

Manjushree Finance Limited
Condensed Statement of Financial Position
As on Quarter ended 31st Ashadh 2081

NPR

Assets	This Quarter Ending	Immediate Previous Year Ending
Cash and Cash Equivalent	365,926,265	1,007,858,504
Due from Nepal Rastra Bank	838,736,447	655,465,614
Placement With Bank and Financial Institutions	-	-
Derivative Financial Instruments	-	-
Other Trading Assets	-	-
Loan and Advances to B/FIs	1,327,368,635	959,036,391
Loans and Advances to Customers	14,249,009,788	11,291,008,274
Investment in Securities	4,132,619,091	2,597,152,379
Current Tax Assets	13,244,723	15,510,315
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investment Property	63,520,366	25,905,880
Property and Equipment	225,421,700	192,860,086
Goodwill and Intangible Assets	3,040,945	1,635,977
Deferred Tax Assets	17,747,389	17,020,033
Other Assets	45,213,811	99,131,097
Total Assets	21,281,849,159	16,862,584,550
Liabilities		
Liabilities	This Quarter Ending	Immediate Previous Year Ending
Due to Bank And Financial Institutions	1,301,014,750	1,124,170,620
Due to Nepal Rastra Bank	603,662,927	195,678,864
Derivative Financial Instruments	-	-
Deposit from Customers	16,317,800,996	12,741,295,612
Borrowings	-	-
Current Tax Liabilities	-	-
Provisions	-	-
Deferred Tax Liabilities	-	-
Other Liabilities	278,262,953	237,472,974
Debt Securities Issued	523,737,640	500,000,000
Subordinated Liabilities	-	-
Total Liabilities	19,024,479,266	14,798,618,071
Equity		
Equity	This Quarter Ending	Immediate Previous Year Ending
Share Capital	1,351,552,849	1,351,552,849
Share Premium	-	-
Retained Earning	107,618,924	79,438,885
Reserves	798,198,120	632,974,746
Total Equity Attributable to Equity Holders	2,257,369,893	2,063,966,480
Non-Controlling Interests	-	-
Total Equity	2,257,369,893	2,063,966,480
Total Liabilities and Equity	21,281,849,159	16,862,584,550

Manjushree Finance Limited
Condensed Statement of Profit or Loss
For the Year Ended on 31st Ashadh 2081

NPR

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Interest Income	588,250,317.45	2,272,591,023.26	573,326,184.39	2,111,056,146.62
Interest Expense	(378,505,572.40)	(1,517,268,574.15)	(374,527,728.81)	(1,410,177,726.81)
Net Interest Income	209,744,745.05	755,322,449.11	198,798,455.58	700,878,419.81
Fees and Commission Income	28,145,757.18	87,593,154.71	13,481,046.30	57,680,234.55
Fees and Commission Expense	-	-	-	-
Net Fee and Commission Income	28,145,757.18	87,593,154.71	13,481,046.30	57,680,234.55
Net Interest, Fee and Commission Income	237,890,502.23	842,915,603.82	212,279,501.88	758,558,654.36
Net Trading Income	-	-	-	-
Other Operating Income	2,938,645.42	9,625,195.48	-	44,841.50
Total Operating Income	240,829,147.65	852,540,799.30	212,279,501.88	758,603,495.86
Impairment Charge/(Reversal) for Loans and Other Losses	(54,467,441.52)	91,687,408.43	(65,396,726.29)	91,888,438.02
Net Operating Income	295,296,589.17	760,853,390.87	277,676,228.17	666,715,057.83
Operating Expenses				
Personnel Expense	72,468,386.83	229,938,053.37	69,487,816.62	192,450,469.75
Other Operating Expenses	9,480,621.01	77,893,000.22	10,754,913.54	76,200,984.07
Depreciation and Amortisation	24,509,882.19	43,905,636.62	26,303,785.25	44,720,835.51
Operating Profit	188,837,699.14	409,116,700.65	171,129,712.76	353,342,768.51
Non Operating Income	-	-	-	-
Non Operating Expense	23,924,496.68	23,924,496.68	-	-
Profit Before Income Tax	164,913,202.46	385,192,203.97	171,129,712.76	353,342,768.51
Income Tax Expense	50,079,896.96	119,372,038.14	54,433,312.76	106,343,602.72
Current Tax	50,834,850.62	119,552,658.51	54,433,312.76	110,370,458.34
Deferred Tax Expense/ (Income)	(754,953.67)	(180,620.37)	-	(4,026,855.62)
Profit for the Period	114,833,305.50	265,820,165.83	116,696,400.00	246,999,165.79

