



FORWARD फरवार्ड माइक्रोफाइनान्स लघुवित्त वित्तीय संस्था लिमिटेड
Microfinance Laghubitta Bittiya Sanstha Ltd.

Interim Financial Statements
Quarter 4 FY 2079/80

Forward Microfinance Laghubitta Bittiya Sanstha Limited
Statement of Financial Position
As on 31st Ashadh 2080 (16 July 2023)

Particulars	As at 31st Ashadh 2080	As at 32nd Ashadh 2079
ASSETS		
Cash and cash equivalents	519,710,865	1,045,944,183
Statutory Balances and Due from Nepal Rastra Bank	98,000,000	98,000,000
Placement with Bank and Financial Institutions	-	-
Derivative Financial Instruments	-	-
Other Trading Assets	-	-
Loans and Advance to MFIs and Cooperatives	-	-
Loans and Advances to customers	19,315,141,494	19,840,202,750
Investment Securities	408,334	2,000,000
Current Tax Assets	-	29,603,537
Investment Property	-	-
Property and Equipment	208,623,246	207,132,705
Goodwill and Intangible assets	1,547,581	2,491,089
Deferred Tax Assets	11,486,080	11,008,580
Other Assets	25,873,254	35,613,405
Total Assets	20,180,790,854	21,271,996,249
Particulars	As at 31st Ashadh 2080	As at 32nd Ashadh 2079
Liabilities		
Due to Bank and Financial Institutions	8,474,403,508	10,063,373,727
Due to Nepal Rastra Bank	-	-
Derivative Financial Instrument	-	-
Deposits from Customers	8,415,439,290	7,959,101,368
Borrowing	18,750,000	25,000,000
Current Tax Liabilities	44,271,931	-
Provisions	10,390,776	64,016,569
Deferred Tax Liabilities		
Other Liabilities	306,295,539	409,175,572
Debt Securities Issued	-	-
Subordinated Liabilities	-	-
Total Liabilities	17,269,551,044	18,520,667,236
Equity		
Share Capital	1,055,563,734	844,450,988
Share Premium		
Retained Earnings	767,677,217	1,006,930,886
Reserves	1,087,998,860	899,947,140
Total Equity	2,911,239,810	2,751,329,014
Total Liabilities and Equity	20,180,790,854	21,271,996,249

Forward Microfinance Laghubitta Bittiya Sanstha Limited
Statement of Profit or Loss
For the year ended 31st Ashad 2080 (16 July 2023)

Particulars	Year ended 31st Ashadh 2080	Year ended 32nd Ashadh 2079
Interest Income	2,998,448,104	2,953,782,479
Interest Expense	1,842,657,491	1,596,338,940
Net Interest Income	1,155,790,613	1,357,443,539
Fees and Commission Income	195,996,924	329,801,321
Fees and Commission Expense	14,055,410	17,636,700
Net Fee and Commission Income	181,941,514	312,164,621
Net Interest, Fee and Commission income	1,337,732,127	1,669,608,159
Net Trading Income	-	-
Other Operating Income	200,868	-
Total Operating Income	1,337,932,995	1,669,608,159
Impairment charge/(reversal) for loans and other losses	357,528,653	14,672,251
Net Operating Income	980,404,342	1,654,935,908
Operating Expense		
Personnel Expenses	499,899,086	552,220,818
Other Operating Expenses	61,942,073	62,685,050
Depreciation and Amortization	44,200,686	33,629,123
Operating Profit	374,362,498	1,006,400,917
Non Operating Income	957,706	6,952,641
Non Operating Expense	873,000	-
Profit Before Income Tax	374,447,203	1,013,353,557
Income Tax Expense	152,977,845	382,925,288
<i>Current Tax</i>	<i>152,977,845</i>	<i>382,925,288</i>
<i>Deferred Tax</i>	<i>-</i>	<i>-</i>
Profit for the year	221,469,358	630,428,269
Profit attributable to:		
Equity holders of the Financial Institutions	221,469,358	630,428,269
Profit for the period	221,469,358	630,428,269
Earnings Per Share (EPS)		
Basic EPS	20.98	74.66
Diluted EPS	20.98	74.66

