Condensed Statement of Financial Position
For the Quarter ended on 31st Ashwin 2083 (17/10/2026)

Amounts in NPR

Assets	Up to this Quarter Ending	Immediate Previous Year Ending (Audited)
Cash and cash equivalent	3,287,797,018	1,644,969,328
Due from Nepal Rastra Bank	3,594,879,649	3,489,669,377
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	587,889,259	688,357,731
Loan and advances to Customers	65,311,212,220	63,216,944,620
Investment Securities	14,340,960,219	17,235,625,923
Current Tax Assets	-	-
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investment Property	206,598,395	206,598,395
Property & equipment	647,247,621	655,698,234
Goodwill and Intangible assets	134,135,534	134,988,728
Deferred tax assets	20,574,197	10,388,371
Other assets	356,276,452	342,703,084
Total Assets	**88,487,570,564**	**87,625,943,791**
Liabilities		
Due to Bank and Financial Institutions	325,786,906	266,971,920
Due to Nepal Rastra Bank	-	-
Derivative Financial Instruments	-	-
Deposit from customer	79,117,298,009	77,852,662,136
Borrowings	-	-
Current Tax Liabilities	10,230,047	430,767
Provisions	-	-
Deferred Tax Liabilities	-	-
Other Liabilities	405,059,059	548,353,714
Debt Securities Issued	998,094,792	998,094,792
Subordinated Liabilities	-	-
Total Liabilities	**80,856,468,813**	**79,666,513,329**
Equity		
Share Capital	5,323,291,094	5,021,972,730
Share Premium	-	-
Retained Earnings	55,440,050	814,025,853
Reserves	2,252,370,607	2,123,431,879
Total Equity Attributable to equity holders	**7,631,101,751**	**7,959,430,462**
Non-controlling interest	-	-
Total Equity	**7,631,101,751**	**7,959,430,462**
Total Liabilities and equity	**88,487,570,564**	**87,625,943,791**

Condensed Statement of Profit or Loss
For the Quarter ended 31st Ashwin 2083 (17/10/2026)

Amounts in NPR

Particulars	Current Year		Previous Year Corresponding (Un-Audited)	
	This Quarter Ending	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Interest Income	1,392,847,819	1,392,847,819	1,511,270,543	1,511,270,543
Interest Expense	730,286,766	730,286,766	866,069,045	866,069,045
Net Interest income	**662,561,053**	**662,561,053**	**645,201,499**	**645,201,499**
Fees and commission income	94,639,815	94,639,815	76,713,364	76,713,364
Fees and commission expense	6,825,202	6,825,202	5,528,429	5,528,429
Net Fees and commission income	**87,814,613**	**87,814,613**	**71,184,935**	**71,184,935**
Net Interest, fee and commission income	**750,375,666**	**750,375,666**	**716,386,434**	**716,386,434**
Net trading income	-	-	-	-
Other operating income	6,831,419	6,831,419	24,054,108	24,054,108
Total operating income	**757,207,085**	**757,207,085**	**740,440,542**	**740,440,542**
Impairment charge/(reversal) for loans and other losses	122,012,772	122,012,772	155,382,961	155,382,961
Net operating income	**635,194,313**	**635,194,313**	**585,057,581**	**585,057,581**
Operating expense			-	
Personnel expenses	235,924,949	235,924,949	197,122,672	197,122,672
Other operating expenses	99,528,356	99,528,356	68,658,753	68,658,753
Depreciation & Amortization	17,419,596	17,419,596	29,216,279	29,216,279
Operating profit	**282,321,412**	**282,321,412**	**290,059,877**	**290,059,877**
Non operating income	-	-	-	-
Non-operating expense	-	-	-	-
Profit before income tax	**282,321,412**	**282,321,412**	**290,059,877**	**290,059,877**
Income Tax Expense				
Current Tax	84,685,924	84,685,924	87,017,963	87,017,963
Deferred Tax				
Profit/(loss) for the period	**197,635,488**	**197,635,488**	**203,041,914**	**203,041,914**

Ratios as per NRB Directive

Particulars	Current year		Previous Year corresponding (Un-Audited)	
	This Quater Ending	Upto this Quarter	This Quater Ending	Upto this Quarter
Capital fund to RWA		12.55%		14.22%
Tier 1 Capital to RWA		9.74%		11.15%
CET 1 Capital to RWA		9.74%		11.15%
Non-performing loan (NPL) to Total Loan		4.71%		4.61%
Total Loan loss provision to Total NPL		92.25%		95.25%
Cost of Funds		3.52%		4.55%
Credit to Deposit Ratio		85.14%		84.31%
Base Rate		5.39%		6.44%
Interest Rate Spread		3.87%		4.01%
Return on Equity as per NRB Directives (Annualized)		10.14%		10.89%
Return on Assets as per NRB Directives (Annualized)		0.90%		1.00%

Statement of other Comprehensive Income
For the Quarter ended 31st Ashwin 2083 ((17/10/2026)

Amounts in NPR

Particular	FY 2083-84 (Ashwin)	FY 2082-83 (Ashwin)
Profit for the period	**197,635,488**	**203,041,914**
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	(33,952,753)	(65,182,414)
• Gains/(losses) on disposal of equity shares recycled to equity	-	-
• Gains/(losses) on revaluation		
• Actuarial gain/(losses) on defined benefit plans	-	-
• Income tax relating to above items	10,185,826	19,554,724
Net other comprehensive income that will not be reclassified to profit or loss	**(23,766,927)**	**(45,627,690)**
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		
Other comprehensive income for the period, net of Income Tax	**(23,766,927)**	**(45,627,690)**
Total comprehensive income for the period	**173,868,561**	**157,414,224**
Total comprehensive income attributable to:	-	-
Equity holders of the Bank	173,868,561	157,414,224
Non-controlling interest	-	-
Total Comprehensive income for the period	**173,868,561**	**157,414,224**

