

ANNUAL REPORT  
2014/15

# NOURISHING POTENTIAL



Machhapuchchhre Bank Limited

माछापुच्छ्रे बैंक लिमिटेड

अभ्क सबल, उत्कृष्ट एवं विस्तारित





Machhapuchchhre Bank Ltd., registered in 1998, is a commercial bank with a network of 56 branches, including an extension counter, located at major business centres of Nepal. It has 600 plus staff; it uses Globus banking software developed by Temenos NV, Switzerland.

The Bank has been named after the famous peak, Machhapuchchhre (fish-tailed), located in the Himalayan range of western Nepal.

The Bank has been promoted by renowned Non-Resident Nepalese, prominent businessmen and industrialists with a clear vision

and commitment to provide a full range of financial services in the most efficient and professional manner.



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## BANK'S OVERVIEW

The Bank, which started its operation from 2000, offers complete banking solutions such as varieties of deposit products, inward and outward remittance and trade finance services, retail and consumer loans as well as loans to SME, corporate houses, and varieties of infrastructure and industrial projects.

At the end of FY 2014-15<sup>1</sup>, the Bank's total assets stood at NPR 48.75 billion and total liabilities at NPR 44.77 billion; the bank has a customer base of more than 400,000. The bank employs more than 660 full-time employees and offers its services through its 57 branches (including 1 extension counter) and 72 ATMs covering major commercial hubs in Nepal.

During FY 2014-15, despite cut-throat competition and a 7.8 magnitude earthquake that hit the country, the Bank increased its net profits by 35%, loan portfolio by 17%, deposits by 19%, number of customers by 15%, simplified the service delivery processes, becoming more techno-savvy, and building a stronger balance sheet.

The bank also launched various loan products specially meant for small scale farmers, youths involved in small scale commercial farming, and small-scale women entrepreneurs. The aim was to support agriculture, improve the quality of life of the youths and the women in rural areas, encourage entrepreneurship and to enhance access to finance.

## NEPALESE ECONOMIC AND BUSINESS ENVIRONMENT

As per the estimates of the Nepal Government, during the review period, the economic growth of the country remained at 3.04% as against the proposed growth of 5% due to the decrease in food production, slow down on economic activities following the earthquake and the negative impact it had on industrial and service sectors. Whereas, the inflation remained at 11% though

the plan was to bring it down to 7%. Overall trade deficit remained at NPR 612.87 billion. Due to various factors, export stagnated while import increased, which accounted for such a big trade deficit. Nevertheless, balance of payment was favorable owing to the increase in the inflow of remittance from Nepalese working in overseas countries plus foreign aid mobilization.

<sup>1</sup> Nepalese financial year ends at mid July.

## VISION

“To become the bank of the first choice of the people”

## VALUES

With the objective of supporting the transition from rule based to attitude based behavior, the Bank is functioning with the following five core values:

- » **Integrity:** Highest level of integrity / absolute honesty in all the business conduct and dealings with customers, staff, regulators, and other stakeholders.
- » **Accessibility:** Easy accessibility through traditional as well as modern means of communication.
- » **Value Creation:** For shareholders, customers, employees and the nation.
- » **Quality Service:** Through unmatched professionalism and excellent customer care.
- » **Stewardship of Resources:** With the feeling of ownership and accountability.

## MISSION

“To be one of the most preferred banks in Nepal, easily recognized as the bank which satisfies and cares for its customers through quality service, innovative products, professionalism and wide branch network, offering full array of financial services using modern technology and with good corporate governance practices.”

400,  
000<sup>+</sup>

Individual customers, small and mid-sized business, companies

35%

Profit growth

660

Full-time employees

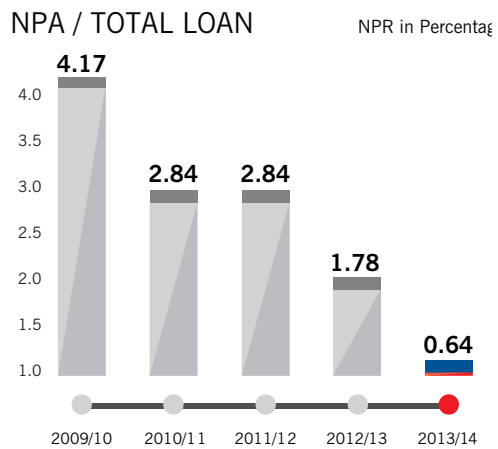
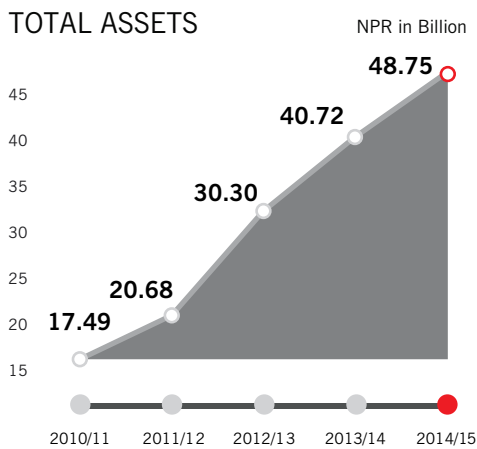
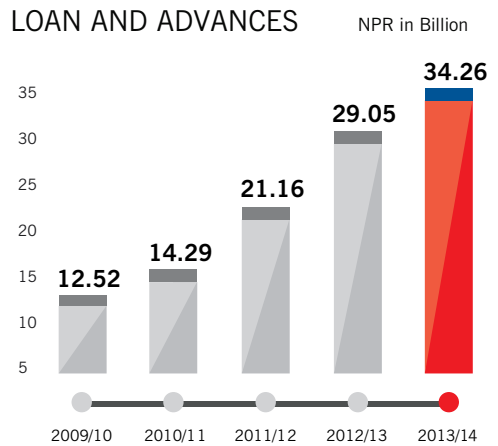
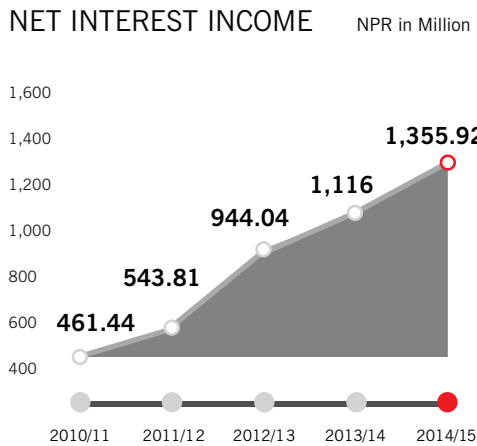
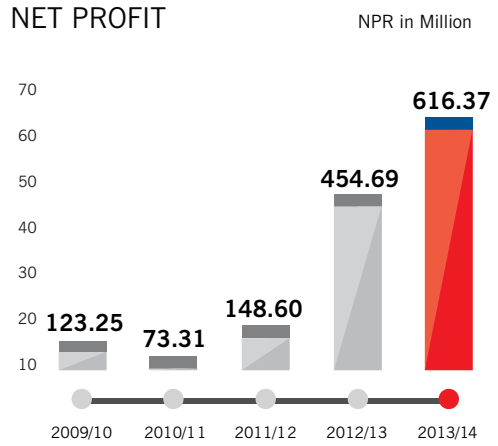
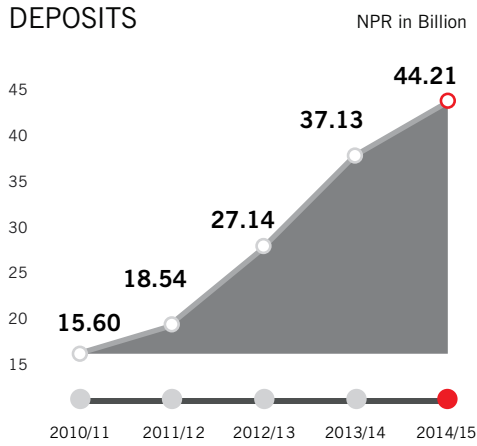
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Branches across the country

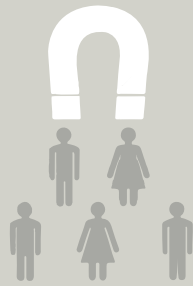
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ATM network

# OUR PERFORMANCE







Attracting customers of all types and growing business are the key drivers for moving ahead with times.



Bank is **Performing** well to reach its goal within the time.



**400,000+**  
Customers



Enhancing shopping experience with ATM card in major shopping centers and departmental stores is one of the popular services of the bank.

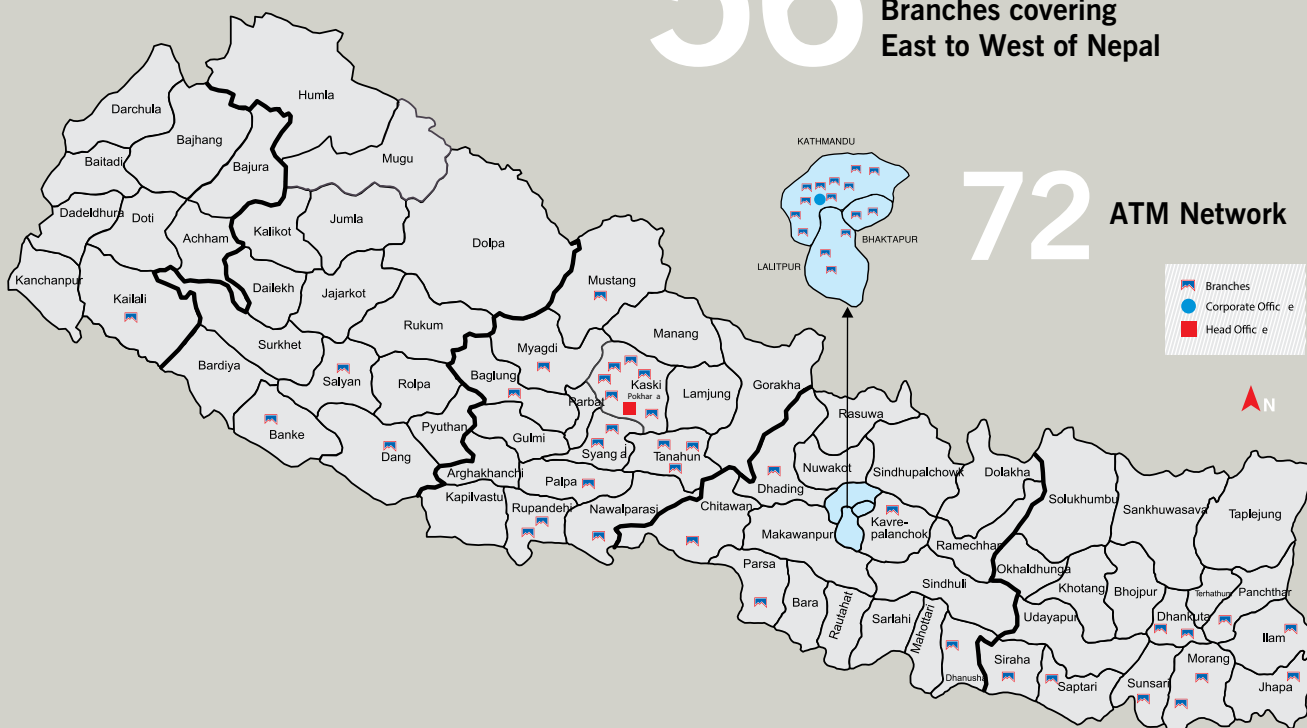


Fulfilling each and every need of the customers through various deposit and loan products with attractive features.



