कम्पनी दर्ता नं. : ८००/२०५८/५९ ने.रा. बैंक ईजाजत नं.: घ/३/२०६२/६३

छिमेक लघुवित्त वित्तीय संस्था लिमिटेड

CHHIMEK LAGHUBITTA BITTIYA SANSTHA LTD.

(नेपाल राष्ट्र बैंकबाट 'घ' वर्गको ईजाजतपत्र प्राप्त संस्था)

"ग्रामिण विकासको आधार लघुवित्तको गुणात्मक विस्तार"

च.नं.१३/२०८३/८४

मिति : २०८३/०४/२९

श्री नेपाल स्टक एक्सचेञ्ज लिमिटेड
सिंहदरवार प्लाजा, काठमाण्डौं ।

विषय : चौंथो त्रैमासिक प्रतिवेदनको जानकारी सम्बन्धमा ।

महोदय,

उपरोक्त सम्वन्धमा धितोपत्र दर्ता तथा निष्काशन नियमावली, २०७३ को अनुसुचि १४ बमोजिम त्रैमासिक प्रतिवेदन एवं वित्तीय विवरणहरु राष्ट्रिय स्तरको दैनिक पत्रिकामा प्रकाशन गरी सो को जानकारी गराउनु पर्ने व्यवस्था रहे अनुसार यस वित्तीय संस्थाको आ.ब. २०८२/८३ को चौंथो त्रैमासिक विवरणहरु **मिति २०८३।०४।२९ गतेको "नयाँ पत्रिका"** राष्ट्रिय दैनिक पत्रिकामा प्रकाशन गरी सो को प्रति यसै पत्रसाथ संलग्न गरी पेश गरिएको व्यहोरा अनुरोध छ ।

संलग्न
राष्ट्रिय दैनिक पत्रिकाको विवरण १ प्रति

भवदीय,

.....
दिलिप कुमार श्रेष्ठ
कम्पनी सचिव

छिमेक लघुवित्त वित्तीय संस्था लिमिटेड
CHHIMEK LAGHUBITTA BITTIYA SANSTHA LTD.
(नेपाल राष्ट्र बैंकबाट 'घ' वर्गको ईजाजतपत्र प्राप्त संस्था)
"ग्रामिण विकासको आधार लघुवित्तको गुणात्मक विस्तार"

मध्यबानेश्वर, काठमाण्डौ,
फोन नं. ०१-४५९५५१३, ४५६४८५३
Email: info@chhimekbank.org.np
Web: www.chhimekbank.org

Interim Financial Statements

Unaudited Condensed Statement of Financial Position As on Quarter ended 32 Ashadh, 2083

Particulars	This Quarter Ending	Immediate Previous Year Ending
Assets		
Cash and Cash Equivalent	8,949,171,909.47	9,090,555,046.10
Statutory Balances and due from Nepal Rastra Bank	929,911,740.00	915,487,730.00
Placement with Banks & Financial Institutions	-	-
Derivatives Financial Instruments	-	-
Other Trading Assets	-	-
Loan and Advances to MFIs & Cooperatives	-	-
Loan and Advances to Customer	45,490,003,420.94	39,785,398,036.11
Investment Securities	1,148,543,390.00	684,250,000.00
Current Tax Assets	54,599,598.55	35,237,111.72
Investment Property	-	-
Property and Equipment	273,548,973.26	270,676,117.82
Goodwill and Intangible Assets	2,193,819.29	2,348,903.31
Deffered Tax Asssets	76,713,781.30	40,126,380.62
Other Assets	737,534,072.17	945,839,228.30
Total Assets	**57,662,220,704.98**	**51,769,918,553.98**
Liabilities		
Due to Banks and Financial Institutions	-	-
Due to Nepal Rastra Banks	-	-
Derivative Financial Instruments	-	-
Deposits from Customers	44,796,337,583.02	39,428,776,488.09
Borrowings	2,830,197,764.96	3,023,696,719.27
Current Tax Liabilities	-	-
Provisions	40,428,113.92	40,428,113.92
Deferred Tax Liabilities	-	-
Other Liabilities	913,906,506.03	996,177,552.06
Debt Securities Issued	-	-
Subordinated Liabilities	-	-
Total liabilities	**48,580,869,967.93**	**43,489,078,873.34**
Equity		
Share Capital	3,617,264,101.50	3,215,345,868.00
Share Premium	40,967,834.00	40,967,834.00
Retained Earnings	2,160,393,833.28	2,084,771,842.69
Reserves	3,262,724,968.27	2,939,754,135.96
Total equity	**9,081,350,737.05**	**8,280,839,680.64**
Total Liabilities and Equity	**57,662,220,704.98**	**51,769,918,553.98**