Manjushree Finance Limited
Statement of Cash Flows
For the Year Ended on 31st Ashadh 2081

NPR

Particulars	2080-81	2079-80
Cash Flows from Operating Activities		
Interest Received	2,233,817,817.77	2,032,441,528.45
Fee and Other Income Received	87,593,154.71	57,680,234.55
Dividend Received	-	-
Receipts from Other Operating Activities	2,785,095.66	-
Interest Paid	(1,517,268,574.14)	(1,413,341,122.52)
Commission and Fee Paid	-	-
Cash Payments to Employee	(188,525,419.60)	(173,046,526.18)
Other Expense Paid	(104,981,114.46)	(91,256,056.65)
Operating Cash Flows Before Change in Operating Assets and Liabilities	513,420,959.94	412,478,057.65
(Increase)/Decrease in Operating Assets	(3,506,950,845.25)	(1,939,917,271.21)
Due from Nepal Rastra Bank	(183,270,832.95)	(337,786,186.31)
Placement with Bank and Financial Institutions	-	-
Other Trading Assets	-	-
Loan and Advances to Bank and Financial Institutions	(337,388,368.68)	(138,944,981.15)
Loan and Advances to Customer	(2,886,360,898.88)	(1,456,472,486.78)
Other Assets	(99,930,744.74)	(6,713,616.97)
Increase/(Decrease) in Operating Liabilities	4,144,798,534.60	676,610,743.99
Due to Bank and Financial Institutions	176,844,129.43	(748,373,724.62)
Due to Nepal Rastra Bank	407,984,063.19	(905,308,741.73)
Deposits from Customers	3,573,709,404.03	2,330,293,210.34
Borrowings	-	-
Other Liabilities	(13,739,062.05)	-
Net Cash Flow from Operating Activities Before Tax Paid	1,151,268,649.30	(850,828,469.57)
Income Taxes Paid	(132,797,381.31)	(137,632,237.26)
Net Cash Flow From Operating Activities	1,018,471,267.99	(988,460,706.83)
Cash Flows From Investing Activities		
Purchase of Investment Securities	(1,566,091,157.74)	(2,595,486,082.09)
Receipts from Sale of Investment Securities	-	1,863,900,256.50
Purchase of Plant and Equipment	(31,184,318.51)	(15,341,397.59)
Receipt from Sale of Property and Equipment	1,164,096.29	298,000.00
Purchase of Intangible Assets	-	(734,500.00)
Receipt from Sale of Intangible Assets	-	-
(Purchase)/Sale of Investment Properties	-	-
Receipt from Sale of Investment Properties	-	-
Interest Received	-	-
Dividend Received	6,840,099.82	-
Net Cash Used in Investing Activities	(1,589,271,280.14)	(747,363,723.18)
Cash Flows from Financing Activities		
Receipt from Issue of Debt Securities	-	-
Repayment of Debt Securities	-	-
Receipt from Issue of Subordinated Liabilities	-	-
Repayment of Subordinated Liabilities	-	-
Receipt from Issue of Shares	-	-
Dividend Paid	(71,132,226.43)	-
Interest Paid	-	-
Other Receipt/ Payment	-	-
Net Cash from Financing Activities	(71,132,226.43)	-
Net Increase/(Decrease) in Cash and Cash Equivalents	(641,932,238.59)	(1,735,824,430.01)
Cash and Cash Equivalents at Shrawan 01, 2079	1,007,858,503.39	2,743,682,933.40
Effect of Exchange Rate Fluctuations on Cash and Cash Equivalents Held	-	-
Closing Cash and Cash Equivalents	365,926,264.80	1,007,858,503.39

Manjushree Finance Limited
Statement of Other Comprehensive Income
For the Year Ended 31st Ashadh 2080