Safety & Security are the growing concerns while moving ahead with times.

**56** Branches covering East to West of Nepal



**72** ATM Network





## BOARD OF DIRECTORS

FROM RIGHT TO LEFT:

- Mangesh Lal Shrestha**, Director
- Gyan Prasad Karmacharya**, Director
- Roshan K.C.**, Director
- Dr. Birendra Prasad Mahato**, Chairman
- Gopikrishna Neupane**, Director
- Ram Man Shrestha**, Director
- Prakash K.C.**, Director



## CHAIRMAN'S STATEMENT

# CUSTOMER CENTRIC AND VALUE BASED APPROACH TO SERVICE DELIVERY FOR OVERALL WELLBEING OF SOCIETY.

Dear stakeholders

I feel privileged to share you the good news that the performance of the bank against almost all criteria was satisfactory last year despite the challenging business environment stemming from political situations as well as natural calamities. The growth in customer base, deposit volume, loans and advances, operating profits and return to all the stakeholders are the areas where the Bank's performance was appreciable.

Like previous year, Nepalese economy experienced excess liquidity last year as well, making it difficult for banks and financial institutions to optimally deploy their funds in sound business opportunities. Yet, the Bank has been able to achieve a satisfactory performance that resulted out of our customer-centric approach to service delivery, highly motivated staff and quality service.

I am confident that, with the team of experienced professionals and dedicated staff and prudential banking practices that we follow, our mission to be among the top five most preferred banks in Nepal in a few years' time is an attainable target.

The growth of our bank in the review period was something to take great satisfaction from, and I am pleased that the bank reported strong growth in profits, deposits and loans and advances. The bank was able to generate net profits of NPR 616 million by mobilizing total deposit of NPR 44 billion and total loans of NPR 34 billion.

Corporate governance and compliance continue to be at the forefront of our priorities. Our staffs spare no efforts to maintain a high level of business ethics in line with the Bank's commitment to become a responsible corporate citizen. Furthermore, the Bank's Board ensures that well developed systems for internal control and prudent risk management are in place. During the review year, lots of

efforts were put to further strengthen the position of the overall corporate governance of the bank by developing and revising various policies / guidelines in line with the ever stringent regulatory requirements and changing market requirements.

Corporate Social Responsibility has been an integral part of our bank's activities, and we have eagerly extended our help towards the upliftment and welfare of the marginalized sections of the society. We did our utmost to help in post natural-disaster efforts such as donating to the victims of earthquake, floods and other natural calamities. Also, we have helped in the rebuilding of community schools in some of the areas hit by the earthquake. Becoming a good corporate citizen is the aim of the activities that we conduct under our Corporate Social Responsibility.

Lastly, I would like to thank all our respected shareholders, Nepal Government, Nepal Rastra Bank, Office of the Company Registrar, Nepal Stock Exchange, Nepal Securities Board, various other organizations, the Bank's statutory auditors, our dedicated and hardworking staff and our valued customers and well-wishers. I will ensure that the Bank will work even harder in the days to come so as to continue decent returns to all the stakeholders.

**Dr. Birendra Prasad Mahato**  
Chairman



## CEO'S MESSAGE

# BALANCED APPROACH ON BUSINESS

### Respected Stakeholders

The FY 2014-15 was a milestone in the 17 years history of the Bank, even though the country faced tough times due to the political uncertainties and natural calamities.

In that year, we were able to increase the Bank's loan, deposit and profits substantially. Furthermore, with our rigorous credit assessment, recovery and review process, we were able to bring down our gross NPA to 0.64%.

We reached out to our customers all over the country through 56 branches, 1 extension counter and 72 ATM booths. Moreover, a successful remittance facilitation agreement with the UAE Exchange will enable us to bring remittances from the Middle East. We have plans to open our contact offices in the Middle East shortly.

During the FY 2014-15, we were continuously striving towards providing one-step financial solutions to the customers. We offer customers with a variety of deposit products, inward and outward remittance products, trade finance products, personal, business and SME loans, as well as loans to corporate houses and infrastructure projects thereby serving the needs of customers from diverse background and classes.

We have also continued to launch new products. Last year, we launched loan products meant for youths involved in small scale agri-businesses and women entrepreneurs in micro-enterprises. These were targeted towards promoting entrepreneurship in agricultural sectors. Furthermore, we also launched some deposits products as well.

I believe that the financial sector is the lifeblood of any country's economy, and its smooth functioning is central

to the economy's rapid and inclusive growth. A well-functioning financial system must intermediate efficiently between depositors and borrowers while managing risks prudently. At MBL, we provide a wide variety of financial services to firms, households, individuals, companies and institutions; mobilize savings effectively.

We strongly believe in complying not only with local regulatory requirements but also with international best practices and in establishing deeper and more enduring relationships with our customers in our bid to become a bigger and better bank.

Lastly, I would like to extend my sincere gratitude to the Board and shareholders, customers, management team and staff, regulators and other stakeholders for their constant trust, support and guidance that helped the bank to move forward.

Thank you  
- Chief Executive Officer



## MANAGEMENT TEAM

FROM RIGHT TO LEFT:

- Suman Sharma**, Deputy Chief Executive Officer (DCEO)
- Narayan P. Bhuju**, Head-IT
- Santosh Koirala**, Assistant General Manager (AGM)
- Bishwambar Neupane**, Head Credit Risk and CAD
- Arjun Thapa**, Assistant General Manager (AGM)
- Sarju K. Thapa**, Head-Credit Business
- Tulasi Ram Gautam**, Chief Executive Officer (CEO)







During the 11 months of the Fiscal year 2014/15,  
the Balance of Payment increased to **127 Billion** and 200 Million  
from 109 Billion and 560 million in the previous year.

# DIRECTOR'S REPORT

## FOR THE FY 2014/15

### Dear Shareholders

On behalf of the Board of Directors, I am pleased to welcome our shareholders in the **17<sup>th</sup> Annual General Meeting** of the Bank. I also feel privileged to present you with the Balance Sheet as of 16<sup>th</sup> July 2015, the Profit and Loss Account for the Fiscal Year 2014/15, the Cash Flow Statement, the achievements made by the Bank during this period, the operational challenges, and the overall situation of the Banking sector in Nepal.

This annual report has been drafted in line with the requirements of the Company Act, Bank and the Financial Institution Act, and as per the directives issued by Nepal Rastra Bank, the central bank of Nepal. I will also present the overall banking scenario of the country along with some economic indicators for Fiscal Year 2014/15, and highlight the future plans and strategies to achieve long term goals of the Bank.

### INTERNATIONAL SCENARIO

According to predictions, the economic activities in developing third world countries will continue to be limited amid falling commodity prices, increased financial market instability, and other political conflicts. However, developed countries continued to improve their economy according to all economic indicators.

As per the World Economic Outlook of International Monetary Fund published on July 2015, Global Economic Growth in the year 2015 shall drop to 3.3% compared to the actual growth of 3.4% in the year 2014. Likewise, IMF also projects that economic growth of developing countries will be 4.2% compared to the actual growth of 4.6% in the year 2014.

Similarly, IMF predicts that the economic growth of third world countries will continue to remain sluggish.

Furthermore, IMF projects that the growth of India and China during the year 2015 shall remain at 7.5% and 6.8% respectively. Economic growth of these countries during the year 2014 was 7.3% and 7.4% respectively.

Due to the continuous decline of oilprices and weakened internal demand, the inflation rate of the developed countries is expected to go down from 1.4% in 2014 to 0% in 2015. It is also expected that the inflation rate of the developing countries shall remain at 5.5% compared to actual inflation rate of 5.1% in the year 2014. Likewise, the inflation rate in India and China is likely to remain at 6.1% and 1.2% respectively.

## COUNTRY'S ECONOMIC CONDITION

Due to the delayed monsoon and the earthquake that measured 7.8 on the Richter Scale, overall Gross Domestic Production (GDP) of the country stagnated. During 2015, GDP grew by 3.0% whereas in terms of producer's price, it grew by 3.4%, compared to 5.1% and 5.4% in the previous year, respectively. During the Year 2014-15, the growth rate in agro-based and non-agro-based sector was 1.9% and 3.6% respectively. Last year, the growth was 2.9% and 6.3% respectively. In the previous year, the manufacturing sector and service sector grew by 6.2% and 6.4% respectively.

During the eleven months of the Fiscal year 2014-15, inflation rate averaged at 7.2% compared to 9.5% in the previous FY. During this period, inflation rate on food and beverage was at 9.5%, whereas on non-food and service sector it was 5.5%. During the previous year, such rates were at 12.2% and 7.0%, respectively. During the review period, the inflation rate was below the expected level due to controlled money supply, declining price of petroleum products and a lower inflation rate in neighboring countries.

With respect to the mobilization

of the government budget, growth in capital expenditure remained rather sluggish. Until the 10th July 2015, government expenditure amounted to NPR 440.99 billion, showing an increase of 18.9%. During this period, the government made a total capital expenditure of NPR 300.94 billion. Likewise, government's resource mobilization increased by 10.2% and totaling NPR 433 billion, however, in the previous year, government's resource mobilization had increased by 19.5%. In the review period, government expenditure has remained a low level causing surplus funds of NPR 72.40 billion at Nepal Rastra Bank.

During the 11 months of the Fiscal Year 2014/15, the Balance of Payment deficit increased to 127.20 billion from 109.56 billion in the previous year. Nevertheless, due to an increase in inward remittance and service industries, current account remained at the surplus level of NPR 95.29 billion. Net income from services rose to NPR 24.32 billion while remittance income during the year climbed to NPR 551.74 billion. Exports during the year declined by 4.8% while imports increased by 7.0%; exports to India, China and other countries declined by 6.3%, 0.8% and

1.8%, respectively. Likewise, imports from these countries increased by 1.4%, 41.40% and 8.0%, respectively.

During the review period, trade deficits in goods increased by 8.7% to NPR 612.87 billion, a decrease in growth from the previous year which had shown an increase of 28.6%. During the review period, the trade deficit in with India, China and other countries increased by 2.5%, 42.80% and 10.00%, respectively. In the previous year, trade deficit in goods from India, China and other countries increased by 30.3%, 13.1% and 32.2%, respectively.