Unaudited Condensed Statement of Profit & Loss As on Quarter ended 32 Ashadh, 2083

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
Interest Income	1,806,483,372.39	6,717,349,504.87	1,628,586,770.25	6,122,253,023.68
Interest Expense	1,001,087,391.02	3,708,930,387.29	873,385,098.10	3,302,786,184.89
Net Interest Income	**805,395,981.37**	**3,008,419,117.58**	**755,201,672.15**	**2,819,466,838.79**
Fee and Commission Income	103,469,763.00	400,144,783.00	67,476,289.57	336,800,302.57
Fee and Commission Expense	17,232.50	604,699.64	35,819.55	638,167.89
Net Fee and Commission Income	**103,452,530.50**	**399,540,083.36**	**67,440,470.02**	**336,162,134.68**
Net Interest, Fees and Commission Income	**908,848,511.87**	**3,407,959,200.94**	**822,642,142.17**	**3,155,628,973.47**
Net Trading Income	-	-	-	-
Other Operating Income	-	-	-	-
Total Operating Income	**908,848,511.87**	**3,407,959,200.94**	**822,642,142.17**	**3,155,628,973.47**
Impairment Charge/(reversal) for Loans and other losses	(40,065,729.65)	(4,000,168.36)	(38,733,653.72)	90,108,148.23
Net operating income	**948,914,241.52**	**3,411,959,369.30**	**861,375,795.89**	**3,065,520,825.24**
Operating Expense				
Personnel Expenses	233,993,952.06	1,183,338,232.95	249,489,718.00	1,102,504,429.76
Other Operating Expenses	155,584,032.40	371,849,511.95	98,408,311.72	220,781,387.66
Depreciation & Amortization	11,532,537.27	39,171,218.44	12,396,689.96	39,061,586.08
Operating Profit	**547,803,719.79**	**1,817,600,405.96**	**501,081,076.21**	**1,703,173,421.74**
Non-Operating Income	12,894,140.90	38,081,113.82	12,533,384.52	29,780,865.36
Non-Operating Expense	(712.39)	-	-	
Profit before Income Tax	560,698,573.08	1,855,681,519.78	513,614,460.73	1,732,954,287.10
Income Tax Expense				
Current Assets	168,209,571.92	556,715,987.43	154,223,513.75	520,079,792.13
Deferred Tax	-	-	-	-
Profit for the Period	**392,489,001.16**	**1,298,965,532.35**	**359,390,946.98**	**1,212,874,494.97**

Statement of Comprehesive Income

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
Profit or loss for the Period	392,489,001.16	1,298,965,532.35	359,390,946.98	1,212,874,494.97
Other Comprehensive Income	-	-	-	-
a) Items that will not be reclassified to profit or loss	-	-	-	-
- Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-
- Gain/(loss) on revaluation	-	-	-	-
- Actuarial gain/loss on defined benefit plans	(56,901,814.00)	(56,901,814.00)	(15,698,698.00)	(15,698,698.00)
- Income tax relating to above items	17,070,544.20	17,070,544.20	4,709,609.40	4,709,609.40
Net other compressive income that will not be reclassified to profit or loss	**(39,831,269.80)**	**(39,831,269.80)**	**(10,989,088.60)**	**(10,989,088.60)**
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 opaeration)	-	-	-	-
- Income tax relating to above items	-	-	-	-
Net other compressive 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	(39,831,269.80)	(39,831,269.80)	(10,989,088.60)	(10,989,088.60)
Total Comprehensive Income for the period	**352,657,731.36**	**1,259,134,262.55**	**348,401,858.38**	**1,201,885,406.37**
Earnings per share				
Basic earnings per share		34.81		37.38
Annualized Basic Earnings Per Share		34.81		37.38
Diluted earnings per share		34.81		37.38