Forward Microfinance Laghubitta Bittiya Sanstha Limited
Statement of Comprehensive Income
For the year ended 31st Ashad 2080 (16 July 2023)

Particulars	Year ended 31st Ashadh 2080	Year ended 32nd Ashadh 2079
Profit for the year	221,469,358	630,428,269
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	(1,591,666)	
Gains / (Losses) on Revaluation		
Actuarial Gains / (Losses) on defined benefit plans	-	-
Income tax relating to above items	477,500	-
Net other Comprehensive Income that will not be reclassified to Profit or Loss	(1,114,166)	-
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	-	-
Other Comprehensive income for the year, net of income tax	(1,114,166)	-
Total Comprehensive Income for the year	220,355,191	630,428,269

Forward Microfinance Laghubitta Bittiya Sanstha Limited
Statement of Distributable profit or loss
For the year ended 31st Ashadh 2080
(As per NRB Regulation)

Particulars	Year ended 31st Ashadh 2080	Year ended 32nd Ashadh 2079
Net Profit/(loss) as per Statement of Profit or Loss	221,469,358	630,428,269
Appropriations:		
a. General Reserve	(44,293,872)	(166,646,844)
b. Foreign Exchange Fluctuation fund		
c. Capital redemption reserve		
d. Corporate social responsibility fund	(2,214,694)	(6,221,215)
e. Employees' training fund		
f. Client Protection Fund	(2,214,694)	(27,332,489)
g. Other		
Profit/(loss) before regulatory adjustment	172,746,099	430,227,720
Regulatory Adjustments:		
a. Interest Receivable (-)/previous accrued interest received(+)	(158,788,938)	9,789,249
b. Short loan loss provision in accounts(-)/reversal(+)		
c. Short provision for possible losses on investment(-)/reversal(+)	(1,114,166)	
d. Short provision for possible losses 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. Other (+/-)	(189,061)	
i.1. Write back from Restructured/Reschedule Loan	(189,061)	
Net Profit for the period available for distribution	12,653,934	440,016,969
Opening Retained Earning as on Shrawan 1	1,006,930,886	829,632,002
Adjustment (+/-)		
Distribution:		
Bonus shares issued	(211,112,746)	(218,931,738)
Cash Dividend Paid	(42,222,549)	(43,786,348)
Total Distributable Profit/(Loss) as on year end date	766,249,525	1,006,930,886
Distributable Profit/(Loss) per share	72.59	119.24

Forward Microfinance Laghubitta Bittiya Sanstha Limited
Statement of Cash Flows
For the year ended 31st Ashad 2080 (16 July 2023)

Particulars	Year ended 31st Ashadh 2080	Year ended 32nd Ashadh 2079
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	2,750,271,181	2,968,106,362
Fees and other income received	196,954,630	329,801,321
Dividend received	-	-
Receipts from other operating activities	-	6,761,286
Interest paid	(1,838,256,694)	(1,591,938,143)
Commission and fees paid	(14,055,410)	(17,636,700)
Cash payment to employees	(570,909,687)	(481,136,772)
Other expense paid	(97,798,162)	(101,791,395)
Operating cash flows before changes in operating assets and liabilities	426,205,857	1,112,165,959
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	-	(16,000,130)
Placement with Bank and Financial Institutions	-	-
Other trading assets	-	-
Loans and advances to bank and financial institutions	-	-
Loans and advances to customers	421,542,431	(4,193,415,728)
Other assets	9,480,621	(2,272,340)
Increase/(Decrease) in operating liabilities		
Due to Bank and financial institutions	(1,588,970,219)	1,427,394,839
Due to Nepal Rastra Bank	-	-
Deposit from customers	456,337,923	1,319,367,909
Borrowings	(6,250,000)	25,000,000
Other liabilities	(85,495,225)	143,610,747
Net cash flow from operating activities before tax paid	(367,148,612)	(184,148,745)
Income taxes paid	(77,662,244)	(451,375,814)
Net cash flow from operating activities	(444,810,856)	(635,524,559)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investment securities	-	-
Receipts from sale of investment securities	-	-
Purchase of property and equipment	(17,804,057)	(71,421,642)
Receipt from the sale of property and equipment	695,000	-
Purchase of intangible assets	-	-
Receipt from the sale of intangible assets	-	-
Purchase of investment properties	-	-
Receipt from the sale of investment properties	-	-
Interest received	-	-
Dividend received	-	-
Net cash used in investing activities	(17,109,057)	(71,421,642)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of debt securities	-	-
Repayment of debt securities	-	-
Receipts from issue of subordinated liabilities	-	-
Repayment of subordinated liability	-	-
Receipts from issue of shares	-	-
Dividends paid	(42,222,549)	(43,786,348)
Interest paid	-	-
Other receipt/payment	(22,090,856)	(17,618,735)
Net cash from financing activities	(64,313,405)	(61,405,082)
Net increase (decrease) in cash and cash equivalents	(526,233,318)	(768,351,283)
Cash and cash equivalents at 1 Shrawan 2079 / 1 Shrawan 2078	1,045,944,183	1,814,295,466
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-
Cash and cash equivalents at Ashad 31 2080 / Ashad 32 2079	519,710,865	1,045,944,183