NPR

Particulars	Notes	2080-81	2079-80
Profit for the Period		265,820,165.83	246,999,165.79
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		(1,822,451.05)	1,666,296.74
• Gains/(Losses) on Revaluation		-	-
• Actuarial Gain/(Losses) on Defined Benefit Plan		-	464,534.00
• Income Tax Relating to above Items		546,735.32	(639,249.22)
Net Other Comprehensive Income that Will not Be Reclassified to Profit or Loss		(1,275,715.74)	1,491,581.52
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		(1,275,715.74)	1,491,581.52
Total Comprehensive Income for the Period		264,544,450.10	248,490,747.31
Total Comprehensive Income Attributable To:			
Equity Holders of the Bank		264,544,450.10	248,490,747.31
Non-Controlling Interest		-	-
Total Comprehensive Income for the Period		264,544,450	248,490,747

Manjushree Finance Limited
Statement of Distributable Profit or Loss
For the Year Ended 31st Ashadh 2081
(As per NRB Regulation)

NPR

Particulars	31st Ashadh 2081	32nd Ashadh 2080
Net Profit or (Loss) as per Statement of Profit or Loss	265,820,166	246,999,166
Appropriations:		
a. General Reserve	(53,164,033)	(49,399,833)
b. Foreign Exchange Fluctuation Fund	-	-
c. Capital Redemption Reserve	(83,333,333)	(83,333,333)
d. Corporate Social Responsibility Fund	(2,649,391.10)	(2,263,804)
e. Employees' Training Fund	-	-
f. Other	-	-
Profit or (Loss) Before Regulatory Adjustment	126,673,408	112,002,196
Regulatory Adjustment :		
a. Interest Receivable (-)/Previous Accrued Interest Received (+)	(2,936,661)	(39,276,264)
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 (+)	(23,697,126)	-
e. Deferred Tax Assets Recognised (-)/ Reversal (+)	(727,356)	(3,387,606)
f. Goodwill Recognised (-)/ Impairment of Goodwill (+)	-	-
g. Bargain Purchase Gain Recognised (-)/Resersal (+)	-	-
h. Acturial Loss Recognised (-)/Reversal (+)	-	325,173
i. Other (+/-)	-	-
Net Profit for the Year Available for Distribution	99,312,266	69,663,498
Opening Balance of Retained Earning	79,438,886	9,775,387
Adjustment: (+/ -)	-	-
Distribution:		
Bonus Shares Issued	-	-
Cash Dividend Paid	(71,132,226)	-
Distributable Profit or (Loss)	107,618,925	79,438,886
Notes:		
1. The above financial statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) and NRB Directives.		
2. Loans and advances include accrued interest and staff loans, and presented net of impairment charges		
3. Detailed interim financial statements have been published on the website: https://manjushreefinance.com.np		
4. The unaudited figures are subject to statutory audit and regulatory review.		
5. Regulatory reserve has not been created on balance of interest accrued on loans and advances outstanding as of Ashadh end 2081 and recovered till 18th Shrawan 2081. Further interest recovered till Shrawan End 2081 shall be adjusted in audited financial statements.		
6. Investment in securities have been marked to market using NFRS 13 input value and have been measured at fair value through other comprehensive income.		
7. Personnel expense includes staff bonus as per the Bonus Act 2030.		
8. Figures have been regrouped and rearranged wherever necessary.		
Ratios as per NRB Directive		
Particulars	Current Year	Previous Year
	Up to this Quarter (YTD)	Up to This Quarter (YTD)
Capital Fund to RWA	15.93%	18.11%
Non-performing Loan (NPL) to Total Loan	2.97%	3.26%
Total Loan Loss Provision to Total NPL	118.00%	112.57%
Cost of Funds	7.97%	10.23%
Credit to Deposit Ratio	84.10%	84.53%
Base Rate	11.16%	12.34%
Interest Rate Spread	4.59%	4.58%

Manjushree Finance Limited
Statement of Changes in Equity
For the Year Ended 31st Ashadh 2081