Ratio as per NRB Directives

Particulars	Current Year		Previous Year Correspondin	
	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
Capital Fund to RWA	-	17.01%	-	17.51%
Non Performing Loan (NPL) to Total Loan	-	2.30%	-	2.55%
Total Loan Loss Provision to Total NPL	-	150.94%	-	149.39%
Cost of Funds	-	8.17%	-	8.21%
Credit to Deposit & Borrowing Ratio	-	95.51%	-	97.13%
Base Rate	-	11.62%	-	11.46%
Interest rate spread	-	6.23%	-	6.40%

Statement of Distributable Profit and Loss For the Quarter ended 32 Ashadh, 2083 (As per NRB Regulation)

Particulars	Current Year	Previous Year Corresponding
	Upto this Quarter	Upto this Quarter
Net Profit or (Loss) as per statement of profit or loss	1,298,965,532.35	1,212,874,494.97
Appropriations		
a. General Reserve	259,793,106.47	242,574,898.99
b. Foreign Exchange Fluctuation Fund	-	-
c. Capital Redemtion Reserve	-	-
d. Corporate Social Responsibility	12,989,655.32	12,128,744.95
e. Employee Trainning Fund	16,203,483.18	-
f. Other	25,979,310.65	18,193,117.42
Profit or Loss before regulatory adjustment	**983,999,976.73**	**939,977,733.60**
Regulatory Adjustment		
a. Interest receivable (-)/previous accrued interest received (+)	(18,605,384.74)	(35,760,554.81)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	-	-
e. Deferred tax assets recognised (-)/ reversal (+)	(17,070,544.20)	(4,709,609.40)
f. Goodwill recognised (-)/ Impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reserval (+)	-	-
h. Acturial loss recognised (-)/reversal (+)	(39,831,269.80)	(10,989,088.60)
i. other	-	-
Net Profit For the Quarter ended 32 Ashadh, 2083 available for distribution	**908,492,777.99**	**888,518,480.79**
Opening Retained Earning	2,055,737,522.29	1,642,829,176.90
Adjustment (+/-)	-	-
Distribution		
Bonus share issued	401,918,233.50	238,173,768.00
Cash Dividend Paid	401,918,233.50	208,402,047.00
Total Distributable profit or (loss) as on Quarter end date	**2,160,393,833.28**	**2,084,771,842.69**
Annualised Distributable Profit/Loss per share	59.72	72.18

Notes :

1. Above financial statements are prepared in accordance with Nepal Financial Reporting Standards(NFRS). These figures may vary at the instances of statutory auditors and regulators.
2. The detailed interim financial report has been published in the website (www.chhimekbank.org).
3. Loans and Advances are presented net of impairment charges and includes staff loans.
4. Actuarial Valuation will be done for Employee Benefits and will be adjusted in audited financial statements.
5. Personnel Expenses also include employee's bonus provision.
6. Previous period figures are regrouped/rearranged/restated wherever necessary for consistent presentation and comparison.
7. Immediate Previous Year Ending of Financial Position are unaudited figures.

Disclosure Pursuant to Securities Registration and Issue Regulation 2073 (Rule 26(1), Annexure 14) Fourth Quarter of Financial Year 2082/83

1 Financial Statement

a) The Nepal Financial Reporting Standard (NFRS) compliant financial statement of the Fourth quarter has been published along with this report.
b) Pursuant to adoption of ECL model, recognition of interest income has been based upon NRB NFRS 9 Expected Credit Loss (ECL) Related Guidelines, 2024.
c) The Microfinance, following regulatory backstop as mentioned Clause 16 of "NFRS 9- Expected Credit Loss Related Guidelines, 2024" has recognize impairment on credit exposures as the HIGHER of total ECL calculated as per NFRS 9 and existing regulatory provisions as mentioned in Unified NRB Directives no 02.
d) Detail disclosure regarding ECL has been made in website of the Microfinance.