Forward Microfinance Laghubitta Bittiya Sanstha Limited
Statement of Changes In Equity
For the year ended 31st Ashad 2080 (16 July 2023)

Attributable to equity holders of the Institution

	Share Capital	Share premium	General reserve	Exchange Equalisation Fund	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained earning	Other Reserves	Total equity
Balance at 1st Shrawan 2078	625,519,250	-	451,514,905	-	118,838,630	-	-	827,523,108	156,801,040	2,180,196,933
Adjustment/Restatement										
Adjusted/Restated balance at 1st Shrawan 2078	625,519,250	-	451,514,905	-	118,838,630	-	-	827,523,108	156,801,040	2,180,196,933
Comprehensive income for the year										-
Profit for the year								630,428,269		630,428,269
Other comprehensive income, net of tax										-
Gains/(losses) from investment in equity instruments measured at fair value.										-
Gains/(losses) on revaluation										-
Actuarial gains/(losses) on defined benefit plans										-
Gains/(losses) on cash flow hedge										-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)										-
Total Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Transfer to Reserves during the year			166,646,844					(200,200,549)	33,553,704	0
Transfer from reserve during the year					(9,789,249)			11,898,142.56	(23,720,166)	(21,611,272)
Other Adjustments									6,101,431	6,101,431
Transactions with owners, directly recognised in equity										-
Share Issued										-
Share Based Payments										-
Dividends to equity holders										-
Bonus shares issued	218,931,738							(218,931,738)		-
Cash dividend paid								(43,786,348)		(43,786,348)
Other										-
Total contributions by and distributions	218,931,738	-	166,646,844	-	(9,789,249)	-	-	179,407,778	15,934,969	571,132,081
Balance at 31 Ashadh 2079	844,450,988	-	618,161,749	-	109,049,382	-	-	1,006,930,886	172,736,009	2,751,329,014
Balance at 1st Shrawan 2079	844,450,988	-	618,161,749	-	109,049,382	-	-	1,006,930,886	172,736,009	2,751,329,014
Comprehensive income for the year										-
Profit for the year								221,469,358		221,469,358
Other comprehensive income, net of tax										-
Gains/(losses) from investment in equity instruments measured at fair value.										(1,114,166)
Gains/(losses) on revaluation						(1,114,166)				-
Actuarial gains/(losses) on defined benefit plans										-
Gains/(losses) on cash flow hedge										-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)										-
Total Comprehensive income for the year	-	-	-	-	-	(1,114,166)	-	221,469,358	-	220,355,191
Transfer to Reserves during the year			44,293,872		160,092,165			(208,815,424)	4,429,387	-
Transfer from reserve during the year										-
Other Adjustments (Interest income to CPF and Expensed from CPF and CSR)								1,427,692	(19,649,538)	(18,221,846)
Transactions with owners, directly recognised in equity										-
Share Issued										-
Share Based Payments										-
Dividends to equity holders										-
Bonus shares issued	211,112,746							(211,112,746)		-
Cash dividend paid								(42,222,549)		(42,222,549)
Other										-
Total contributions by and distributions	211,112,746	-	44,293,872	-	160,092,165	(1,114,166)	-	(239,253,669)	(15,220,150)	159,910,797
Balance at 31 Ashadh 2080	1,055,563,734	-	662,455,621	-	269,141,546	(1,114,166)	-	767,677,217	157,515,859	2,911,239,810