During the review period, the foreign currency reserve increased by 21.7%, rising to NPR 809.48 billion. Reserve of the US Dollar increased by 14.2%. Nepal Rastra Bank projected that the reserve of the foreign currency is adequate for the import of goods for 13.1 months while import of goods and services for 11.3 Months. Nepalese currency devaluated by 5.2% in comparison to US Dollar, in the previous year, the devaluation was 0.9%. As of 16 July 2015, 1 USD equaled to NPR 101.14. As of the same date in previous year it was NPR 95.90 only.

## BANKING SECTOR IN NEPAL

As of 15th June 2015, the registered banks and financial institutions numbered 195, including 30 commercial banks, 79 development banks, 50 finance companies and 36 micro-finance banks. Likewise, the number of branches of banks and financial institutions stood at 3,824 comprising of 1,669 branches of commercial banks, 803 of development banks, 214 of financial institutions and 1,111 of micro-finance banks. During this period, it was noted that for 7,232 people on average there was a branch of bank/ financial institution in Nepal. Though the number of banks and financial institutions is decreasing over the years due to merger and acquisition, the number of branches is on the rise, and accordingly with branchless banking and mobile

banking services as well, the number of bank customers has increased during the last fiscal year, too.

It was noted that at mid July 2015, the number of branchless banking outlets was 501, while customers who made use of mobile banking services totaled 913, 000, and the number of ATM card holders summed up to 4.36 million. Likewise, the total number of saving deposit account holders were 14.33 million while the number of credit customers of overall banking industry reached 1 million.

During the last fiscal year, interest rate on 91-days Treasury Bill's hovered around 0.1739% p.a. while domestic interbank lending rate remained at around 1.01% p.a. It was also noted that the average interest spread

of banks on June 2015 was 4.79% and average base rate was 7.69% down from 8.36%. Similarly, as of 15th June 2015, deposits of banks/financial institutions worth of NPR 284.25 billion was insured with Deposit and Credit Guarantee Corporation, a semi government corporation.

Average gross non-performing loans of the banks and financial institutions during the year improved to 2.67%.

As of 15th June 2015, the total number of listed companies with Nepal Stock Exchange (NEPSE), the sole stock exchange of Nepal, totalled 232, NEPSE index reached 961.2 points and total market capitalisation of companies listed with NEPSE summed up to NPR 989.40 billion.

## THE BANK'S PERFORMANCE DURING FY 2014-15

Comparative performance of the Bank as on 16th July 2015 and 14th January 2016 is as follows:

*NPR Million*

PARTICULARS	16 JULY 2015	14 JANUARY 2016
1. Paid up Capital	2,776.20	3,303.84
2. Deposits	44,205.60	44,508.30
3. Investments	4,479.10	5,649.30
4. Loans and Advances	34,819.50	37,389.42
5. Net profits	616.40	401.30
6. Gross NPA	0.64%	0.43%

During the first six months of the FY 2015/16, the bank was able to grow in a variety of indicators such as deposit by 0.76%,

investments by 26.13%, loans and advances by 9.13% over the figures of 16th July 2015 despite sluggish economic

growth. During this period, the bank was able to increase the net profit by 34.88% on an annualized.

## FINANCIAL HIGHLIGHTS OF THE FISCAL YEAR 2014/15

Achievements and highlights of the bank during the FY 2013-14 and FY 2014-15 is as follows:

PARTICULARS	JULY 2014	JULY 2015	INCREASE/DECREASE %
Paid Up Capital	2,478.80	2,776.20	12.00
Net Worth	3,235.70	3,816.10	17.94
Deposit	37,132.10	44,205.60	19.05
Investment	3,461.20	4,479.10	29.41
Loan and Advances	29,541.40	34,819.50	17.87
Interest Income	2,836.40	3,109.30	9.62
Interest Expenses	1,720.40	1,753.30	1.91
Net Interest Income	1,116.00	1,356.00	21.51
Other Income	288.00	350.20	21.60
Staff Expenses	279.80	349.60	24.95
Operating Expenses	381.30	412.10	8.08
Operating Income	572.20	747.60	30.65
Net Profit After Tax	454.70	616.40	35.56
Loan Loss Provision	0.60	70.00	11,566.67
Gross NPA(%)	1.78	0.64	(64.04)
Total Assets	40,723.90	48,753.50	19.72
Capital Adequacy (%)	10.63	12.24	15.15
Book value Per Share	130.54	137.46	5.30
Market Value Per Share	576.00	564.00	(2.08)
Number of Branches(Including Extension Counter)	56.00	56.00	-
Number of ATM	70.00	71.00	2.90
Number of Employees	610.00	597.00	(2.13)

During the FY 2014-15, the total deposit increased by 19.05% and total loans and advances increased by 17.87%. Moreover, interest income of the bank increased by 9.62% while interest expenses increased by 1.91%. Net Interest Income during the review period increased by 21.51% and other income of the bank increased by 21.60%

Furthermore, staff and other operating expenses of the bank increased by 24.95% and 8.08% respectively.

During this period, the bank was able to reduce its Non-Performing assets to the industry low level of 0.64%. Non-performing assets of the bank is within the international standard. In the review period, net income

of the bank increased by 35.56%, total assets of the bank increased by 19.72%, net-worth per share increased by 5.30% and market value per share decreased by 2.08%.

## CAPITAL AND RESERVES

During the FY 2014-15, the paid up capital of the Bank increased to NPR 277.62 million from NPR 247.88 million, raising the capital adequacy ratio to 12.24%, higher than the central bank's minimum capital adequacy ratio requirement of 10%.

MBL's strategy is to keep enough capital to keep the bank robust against unforeseen scenarios. Along with the transaction volume, the Bank is also planning to increase its capital fund.

## PROFIT AND LOSS APPROPRIATION

As per the regulatory requirements, the Bank has set aside 20% of the net profits, that is, NPR 123.30 million towards the general reserves. In addition, the Board of the Bank has proposed to declare 16% bonus shares worth NPR 533.04 million along with cash dividend of NPR 28.05 million in order to pay tax for the proposed bonus shares.

## LIQUIDITY MANAGEMENT

Liquidity management is one of the more challenging yet important aspects of running a bank. Excess liquidity has direct impact over profitability, while liquidity crunch can pose a serious threat not only to the day to day operations of the Bank but even to the very existence of the bank.

Hence, through ALCO, the bank constantly monitored maturity mismatch of deposit liabilities and loans and advances, interest rates, overall liquidity position

in the market and by following prudent banking practices, the Bank was able in the review period to smoothly manage its liquidity issues.

## BRANCH EXPANSION

The bank has a policy to open a number of new branches in viable places each year, add ATMs and open branchless banking outlets

## REMITTANCE SERVICE

The bank has continued its efforts on improving the remittance program. The bank has very good relations with both domestic and foreign counterparties. The Bank has its own remittance product, 'MBL Remit', an online real-time remittance processing system that can be accessed through the internet and is offered as an application service. This year, the Bank has signed a remittance facilitation agreement with the UAE Exchange which will allow for a more efficient remittance service from the Middle East.

## TECHNOLOGY

Technology is vital in providing a quality banking service. The bank has a policy to constantly improve and upgrade the software/hardware. Up-gradation and expansion of technology based products, more specifically, mobile banking is underway.

## HUMAN RESOURCE DEVELOPMENT

The bank is committed to the career growth of its staff. Who currently number more than 660. Furthermore, salary is

reviewed on an annual basis so that industry standard is met. The bank looks for diversity in its workplace, and, to that effect, even conducts exams for new recruits in various centers other than the capital city Kathmandu.

## CORPORATE GOVERNANCE

The Bank has a Board comprising of nine members. The board has always expressed its desire to form policies that is sustainable for the long term while following corporate governance practices which fully compile with the policies and directives issued by Nepali Rastra Bank and other regulatory bodies. The Board has also been paying attention to suggestions offered by the internal and external auditors through our Audit Committee.

Our Risk Management committee is set up to follow the guidelines of Nepal Rastra Bank and the NRB Unified directives. Reduced risk translates into reduced costs, enhancing our ability to compete in the marketplace. Therefore, a strong risk management strategy is required to be successful, as Corporate Governance if done correctly is an effective tool to mitigate risks.

The Bank's financial statements are in line with the Nepal Accounting Standard, Generally Accepted Accounting Principles, Directives of Nepal Rastra Bank and the Company Act. The financial statements are entirely transparent and disclose our financial position and the performance of the bank fully.

## INTERNAL CONTROL SYSTEM

A strong internal control system is important in minimizing the risk inherent with the day to day activities of banking activities. MBL has always internal control mechanism at highest level of priority. As such, the bank uses the Globus Software program to provide a reliable and efficient banking service. The system allows us to closely monitor the actives and condition of our bank, allowing us to act quickly if a problem arises and eliminate it at its root. This is vital in the banking industry which is particularly sensitive.

The Board usually mediates certain actions taken by the bank, these include strategic plans, performance targets, policy documents, authority or the delegation of authority to approve credit and market risk limits. The Bank has an independent Internal Audit department directly reporting to the Audit committee of the board. The department monitors overall transactions of the bank on a regular basis and submits findings, lapses, non-compliances, if any, along with recommendations to the Audit Committee.

The Assets and Liabilities Management Committee (ALCO) of the Bank is actively involved in proper management of the Bank's assets and liabilities, interest rates

and liquidity and other areas of market risk with regular reports made to our board.

## CORPORATE COMMUNICATION

The Bank prioritizes conveying information through financial reports and other means to its shareholders, stakeholders and other interested parties. We publish our financial reports on a quarterly and annual basis. Also, we display information regarding job vacancies, pricing and other information on the bank's website, [www.machbank.com](http://www.machbank.com). We have also formalized corporate communication module by launching Corporate communication guidelines.

We encourage shareholders to actively participate in the Bank's annual general meeting to offer any suggestions for improving our bank. Additionally, if shareholders have any questions, they are encouraged to raise them at this meeting.

## CORPORATE SOCIAL RESPONSIBILITY

MBL has been giving equal importance to Corporate Social Responsibility as well. As such, it strives to be a good corporate citizen by obeying the laws of the land, and directives of the central bank; paying applicable taxes to various local bodies and the

central government, publishing quarterly/yearly reports in the media as well as its own website accurately and transparently, offering jobs to aspirants on a very impartial manner.

Lastly, over the years, the Bank has been extending its financial support in the field of education, healthcare, environment, sport, cultural and social events and to people hit by natural calamities such as flood, landslides, earthquake, etc, as part of its corporate social responsibilities. In addition, staff are educated and coached to be concerned about the social and environmental issues while doing business. Some of the MBL's products are meticulously designed to support people from under privileged communities, such as Small Farmers Loan and small-scale women entrepreneurs loans, and general loan to the people in the deprived sectors, that is, poor and the marginalized people.

Furthermore, annual CSR Calendar is prepared in advance, which is a guiding principle for MBL to carry out its CSR activities. In addition, apart from the regular CSR Calendar, in situations which cannot be foreseen (natural-disaster rescue/relief efforts, etc.), the Bank helps in by making handsome donations, in cash and kind, to the earthquake and flood victims in different parts of Nepal.