Particulars	Attributable to Equity-Holders of the Bank										Non-Controlling Interest	Total Equity	
	Share Capital	Share Advance	Share Premium	General Reserve	Exchange Equalisation Reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve			Total
Balance at Shrawan 01, 2079	1,351,552,848	-	-	265,157,684	-	98,173,133	-	-	9,775,387	90,816,679	1,815,475,732	-	1,815,475,732
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment/Restated Balance as at Shrawan 01, 2079	1,351,552,848	-	-	265,157,684	-	98,173,133	-	-	9,775,387	90,816,679	1,815,475,732	-	1,815,475,732
Comprehensive Income for the Year	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the Year	-	-	-	-	-	-	-	-	246,999,166	-	246,999,166	-	246,999,166
Other Comprehensive Income, Net of Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(Losses) from Investment in Equity Instruments Measured at Fair Value	-	-	-	-	-	-	-	1,166,408	-	-	1,166,408	-	1,166,408
Gains/(Losses) on Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial Gain/(Losses) on Defined Benefit Plans	-	-	-	-	-	-	-	-	-	325,174	325,174	-	325,174
Gains/(Losses) on Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Gains/(Losses) Arising from Translating Financial Assets of Foreign Operation	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the Year	-	-	-	-	-	-	-	-	256,774,553	91,141,853	2,063,966,479	-	2,063,966,479
Transfer to Reserves During the Year	-	-	-	49,399,833	-	(325,173)	-	-	(49,074,660)	-	-	-	-
Transfer Deferred Tax Reserve to Retained Earnings During the Year	-	-	-	-	-	-	-	-	-	-	-	-	-
Creation of CSR Fund	-	-	-	-	-	-	-	-	(2,469,992)	2,469,992	-	-	-
Creation of Training Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilization of Training Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilization of CSR Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Redemption Reserve During the Year	-	-	-	-	-	-	-	-	206,188	(206,188)	-	-	-
Transfer from Reserves During the Year Due to AIR	-	-	-	-	-	-	-	-	(83,333,333)	83,333,333	-	-	-
Transfer from Reserves During the Year Due to NBA	-	-	-	-	-	-	-	-	(39,276,264)	-	-	-	-
Transfer from Reserves During the Year Due to Deferred Tax Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with Owners, Directly Recognized in Equity	-	-	-	-	-	3,387,606	-	-	(3,387,606)	-	-	-	-
Amount Transferred from Premium to Share Capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Issued Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Issued Expenses-Tax Impact	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on Disposal of Share Classified into OCI	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment for Loss on Valuation of Share Investment	-	-	-	-	-	-	-	-	-	-	-	-	-
Current Tax on Gain on Disposal of Share Classified into OCI	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Contributions by and Distributions	-	-	-	49,399,833	-	42,338,697	-	-	(177,335,667)	85,597,137	-	-	-
Balance at Ashadh 31, 2080	1,351,552,848,128	-	-	314,557,517	-	140,511,831	1,166,408	-	79,438,885	176,738,990	2,063,966,479	-	2,063,966,479
Balance at Shrawan 01, 2080	1,351,552,848	-	-	314,557,517	-	140,511,831	1,166,408	-	79,438,885	176,738,990	2,063,966,479	-	2,063,966,479
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment/Restated Balance as at Shrawan 01, 2080	1,351,552,848	-	-	314,557,517	-	140,511,831	1,166,408	-	79,438,885	176,738,990	2,063,966,479	-	2,063,966,479
Comprehensive Income for the Year	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the Year	-	-	-	-	-	-	-	-	265,820,166	-	265,820,166	-	265,820,166
Other Comprehensive Income, Net of Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(Losses) from Investment in Equity Instruments Measured at Fair Value	-	-	-	-	-	-	-	-	-	-	(1,275,716)	-	(1,275,716)
Gains/(Losses) on Revaluation	-	-	-	-	-	-	-	-	-	-	(1,275,716)	-	(1,275,716)
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	-	-	-	-	-	-	-	-	265,820,166	-	264,544,450	-	264,544,450
Transfer to Reserves During the Year	-	-	-	53,164,033	-	-	-	-	(53,164,033)	-	-	-	-
Transfer Deferred Tax Reserve to Retained Earnings During the Year	-	-	-	-	-	-	-	-	-	-	-	-	-
Creation of CSR Fund	-	-	-	-	-	-	-	-	(2,649,391)	2,649,391	-	-	-
Creation of Training Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilization of Training Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilization of CSR Fund	-	-	-	-	-	-	-	-	-	(8,811)	(8,811)	-	(8,811)
Transfer to Capital Redemption Reserve During the Year	-	-	-	-	-	-	-	-	(83,333,333)	83,333,333	-	-	-
Transfer from Reserves During the Year Due to AIR	-	-	-	-	-	-	-	-	(2,936,661)	-	-	-	-
Transfer from Reserves During the Year Due to NBA	-	-	-	-	-	-	-	-	(23,697,126)	-	-	-	-
Transfer from Reserves During the Year Due to Deferred Tax Assets	-	-	-	-	-	-	-	-	727,356	(727,356)	-	-	-
Transactions with Owners, Directly Recognized in Equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount Transferred from Premium to Share Capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Issued Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Issued Expenses-Tax Impact	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on Disposal of Share Classified into OCI	-	-	-	-	-	-	-	-	-711,322,226.43	-	(71,132,226)	-	(71,132,226)
Adjustment for Loss on Valuation of Share Investment	-	-	-	-	-	-	-	-	-	-	-	-	-
Current Tax on Gain on Disposal of Share Classified into OCI	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Contributions by and Distributions	-	-	-	53,164,033	-	27,361,143	-	-	(237,640,127)	85,973,914	(71,141,037)	-	(71,141,037)
Balance as at Ashadh 31, 2081	1,351,552,848	-	-	367,721,550	-	167,872,973	(109,308)	-	107,618,924	262,712,904	2,257,969,893	-	2,257,969,893