Particulars	Ashad 2080		Ashad 2079	
	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)
Financial Indicators				
Capital fund to RWA		13.68%		13.22%
Non-Performing loan (NPL) to total loan		4.26%		1.83%
Total loan loss provision to Total NPL		129.25%		198.94%
Cost of funds		10.29%		9.65%
Credit to Deposit and Borrowing ratio		118.11%		113.02%
Base rate		13.86%		14.79%
Interest rate spread		4.70%		5.34%
Liquidity ratio (LR)		5.78%		5.65%

Capital Market Performance				
PE Ratio	62.96			
Closing Share Price	1321.00			
Minimum Share Price	1071.20			
Maximum Share Price	1493.00			
Trade Count	6704			
Number of traded shares	284707			

1. Basis of Preparation

Statement of compliance

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) adopted by the Accounting Standards Board (ASB) of Nepal, pronounced by The Institute of Chartered Accountants of Nepal (ICAN) and as per the directives no. 4 of Unified Directives, 2079 issued by Nepal Rastra Bank (NRB). Certain Carve-outs issued by ICAN in preparation of NFRS Financial Statements have been applied in the preparation of presented financial statements.

Comparative figures are regrouped, rearranged and/or restated, remeasured to ensure consistency in presentation and measurements.

The financial statements have been prepared on the going-concern basis.

The Microfinance presents its statement of financial position broadly in order of liquidity.

Functional and presentation currency

The financial statements are presented in Nepalese Currency (NPR) (rounded to the nearest Rupee unless otherwise stated), which is the Microfinance's functional currency, the currency of the primary economic environment in which microfinance operates.

2. Other Disclosures:

2.1 Related Party Disclosures

The related parties of the Microfinance which meets the definition of related parties as defined in "NAS 24 Related Parties Disclosure" are as follows:

Key Management Personnel (KMP)

The key management personnel are those persons having authority and responsibility of planning, directing and controlling the activities of the entity, directly or indirectly including any director. The key management of the institution includes members of its Board of Directors, Chief Executive Officer, and another higher-level employee of the institution. The name of the key management personnel who are holding various positions in the office during the reporting period are as follows:

Name of the Key Management Personnel	Position
Keshab Raj Paudel	BOD Chairman
Raj Kumari Chaudhary	Director
Ashutosh Sharma	Director
Balaram Chaudhary	Director
Jagat Jung G.C	Director
Kamal Singh Rajbanshi	Director
Ram Dayal Rajbanshi	Chief Executive Officer

Krishna Prasad Bhattarai	Deputy Chief Executive Officer/Company Secretary
Hira Kumari Thandar	Chief Manager
Dhirendra Kumar Majhi	Senior Manager
Rajendra Chaudhary	Senior Manager

Compensation to Key Management Personnel

The members of Board of Directors are entitled for meeting allowances. Salary and allowances are provided to Chief Executive Officer and other member of Key Management Personnel (KMP). Salary and Allowances paid to the Chief Executive Officer is based on the contract entered by the institution with him whereas compensation paid to other member of KMP are governed by Employees Byelaws and decisions made by management time to time in this regard. In addition to salaries and allowances, non- cash benefits like vehicle facility, termination benefits are also provided to KMP.

The details relating to compensation paid to directors during the reporting period were as follows:

Particulars	Amount (In NPR.)
Meeting Fees	936,000
Other Expenses	5,092,817
Total	6,028,817

Other expenses include Board of Directors foreign training and development expenses.