Statement of Distributable Profit
as on 31st Ashwin 2083 (17/10/2026) (As per NRB Directives)

Amounts in NPR

Particulars	FY 2083-84 (Ashwin)	FY 2082-83 (Ashwin)
Net profit or (loss) as per statement of profit or loss	**197,635,488**	**203,041,914**
Appropriations:		
a. General reserve	(39,527,098)	(40,608,383)
b. Foreign exchange fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	(1,976,355)	(2,030,419)
e. Employees' training fund	-	-
f. Other	-	-
Investment Adjustment Reserve	-	-
Share issue expense charged to equity	-	-
Net Gain on Disposal of Shares	-	-
Transfer from Reserve during the year (CSR & Training Fund)	-	-
Profit or (loss) before regulatory adjustment	**156,132,036**	**160,403,112**
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(111,202,201)	(144,385,175)
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 recognized (-)/ reversal (+)	-	-
f. Goodwill recognized (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognized (-)/reversal (+)	-	-
h. Actuarial loss recognized (-)/reversal (+)	-	-
i. Negative Fair Value Reserve charged to RE	-	-
j. Other (+/-) Investment Adjustment Reserve		
Net profit for the period end of Ashwin 2083 available for distribution	**44,929,834**	**16,017,937**
Opening Retained Earnings	**814,025,853**	**680,460,819**
Adjustment in Opening RE due to NFRS 16		
Distribution		
Bonus Shares Issued	(301,318,364)	-
Cash Dividend Paid	(502,197,273)	-
Distributable profit or (loss)	**55,440,051**	**696,478,756**

1. The above financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) and in compliance with NRB directives. In line with the Expected Credit Loss (ECL) Guideline and the Guidance note on Interest Income Recognition, 2025, the Bank has de-recognized interest income accrued on loans and advances classified under Stage 3. For impairment of credit exposures, the Bank has applied the higher of the total ECL provision as per NFRS 9 and the existing regulatory provision as per the Unified Directives. Bank has considered the impact of effective interest rate (EIR) as not significant for the period of first quarter. Bank will assess its impact on subsequent quarter of FY 2083/84. Previous year's figures have been regrouped, rearrange and restated wherever necessary.
2. Previous year figures have been regrouped, rearranged and restated wherever necessary.
3. If the Statutory and Supervisory authority notify any remarks to change, the unaudited statement of financial position and statement of profit or loss could be changed accordingly.

SHINE RESUNGA DEVELOPMENT BANK LTD.

शाइन रेसुङ्गा डेभलपमेण्ट बैंक लि.

नेपाल राष्ट्र बैंकबाट "ख" वर्गको इजाजतपत्रप्राप्त संस्था

Shine for your shining life

Statement of Change in Equity
For the Period commencing on Shrawan 1, 2083 and ending on Ashwin End, 2083

Amounts in NPR

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 Earning	Other Reserve	Total		
Balance at Ashad End, 2082	**4,875,701,679**	**-**	**1,261,833,626**	**452,793**	**381,829,313**	**122,920,528**	**-**	**668,505,485**	**72,465,110**	**7,383,708,533**	**-**	**7,383,708,533**
Balance at Shrawan 01, 2082	**4,875,701,679**	**-**	**1,261,833,626**	**452,793**	**381,829,313**	**122,920,528**	**-**	**668,505,485**	**72,465,110**	**7,383,708,533**		**7,383,708,533**
Comprehensive Income for the year										-		-
Profit for the year								1,110,311,278		1,110,311,278		1,110,311,278
Adjustment in Opening RE due to NFRS 16										-		-
Other Comprehensive Income, Net of Tax												
Gains/(losses) from investment in equity instruments measured at fair value						(47,003,916)		-	-	(47,003,916)		(47,003,916)
Gains/(losses) on revaluation										-		
Actuarial gain/(losses) on defined benefit plans					-			-	654,599	654,599		654,599
Gains/(losses) on cash flow hedge										-		
Exchange gains/(losses)(arising from translating financial assets of foreign operation)				34,321				(34,321)		-		-
Total Comprehensive Income for the year	**-**	**-**	**-**	**34,321**	**-**	**(47,003,916)**	**-**	**1,110,276,957**	**654,599**	**1,063,961,960**	**-**	**1,063,961,960**
Transfer to General Reserves during the year			222,062,256					(222,062,256)		-		-
Adjustment of Investment Adjustment Reserve no longer required					-			-		-		-