**Disclosure as prescribed by Securities Registration and Issue Regulation, 2073
(Related to Sub rule (1) of Rule 26, for the Fourth Quarter of F.Y. 2080/81)**

1. Financial Statements (as per un-audited figures of 2081/03/31)

i. Financial detail as at the end of fourth quarter of F.Y. 2080/81 (2081/03/31) has been published along with this disclosure.

ii. **Major Financial Indicators**

a) Earnings Per Share (Annualized)	NPR 19.67
b) Market Value Per Share	NPR 602.90
c) Price Earnings Ratio	30.51
d) Net Worth Per Share	NPR 167.02
e) Total Assets / No. of Share	1574.62
f) Liquidity Ratio	28.20

2. Management Analysis

a) **Details relating to the change in the FI's reserve, income, and liquidity in the quarter (if any) and its main reason.**

FI's capital adequacy and liquidity position continues to remain strong.

b) **Management's analytical details regarding future business plan.**

FI seeks to achieve sustainable growth in business and profitability as per its strategic management plan.

c) **Analytical details of the incidents that may have major impact on reserve, profit, or cash flow (if any) based on previous experience.**

No specific incident occurred during the period that could have impact on reserve, profit, or cash flow.

3. Legal Proceedings

a) **Case filed by or against the FI in this quarter.**

Except in the regular course of business, there is no lawsuits filed against the FI in this quarter.

b) **Case relating to disobedience of prevailing law or commission of criminal offence filed by or against the promoter or Director of the FI.**

No such information has been received.

c) **Case relating to commission of financial crime filed against any Promoter or Director of the FI.**

No such information has been received.

4. Analysis of Stock Performance of the FI

a) **Management view on the transaction of the shares of the FI in the Share Market.**

Transaction of Shares and share price are determined by open market at Nepal Stock Exchange Ltd.

b) **Maximum, minimum, and last share price, total transaction days and total transacted number of shares in the quarter (as per nepalstock.com)**

Maximum Share Price	Minimum Share Price	Closing Share Price	Total No. of Transaction	No. of days of Transaction	Total Traded no. of Share
640.50	490.00	602.90	21,943	61	3,532,866

5. Problems and Challenges

Internal

- 1) Difficulties in recovery of loans
- 2) Managing overheads.
- 3) Challenges to ensure operational efficiency through digitization
- 4) Recruiting and retaining skilled staff

External

- 1) Intense competition from larger banks and fintech companies
- 2) Economic fluctuations and political instability
- 3) Reaching rural and underserved populations
- 4) Changing regulatory requirements

Strategy to overcome the problems and challenges.

- 1) Implement robust risk management system including loan collection and recovery processes
- 2) Implement cost-control measures, optimization of resources utilization
- 3) Streamline operations by adopting best practices and process improvements.
- 4) Customer-centric products, new business avenues, and digital banking drive growth.
- 5) Offer competitive pay, growth opportunities and invest in training and development

6. Corporate Governance

Clear separation of roles and responsibilities of Board of Directors and Management has ensured high standard of corporate Governance. Audit Committee has been functioning independently and actively.

Manjushree is committed for transparency, high standard of professionalism and data integrity.