e) Key Financial Indicators

Earnings Per Share	34.81	Liquidity Ratio	21.20%
Price Earnings Ratio	25.68	Return on Equity	13.87%
Net Worth Per Share	251.06	Total Assets Value Per Share	1,594.08

2 Management Analysis

a) Quarterly analysis of the microfinance's incomes and liquidity:
The microfinance has registered NPR 129,89,65,532.35 in net profit, and its liquidity ratio stands at 21.20%.

b) Business Analysis and Business Plan:
Having the license to operate all over Nepal, the microfinance is currently providing its services in 69 districts through 197 branches. With the aim of improving access to financial services to the poor and marginalized women members and developing micro-entrepreneurship, the microfinance is serving 450,299 households and has provided various loans to 258,324 members till the end of this quarter. The microfinance is further planning to timely improve its quality of services as per the contemporary circumstances and needs & requirements of the members. The microfinance will keep on continually developing the micro-enterpreneurship on its members through micro-credit services and training facilities.
To streamline deposit and installment collections, the microfinance institution has successfully collaborated with private digital payment service providers, enhancing members access to digital payment options. Moving forward, the institution aims to further expand and improve its digital services.

3 Details Related to Legal Proceedings

a) No information regarding the lawsuit against the microfinance has been filed during the Quarterly period under review.
b) No information regarding the lawsuit on account of violation of prevailing laws or commission of criminal offences has been filed against the promoter or director of the microfinance during the quarterly period under review.
c) No information regarding the lawsuit of financial fraud/crime has been filed against the promoters and management team of the microfinance during the quarterly period under review.

4. Analysis of the Microfinance's Share Transaction

a) The shares of the microfinance are listed on Nepal Stock Exchange. The microfinance's share price is determined by the market's movement and microfinance's management is neutral in this regard.
b) The microfinance has complied with all the prevailing norms of SEBON and directives issued by NRB.
c) Details of share transaction during the quarter is as follows:

Maximum Price	970.00	Total Days Transacted	64.00
Minimum Price	887.00	Total Shares Transacted	1,027,665.00
Closing Price	922.00	Total Number of Transaction	11,849.00
		Total Amount Transacted	**939,197,729.80**

(Source: - www.nepalstock.com.np)

5. Problems and Challenges

The current economic recessions has led to increased default rate. The microfinance had faced severe challanges, including increased default rates due to economic recession, social unrest from opposing groups, risk of multiborrowing, a shortage of skilled mapower, and frequent regulatory changes. Even though potential loanee are properly vetted, and improvements are evident but there is always a risk of multiple borrowing of clients with other financial institutions. Similarly there is lack of skilled manpower within the country which has hampered the efficient growth of these institutions. Finally, frequent regulatory policy changes by the concerned regulatory body adds complexity and uncertainty to the operations.
The total cost of operations has been increased in recent times due to recruitment, retention of quality human resource.

The challenges faced by the microfinance during this period are listed below:

i) Internal Challenges:

a) Challenges in the timely recovery of loans,
b) Recruitment and retention of quality manpower,
c) Increasing cost of operation,
d) Decrease in employee productivity due to geographical dificulties,
e) Management of increased operational risk with the increase in business volume & number of branches.
f) Difficulty in conducting members field meeting due to the activities of group, carrying out act against Microfinance sectors.

ii) External Challenges

a) Increment in the interest rate of deprived sector and other borrowings availed by the microfinance,
b) Changes in Regulatory provisions,
c) Challenges in the management of the liquidity,
d) Multiple Borrowings and Duplication of members,
e) Larger numbers of microfinances and Unhealthy Competition among them,
f) Lack of Markets for the productions of the members,
g) Long term impact of Covid-19 pendamic.

iii) Future Strategies to overcome the challenges

a) Optimum and efficient utilization of the available means and resources,
b) Enhancing the Quality of Assets,
c) Incorporating Digital banking in every possible aspects of the services,
d) Expansion of branches to the untapped areas of the country,
e) Enhancing the competitive advantages,
f) Extension of the lending in Productive and Agricultural Sector.

6. Corporate Governance

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

7. Declaration by CEO

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