# PRODUCTS & SERVICES

MBL is always focused on creating value to its customer. Therefore, at MBL we revise the product and services on regular basis to ensure that they are in sync with time, technology and market.

## Deposits



### PEWA BACHAT KHATA

Pewa Bachat Khata, a personal savings account aimed at women who are looking to save their money. An account can be opened with NPR 100; it can be opened in the joint names of a minor as well.



### YUBA BACHAT KHATA

Yuba Bachat Khata is a saving account scheme aimed at youths aged between 16 and 40. The account can be opened with joint names. Interest is adjusted depending on daily balance and is credited to the account on a quarterly basis.



### SAMMAN BACHAT

Samman Bachat Khata is a personal savings account for senior citizens, who are above the age of 50. The account requires a deposit of at least NPR 100. It comes with a free Mobile and Internet banking facility.



### BALBALIKA BACHAT KHATA

This is a deposit product for children of 15 years of age and below. The account is to be opened by the guardians of the child, and allows the guardian to save funds for the child's future, for example for their education.



### MBL NRN DEPOSIT

With a view to serve the special financial needs of Non-Resident Nepalese (NRN), this deposit product has been launched. This account can be opened at minimum balance of NPR 1,000.00. Account holders of this product can avail 50% waiver on charge for the locker fee, free internet banking facilities, free visa debit card and free Mobile Banking facility. Non Resident Nepalese can also open MBL NRN Saving Deposit Account-FCY as well.



### UCHHA SHIKSHA NIKCHHEP YOJANA

A savings account opened on behalf of individuals below the age of 14 and lasts up until the child reaches 16 years of age. This account will have a recurring fixed deposit feature, meaning regular deposits can be made, withdrawal however is not permitted until the child turns 16. Upon the child turning 16, the account transforms into a normal savings account. A minimum of NPR 16 is required for this account to be opened, and can only be opened in local currency. Interest is calculated on a daily basis and credited to the account daily. There is also a 50% discount on the locker facility. Guardians can take up to 3 times until the child comes of age with an interest on loan of just 2% above the deposit rate. We also provide a free accidental insurance cover of NPR 100,000 in the event of accidental death of the guardians and will be provided for the safeguard for the child's future. However, this is only applicable for those accounts which possess a balance greater than NPR 100,000.



### NORMAL SAVING ACCOUNT

Normal Saving Account is a deposit scheme targeted towards individuals who are aiming to save their earnings for future use. This product has been successful in attracting size able amount of deposits as well as large number of depositors. The account may be opened with zero balance and comes with a cheque book and a Visa Debit Card. Furthermore, internet banking as well as Any Branch Banking Services are also offered free of charge.



### SHAREHOLDER'S ACCOUNT

Shareholder's Saving Account is a deposit scheme offered to the shareholders of the Bank. Shareholders can open this account with a zero balance while they can also avail 50% discount on the annual charge of the locker facility. Account holders under this scheme can avail Debit Card, ABBS facility and Internet Banking free of cost.



### REMITTANCE BACHAT KHATA

This product has been introduced to meet the needs of the recipients and remitters of funds from foreign employment. This account can be opened at zero balance while customer under this scheme can avail facilities like Mobile Banking, Internet Banking, ABBS Facility at free of cost. For accounts maintaining over NPR 1,000, this product also provides accidental death insurance coverage of NPR 100,000.



### SALARY MANAGEMENT SCHEME

The bank offers salary management services to various governments, private, public and other entities. Some of the salient features of Salary Management Schemes are as under:

- » Salary management account opened with minimum balance as per agreed between the two parties
- » Interest on a daily balance is provided for this account
- » 50% discount on the annual locker facility for staff members.
- » Free Any Branch Banking facility.
- » Free ATM/ Debit card facility
- » Eligible for 'Privilege Loan Scheme of the Bank'



### CURRENT DEPOSIT

Current accounts can be opened in the names of individuals, proprietary firms, partnership firms, companies, corporations, trusts, government agencies and other organizations. Under this deposit scheme there is no restriction on the number of transactions and the amount withdrawn. Customer can avail internet banking, debit card and free ABBS facility. The bank also accepts standing instruction of the customer. Furthermore, automatic fund transfer to and from call deposit account as per the arrangements is also applicable in this deposit scheme.



**MBL FCY SAVING ACCOUNT**

MBL Foreign Currency Saving account focuses on individuals whose earnings/ receipts are in foreign currency. MBL FCY Saving account can be opened in USD, EUR and GBP currency with minimum balance of USD 50.00, EUR 10.00 and GBP 10.00 respectively.

Eligibility for having MBL Saving Accounts;

- » Nepalese nationals residing, working and earning in foreign countries
- » Nepalese nationals residing and working in Nepal but earning in a foreign currency
- » Eligible NGOs and INGOs to operate FCY account as per the directives of the central bank
- » Foreign nationals residing and working in Nepal
- » Others who are allowed to open an FCY account as per the guidelines of the centralbank



**CALL DEPOSIT ACCOUNT**

Under the Call Deposit Account scheme, any amount exceeding the agreed minimum balance in the current account is automatically transferred to call deposit on a daily basis. Interest is calculated on a daily call account balance at the agreed rate and is credited to the current account on a quarterly basis. Call account can be opened both in local as well as foreign currencies.



**FIXED DEPOSIT**

Fixed Deposits are accepted for a minimum of 3 months to a maximum period that is agreed upon. Interest is paid quarterly, or as agreed at the time of deposit. The interest of the deposit can be credited to current or savings account as specified by the customer.



**MBL ELECTRONIC BANKING**

MBL Electronic Banking offers convenient banking facilities through the use of the internet, SMS and cards so that the customers can save their time and money. MBL electronic banking gives customers immediate online access to their accounts. Banking online is very easy and secured with just one click in the Internet, one press of a button on a mobile; SMS via phone or just a swipe of an MBL card.

## Loans and Advances



### SME LOAN

MBL SME Loan is a reliable financial solutions for small and medium size business entrepreneurs for start up and expansion of business. This loan scheme purports to fulfill working capital and capital expenditure financial requirement of small and mid-sized business. MBL also provides non-funded facilities like Letter of Credit, Trust Receipt, and Bank Guarantee facilities to these customers.



### PRIVILEGE LOAN

The Bank has been providing different services to the people of various walks of life to facilitate their different purposes. As such, the Bank provides Salary Management services to various corporate entities, and Government and non Government institutions. MBL has designed a special loans scheme name Privilege Loan to the employees of companies and institutions maintaining Salary Management Account with us. The Loan is meant to finance land purchase, building construction/renovation, home finishing/furnishing, vehicle purchase, children's education, meeting social/family obligations, vacation tour, medical treatment of family member, etc.

Two types of loans are offered under this product:

**Category 1:** Personal Overdraft, which can be renewed annually upon satisfactory performance.

**Category 2:** Personal Term Loan, which can be repaid in agreed installments and terminated in the agreed period



### EDUCATION LOAN

MBL Education Loan is designed to help students pay for their university tuition, books and living expenses for higher studies in Nepal and abroad. MBL provides these loans at relatively lower rates and provides students and their parents to opt for flexible payment options.



### PRE-SHIPMENT AND POST SHIPMENT LOAN

MBL provides pre-shipment credits to the exporters to purchase and procure raw materials, process and manufacture goods for export, package the goods for export, pay for the freight, insurance and transportation of the goods. The loan amount can be up to 70% of the LC value and must be repaid in full including interest from the proceeds of the export documents.

The bank also provides post shipment facility in the form of documentary bills purchase upon submission of required documents related to export.



### TRUST RECEIPT

Trust receipt is an assets based financing method used for funding purchase of inventories of consumer durables (appliances, automobiles), raw materials, etc. In this arrangement, the bank holds the title of the goods but allows the borrower to sell the goods to repay the loan. Under this scheme, the customer can avail up to 90% of import bill and customer can repay the loan within 120 days.



### TERM LOAN

The Bank offers Term Loans to finance capital expenditure for business. The bank also extends Term Loan to finance part of customer's permanent working capital needs. The repayment tenure of the loan is flexible to match with the cash flow from the business.



### PROJECT FINANCING

The bank extends long term financing of infrastructure and industrial projects based upon the projected cash flow of the project rather than the balance sheet of its sponsor. The bank has been financing various industries, hydropower projects of different scales, mega hotels backed by project assets and repaid entirely by project cash flow rather than from the general assets or creditworthiness of the project sponsors. MBL acts either as a Lead Bank or a participating Bank in the consortium of banks formed to finance projects.



### WORKING CAPITAL

The Bank extends working capital loan to its customers to meet the working capital requirement of the borrower. Customer can avail the above loans to finance the permanent as well as seasonal need of working capital. These loans are initially approved for a period of one year and are subject to renewal upon the satisfactory performance of the customer.



### HIRE PURCHASE LOAN

The Bank offers Hire Purchase Loan facility to its customers to buy brand new vehicles. Under this arrangement, the borrowers are required to make upfront payment of up to 20% of the cost of the vehicle and make regular payments in the form of installments. These loans are repayable within 7 years at competitive interest rate.

HL

**HOME LOAN**

The Bank extends home loans in order to construct residential buildings, purchase new house/apartment / land or extend or renovate an existing home. MBL provides these loans at attractive interest rates and it can be repaid within 20 years.

SFI

**SMALL FARMER INDIVIDUAL LOAN**

In order to help marginalized farmer who lacks collateral but are willing and are able to work in the field of agricultural business, the Bank provides Small Farmer Individual Loan. The main purpose of this loan is to induce people to get involved in agri-business and sustain their families from income earned from this business.

MUK

**MAHILA UDHYAMI KARJA**

In order to help women from marginalized society, the Bank has launched a product name MahilaUdhyamiKarja. This loan product intends to induce woman and group of woman to carry out entrepreneurial carrier by offering them loans at subsidized rates. This loan is expected to create employment opportunities, create access to finance for woman especially in rural and semi urban areas in order to help them start or grow their business.

YSB

**YUBA TATHA SANA BYABASHIYI KRISHI KARJA**

Yuba Tahtha Sana Byabashiyi Krishi Karja is a loan scheme that is designed in according to the NRB's guideline to provide subsidized loans to youth involved in small agri-business. Under this scheme, the borrowers are required to pay only 60% of the interest while the remaining 40% is subsidized through the central bank.

# HEAD OF DEPARTMENT





FROM RIGHT TO LEFT:

**Tika Bhattarai, Head-Law**

**Sunil Khatiwada, Head-Business Development**

**Kumar Gyawali, Head-Audit**

**Rashmi Kharel Karmacharya, Head-Human Resources**

**Ishwar Bdr. Rawal, Head-Admin**

**Amar Rajbhandari, Head-E-banking**

**Madhav Subedi, Head-Compliance**

**Ujjwal Uprety, Head-Treasury**

**Vijay Bdr. Shrestha, Head-Credit Administration**

**Suvash Jamarkattel, Head- Finance**

**Binita Tamrakar, Head-Clearing**

**Suraj Shrestha, Head-NPA**

**Upendra Malakar, Head-Retail Credit**

**Manoj Bhattarai, Head-Remittances**



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**INDEPENDENT AUDITOR'S REPORT**

**THE SHAREHOLDERS OF  
MACHHAPUCHCHHRE BANK LIMITED**

We have audited the accompanying financial statements of Machhapuchchhre Bank Ltd (the "Bank") which comprise the balance sheet as at 16 July 2015, the profit and loss account, statements of changes in equity and cash flow for the period then ended, and a summary of significant accounting policies and other explanatory notes.