7. Declaration

I, CEO of the FI, am accountable individually on the factual accuracy of the information submitted as of the date in this report. I also declare that to the best of my knowledge, no material information for investors has been concealed.

Notes to the Interim Financial Statements

1. Basis of preparation

The Interim Financial Statements of the Finance for Second quarter of current FY 2080-2081 ending 15th July 2024 (31st Ashadh 2081) have been prepared in accordance with the requirement of Nepal Financial Reporting Standards (NFRS) - NAS 34 “Interim Financial Reporting” as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

The Formats used in the preparation of the Financial Statements and the disclosures made therein comply with the specified formats prescribed by the Nepal Rastra Bank for the preparation, presentation and publication of the Interim Financial Statements.

The Condensed Consolidated Interim Financial Statement comprise of:

- Condensed Consolidated Statement of Financial Position,
- Condensed Consolidated Statement of Profit or Loss,
- Condensed Consolidated Statement of Comprehensive Income,
- Condensed Consolidated Statement of Changes in Equity,
- Condensed Consolidated Statement of Cash Flows,
- Ratios as per NRB Directive

1.1 Reporting Period

The Finance follows the Nepalese financial year based on the Nepalese calendar. The corresponding dates for the English calendar are as follows:

Relevant Financial Statement	Nepalese Calendar Date/Period	English Calendar Date/Period
Statement of Financial Position	31 st Ashadh 2081	15 th July 2024
Statement of Profit/Loss	1 st Shrawan 2080 to 31 st Ashadh 2080	17 th July 2023 to 15 th July 2024

1.2 Functional and Presentation Currency

The Nepalese Rupees (NRs), being the currency of primary economic environment under which finance operates, has been used as the functional currency. The Interim Financial information has been presented in Nepalese Rupees and has been shown in actual figure, unless indicated otherwise.

1.3 New standards in issue but not yet effective

The interim financial statement of the Finance have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) to the extent applicable and as issued by Accounting Standard Board-Nepal.

1.4 Comparative Information

Comparative information is provided in narrative and descriptive nature, if it is relevant to understand the current period’s interim financial statement and reclassified whenever necessary to conform to current period presentation.

2. Statement of Compliance with NFRSs

The interim financial statement of group which comprise of Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Profit or Loss, Condensed Consolidated Statement of Comprehensive Income, Ratios, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows and Notes to the consolidated Interim Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) as issued by Accounting Standards Board and carve out issued by the Institute of Chartered Accountants of Nepal and in compliance with BAFIA 2073 and Unified Directive 2078 issued by Nepal Rastra Bank and all other applicable laws and regulations.

3. Use of Estimates, Assumptions and Judgments

The Management of the Finance has made judgments, estimations and assumptions which affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses that is required for the preparation of interim condensed financial statements in conformity with Nepal Financial Reporting Standards (NFRS). The Management believes that the estimated used in preparation of financial statements are prudent and reasonable. Estimates and underlying assumptions are reviewed on an ongoing basis. Necessary revisions to accounting estimates are recognized in the period in which such estimates are revised and in any future periods affected. Actual results may differ from these estimates. Any revision in accounting estimate is recognized prospectively in present and future periods as required under NAS 08 Accounting Policies, Changes in Accounting Estimates and Error.

Significant estimates, assumptions and judgments used in applying accounting policies which have material effect in financial statements are:

- Impairment on loans and advances (Provision for loan calculated as per NRB)
- Determination of fair value of financial instruments
- Assessment of Finance's ability to continue as going concern.

4. Changes in Accounting Policies

There are no changes in accounting policies and methods of computation.

5. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, and deviations if any have been disclosed accordingly.

5.1 Basis of Measurement

The financial statements have been prepared on historical cost basis except for the following material items in the statement of financial position:

- Financial instruments at fair value through profit or loss are measured at fair value.
- Investment Property measured at Fair Value.

5.2 Cash and Cash equivalent

Cash and cash equivalents include cash in hand, unrestricted balances with finances and money at call and at short notice and highly liquid financial assets with original maturities of three month or less from the date of acquisition that are subject to insignificant risk of changes in their fair value and are used by the finance in the management of short-term commitments.

5.3 Financial Instruments- Initial recognition and subsequent measurement

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 costs are 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.

