Reserves

5.17.1. General Reserve

Section 44 of Bank and Financial Institutions Act 2073 requires the Bank to allocate at least 20% of the net profits of every year to General Reserve until it is twice the paid-up capital. The Bank has appropriated NPR 3,735,014 of the net profits to General Reserve in the current year.

Amount in Rs

Particulars	Current Year	Previous Year
Opening General Reserve	10,663,156	8,067,027
20% of Profit to be transferred	3,735,014	2,596,129
Closing General Reserve	14,398,170	10,663,156

5.17.2. Investment Adjustment Reserve

During this fiscal year there is no such transaction requiring investment adjustment reserve. Investment in Promoter share of SCT has been made amounting NPR 5 Million.

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5.17.3. Regulatory Reserve

Regulatory reserves include any amount derived as result of NFRS conversion and adoption with effect in retained earnings. As required by NRB Directive 4, the Bank has created Regulatory Reserve and movement of reserve during the year is as follows:

Amount in Rs

Fiscal Year	Interest Receivable	Short Loan Loss Provision on NBA	Deferred Tax Assets	Actuarial Loss Recognized	Goodwill	Fair Value Loss Recognized in OCI	Total
Opening Balance as on 1st Sharawan 2075	-	-	-	-	-	-	-
Change in FY 2075/76	4,016,636	-	427,775	64,093	-	-	4,508,504
Balance as on 31st Ashad 2076	4,016,636	-	427,775	64,093	-	-	4,508,504
Change in FY 2076/77	501,510	-	174,745	-	-	-	676,255
Balance as on 31st Ashad 2077	4,518,146	-	602,520	64,093	-	-	5,184,758
Change in FY2077/78	12,451	-	-	-	-	-	12,451
Balance as on 31st Ashad 2078	4,530,596	-	602,520	64,093	-	-	5,197,209
Change in FY2078/79	3,698,015	-	475,043	-	-	-	4,173,058
Balance as on 32st Ashad 2079	8,228,611	-	1,077,563	64,093	-	-	9,370,268

5.17.4. Corporate Social Responsibility

As per the NRB Directive 6.16 on the Corporate Social Responsibility, the Bank has allocated 1% of the net profit after tax of current fiscal year for CSR activities. The amount allocated for corporate social responsibility reserve is Rs 186,751 for current year and previous year.

Amount in Rs

	32-03-2079	31-03-2078
Opening Balance	334,395	324,116
Transfer to retained earning	-	129,806
Transfer to reserve	186,751	(119,527)
Closing balance	521,146	334,395

5.18. Disclosure related to Training Expenses

As per NRB Directive 6(6), Bank should spend 3% of total personnel expense of previous year on training and personal development of employees. But due to existing pandemic situation in current fiscal year the bank could spend only 1.10% amounting to Rs 465,995 for training and development expense. Amount transferred to Training fund for the fiscal year is show below.

Employee Expenses	Amount (Rs)
Employee Basic Salary	18,999,709
Employee grade expenses	682,134
Staff Development Allowance	1,527,840
Employee Dearness Allowance	1,745,454
Business Promotion Expenses	5,219,718
Total employee expenses	28,174,855
Amount to be transferred to Training Fund	845,246
Less: Expenses for the year	465,995
Total amount transferred to training fund	379,250





5.19. Interest Income

As per NAS 18 para 20 Revenue is recognized to the extent that it is probable that the economic benefits will flow to Bank and the revenue can be reliably measured. The cash interest income and AIR having overdue date less than 365 days are recognized as Interest Income. Similarly, the bank has complied with the Guideline issued by NRB "Guideline on Recognition of Interest Income, 2019" which was effective from 2021/2022.

Particulars	FY 2078-79	FY 2077-78
Total AIR on Asar end	17,441,451	13,563,458
AIR calculated but suspended to recognize in Interest Income	2,824,728	3,224,966
AIR recognized as income	14,616,723	10,338,492
Charge to PL	4,278,231	(6,052,630)

AIR transferred to regulatory reserve during the year is presented in table below. Total interest collection during the month of Sharwan amounting to Rs 1,686,048. As directed by NRB, Bank has deducted total interest collection after excluding 2,824,727 AIR of bad loan from total collection from AIR to be transferred to regulatory reserve during the year.