Creation of Training Fund								(13,924,863)	13,924,863	-	-
Utilization of Training Fund								13,165,294	(13,165,294)	-	-
Creation of CSR Fund								(11,103,113)	11,103,113	-	-
Utilization of CSR Fund								4,992,045	(4,992,045)	-	-
Transfer for Accrued Interest Receivable			-	57,320,809	-			(57,320,809)	-	-	-
Creation of Deferred Tax Reserve				17,477,247	-			(17,477,247)	-	-	-
Creation of Regulatory Reserve for Reduction in Investment				-						-	-
Creation of Regulatory Reserve for NBA				27,176,112				(27,176,112)			
Creation of Regulatory Reserve for Actuarial Loss				(654,599)				654,599	-	-	-
Transactions with Owners, directly recognized in Equity										-	-
Amount transferred from premium to share capital	-							-		-	-
Share Issued								-		-	-
Share Based Payments								-		-	-
Dividend to Equity-Holders								-		-	-
Bonus Shares Issued	146,271,050	-						(146,271,050)		-	-
Cash Dividend Paid	-							(487,570,168)		(487,570,168)	(487,570,168)
Share issue expense directly charged to equity-Tax Impact								(962,910)		(962,910)	(962,910)
Tax effect of share issue expenses								288,873		288,873	288,873
Gain on Disposal of Share Classified into OCI			2,782			(9,736)		11,127		4,173	4,173
Current Tax on Gain on Disposal of Share Classified into OCI										-	-
Goodwill							-		-	-	-
Other Transfer to Investment Equalization Fund								-	-	-	-
Total Contributions by and Distributions	**146,271,050**	**-**	**222,065,037**	**-**	**101,319,570**	**(9,736)**	**-**	**(964,756,589)**	**6,870,636**	**(488,240,032)**	**-**	**(488,240,032)**
Balance at Ashad 32, 2083	**5,021,972,730**	**-**	**1,483,898,663**	**487,113**	**483,148,883**	**75,906,876**	**-**	**814,025,853**	**79,990,345**	**7,959,430,462**	**-**	**7,959,430,462**
Balance at Shrawan 01, 2083	**5,021,972,730**	**-**	**1,483,898,663**	**487,113**	**483,148,883**	**75,906,876**		**814,025,853**	**79,990,345**	**7,959,430,462**		**7,959,430,462**

Comprehensive Income for the year										-		-
Profit for the year							197,635,488			197,635,488		197,635,488
Other Comprehensive Income, Net of Tax												
Gains/(losses) from investment in equity instruments measured at fair value					(23,766,927)		-	-		(23,766,927)		(23,766,927)
Gains/(losses) on revaluation										-		
Actuarial gain/(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	-	-	-	-	-	**(23,766,927)**	-	**197,635,488**	-	**173,868,561**	-	**173,868,561**
Transfer to General Reserves during the year			39,527,098					(39,527,098)		-		-
Transfer to Retained Earnings during the year					-			-		-		-
Creation of Training Fund								-	-	-		-
Utilization of Training Fund									-	-		-
Creation of CSR Fund								(1,976,355)	1,976,355	-		-
Utilization of CSR Fund									-	-		-
Transfer for Accrued Interest Receivable			-		111,202,201		-	(111,202,201)	-	-		-
Creation of Deferred Tax Reserve					-		-	-	-	-		-
Creation of Regulatory Reserve for Reduction in Investment					-					-		-
Creation of Regulatory Reserve for NBA					-			-				
Creation of Regulatory Reserve for Actuarial Loss					-			-	-	-		-
Transactions with Owners, directly recognized in Equity										-		-
Amount transferred from premium to share capital	-							-		-		-

Share Issued										-		-
Share Based Payments								-		-		-
Dividend to Equity-Holders								-		-		-
Bonus Shares Issued	301,318,364	-						(301,318,364)		-		-
Cash Dividend Paid	-							(502,197,273)	-	(502,197,273)		(502,197,273)
Share issue expense directly charged to equity-Tax Impact								-		-		-
Tax effect of share issue expenses								-		-		-
Gain on Disposal of Share Classified into OCI			-			-		-		-		-
Current Tax on Gain on Disposal of Share Classified into OCI										-		-
Other Transfer to Investment Equalization Fund							-		-	-		-
Total Contributions by and Distributions	**301,318,364**		**39,527,098**		**111,202,201**	**(23,766,927)**		**(758,585,802)**	**1,976,355**	**(328,328,712)**		**(328,328,712)**
Balance at Ashwin End, 2083	**5,323,291,093**	**-**	**1,523,425,761**	**487,113**	**594,351,084**	**52,139,949**	**-**	**55,440,051**	**81,966,699**	**7,631,101,751**	**-**	**7,631,101,751**