5.4 Loans and advances to customers and BFIs

Loans and advances to customers and BFIs comprises of non-derivative financial assets with fixed or determinable payments that are not quoted in an active market which includes short term lending, term-based lending, mortgage lending, personal lending loans to employees and others. Loans and advances are presented on net of the total loan loss provision on the basis of directive number 2 issued by Nepal Rastra Bank. These loans are categorized under pass, watch list, sub-standard, doubtful and loss category. Loan loss provisions are provided on the basis of percentage of total loan outstanding on the basis of their overdue days and other criteria set out in the directive.

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 term or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and 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 & loss account.

5.6 Property and Equipment

Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortization period or methodology, as appropriate, and treated as changes in accounting estimates. Subsequent expenditures 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 finance and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

5.7 Goodwill and Intangible Assets

An intangible asset is recognized only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the finance. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

5.8 Investment Property

Non-Banking Assets which are acquired as part of recovery of loans are classified as investment property and are carried at cost. The Finance's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the repossessed value. Land and building of repossessed collateral are classified as investment property.

5.9 Income Tax

As per Nepal Accounting Standard- NAS 12 (Income Tax) tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income Tax expense is recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity or other comprehensive income in which case it is recognized in equity or in other comprehensive income.

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:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences

can be controlled and is probable that the temporary differences will not reverse in the foreseeable future.

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:

- Where the deferred tax asset relating to the deductible temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in Subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference will be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that sufficient profit will be available to allow the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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.

5.10 Deposits

The Finance accepts deposits from its customers under savings account, current account, term deposits and margin accounts which allows money to be deposited and withdrawn by the account holder. These transactions are recorded on the bank's books, and the resulting balance is recorded as a liability for the Finance and represents the amount owed by the Finance to the customer.

5.11 Provisions

Provisions are recognized when the Finance has a present obligation (legal or constructive) as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Finance determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates

specific to the liability. The expense relating to any provision is presented in the income statement net of any reimbursement in other operating expenses.

5.12 Share Capital and Reserves

Ordinary share capital represents the par value of ordinary shares issued. Share issuance cost which were incurred for raising the capital has not been shown as deduction from share capital but are charged to statement of profit or loss. Share premium represents the excess consideration received by the bank over the par value of ordinary shares issued and is classified as equity.

Statutory reserves represent the mandatory reserves maintained by the bank as per Nepal Rastra Bank Directives. This includes general reserve, exchange equalization reserve, capital redemption reserve, investment adjustment reserve, interest capitalized reserves, corporate social responsibility reserve, training and development reserve and other reserves as notified by Nepal Rastra Bank. These reserves are not available for distribution of dividend to the shareholders. Retained earnings represents the cumulative net earnings or profit after accounting for dividends to shareholders and mandatory reserves required as per directives issued by Nepal Rastra Bank before distributing dividend. Retained earnings represents the cumulative net earnings or profit after accounting for dividends to shareholders and mandatory reserves required as per directives issued by Nepal Rastra Bank.

5.13 Financial guarantee and loan commitment

Financial guarantees are contracts that require the Finance to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

5.14 Revenue Recognition

Interest income includes interest income on the basis of accrual basis from loan and advance to borrowers, loans, investment in government securities, and investment in development bond.

Interest income is recorded using the effective interest rate (EIR) method. 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. Fees and commission income earned from services that are provided over a certain period of time which includes fees and commission collected from issuance of, guarantees are recognized on time proportion basis. And net trading income comprises gains less losses related to trading assets and liabilities, and includes all realized and unrealized fair value changes, interest, dividends.

5.15 Interest Expenses

Interest expense is recorded using the effective interest rate (EIR) method. 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 liability. Expenses for promotion and incentives provided to bring the deposits are not included in the calculation of effective interest rate because of the immaterial nature and allocation of the cost to individual deposit is not feasible.

5.16 Personnel Expenses

The cost of all short-term employee benefits is recognized as an expense during the period in which the employee renders the related service. Accruals for employee entitlements to salaries, bonus and annual leave represent the amount which the finance has a present obligation to pay as a result of employees' services provided up to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates. Annual staff bonus of 10% have been computed as per Bonus Act on the profit for the period before tax.

Defined Benefit Plans- Gratuity and unutilized accumulated leave

Gratuity has been calculated on the basis of HR Byelaws of the company which may differ from Actuarial Valuation.