***Management's responsibility for the financial statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards so far as applicable in compliance with prevailing laws. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditors' responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Report on the Requirements of the Companies Act 2063, Bank and Financial Institution Act 2063***

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the balance sheet, the profit and loss account and the cash flow statement, prepared in the format prescribed by Nepal Rastra Bank, are in agreement with the books of account of the Bank; and proper books of account as required by law have been kept by the Bank. In our opinion the returns received from the branches were adequate for the purpose of the audit though the statements are independently not audited.

In our opinion, so far as appeared from our examination of the books, the Bank has maintained adequate capital funds and adequate provisions for possible impairment of assets in accordance with the directives of Nepal Rastra Bank.

To the best of our information and according to explanations given to us and from our examination of the books of account of the Bank necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the Bank have acted contrary to the provisions of law, or committed any misappropriation or caused loss or damage to the Bank and violated any directives of Nepal



Rastra Bank or acted in a manner to jeopardise the interest and security of the Bank, its depositors and investors.

- a) Bank recognizes interest income on loans and advances on cash basis as per NRB Directives and not on accrual basis as required by NAS 7 – Revenue. (Refer Note 5.1 of Schedule 32)
- b) As disclosed in Note 8 of the Schedule 33, the Bank has not measured the investment made in shares of a listed company categorised as Available for Sale on ‘Marked to Market’ Basis, which is not in accordance with Nepal Rastra Bank Unified Directives.

*Opinion*

In our opinion, except for the effect on the financial statements of the matter referred to the preceding paragraphs, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 16 July 2015, and of its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards so far as applicable in compliance with prevailing laws and comply with the provision of the Companies Act 2063, Nepal Rastra Bank Directives and Banks and Financial Institutions Act 2063.

*Shashi Satyal*

Shashi Satyal  
*Managing Partner*



T R Upadhyaya & Co.  
Chartered Accountants

Kathmandu, Nepal  
28 December 2015

# BALANCE SHEET

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Amount in NPR

CAPITAL AND LIABILITIES	SCHEDULE	THIS YEAR	PREVIOUS YEAR
1. Share Capital	4.1	3,484,123,196	2,776,249,907
2. Reserves and Surplus	4.2	506,852,473	459,458,265
3. Debenture and Bonds	4.3	-	-
4. Borrowings	4.4	-	-
5. Deposit Liabilities	4.5	44,205,637,252	37,132,092,928
6. Bills Payables	4.6	13,455,554	10,864,238
7. Proposed Dividend	-	28,054,737	15,655,545
8. Income Tax Liabilities	-	-	-
9. Other Liabilities	4.7	515,371,850	329,636,213
<b>Total Liabilities</b>		<b>48,753,495,062</b>	<b>40,723,957,096</b>

ASSETS	SCHEDULE	THIS YEAR	PREVIOUS YEAR
1. Cash Balance	4.8	2,096,962,830	1,748,529,307
2. Balance with Nepal Rastra Bank	4.9	4,616,007,818	3,165,414,445
3. Balance with Banks & Financial Institutions	4.10	1,673,573,461	1,632,101,981
4. Money at Call & Short Notice	4.11	-	-
5. Investment	4.12	4,479,142,514	3,461,203,698
6. Loans, Advances & Bills Purchased	4.13	34,261,302,841	29,053,242,779
7. Fixed Assets	4.14	756,195,023	909,825,571
8. Non- Banking Assets	4.15	-	-
9. Other Assets	4.16	870,310,575	753,639,315
<b>Total Assets</b>		<b>48,753,495,062</b>	<b>40,723,957,096</b>

Contingent Liabilities	Schedule 4.17
Declaration of Directors	Schedule 4.29
Table of Capital Fund	Schedule 4.30
Statement of Risk Weighted Assets	Schedule 4.30 (A)
Principal Indicators	Schedule 4.31
Significant Accounting Policies	Schedule 4.32
Notes to Accounts	Schedule 4.33
Statement of Promoter's Loan	Schedule 4.34
Comparison of Unaudited and Audited Financial Statement	Schedule 4.35

Schedules 4.1 to 4.17 form integral parts of the Balance Sheet.

**Suvash Jamarkattel**  
HEAD - FINANCE AND PLANNING

**T. R. Gautam**  
CHIEF EXECUTIVE OFFICER

**Dr. Birendra Prasad Mahato**  
CHAIRMAN

As per our  
report of even date

**Prakash K. C.**  
DIRECTOR

**Gopi Krishna Neupane**  
DIRECTOR

**Gyan Prasad Karmacharya**  
DIRECTOR

**Shashi Satyal**  
MANAGING PARTNER  
T R Upadhya & Co  
Chartered Accountants

**Roshan K.C**  
DIRECTOR

**Mangesh Lal Shrestha**  
DIRECTOR

**Ram Man Shrestha**  
DIRECTOR

PLACE: Kathmandu, Nepal  
DATE: December 28, 2015

**PROFIT & LOSS ACCOUNT**FOR THE PERIOD FROM 01ST SHRAWAN 2071 TO 31ST ASHAD 2072  
(17TH JULY 2014 TO 16TH JULY 2015)

Amount in NPR

PARTICULARS	SCHEDULE	THIS YEAR	PREVIOUS YEAR
1. Interest Income	4.18	3,109,270,185	2,836,363,821
2. Interest Expenses	4.19	1,753,347,782	1,720,366,986
<b>Net Interest Income</b>		<b>1,355,922,403</b>	<b>1,115,996,835</b>
3. Commission & Discount	4.20	91,625,441	61,254,614
4. Other Operating Income	4.21	179,189,318	181,018,231
5. Exchange Fluctuation Gain	4.22	79,344,596	50,982,404
<b>Total Operating Income</b>		<b>1,706,081,758</b>	<b>1,409,252,083</b>
6. Staff Expenses	4.23	349,633,767	279,844,036
7. Other Operating Expenses	4.24	412,127,118	381,329,715
8. Exchange Fluctuation Loss	4.22	-	5,184,296
<b>Operating Profit Before Provision for Possible Loan Loss</b>		<b>944,320,873</b>	<b>742,894,036</b>
9. Provisions for Possible Losses	4.25	196,758,270	170,707,645
<b>Operating Profit</b>		<b>747,562,603</b>	<b>572,186,391</b>
10. Non- Operating Income/(Expenses)	4.26	92,001,042	18,965,946
11. Possible Loss Provision Written Back	4.27	151,197,373	180,746,277
<b>Profit from Regular Activities</b>		<b>990,761,018</b>	<b>771,898,613</b>
12. Income/(Expenses) from Extraordinary Activities	4.28	5,770,421	(63,482,700)
<b>Net Profit after Extraordinary Items</b>		<b>996,531,439</b>	<b>708,415,914</b>
13. Provision for Staff Bonus		90,593,767	64,401,447
14. Provision for Income Tax (a+b+c)		289,564,933	189,326,675
a. This Year's Tax Provision		222,701,905	89,969,060
b. Upto Last Year's Tax Provision		18,164,496	96,910
c. Deferred Tax (Income)/Loss		48,698,531	99,260,705
<b>Net Profit/ (Loss)</b>		<b>616,372,739</b>	<b>454,687,791</b>

Schedules 4.18 to 4.28 form integral parts of this profit &amp; loss account

**Suvash Jamarkattel**  
HEAD - FINANCE AND PLANNING**T. R. Gautam**  
CHIEF EXECUTIVE OFFICER**Dr. Birendra Prasad Mahato**  
CHAIRMANAs per our  
report of even date**Prakash K. C.**  
DIRECTOR**Gopi Krishna Neupane**  
DIRECTOR**Gyan Prasad Karmacharya**  
DIRECTOR**Shashi Satyal**  
MANAGING PARTNER  
T R Upadhy & Co  
Chartered Accountants**Roshan K.C**  
DIRECTOR**Mangesh Lal Shrestha**  
DIRECTOR**Ram Man Shrestha**  
DIRECTORPLACE: Kathmandu, Nepal  
DATE: December 28, 2015

# CASH FLOW STATEMENT

FOR THE PERIOD FROM 01ST SHRAWAN 2071 TO 31ST ASHAD 2072  
(17TH JULY 2014 TO 16TH JULY 2015)

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
<b>A. Cash Flows From Operating Activities</b>	<b>2,544,298,720</b>	<b>2,524,469,318</b>
<b>1. Cash Receipts</b>	<b>3,706,240,956</b>	<b>3,263,690,873</b>
1.1 Interest Income	3,108,442,943	2,835,001,706
1.2 Commission & Discount Income	91,625,441	61,254,614
1.3 Exchange Fluctuation Gain	79,013,244	50,982,404
1.4 Recovery of Loans Written Off	5,770,421	(63,482,700)
1.5 Other Income	421,388,907	379,934,849
<b>2. Cash Payments</b>	<b>2,780,431,523</b>	<b>2,635,834,385</b>
2.1 Interest Expenses	1,721,396,142	1,760,370,739
2.2 Staff Expenses	349,633,767	279,844,036
2.3 Office Operating Expenses	412,127,118	381,329,715
2.4 Income Tax Paid	297,274,497	214,289,895
2.5 Other Expenses	-	-
<b>Cash Flows before Changes in Working Capital</b>	<b>925,809,432</b>	<b>627,856,488</b>
<b>(Increase)/Decrease in Current Assets</b>	<b>(5,323,904,080)</b>	<b>(7,906,310,910)</b>
1. (Increase)/Decrease in Money at Call and Shortnotice	-	-
2. (Increase)/Decrease in Short-term Investments	-	-
3. (Increase)/Decrease in Loan and Bills Purchased	(5,208,060,063)	(7,888,332,600)
4. (Increase)/Decrease in Other Assets	(115,844,018)	(17,978,310)
<b>Increase/(Decrease) in Current Liabilities</b>	<b>6,942,393,368</b>	<b>9,802,923,739</b>
1. Increase/(Decrease) in Deposits	7,073,544,324	9,995,438,480
2. Increase/(Decrease) in Certificate of Deposits	-	-
3. Increase/(Decrease) in Short-term Borrowings	-	61,017,421
4. Increase/(Decrease) in Other Liabilities	(131,150,956)	(131,497,319)
<b>B. Cash Flows From Investing Activities</b>	<b>(863,309,442)</b>	<b>(1,017,419,906)</b>
1. (Increase)/Decrease in Long-term Investments	(1,017,938,816)	(1,046,048,342)
2. (Increase)/Decrease in Fixed Assets	153,630,548	27,832,832
3. Interest Income from Long term Investments	-	-
4. Dividend Income	998,826	795,604
5. Others	-	-
<b>C. Cash Flows from Financing Activities</b>	<b>159,177,744</b>	<b>-</b>
1. Increase/(Decrease) in Long-term Borrowings	-	-
2. Increase/(Decrease) in Share Capital	174,833,289	-
3. Increase/(Decrease) in Other Liabilities	-	-
4. Increase/(Decrease) in Refinance/facilities received from NRB	-	-
5. Dividend Paid	(15,655,545)	-
D. Effects of exchange rate changes on Cash and Bank Balances	331,352	(5,184,296)
E. Net Cash Flow For The Year (A+B+C+D)	1,840,498,374	1,501,865,115
F. Opening Cash and Bank Balance	6,546,045,734	5,044,180,618
G. Closing Cash and Bank Balance	8,386,544,108	6,546,045,734