Statement of Cash flow

Amounts in NPR

Particulars	FY 2083-84 (Ashwin)	FY 2082-83 (Ashwin)
Cash flows from operating activities		
Interest Received	1,013,285,598	808,692,458
Fee and other income received	94,639,815	76,713,364
Dividend Received	6,334,757	23,726,828
Receipts from other operating activities	496,662	
Interest paid	(726,781,492)	(862,014,837)
Commission and fee paid	(6,825,202)	(5,641,429)
Cash payments to employee	(204,555,903)	(276,165,590)
Other expense paid	(99,528,356)	(34,695,454)
Operating cash flows before change in operating assets and liabilities	**77,065,879**	**(269,384,660)**
(Increase)/Decrease in operating assets	**(1,855,033,319)**	**(503,735,669)**
Due from Nepal Rastra Bank	(105,210,272)	310,321,958
Placement with bank and financial institutions	-	-
Other Trading assets	-	-
Loan and advances to bank and financial institutions	100,468,472	(19,050,198)
Loan and advances to customer	(1,836,718,151)	(845,310,641)
Other Assets	(13,573,368)	50,303,212
Increase/(Decrease) in operating liabilities	**1,145,281,884**	**146,847,976**
Due to bank and financial institutions	58,814,986	(375,224,854)
Due to Nepal Rastra Bank	-	-
Deposits from customers	1,264,635,873	475,392,820
Borrowings	-	(365,678)
Other Liabilities	(178,168,975)	47,045,688
Net Cash flow from operating activities before tax paid	**(632,685,556)**	**(626,272,353)**
Income taxes paid	(74,886,643)	(95,644,569)
Net Cash flow from operating activities	**(707,572,200)**	**(721,916,922)**
Cash flows from investing activities		
Purchase of investment securities	-	(289,979,074)
Receipts from sale of investment securities	2,860,712,951	-
Receipt from sale of investment property	-	
Purchase of plant and equipment	(8,115,788)	(130,794,233)
Receipt from sale of property and equipment	-	327,281
Purchase of intangible assets	(0)	(880,392)
Receipt from sale of intangible assets	-	-
Purchase of investment properties	0	-
Receipt from the sale of investment properties	-	-
Interest received	-	-
Net cash used in investing activities	**2,852,597,164**	**(421,326,418)**
Cash flows from financing activities		
Receipt from issue of debt securities	(0)	1,000,000,000
Repayment of debt securities	-	-
Receipt from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities		-
Receipt from issue of shares		-
Dividend paid	(502,197,273)	-
Interest paid	-	-
Other receipt/payment	-	-
Net cash from financing activities	**(502,197,273)**	**1,000,000,000**
Net increase/(decrease) in cash and cash equivalents	**1,642,827,691**	**(143,243,340)**
Cash and Cash Equivalents at Shrawan 01 (Beginning of the Year)	1,644,969,328	2,117,894,019
Effect of exchange rate fluctuations on cash and cash equivalents held	-	
Closing Cash and Cash Equivalents	**3,287,797,019**	**1,974,650,679**

Notes to Interim Financial Statements

1. Bank

1.1 General

Shine Resunga Development Bank Limited ("The Bank") is domiciled and incorporated in Nepal as "B" class National Level Development bank, registered as a Public Limited Company under Companies Act 2063 on 26th Bhadra 2065. Its financial transaction has been started from 11th Falgun, 2065 after the approval from Nepal Rastra Bank. The registered address of the Bank is located at Butwal Sub-Metropolitan City Ward No 11 Kalikanagar, Rupandehi, Nepal. Shine Resunga Development Bank Limited is listed on Nepal Stock Exchange with its stock symbol "SHINE".

2. Basis of Preparation

2.1. Going Concern

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

2.2. Statement of Compliance

The Financial Statements of Bank for the Quarter ended 31st Ashwin 2083 (17/10/2026) comprising Statement of Financial Position, Statement of Profit or loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements (including Significant Accounting Policies), have been prepared in accordance with Nepal Financial Reporting Standards (hereafter referred as NFRS), laid down by the Institute of Chartered Accountants of Nepal and in compliance with the requirements of all applicable laws and regulations with the exception of the Nepal Rastra Bank guidelines pertaining to Expected Credit Loss (ECL) 2024. The Bank is diligently working towards achieving compliance with NFRS 9 and the relevant NRB guidelines.

2.3. Reporting Period

The Development Bank follows the Nepalese financial year based on the Nepalese calendar. The reporting period of financial statement is as:

Relevant Financial Statement	English Calendar Date/ Period	Nepali Calendar Date/ Period
Statement of Financial Position (SOFP)	17.10.2026	31.06.2083
Comparative SOFP	16.07.2026	32.03.2083
Reporting Period	17.07.2026-17.10.2026	01.04.2083-31.06.2083
Comparative Reporting Period	17.07.2025-17.10.2025	01.04.2082-31.06.2082

2.4. Functional and Presentation Currency

The Financial statements are denominated in Nepalese Rupees, which is the functional and presentation currency of the Bank.

All financial information presented in NPR has been rounded off to the nearest rupee except where indicated otherwise.

3. Use of Estimates, Assumptions and Judgments

The Bank, under NFRS, is required to apply accounting policies that most appropriately suit its circumstances and operating environment. Further, the Bank is required to make judgment in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. Later on, this may be determined that a different choice could have been more appropriate.

NFRS requires the 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 Bank applies estimates in preparing and presenting the financial statements. The estimates and underlying assumptions are reviewed periodically. Revision to accounting estimates is recognized in the period in which the estimates is revised, and are applied prospectively.

Disclosures of the accounting estimates have been included in the relevant section of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any

4. **Significant Accounting Policies**

The principal accounting policies applied in the preparation of Interim financial statements applied and is in consistent with the accounting policies and method of computation followed in the preparation of annual financial statement of Ashad end 2083.

5.1 Basis of Measurement

The financial statements have been prepared on a historical cost basis, except for available – for-sale investments, assets held for sale and discontinued operations, other financial assets and liabilities held for trading and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value.

The financial statements have been prepared on a going concern basis where the accounting policies and judgments as required by the standards are consistently used and in case of deviations disclosed specifically.

5.2 Basis of Consolidation

The Bank does not have control over any other entity for consolidation of Financial Statements.

5.3 Cash & Cash Equivalent

Cash and cash equivalent represent the amount of cash in hand, balances with other bank and financial institutions, money at short notice and highly liquid financial assets that are subject to an insignificant risk of changes in their value and used by the Bank in the management of short-term commitment.

5.4 Financial Assets and Financial Liabilities

5.4.1 Recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date i.e. the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' account at fair value inclusive of transaction costs. The Bank recognises due to customer balances when funds reach the bank.