The details relating to compensation paid to key management personnel other than directors were as follows:

Particulars	Amount (In NPR.)
Short term employee benefits	9,072,805

2.2 Segment Information

2.2.1 Information about Reportable Segments:

Particulars	Koshi Province		Madhesh Province		Bagmati Province		Gandaki Province		Lumbini Province		Sudurpashchim Province		Karnali Province		Total	
	Quarter ended Ashad 2080	Quarter ended Ashad 2079	Quarter ended Ashad 2080	Quarter ended Ashad 2079	Quarter ended Ashad 2080	Quarter ended Ashad 2079	Quarter ended Ashad 2080	Quarter ended Ashad 2079	Quarter ended Ashad 2080	Quarter ended Ashad 2079	Quarter ended Ashad 2080	Quarter ended Ashad 2079	Quarter ended Ashad 2080	Quarter ended Ashad 2079	Quarter ended Ashad 2080	Quarter ended Ashad 2079
Revenues from External Customers	1,253,194,290	1,350,973,728	956,594,116	1,121,260,855	90,469,390	82,954,489	20,275,856	14,740,133	489,245,663	458,549,743	283,638,966	269,332,265	29,262,498	27,340,061	3,122,680,779	3,325,151,273
Intersegment revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment profit (loss) before tax	201,137,218	595,333,269	172,234,876	541,695,451	16,909,892	32,280,105	2,853,095	3,345,896	69,333,555	189,482,036	35,474,150	99,530,111	6,114,812	5,919,098	504,057,599	1,467,586,005
Segment assets	8,487,364,912	8,488,768,872	6,855,333,630	6,826,325,101	615,574,453	576,482,804	110,669,365	107,256,457	2,833,323,032	2,916,037,489	1,782,364,286	1,765,101,593	183,673,449	182,229,108	20,868,303,328	20,860,201,424
Segment liabilities	8,487,364,912	8,488,768,873	6,855,333,630	6,826,325,101	615,574,453	576,482,804	110,669,365	107,256,457	2,833,323,032	2,916,037,489	1,782,364,286	1,765,101,593	183,673,449	182,229,108	20,868,303,328	20,860,201,424

2.2.2 Reconciliation of Reportable Segment Profit/Loss:

Particulars	This Quarter (NPR.)	Immediate previous year Quarter ending (NPR)
Total profit or loss before tax for reportable segments	504,057,599	1,467,586,005
Total profit or loss before tax for other segments	-	-
Other profit or loss	-	-
Elimination of intersegment profits	-	-
Unallocated Corporate Income and Expenses and NFRS Remeasurement.	(88,026,158)	(341,637,608)
Profit before tax	416,031,441	1,125,948,397

2.3 Merger and acquisition

No any mergers and acquisitions have taken place during the reporting period.

2.4 Additional Disclosure of Non-consolidated entities

Since, the microfinance company does not have subsidiaries, there are no such non-consolidated entities.

3. Explanatory Notes

The explanatory notes relating to the interim financial statements are as follows:

3.1 Due from Nepal Rastra Bank

Statutory balances held with Nepal Rastra Bank for compulsory cash reserve (CRR), securities purchased from Nepal Rastra Bank under resale agreement and other deposits with and receivables from Nepal Rastra Bank have been presented under this account head.

3.2 Placement with Bank and Financial Institutions

Placements with domestic as well as foreign bank and financial institutions with original maturities of more than three months from the acquisition date are presented under this account head.

3.3 Derivative Financial Instruments

Derivative instruments include transactions like interest rate swap, currency swap, forward foreign exchange contract etc. held for trading as well as risk management purposes. Derivative financial instruments are initially measured at fair value on the contract date and are subsequently re-measured to fair value at each reporting date.

However, the institution does not have such instruments as on Ashad end 2080.

3.4 Loans and advances to customers

Outstanding amount of all loans and advances extended to the customers other than BFIs as well as bills purchased and discounted less the amount of impairment allowances shall be presented. Loan to employees provided according to the Employees Bylaws of the institution has also been presented under this head. This head also includes Accrued interest receivable on loans and advances to customers.

3.5 Other Trading Assets

Financial assets are classified as trading assets if they have been acquired principally for the purpose of selling in the near term, or form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short- term profit taking. They are recognized on trade date, when the institution enters into contractual arrangements with counterparties, and are normally derecognized when sold. They are initially measured at fair value, with transaction costs taken to profit or loss.