5.17 Other Operating Expenses

Other Operating expenses are incurred and accounted on an accrual basis and are charged to income statement unless those expenses form the capital nature.

5.18 Depreciation and Amortization

Depreciation is calculated by using the straight-line method on cost or carrying value of property, plant & equipment other than freehold land. Fixed Assets are depreciated on the basis of expected useful life on Straight Line Method (SLM) basis. Land is not depreciated. Management has determined the expected life of the fixed assets for depreciation purpose as follows:

S.N.	Asset Category	Depreciation Rate
1.	Leasehold	5 years
2.	Vehicle	7 years
3.	Furniture & Fixture	5 years
4.	Office Equipment	5 years
5.	Computer	5 years
6.	Computer Software	5 years

5.19 Earnings per Share

Finance 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 Finance 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.

6. Segment Reporting:

The bank's operation are managed centrally through head office. All strategic, financial and operational policies and operations are controlled and directed from head office. The bank operates in 6 provinces. The management of the bank is on the basis of various types of operations supported by ancillary support services.

Information about Profit or Loss, Assets and Liabilities

	Particulars/ Provinces	Koshi	Madhesh	Bagmati	Ganadaki	Lumbini	Sudur Paschim	Total
(a)	Revenues From External Customers	406,165,100	68,312,552	1,233,424,338	77,504,160	433,657,703	141,120,326	2,360,184,178
(b)	Inter-segment Revenues	-	-	-	-	-	-	-
(c)	Net Revenue	406,165,100	68,312,552	1,233,424,338	77,504,160	433,657,703	141,120,326	2,360,184,178
(d)	Interest Revenue	391,091,157	65,777,279	1,187,648,449	74,627,760	417,563,431	135,882,949	2,272,591,023
(e)	Interest Expense	144,760,757	44,221,407	1,043,543,069	48,603,538	202,917,312	33,222,491	1,517,268,574
(f)	Net Interest Revenue	246,330,399	21,555,871	144,105,379	26,024,222	214,646,119	102,660,458	755,322,449
(g)	Depreciation and Amortization	7,555,740	1,270,793	22,944,938	1,441,781	8,067,174	2,625,209	43,905,637
	Other Net Expenses	56,140,132	9,442,160	170,483,887	10,712,623	59,940,159	19,505,649	326,224,609
(h)	Segment Profit /(Loss)	182,634,528	10,842,919	(49,323,446)	13,869,817	146,638,785	80,529,600	385,192,204
(i)	Entity's Interest in the Profit or loss of Associates Accounted for Using Equity Method	-	-	-	-	-	-	-
(j)	Other Material Non- Cash Items:	-	-	-	-	-	-	-
(k)	Provision for Loan Loss	93,543,763	15,733,043	284,069,590	17,849,960	99,875,576	32,501,380	543,573,312
(l)	Impairment of Assets	-	-	-	-	-	-	-
(m)	Segment Assets	3,662,402,480	615,976,262	11,121,823,01 1	698,857,25 5	3,910,304,07 8	1,272,486,07 2	21,281,849,15 9

(n)	Segment Liabilities	1,815,102,527	554,476,156	13,084,607,315	609,422,097	2,544,306,434	416,564,738	19,024,479,266
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3.Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

(a) Revenue

Total revenues for reportable segment	2,360,184,178
Other revenues	-
Elimination of intersegment revenues	-
Entity's revenues	2,360,184,178

(b) Profit or loss

Total profit or loss for reportable segments	385,192,204
Other profit or loss	-
Elimination of intersegment profits	-
Unallocated amounts:	-
Profit before income tax	385,192,204

(c) Assets

Total assets for reportable segments	21,281,849,159
Other assets	-
Unallocated amounts	-
Entity's assets	21,281,849,159

(d) Liabilities

Total liabilities for reportable segments	19,024,479,266
Other liabilities	-
Unallocated liabilities	-
Entity's liabilities	19,024,479,266

4.Information about geographical areas

Revenue from following geographical areas

(a)	Domestic	2,360,184,178
	Koshi	406,165,099.79
	Madhesh	68,312,551.97
	Bagmati	1,233,424,337.58
	Lumbini	77,504,159.75
	Sudurpaschim	433,657,702.72
	Gandaki	141,120,326.16
(b)	Foreign	-
	Total	2,360,184,178