5.4.2 Classification

I. Financial Assets

The Bank classifies the financial assets subsequently measured at amortized cost or fair value on the basis of the bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.
The two classes of financial assets are as follows:

i. Financial assets measured at amortized cost

The bank classifies financial assets measured at amortized cost if both of the following conditions are met:

- The assets are held within business model whose objective is to hold asset till maturity 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.

ii. Financial assets measured at fair value

Financial assets other than those measured at amortized cost are measured at fair value. Financial assets measured at fair value are further classified into two categories as below:

✓ **Financial assets at fair value through profit or loss**

Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost is directly attributable to the acquisition are recognized in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in statement of profit or loss.

✓ **Financial assets at fair value through other Comprehensive income**

Investment in an equity instrument that is not held for trading and at the initial recognition, the bank makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as financial assets at fair value through other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

II. Financial Liabilities

The Bank classifies the financial liabilities, other than financial guarantees and loan commitments, as follows;

✓ **Financial liabilities at fair value through profit or loss**

Financial liabilities are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost is directly attributable to the acquisition are recognized in statement profit or loss as incurred. Except for particular designated as at FVTPL, the amount of the changes in the fair value that is attributable to changes in the liability's credit risk is recognized in other comprehensive Income.

✓ **Financial liabilities measured at amortized cost**

All Financial liabilities other than measured at fair value through profit or loss are classified as subsequently measured at amortized cost using effective interest rate method. Debentures are amortized using effective interest rate method annually.

C. Measurement

✓ **Initial measurement**

All financial instruments are initially recognized at fair value plus transaction cost except in case of financial assets and financial liabilities recorded at fair value through profit or loss.

✓ **Subsequent measurement**

Financial assets and liabilities designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value taken directly to the statement of profit or loss. Interest and dividend income or expense is recorded in revenue according to the terms of the contract, or when the right to payment has been established.

Financial liabilities are subsequently measured at amortized cost, with any difference between proceeds net of directly attributable transaction costs and the redemption value recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

5.4.3 De-recognition

De-recognition of Financial Assets

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred and the Bank has retained control, the assets continue to be recognized to the extent of the Bank's continuing involvement.

De-recognition of Financial Liabilities

Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expires. 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 a 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.

5.4.4 **Determination of Fair Value**

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Bank recognizes transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable. Investment in promoter's share of quoted equity instrument has been valued at 50% of the market value of the same class of share.

Level 3 portfolios are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

5.4.5 Impairment of Loans and Advances

The Bank reviews its individually significant loans and advances at each Reporting date to assess whether an impairment loss should be provided in the Statement of Profit or loss. In particular, the Management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss.

The individual impairment provision applies to financial assets evaluated individually for impairment and is based on Management's best estimate of the present value of the future cash flows that are expected to be received. In estimating these cash flows, Management

makes judgments about a borrower's financial situation and the net realizable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable.

Individual assessment of impairment of exposures means establishing whether objective evidence of impairment exists, estimation of the present value of future cash flows, and calculation of the value of impairment for each individual receivable from the borrower included in this assessment.
The bank determines, for each individual loan to be assessed for individual impairment, whether they expect to collect their receivables from expected future cash flows (going concern) or from collateral realization (gone concern). If a bank identifies objective evidence of impairment, the bank indicates, at single debtor level, the most realistic sources of repayment (collection approach/strategy) based on all available information regarding such borrower's financial position and performances. The bank assesses whether collection will be made from the borrower`s expected future operating cash flows (borrower continues to perform business activities – going concern) or on the basis of collateral enforcement and realization (expectation that the borrower ceases to exist – gone concern). In both cases, bank uses conservative assumptions relating to the estimation of the expected cash flows, taking into account current economic conditions and the Bank's own economic forecasts.

When estimating impairment based on collateral realization, the recoverable amount is the present value of the net inflow from collateral realization (taking into account the priority of claims), discounted by applying the original effective interest rate to the expected time to realization.
A collective impairment provision is established for:

- Groups of homogeneous loans and advances that are not considered individually significant; and
- Groups of assets that are individually significant but that were not found to be individually impaired

The collective provision for groups of homogeneous loans is established using statistical methods based on historical loss rate experience, Loss Given Default (LGD) and Probability of Default (PD) computed using the statistical analysis of historical data on delinquency to estimate the amount of loss for each class of portfolio selected on the basis of its product, risk factor, collateral coverage, exposure group etc. Management applies judgment to ensure that the estimate of loss arrived at, on the basis of historical information is appropriately adjusted to reflect the economic conditions and portfolio factors as at the Reporting date. The loss rates are regularly reviewed against actual loss experience.

In assessing the need for collective impairment, Management considers factors such as credit quality (for example, loan to collateral ratio, level of restructured performing loans), portfolio

Size, concentrations and economic factors.
To estimate the required allowance, assumptions are made to define how inherent losses are modeled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the provision depends on the model assumptions and parameters used in determining the collective provision.

5.4.6 Impairment of Financial Investments – Available-for-Sale

The Bank also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the air value below their cost along with

the historical share price movements, duration and extent up to which the fair value of an investment is less than its cost.

5.4.7 **Impairment of Non-Financial Assets**

The Bank assesses whether there are any indicators of impairment for an asset or a cash generating unit (CGU) at each Reporting date or more frequently, if events or changes in circumstances necessitate to do so. This requires the estimation of the 'Value in use' of such individual assets or the CGUs. Estimating 'Value in use 'requires the Management to make an estimate of the expected future cash flows from the asset or the CGU and also to select a suitable discount rate in order to calculate the present value of the relevant cash flows. This valuation requires the Bank to make estimates about expected future cash flows and discount rates and hence, they are subject to uncertainty.