**Suvash Jamarkattel**  
HEAD - FINANCE AND PLANNING

**T. R. Gautam**  
CHIEF EXECUTIVE OFFICER

**Dr. Birendra Prasad Mahato**  
CHAIRMAN

As per our  
report of even date

**Prakash K. C.**  
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Chartered Accountants

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DIRECTOR

**Mangesh Lal Shrestha**  
DIRECTOR

**Ram Man Shrestha**  
DIRECTOR

PLACE: Kathmandu, Nepal  
DATE: December 28, 2015

# PROFIT AND LOSS APPROPRIATION ACCOUNT

FOR THE PERIOD FROM 01ST SHRAWAN 2071 TO 31ST ASHAD 2072 (17TH JULY 2014 TO 16TH JULY 2015)

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
<b>Income</b>		
1. Accumulated Profit upto Previous Year	45,742,701	-
<b>Adjustments</b>		
2. Interest on Staff Home Loan	48,313,662	-
3. Accumulated Leave Provision	(56,197,458)	-
4. This Year's Profit	616,372,739	454,687,791
5. Deferred Tax Reserve	48,698,531	99,260,705
6. Exchange Equalisation Fund	-	-
<b>Total</b>	<b>702,930,175</b>	<b>553,948,497</b>
<b>Expenditures</b>		
1. Accumulated Loss upto Previous Year	-	103,883,906
2. Current Year's Loss	-	-
3. General Reserve	123,274,548	90,937,559
4. Contingent Reserves	-	-
5. Institutional Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Employees Related Reserve Fund	-	-
8. Proposed Cash Dividend	28,054,737	15,655,545
9. Proposed Bonus Share	533,040,000	297,455,347
10. Specific Reserve Fund	-	-
11. Exchange Fluctuation Fund	82,838	-
12. Capital Redemption Reserve	-	-
13. Capital Adjustment Fund	-	-
14. Investment Adjustment Reserve	14,892,600	273,439
<b>Total</b>	<b>699,344,723</b>	<b>508,205,796</b>
<b>Accumulated Profit/ (Loss)</b>	<b>3,585,452</b>	<b>45,742,701</b>

**Suvash Jamarkattel**  
HEAD - FINANCE AND PLANNING

**T. R. Gautam**  
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As per our  
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DIRECTOR

**Mangesh Lal Shrestha**  
DIRECTOR

**Ram Man Shrestha**  
DIRECTOR

PLACE: Kathmandu, Nepal  
DATE: December 28, 2015

# STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

FOR THE PERIOD FROM 01ST SHRAWAN 2071 TO 31ST ASHAD 2072 (17TH JULY 2014 TO 16TH JULY 2015)

Amount in NPR

PARTICULARS	SHARE CAPITAL	ACCUMULATED PROFIT/(LOSS)	GENERAL RESERVE	PROPOSED BONUS SHARES	EXCHANGE FLUCTUATION FUND	DEFERRED TAX RESERVE	CAPITAL ADJUSTMENT RESERVE	INVESTMENT ADJUSTMENT RESERVE	OTHER RESERVES & FUND	TOTAL AMOUNT
<b>Opening Balance as at 17 July 2014</b>	<b>2,478,794,560</b>	<b>45,742,701</b>	<b>300,770,246</b>	<b>297,455,347</b>	<b>10,726,032</b>	<b>101,636,440</b>	<b>-</b>	<b>582,847</b>	<b>-</b>	<b>3,235,708,173</b>
<b>Adjustment</b>										
Bonus Share issued	297,455,347	-	-	(297,455,347)	-	-	-	-	-	-
Interest on Staff Home Loan	-	48,313,662	-	-	-	-	-	-	-	48,313,662
Accumulated Leave Provision	-	(56,197,458)	-	-	-	-	-	-	-	(56,197,458)
<b>Restated Balance as at 16th July 2015</b>	<b>2,776,249,907</b>	<b>37,858,905</b>	<b>300,770,246</b>	<b>-</b>	<b>10,726,032</b>	<b>101,636,440</b>	<b>-</b>	<b>582,847</b>	<b>-</b>	<b>3,227,824,377</b>
<b>Adjustments</b>										
Surplus/(Deficit) on Revaluation of Properties	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) on Revaluation of Investments	-	-	-	-	-	-	-	-	-	-
Net Profit for the Period	-	616,372,740	-	-	-	-	-	-	-	616,372,740
Transfer to General Reserve	-	(123,274,548)	123,274,548	-	-	-	-	-	-	-
Proposed Cash Dividend	-	(28,054,737)	-	-	-	-	-	-	-	(28,054,737)
Proposed Issue of Bonus Share	-	(533,040,000)	-	533,040,000	-	-	-	-	-	-
Calls in Advance	174,833,289	-	-	-	-	-	-	-	-	174,833,289
Issue of Share Capital	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	(82,838)	-	-	82,838	-	-	-	-	-
Deferred Tax Reserve	-	48,698,531	-	-	-	(48,698,531)	-	-	-	-
Capital Adjustment Fund	-	-	-	-	-	-	-	-	-	-
Investment Adjustment Reserve	-	(14,892,600)	-	-	-	-	-	14,892,600	-	-
<b>Balance at 16th July 2015</b>	<b>2,951,083,196</b>	<b>3,585,453</b>	<b>424,044,794</b>	<b>533,040,000</b>	<b>10,808,870</b>	<b>52,937,909</b>	<b>-</b>	<b>15,475,447</b>	<b>-</b>	<b>3,990,975,669</b>



## SHARE CAPITAL AND OWNERSHIP

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.1

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
<b>1. Share Capital</b>	-	-
<b>1.1 Authorized Capital</b>	<b>5,000,000,000</b>	<b>3,000,000,000</b>
a. 50,000,000 Ordinary shares of Rs. 100 each share	5,000,000,000	3,000,000,000
b. Non-redeemable Preference Shares of Rs.....each	-	-
c. Redeemable Preference Shares of Rs.....each	-	-
<b>1.2 Issued Capital</b>	<b>3,331,500,000</b>	<b>2,478,794,560</b>
a. 33,315,000 Ordinary shares of Rs.100 each share	3,331,500,000	2,478,794,560
b. Non-redeemable Preference Shares of Rs.....each	-	-
c. Redeemable Preference Shares of Rs.....each	-	-
<b>1.3 Paid up Capital</b>	<b>2,776,249,907</b>	<b>2,478,794,560</b>
a. 2,77,62,499.07 Ordinary shares of Rs.100 each	2,776,249,907	2,478,794,560
b. Non-redeemable Preference Shares of Rs.....each	-	-
c. Redeemable Preference Shares of Rs.....each	-	-
<b>1.4 Proposed issue of Bonus Shares</b>	<b>533,040,000</b>	<b>297,455,347</b>
<b>1.5 Calls in Advance</b>	<b>174,833,289</b>	-
<b>1.6 Total Amount</b>	<b>3,484,123,196</b>	<b>2,776,249,907</b>

## SHARE OWNERSHIP

PARTICULARS	THIS YEAR		PREVIOUS YEAR	
	%	SHARE CAPITAL	%	SHARE CAPITAL
<b>1. Local Ownership</b>	<b>100</b>	<b>2,776,249,907</b>	<b>100</b>	<b>2,478,794,560</b>
1.1 Government of Nepal	-	-	-	-
1.2 "A" Class Licensed Institutions	-	-	-	-
1.3 Other Licensed Institutions	-	-	-	-
1.4 Other Entities	11.42	317,135,200	11.02	273,194,000
1.5 Individuals	88.58	2,459,114,707	88.98	2,205,600,560
1.6 Others	-	-	-	-
<b>2. Foreign Ownership</b>	-	-	-	-
<b>Total</b>	<b>100.00</b>	<b>2,776,249,907</b>	<b>100</b>	<b>2,478,794,560</b>

## SHARE CAPITAL AND OWNERSHIP

DETAILS OF SHAREHOLDER HOLDING 0.5% OR MORE OF TOTAL SHARES

Schedule 4.1(A)

SHAREHOLDER'S NAME	FY. 2014/15			FY. 2013/14		
	NUMBER	AMOUNT (RS.)	%	NUMBER	AMOUNT (RS.)	%
1. DR. SURENDRA MAHATO	3,970,914	397,091,400.00	14.30	3,545,460	354,546,000.00	14.30
2. DR. UPENDRA MAHATO	2,536,630	253,663,000.00	9.14	2,199,039	219,903,900.00	8.87
3. P K R INVESTMENT COMPANY	1,824,221	182,422,100.00	6.57	1,628,769	162,876,900.00	6.57
4. PREM KUMARI K.C.	1,332,446	133,244,600.00	4.80	1,189,684	118,968,400.00	4.80
5. RAM ASHISHA SAHU SUDI	1,175,772	117,577,200.00	4.24	1,049,797	104,979,700.00	4.24
6. SOVIT BAHADUR KARKI	1,098,536	109,853,600.00	3.96	980,836	98,083,600.00	3.96
7. KRISHNA GOPAL SHRESTHA	603,081	60,308,100.00	2.17	538,466	53,846,600.00	2.17
8. BAIDHYANATH SHARMA	573,068	57,306,800.00	2.06	511,668	51,166,800.00	2.06
9. DR. DHARMA RAJ SHRESTHA	563,690	56,369,000.00	2.03	503,295	50,329,500.00	2.03
10. DINESH LAL SHRESTHA	430,059	43,005,900.00	1.55	418,863	41,886,300.00	1.69
11. PRAKASH K.C.	468,522	46,852,200.00	1.69	418,324	41,832,400.00	1.69
12. HIRANYA PRAKASH DHAR	401,759	40,175,900.00	1.45	394,852	39,485,200.00	1.59
13. KIRAN K.C.	411,876	41,187,600.00	1.48	394,852	39,485,200.00	1.59
14. EVITA INVESTMENT PVT.LTD	418,880	41,888,000.00	1.51	374,000	37,400,000.00	1.51
15. ROSHAN K. C.	411,871	41,187,100.00	1.48	367,743	36,774,300.00	1.48
16. GANESH BAHADUR SHRESTHA	329,504	32,950,400.00	1.19	294,199	29,419,900.00	1.19
17. JAGAT MOHAN GAUCHAN	257,797	25,779,700.00	0.93	255,517	25,551,700.00	1.03
18. PRANESWAR POKHAREL	281,738	28,173,800.00	1.01	254,244	25,424,400.00	1.03
19. KARAN MOTOR COMPANY PLTD.	222,262	22,226,200.00	0.80	198,448	19,844,800.00	0.80
20. SHREE HIMALAYAN ENTERPRISES PLTD.	284,753	28,475,300.00	1.03	198,448	19,844,800.00	0.80
21. NIRAJ GOVINDA SHRESTHA	190,350	19,035,000.00	0.69	169,955	16,995,500.00	0.69
22. AJAD SHRESTHA	182,601	18,260,100.00	0.66	161,053	16,105,300.00	0.65
<b>Total</b>	<b>17,970,330</b>	<b>1,797,033,000.00</b>		<b>16,047,512</b>	<b>1,604,751,200.00</b>	