Particulars	Amount (Rs.)
AIR booked as income during this fiscal year	17,441,451
Less: Interest of Bad Loan suspended	2,824,727
Less: Collection of interest during the month of Shrawan 2079	1,686,048
Net AIR reserve in regulatory reserve	12,930,676
Bonus	1,175,515.95
Tax	3,526,548
AIR to be transferred to Regulatory Reserve	8,228,611.64
AIR transferred upto previous year	(4,530,596.76)
AIR to be transferred during this year	3,698,014.88

5.20. Additional disclosure on COVID relaxation related

The Bank has extended various COVID related relaxations in line with NRB Directions and the internal product paper. The outstanding and number of customers facilitated are as follows:

Loan Classification	32 nd Asar 2079		31 st Asar 2078	
	No. of Customer	Amount	No. of Customer	Amount
List of additional working capital provided/renewed (10% and 20%) and more; also repayment, provision and expiry status. (as per unified directive 2/78 point no. 44-3)	1	432,318.64	1	437,062.65

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कम्तीमा विगत ५ वर्षको परिसूचकहरु वित्तीय भलकहरु

विवरण	सूचक	आ.व. २०७८/२०७९	आ.व. २०७७/२०७८	आ.व. २०७६/२०७७	आ.व. २०७५/२०७६	आ.व. २०७४/२०७५
१. खुद नाफा/कुल आम्दानी प्रतिशत	प्रतिशत	५.७७	६.७२	६.५०	९.६२	९.५०
२. प्रति शेयर आम्दानी	रु	३.६०	२.५०	२.५०	२.६८	१.६७
३. प्रति शेयर बजार मूल्य	रु	२३०	३५८	११२	१०१.००	१४२.००
४. मूल्य आम्दानी अनुपात (PE Ratio)	अनुपात	६३.९२	१४३.१४	४४.७९	३७.६८	८४.९२
५. शेयर पूँजीमा लाभांश (बोनस सहित) प्रस्तावित	प्रतिशत	३.८	-	३.८	-	-
६. शेयर पूँजीमा नगद लाभांश भुक्तानी	प्रतिशत	०.२	-	०.२	-	-
७. व्याज आम्दानी/कर्जा तथा सापट	प्रतिशत	११.९१	९.५५	१५.३०	११.५४	१३.४२
८. कर्मचारी खर्च/कुल सञ्चालन खर्च	प्रतिशत	५३.१६	५५.७८	५१.५१	१९.१०	१४.५०
९. कुल निक्षेप तथा सापटीमा व्याज खर्च	प्रतिशत	६.६२	५.४०	७.९८	५.५५	८.०१
१०. सटही घटबढ आम्दानी/कुल आम्दानी	प्रतिशत	-	-	-	-	-
११. कर्मचारी बोनस/कुल कर्मचारी खर्च	प्रतिशत	६.९८	४.७४	५.४७	७.७३	७.१६
१२. खुद नाफा/कर्जा सापट	प्रतिशत	०.७२	०.६८	१.०४	१.२०	१.४१
१३. खुद नाफा/कुल सम्पत्ति	प्रतिशत	०.५०	०.५३	०.६७	०.८३	०.७५
१४. कुल कर्जा/निक्षेप	प्रतिशत	८४.५१	१०२.८१	९१.३०	१००.८३	९६.९२
१५. कुल सञ्चालन खर्च/कुल सम्पत्ति	प्रतिशत	२.२८	२.९४	३.३९	७.४८	७.१६
१६. जोखिम भारित सम्पत्ति पूँजीकोषको पर्याप्तता						
(क) प्राथमिक पूँजी	प्रतिशत	१९.२५	२६.७८	३६.३५	३८.३७	६६.०२
(ख) पुरक पूँजी	प्रतिशत	१.१९	१.०८	०.७२	१.३१	०.८०
(ग) कुल पूँजी कोष	प्रतिशत	२०.४४	२७.८६	३७.२६	३९.६८	६६.८५
१७. निष्कृत कर्जा/कुल कर्जा	प्रतिशत	१.४८	०.७९	२.८०	०.०३	२.६६
१८. आधार ब्याजदर (Base Rate)	प्रतिशत	१२.५१	९.७७	१२.५५	१३.४८	१५.०१
१९. ब्याजदर अन्तर	प्रतिशत	३.८९	४.७६	५.२०	५.९९	५.४१
२०. बुक नेटवर्थ	रु	१०८.९८	१०६.८८	१०६.७३	१०३.८२	१०१.१४
२१. कुल शेयर	संख्या	५१९००००	५१९००००	५००००००	५००००००	५००००००
२२. कुल कर्मचारी	संख्या	९६	८१	७०	६५	३०

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