5.5 Trading Assets

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

Trading assets & liabilities are initially recognized at fair value and subsequently measured at fair value in the statement of financial position, with transaction costs recognized in profit or loss. All changes in fair value are recognized as part of net trading income in profit or loss as regarded as fair value through profit and loss account.

5.6 **Derivatives Assets and Derivative Liabilities**

Bank doesn't deal with any derivative financial instruments.

5.7 Property and Equipment

All property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Freehold land is not depreciated although it is subject to impairment testing. Depreciation on other assets is calculated using the straight- line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Building 50 Years
- Computer and Accessories 3 Years
- Furniture and Fixtures 7 Years
- Machinery and Equipment 9 Years
- Office Equipment 5 Years
- Vehicles 6 Years
- Leasehold 10 Years
- Other Assets 4 Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. The value of the assets fully depreciated but continued to be in use is considered not material.

At each reporting date, assets are also assessed for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down immediately to the recoverable amount.

Assets with costs less than NPR 5,000 are charged off on purchase as revenue expenditure.

Gains and losses on disposals are included in the Statement of Profit or Loss.

5.8 Intangible Assets

Acquired Intangible Assets

Intangible assets are initially measured at fair value, which reflects market expectations of the probability that the future economic benefits embodied in the asset will flow to the Bank and are amortized on the basis of their expected useful lives.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with the development of software are capitalized where it is probable that it will generate future economic benefits in excess of its cost. Computer software costs are amortized over the period of 5 years in Straight Line method (SLM). Costs associated with maintaining software are recognized as an expense as incurred.

At each reporting date, these assets are assessed for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down immediately.

5.9 Investment Property

Land or Land and Building other than those classified as property and equipment and non-current assets held for sale under relevant accounting standard are presented under this account head. The Non-Banking Assets acquired by the company is classified as assets held for sale and presented under investment property.

Further land which is rented and held for capital appreciation motive is classified as investment property. Non-Banking Assets which are not intended to be sold within a period of next one year is also classified as Investment Property. The bank does not have any investment property.

5.10 Income Tax

5.10.1.1 Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities of Nepal. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in Nepal. The liabilities recognized for the purpose of current Income tax, including fees, penalties are included under this head.

5.10.1.2 Deferred Tax Assets/Liabilities

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rate applicable to the Bank as at the reporting date which is expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax relating to items which are charged or credited directly to equity, is credited or charged directly to equity and is subsequently recognized in the statement of profit or loss together with the deferred gain or loss.

5.11 Deposits, Debt securities issued and subordinate Liabilities

The deposits held by the bank on behalf of its customers are classified as financial liabilities and measured at amortized cost under effective interest method. The bank does not have any debt securities issued and subordinated liabilities.

5.12 Provisions

Provisions are recognized in respect of present obligations arising from past events where it is probable that outflow of resources will be required to settle the obligations and they can be reliably estimated.

5.13 Revenue Recognition

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

5.13.1 Interest Income

Interest Income include interest income on loan and advance, investment securities except on those investment securities measure at fair value through profit or loss, cash and cash equivalent, due from Nepal Rastra Bank, due from BFIs, loan and advances to staff etc.

5.13.2 Fees and commissions

Fees and commissions are generally recognized on an accrual basis when the service has been provided or significant act performed. Service Fee Income/Expenses are recognized on accrual basis unless it is impracticable to recognize as allowed through carve-out on NFRS.

5.13.3 Dividend Income

Dividend income is recognized when the Bank's right to receive the payment is established, which is generally when the shareholders approve the dividend.

5.13.4 Net Trading Income

Net trading income includes all gains and losses from changes in fair value and the related interest income or expense and dividends, for financial assets and financial liabilities held for trading.

5.13.4.1 Net income from other financial instrument at fair value through Profit or Loss

Gains and losses arising from changes in the fair value of financial instruments designated at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise. Contractual interest income and expense on financial instruments held at fair value through profit or loss is recognized within net interest income.

5.14 Interest Expense

For all financial instruments measured at amortized cost, interest bearing financial assets classified as available-for-sale and financial instruments designated at FVTPL, interest expense is recorded using the EIR unless it is impracticable.

5.15 Employee Benefits

5.15.1 Retirement Benefits

The Bank has schemes of retirement benefits namely Gratuity, Provident Fund.

Retirement benefit obligations
The bank operates a defined contribution plans as provident fund contribution.

Provident Fund
For Provident Fund, the bank pays contributions to the publicly administered provident fund plans (named Employee Provident Fund) on a mandatory basis, and such amounts are charged to operating expenses. The bank has no further payment obligations once the contributions have been paid.

Gratuity
The bank has been providing gratuity as per its employee's bye laws which is in the nature of defined benefit plan therefore actuarial valuation has been conducted and provided accordingly.

Accumulated Leave
The Bank provides accumulated leave benefit under its staff byelaw. The Home Leave is accumulated up to 90 days and there is no limit for the accumulation of Sick Leave.

Accumulated leave benefits are treated as long term benefit liability. Accumulated leave obligations are estimated on the basis of actuarial Valuation. Long term benefit liability is not subject to same degree of uncertainty as defined benefit plan.

The bank has no further payment obligations once the contributions have been paid.

5.16 Leases

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Finance Lease
Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance lease. When Bank is the lessor under finance lease, the amounts due under the leases, after deduction of unearned interest income, are included in, 'Loans & receivables from other customers', as appropriate. Interest income receivable is recognized in 'Net interest income' over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

When Bank is a lessee under finance leases, at the commencement date, a lessee shall measure the right of use of asset at cost and lease liability at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease, if readily determined; otherwise use the lessee's incremental borrowing rate. Subsequently a lessee shall measure the right of use of asset applying a cost model.