Subsequent changes in their fair values are recognized in profit or loss in 'Net trading income'. However, the institution does not have such assets to be recognized as trading assets as on Ashad end 2080.

3.6 Property and Equipment

Property and Equipment includes Land, Computer and accessories, Vehicles, Furniture and Fixtures, Equipment and other assets. This head also includes Right to use assets recognized as per the requirement of NFRS 16 Leases.

3.7 Investment securities

Investments made by the institution in financial instruments has been presented under this account head in three categories i.e., investment securities designated at fair value through profit or loss, investment securities measured at amortized cost and investment in equity measured at fair value through other comprehensive income. Where income from the investment is received in the form of bonus shares, the valuation of investment shall be made by increasing the number of shares only without changing in the cost of investment.

3.8 Income Tax

3.8.1 Current Tax

Current tax is the income tax expense recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity or OCI in which case it is recognized in equity or in other comprehensive income. Current tax is the amounts expected 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.

3.8.2 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date.

Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to income taxes levied by the same taxation authority, and when the group has a legal right to offset. The deferred tax effect has not been considered for the presented periods.

3.9 Due to Bank and financial institution

The balances in accounts maintained with the institution by other local and foreign banks and financial institution has been presented under this head. Interbank borrowing, interbank deposit, balances on settlement and clearing accounts as well as other amount due to bank and financial institution has also been presented under this account head.

3.10 Due to Nepal Rastra Bank

This account head shall also contain the amount of payable to Nepal Rastra Bank. Amount payable to NRB shall include amount of refinance facilities, standing liquidity facility, lender of last resort, sale and repurchase agreements, deposit from NRB etc.

3.11 Deposits from Customers

All deposit accounts other than deposit from BFIs (local and foreign) and NRB has been presented under this account head.

3.12 Fees and Commission Expense

Payment on account of fee and commission for services obtained by the institution has been presented under this account head. This account head shall include card related fees, guarantee commission, brokerage expenses etc.

3.13 Net trading income

Trading income comprises gains less losses relating to trading assets and liabilities, and includes all realized interest, dividend and foreign exchange differences as well as unrealized changes in fair value of trading assets and liabilities has been presented under this account head.

3.14 Other operating income

Receipt of all other operating income not specifically provided under the income heads above has been booked and presented under this head. This includes foreign exchange revaluation gain, gain/loss on sale of available for sale securities, dividend on available for sale securities, gain/loss on sale of property and equipment, gain/loss on sale of investment properties, Lease income.

3.15 Impairment charge/(reversal) for loan and other losses

It includes impairment charge/reversal on loan and advances to customers, loan and advances to bank and financial institutions, investment securities, placement with bank and financial institutions, property and equipment, goodwill and intangible assets, investment properties etc.

3.16 Personnel Expense

All expenses related to employees of the institution has been included under this head. Expenses covered under this head include employees' salary, allowances, pension, gratuity, contribution to

provident fund, training expenses, uniform expenses, insurance, staff bonus, Finance expense under NFRSs, cash-settled share-based payments etc. This includes provision for staff bonus calculated in line with the provisions of Bonus Act.

3.17 Other operating expense

All operating expense other than those relating to personnel expense are recognized and presented under this account head. The expenses covered under this account head includes office administration expense, other operating and overhead expense, directors' emoluments, remuneration and non-audit fee paid to auditors, professional and legal expense, branch closure cost expense, redundancy cost expense, expense of restructuring, impairment of non-financial assets, expense of corporate social responsibility, onerous lease provisions etc.

3.18 Depreciation & Amortisation

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life. Depreciation measured and recognized as per NFRSs on property and equipment, and investment properties, and amortization of intangible assets and right-to-use assets has been presented under this account head.

3.19 Non-operating income

The income and expenses that have no direct relationship with the operation of transactions of the Microfinance has been presented under this head. The income/expense covered under this account head includes loan written off, recovery of loan, redundancy provision, expense of restructuring etc.

3.20 Income tax Expense

The amount of income tax on net taxable profit has been recognized and presented under this account head. This account head shall include current tax expense and deferred tax expense/deferred tax income. The effect of deferred tax has not been taken in to account for the period ended Ashad 2080.