## RESERVES AND SURPLUS

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.2

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. General Reserve Fund	424,044,794	300,770,246
2. Capital Reserve Fund	-	-
3. Capital Redemption Reserve	-	-
4. Capital Adjustment Fund	-	-
5. Other Reserves and Fund	68,413,356	102,219,286
a. Contingent Reserve	-	-
b. Institution Development Fund	-	-
c. Dividend Equalization Fund	-	-
d. Specific Reserve Fund	-	-
e. Assets Revaluation Reserve	-	-
f. Deferred Tax Reserve	52,937,909	101,636,440
g. Other Reserve	-	-
h. Investment Adjustment Reserve	15,475,447	582,847
6. Accumulated Profit/(Loss)	3,585,453	45,742,701
7. Exchange Fluctuation Fund	10,808,870	10,726,032
<b>Total</b>	<b>506,852,473</b>	<b>459,458,265</b>

## DEBENTURES AND BONDS

AS ON ASHAD 31, 2072 (JULY 16, 2015)

### Schedule 4.3

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. ....% of ..... Debentures of Rs. .... each Issued on ..... and to be redeemed on ..... (Outstanding balance of Redemption Reserve Rs.....)	-	-
2. ....% of Bond/Debentures of Rs.....each Issued on.....and to be redemeed on ..... (Outstanding balance of Redemption Reserve Rs.....)	-	-
3. ....	-	-
<b>Total (1+2+3)</b>	-	-

## BORROWINGS

AS ON ASHAD 31, 2072 (JULY 16, 2015)

### Schedule 4.4

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
<b>A. Local</b>		
1. Government of Nepal	-	-
2. Nepal Rastra Bank	-	-
3. Repo - Liabilities	-	-
4. Inter Bank & Financial Institution	-	-
5. Other Organized Institutions	-	-
6. Others	-	-
<b>Total</b>	-	-
<b>B. Foreign</b>		
1. Banks	-	-
2. Others	-	-
<b>Total</b>	-	-
<b>Total (A + B)</b>	-	-

# LIABILITIES

AS ON ASHAD 31, 2072 (JULY 16, 2015)

Schedule 4.5

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
<b>1. NON-INTEREST BEARING DEPOSIT</b>		
<b>A. Current Deposits</b>	<b>1,599,845,703</b>	<b>1,263,539,093</b>
<b>1. Local Currency</b>	<b>1,565,221,160</b>	<b>1,228,973,443</b>
1.1 Government of Nepal	90,340,335	-
1.2 "A" Class Licensed Institutions	2,244,335	12,075,000
1.3 Other Licensed Financial Institutions	148,136,754	77,894,000
1.4 Other Organized Institutions	1,313,777,091	759,810,000
1.5 Individuals	10,722,645	379,194,443
1.6 Others	-	-
<b>2. Foreign Currency</b>	<b>34,624,543</b>	<b>34,565,650</b>
2.1 Government of Nepal	-	-
2.2 "A" Class Licensed Institutions	-	-
2.3 Other Licensed Financial Institutions	-	762,000
2.4 Other Organized Institutions	34,423,123	33,590,650
2.5 Individuals	201,420	213,000
2.6 Others	-	-
<b>B. Margin Deposits</b>	<b>264,690,208</b>	<b>135,368,830</b>
1. Employees Guarantee	-	-
2. Guarantees Margin	71,589,090	47,052,693
3. Letters of Credit Margin	193,101,118	88,316,136
<b>C. Others</b>	<b>-</b>	<b>96,351,376</b>
1. Local Currency	-	62,017,551
1.1 Financial Institutions	-	-
1.2 Other Organized Institutions	-	62,017,551
1.3 Individuals	-	-
2. Foreign Currency	-	34,333,825
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	34,333,825
2.3 Individuals	-	-
<b>Total of Non-Interest Bearing Accounts</b>	<b>1,864,535,911</b>	<b>1,495,259,298</b>

Continue... Deposits

continued

PARTICULARS	THIS YEAR	PREVIOUS YEAR
<b>2. INTEREST BEARING</b>		
<b>A. Savings Deposits</b>	<b>17,864,260,946</b>	<b>14,293,625,934</b>
<b>1. Local Currency</b>	<b>17,833,365,635</b>	<b>14,262,665,934</b>
1.1 Organized Institutions	-	-
1.2 Individuals	17,833,365,635	14,262,665,934
1.3 Others	-	-
<b>2. Foreign Currency</b>	<b>30,895,311</b>	<b>30,960,000</b>
2.1 Organized Institutions	-	-
2.2 Individuals	30,895,311	30,960,000
2.3 Others	-	-
<b>B. Fixed Deposits</b>	<b>11,736,491,962</b>	<b>12,611,365,948</b>
<b>1. Local Currency</b>	<b>11,684,538,982</b>	<b>12,319,158,948</b>
1.1 Organized Institutions	8,068,188,163	6,374,419,000
1.2 Individuals	3,616,350,819	5,944,739,948
1.3 Others	-	-
<b>2. Foreign Currency</b>	<b>51,952,980</b>	<b>292,207,000</b>
2.1 Organized Institutions	51,952,980	291,005,000
2.2 Individuals	-	1,202,000
2.3 Others	-	-
<b>C. Call Deposit</b>	<b>12,740,348,433</b>	<b>8,731,841,747</b>
<b>1. Local Currency</b>	<b>11,253,758,422</b>	<b>7,960,726,747</b>
1.1 "A" Class Licensed Institutions	1,664,998	-
1.2 Other Licensed Financial Institutions	3,437,558,879	1,926,682,000
1.3 Other Organized Institutions	5,290,722,604	3,243,770,747
1.4 Individuals	2,523,811,942	2,790,274,000
1.5 Others	-	-
<b>2. Foreign Currency</b>	<b>1,486,590,010</b>	<b>771,115,000</b>
2.1 "A" Class Licensed Institutions	104,475	-
2.2 Other Licensed Financial Institutions	-	7,132,000
2.3 Other Organizations	1,486,485,536	763,983,000
2.4 Individuals	-	-
2.5 Others	-	-
<b>D. Certificate of Deposit</b>	<b>-</b>	<b>-</b>
1. Organized Institutions	-	-
2. Individuals	-	-
3. Others	-	-
<b>Total of Interest Bearing Accounts</b>	<b>42,341,101,341</b>	<b>35,636,833,630</b>
<b>(1 + 2) Total Deposit</b>	<b>44,205,637,252</b>	<b>37,132,092,928</b>

## BILLS PAYABLES

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.6

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. Local currency	13,450,551	10,859,235
2. Foreign currency	5,002	5,002
Total	13,455,554	10,864,238

## OTHER LIABILITIES

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.7

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. Gratuity Fund	-	-
2. Employees Provident Fund	123,927	3,246
3. Employees Welfare Fund	-	-
4. Provision for Staff Bonus	90,593,767	64,401,447
5. Interest Payable on Deposits	99,865,356	131,816,997
6. Interest Payable on Borrowings	-	-
7. Unearned Discount & Commission	22,026,217	16,115,896
8. Sundry Creditors	160,655,764	42,071,470
9. Branch Adjustment Account	4,717,787	16,669,909
10. Deferred Tax Liability	-	-
11. Dividend Payable	479,077	548,930
12. Others	136,909,955	58,008,319
<b>Total</b>	<b>515,371,850</b>	<b>329,636,213</b>

## CASH BALANCE

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.8

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. Local Currency (Including Coins)	2,063,758,876	1,689,792,861
2. Foreign Currency	33,203,955	58,736,445
<b>Total</b>	<b>2,096,962,830</b>	<b>1,748,529,307</b>

## BALANCE WITH NEPAL RASTRA BANK

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.9

Amount in NPR

PARTICULARS	LOCAL CURRENCY	FOREIGN CURRENCY			THIS YEAR	PREVIOUS YEAR
		INR	CONVERTIBLE FCY	TOTAL		
1. Nepal Rastra Bank						
a. Current Account	4,583,184,445	-	32,823,373	32,823,373	4,616,007,818	3,165,414,445
b. Other Accounts	-	-	-	-	-	-
<b>Total</b>	<b>4,583,184,445</b>	<b>-</b>	<b>32,823,373</b>	<b>32,823,373</b>	<b>4,616,007,818</b>	<b>3,165,414,445</b>

Note: Balance as per confirmation statements is Rs.4,631,064,434.

## BALANCE WITH BANKS & FINANCIAL INSTITUTIONS

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.10

Amount in NPR

PARTICULARS	LOCAL CURRENCY	FOREIGN CURRENCY			THIS YEAR	PREVIOUS YEAR
		INR	CONVERTIBLE FCY	TOTAL		
1. Local Licensed Institutions						
a. Current Account	583,182,249	-	13,530,624	13,530,624	596,712,872	720,585,396
b. Other Accounts	-	-	-	-	-	-
2. Foreign Banks						
a. Current Account	-	23,625,683	1,053,234,905	1,076,860,588	1,076,860,588	911,516,585
b. Other Accounts	-	-	-	-	-	-
<b>Total</b>	<b>583,182,249</b>	<b>23,625,683</b>	<b>1,066,765,529</b>	<b>1,090,391,212</b>	<b>1,673,573,461</b>	<b>1,632,101,981</b>

Note: Balance as per confirmation statements is Rs.1,584,596,679.