The bank has measured the right of use of asset applying a cost model, depreciation requirements is recognized as depreciation & amortizations and finance charges payable is recognized as 'Interest expenses' over the period of the lease based on the lessee's incremental borrowing rate so as to give a constant rate of interest on the remaining balance of the liability. The leased assets are capitalized and included in 'Other Assets' and the corresponding liability to the lessor is included in 'Other liabilities.

Operating Lease

All other leases are classified as operating leases. When acting as lessor, Bank includes the assets subject to operating leases in 'Property, plant and equipment' and accounts for them accordingly. Impairment losses are recognized to the extent that residual values are not fully recoverable and the carrying value of the assets is thereby impaired.

When Bank is the lessee, leased assets are not recognized on the Statement of Financial Position. Rentals payable and receivable under operating leases are accounted for on a straight-line basis over the periods of the leases and are included in 'Other operating expenses' and 'Other operating income', respectively.

The bank has recognized lease payments under operating lease as an expense on actual basis.

5.17 Foreign Currency Translation

Foreign currency transactions are translated into the NPR using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss, except when recognized in other comprehensive income. Non-monetary assets that are measured at fair value are translated using exchange rate at the date that fair value was determined.

5.18 Financial Guarantee and Loan Commitment

In the ordinary course of business, the Bank issues performance guarantees, bid bond guarantees and advance payment guarantee. These guarantees are initially disclosed in the financial statement (within 'contingent liabilities') at guaranteed value. The premium received is recognized in the statement of profit or loss in net fees and commission income on a straight-line basis over the life of the guarantee.

5.19 Share Capital and Reserves

5.19.1 Share Capital

Financial instruments issued are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue available number of own equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction net of taxes from the proceeds.

Dividends on ordinary shares classified as equity are recognized in equity in the period in which they are declared.

The share issue expenses which can be avoided for the issue was charged in the year of issue directly through equity and disclosed in statement of changes in equity. Tax impact is also disclosed.

5.19.2 Reserves

The reserves include regulatory and free reserves.

✓ **General Reserve**

20% of the net profit is set aside to general reserve until the reserve is twice the paid of share capital as per Banking Financial Institutions Act. The reserve is the accumulation of setting aside profits over the years.

No Dividend (either cash dividend or bonus share) are distributed from the amount in General/ Statutory Reserve.

- ✓ **Exchange Equalization Reserve**
  25% of the revaluation gain on foreign currency is set aside to exchange equalization reserve as per Banking Financial Institutions Act.

- ✓ **Assets Revaluation Reserve**
  Any Reserve created from revaluation of assets (such as Property & Equipment, Intangible Assets, Investment Property) shall be presented under this heading. Revaluation reserve is created for the property and equipment transferred from Bhargav Bikas Bank limited at Fair Value.

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

- ✓ **Special Reserve**
  Any special reserve that is created as per the specific requirement of NRB directive or special instruction of NRB are represented as special reserve. The amount allocated to this reserve by debiting retained earning account is presented under this heading.

- ✓ **Corporate Social Responsibility Fund**
  The fund created for the purpose of corporate social responsibility by allocating 1% of Net profit as per NRB Directive is presented under this account head.

- ✓ **Investment Adjustment Reserve**
  It is a reserve created on investment such as investment in subsidiary or unlisted investment in equity for more than two years as per the investment directive of Nepal Rastra Bank.

- ✓ **Regulatory Reserve**
  The amount that is allocated from profit or retained earnings of the Bank to this reserve as per the *Directive of NRB for the purpose of implementation of NFRS* and which shall not be regarded as free for distribution of dividend (cash as well as bonus shares) shall be presented under this account head. The regulatory reserve of the bank includes the reserve net of tax created relating to Accrued Interest Receivable not recovered till the reporting Period. Reserve on Goodwill, Deferred Tax Assets, Non-Banking Assets, reduction in fair value of investment in equity below cost price, actuarial loss etc.

- ✓ **Fair Value Reserve**
  The amount that is allocated from profit or retained earnings of the Bank to this reserve as per the *Directive of NRB for the purpose of implementation of NFRS* and which shall not be regarded as free for distribution of dividend (cash as well as bonus shares) shall be presented under this account head. The fair value reserve of the bank includes the reserve net of tax created relating to Market Value of Share investment.

- ✓ **Actuarial Gain/(Loss) Reserve**
  The amount that is allocated from profit or retained earnings of the Bank both positive or negative to this reserve as per the *Directive of NRB for the purpose of implementation of NFRS* and which shall not be regarded as free for distribution of dividend (cash as well as bonus shares) shall be presented under this account head.

This reserve includes actuarial gain/(loss) net of tax on defined benefit plan and long-term employee benefits.

✓ **Debenture Redemption Reserve:**
This is a statutory reserve under banking regulations specified in NRB directive no.16. As per the NRB directive no. 16(5)(2) Banks and Financial Institutions are required to create a separate reserve and transfer the balance out of the profit to the said reserve in proportionate basis with exception for the financial years in which the debenture is issued or redeemed, and in the circumstance mentioned in directives no. 16(5)(2)(Ka) and 16(5)(2)(Kha). Accordingly, the bank has not created such reserves for current financial year in which debenture was issued.

✓ **Other reserve**
Any reserve created with specific or non-specific purpose (except stated in above) are presented under thus by disclosing accounting heads.

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

There are no instruments, such as convertibles, that would require dilution of EPS, therefore basic EPS & diluted EPS are same.

5.21 Segmental Reporting
The Bank's segmental reporting is in accordance with NFRS 8 Operating Segments. Operating segments are reported in a manner consistent with the internal reporting provided to the bank's management, which is responsible for allocating resources and assessing performance of the operating segments. All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in Head Office. Income and expenses directly associated with each segment are included in determining business segment performance.

The Bank has determined segments based on the province of operation by the management for decision making purpose.

5.22 Interim Financial Reporting
Interim reports corresponding to the financial statements had been reported in accordance with the regulatory reporting requirements. Those statements have been published quarterly in national level newspaper.

5. **Related Parties Disclosures**

Directors		Key Management Tean
Thaneshwor Poudel	Chairmen	Prakash Poudel – CEO
Er. Suraj Upreti	Director	Lok Raj Paneru – DCEO
Birendra Bhusal	Director	Yashodhan Pandey – AGM
Birendra Bista	Director	
Namrata Bhandari	Director	
Dr. Himal Bhattarai	Director	
Pro. Dr. Ganesh Prasad Pathak	Independent Director	

Transaction during the Year

Particulars	Amounts
Directors	
Directors Sitting Fees	392,000
Interest Paid to directors on deposits	167,871
Other directors' expenses (if any)	332,087
Total	**891,958**

6. **Dividends paid (aggregate or per share) separately for ordinary shares and other shares**
No Such transaction took place during this Period.

7. **Issues, repurchases and repayments of debt and equity securities**
During this quarter, the bank has issued 3,013,183.64 Equity shares of NPR 100 each and distributed dividend amounting to NPR. 502,197,273/- from the accumulated Retained Earnings held as on Ashadh End, 2083.

8. **Events after interim period**
No Such transaction took place during this Period.

9. **Effect of changes. in the composition of the entity during the interim period merger including and acquisition**
No Such transaction took place during this Period.

Disclosure as per Securities Registration and Issuance Regulation, 2073
Related to Rule 26(1) of Annexure 14
For 1st Quarter of F/Y 2083-084

Financial Statement

Statement of Financial Position and Statement of Profit or Losses per Nepal Financial Reporting Standard (NFRS) including key financial indicators and ratios along with this report. There has been no any related party transaction during the period.

Key Financial Indicators and Ratios:

Earnings per share	: NPR 14.85 (Annualized)	P/E Ratio	: 28.15 Times
Net Worth per share	: NPR 143.35	Net Asset Value per Share	: NPR 1,662.27
Liquidity Ratio	: 25.57%	Capital Adequacy Ratio	: 12.55%

2. Management Analysis

a. financial indicators during the period were at satisfactory level.
b. Major areas of focus;
- Maintaining quality of credit portfolio and managing non-performing loans
- Operational Efficiency
- Promotion of Digital Service
- Mitigating Cyber Security Risks
- Mitigating AML/CFT related Risks

c. As per the current statement, there is no situation which might have material effect on financial position.

3. Details relating to Legal Action

a. Except for the lawsuit in the normal course of business there are no material cases filed by or against the Institution.
b. No cases have been reported regarding filing by or filed against the promoter or director of Institution for non-compliance of prevailing laws or commission of criminal offence during the period.
c. No cases have been filed against any promoter or director for financial crime.

4. Analysis of Stock Performance of Development Bank

a. Share price and transaction are determined as per open market competition.

b. Maximum, minimum and closing share price including total share transaction number and days of transaction during the period were;

Max. Share Price	: NPR 433.00	Min. Share Price	: NPR 393.90
Closing price of the Share	: NPR 418.00	Number of days traded	: 61 days

Total volume of trading of shares : 1,833,347 shares

(Source: website of Nepal Stock Exchange Limited)

5. Problems and Challenges

a. Internal

- Operational Efficiency
- Quality of Risk Assets
- Gradual decrease in interest spread due to competition for existing good borrowers.
- Maintaining Spread Ratio
- Limited avenue for fee-based income.

b. External

- Slow demand of credit even when borrowing rate is historically low.
- Keeping performing borrowers with bank due to cut throat competitions.
- Credit recovery
- Cyber security and digital risks

C. Strategy

- Maintaining operational and digital service efficiency
- Regular investment on skill enhancement of the HR and educate customer about financial literacy and digital risk
- Process automation of services internally as well as externally
- Improving Comprehensive risk management system for adequate mitigation of risks including AML/CFT Strategy.
- Efficient management of NPL and NBA

6. Corporate Governance

To meet the provision regarding Corporate Governance, Development Bank has strictly followed all the rules & regulation issued to BFIs through Unified Directives, Circulars, BAFIA, Companies Act, SEBON Rules & Regulation and all other rules/regulations issued to BFIs. Development Bank has setup different committees like Audit Committee, Risk Management Committee, Employee Services & Facilities Committee, and Money Laundering Prevention Committee which are active in their respective field and chaired by non-executive member of Board of Directors. Similarly, Recruitment Committee, Assets Liability Management Committee and Corporate Governance Cell and other relevant committees are formed at staff level and are active in their respective field. Issues raised &recommendations made by NRB, internal &external auditor have been followed up strictly & in effective manner for better performance of Development Bank.

7. Declaration by CEO

I, as at the date, hereby individually accept responsibility for the accuracy of the information and details contained in this report. Also hereby declare that to the best of my knowledge and belief, the information contained in this report are true, accurate and complete. No material information for the investors has been concealed.