## MONEY AT CALL & SHORT NOTICE

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.11

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1 Local Currency	-	-
2 Foreign Currency	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## INVESTMENTS

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.12

Amount in NPR

PARTICULARS	PURPOSE		THIS YEAR	PREVIOUS YEAR
	TRADING	OTHER		
1. Govt. of Nepal Treasury Bills	-	1,570,296,745	1,570,296,745	2,928,921,859
2. Govt. of Nepal Saving Bonds	-	-	-	-
3. Govt. of Nepal Other Securities	-	1,071,900,000	1,071,900,000	41,100,070
4. Nepal Rastra Bank Bonds	-	-	-	-
5. Foreign Securities	-	-	-	-
6. Local Licensed Institutions	-	32,322,959	32,322,959	30,710,000
7. Foreign Banks	-	812,400,000	812,400,000	428,450,472
8. Corporate's Shares	-	43,802,357	43,802,357	34,172,357
9. Corporate's Bonds and Debentures	-	-	-	-
10. Other Investments	-	950,000,000	950,000,000	-
<b>Total Investment</b>	<b>-</b>	<b>4,480,722,060</b>	<b>4,480,722,060</b>	<b>3,463,354,758</b>
<b>Provision</b>	<b>-</b>	<b>-</b>	<b>1,579,546</b>	<b>2,151,060</b>
<b>Net Investment</b>	<b>-</b>	<b>4,480,722,060</b>	<b>4,479,142,514</b>	<b>3,461,203,698</b>

## INVESTMENT IN SHARES, DEBENTURES & BONDS

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.12 (A)

Amount in NPR

PARTICULARS	COST PRICE	MARKET PRICE	PROVISION AMOUNT	THIS YEAR	PREVIOUS YEAR
<b>1. Investment in Shares</b>					
1.1 CREDIT INFORMATION BUREAU LTD 13,300 Ordinary Shares of Rs. 100 paid up 26,099 Bonus Shares	1,330,000		-	1,330,000	1,330,000
1.2 NATIONAL BANKING TRAINING INS 12,000 Ordinary Shares of Rs. 100 paid up	1,200,000		-	1,200,000	1,200,000
1.3 NEPAL CLEARING HOUSE LTD 25,000 Ordinary Shares of Rs. 100 paid up	2,500,000		-	2,500,000	2,500,000
1.4 NECO INSURANCE LTD 188,140 Promoter Shares of Rs. 100 paid up 21,111 Bonus Shares 440 Ordinary Share of Rs. 100 paid up 61 Bonus Shares	18,864,600	52,334,961	-	18,864,600	9,234,600
1.5 PREMIER INSURANCE COMPANY LIMITED 276 Ordinary Share of Rs.100 paid up 193 Bonus Share	39,000	211,050	-	39,000	39,000
1.6 LIFE INSURANCE COMPANY LIMITED 296 Ordinary Share of Rs.100 paid up 204 Bonus Share	29,600	1,399,500	-	29,600	29,600
1.7 BUTWAL POWER COMPANY LIMITED 4,733 Ordinary Share of Rs.100 paid up 550 Bonus Share	4,839,157	3,259,611	1,579,546	4,839,157	4,839,157
1.8 NEPAL ELECTRONIC PAYMENT SYSTEM 150,000 Promoter Share of Rs. 100 paid up	15,000,000		-	15,000,000	15,000,000
<b>2. Investment in Debentures and Bond</b>					
2.1 .....					
2.2 .....					
2.3 .....					
<b>Total Investment</b>	<b>43,802,357</b>	<b>57,205,122</b>	<b>1,579,546</b>	<b>43,802,357</b>	<b>34,172,357</b>
<b>3. Provision for Loss</b>					
3.1 Up to Previous Year	301,060			301,060	1,540,257
3.2 Additions/Deductions of this year	1,278,486			1,278,486	(1,239,197)
<b>Total Provision</b>	<b>1,579,546</b>			<b>1,579,546</b>	<b>301,060</b>
<b>Net Investment</b>	<b>42,222,811</b>			<b>42,222,811</b>	<b>33,871,297</b>

Note: Nepal Clearing House has not declared dividend from past 3 years



## HELD FOR TRADING

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.12-1

Amount in NPR

PARTICULARS	ORIGINAL VALUE	PREVIOUS MARKET PRICE (A)	CURRENT MARKET PRICE (B)	THIS YEAR AMT. OF PROFIT/(LOSS)(B-A)	REMARKS	PREVIOUS YEAR GAIN/(LOSS)
1. Govt. of Nepal Treasury Bills	-	-	-	-		-
2. Govt. of Nepal Saving Bonds	-	-	-	-		-
3. Govt. of Nepal Other Bonds	-	-	-	-		-
4. Nepal Rastra Bank Bonds	-	-	-	-		-
5. Foreign Bonds	-	-	-	-		-
6. Local Licensed Institutions Shares	-	-	-	-		-
7. Local Licensed Institutions Debenture & Bonds	-	-	-	-		-
8. Local Corporate's Shares, Debenture & Bonds	-	-	-	-		-
9. Investment /Placement in Foreign Banks	-	-	-	-		-
10. Interbank Lending	-	-	-	-		-
11. Other Investment	-	-	-	-		-
<b>Total Investment</b>	-	-	-	-		-

## HELD TO MATURITY

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.12-2

Amount in NPR

PARTICULARS	COST PRICE (A)	IMPAIRMENT AMOUNT TILL		THIS YEAR GAIN/(LOSS)(A-B-C)	PREVIOUS YEAR'S GAIN/(LOSS)	REMARKS
		16 JULY, 2015(B)	16 JULY, 2014(C)			
1. Govt. of Nepal Treasury Bills	1,570,296,745	-	-	-		-
2. Govt. of Nepal Saving Bonds	-	-	-	-		-
3. Govt. of Nepal Other Bonds	1,071,900,000	-	-	-		-
4. Nepal Rastra Bank Bonds	-	-	-	-		-
5. Foreign Bonds	-	-	-	-		-
6. Local Licensed Institutions Shares	-	-	-	-		-
7. Local Licensed Institutions Debenture & Bonds	-	-	-	-		-
8. Local Corporate's Shares, Debenture & Bonds	-	-	-	-		-
9. Investment/ Placement in Foreign Banks	812,400,000	-	-	-		-
10. Other Investment	982,322,959	-	-	-		-
<b>Total Investment</b>	<b>4,436,919,703</b>	-	-	-		-

## AVAILABLE FOR SALE

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.12-3

Amount in NPR

PARTICULARS	COST PRICE	PREVIOUS MARKET PRICE (A)	CURRENT MARKET PRICE (B)	THIS YEAR AMT. OF FUND ADJUSTMENT	PREVIOUS YEAR GAIN/(LOSS)	REMARKS
1. Govt. of Nepal Treasury Bills	-	-	-	-	-	
2. Govt. of Nepal Saving Bonds	-	-	-	-	-	
3. Govt. of Nepal Other Bonds	-	-	-	-	-	
4. Nepal Rastra Bank Bonds	-	-	-	-	-	
5. Foreign Bonds	-	-	-	-	-	
6. Local Licensed Institutions Shares	-	-	-	-	-	
7. Local Licensed Institutions Debenture & Bonds	-	-	-	-	-	
8. Local Corporate's Shares, Debenture & Bonds	43,802,357	-	-	-	-	
9. Investment/Placement in Foreign Banks	-	-	-	-	-	
10. Other Investment	-	-	-	-	-	
<b>Total Investment</b>	<b>43,802,357</b>	-	-	-	-	

# CLASSIFICATION OF LOANS, ADVANCES AND BILLS PURCHASED AND PROVISIONING

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.13

Amount in NPR

PARTICULARS	LOAN AND ADVANCES						BILLS PURCHASED/DISCOUNTED			PREVIOUS YEAR	
	DEPRIVED SECTOR			OTHERS	FOREIGN	TOTAL	DOMESTIC	FOREIGN	TOTAL		THIS YEAR
	INSURED	UNINSURED									
<b>1. Performing Loans</b>	-	<b>1,814,622,063</b>	<b>31,732,658,861</b>	-	<b>33,547,280,923</b>	<b>1,220,562</b>	<b>1,048,771,078</b>	<b>1,049,991,640</b>	<b>34,597,272,563</b>	<b>29,016,113,085</b>	
1.1 Pass Loan	-	1,814,384,357	29,699,809,976	-	31,514,194,333	1,220,562	1,048,771,078	1,049,991,640	32,564,185,973	29,016,113,085	
1.1 Watchlist Loan	-	237,706	2,032,848,885	-	2,033,086,591	-	-	-	2,033,086,591	-	
<b>2. Non Performing Loan</b>	-	<b>35,994,046</b>	<b>186,185,684</b>	-	<b>222,179,730</b>	-	-	-	<b>222,179,730</b>	<b>525,295,941</b>	
2.1 Restructured loan	-	-	25,757,942	-	25,757,942	-	-	-	25,757,942	416,343,588	
2.2 Sub standard	-	-	27,951,861	-	27,951,861	-	-	-	27,951,861	38,456,000	
2.3 Doubtful	-	-	132,475,881	-	168,469,927	-	-	-	168,469,927	70,496,353	
2.4 Loss	-	35,994,046	-	-	-	-	-	-	-	-	
<b>(A) Total Loans (1+2)</b>	-	<b>1,850,616,108</b>	<b>31,918,844,545</b>	-	<b>33,769,460,653</b>	<b>1,220,562</b>	<b>1,048,771,078</b>	<b>1,049,991,640</b>	<b>34,819,452,293</b>	<b>29,541,409,026</b>	
<b>3. Loan Loss Provision</b>	-	-	297,062,156	-	315,206,000	12,206	10,487,711	10,499,916	325,705,916	294,355,998	
3.1 Pass	-	18,143,844	40,650,877	-	40,655,631	-	-	-	40,655,631	-	
3.2 Watchlist	-	-	-	-	-	-	-	-	-	-	
3.3 Restructured	-	-	9,342,047	-	9,342,047	-	-	-	9,342,047	104,085,897	
3.4 Sub standard	-	-	13,975,930	-	13,975,930	-	-	-	13,975,930	19,228,000	
3.5 Doubtful	-	-	132,475,881	-	168,469,927	-	-	-	168,469,927	70,496,353	
3.6 Loss	-	35,994,046	-	-	-	-	-	-	-	-	
<b>(B) Total Loan Loss Provision</b>	-	<b>54,142,643</b>	<b>493,506,892</b>	-	<b>547,649,535</b>	<b>12,206</b>	<b>10,487,711</b>	<b>10,499,916</b>	<b>558,149,452</b>	<b>488,166,247</b>	
4. Provision upto Previous Year	-	-	291,141,087	-	291,141,087	3,125,147	89,764	3,214,911	294,355,998	215,981,375	
4.1 Pass	-	-	-	-	-	-	-	-	-	-	
4.2 Watchlist	-	-	-	-	-	-	-	-	-	38,213,875	
4.3 Restructured	-	-	104,085,897	-	104,085,897	-	-	-	104,085,897	13,795,878	
4.4 Sub standard	-	-	19,228,000	-	19,228,000	-	-	-	19,228,000	33,869,267	
4.5 Doubtful	-	-	70,463,953	-	70,463,953	-	32,400	32,400	70,496,353	185,670,133	
4.6 Loss	-	-	-	-	-	-	-	-	-	-	
4.7 Additional Loan Loss Provision	-	-	<b>484,918,937</b>	-	<b>484,918,937</b>	<b>3,125,147</b>	<b>122,164</b>	<b>3,247,311</b>	<b>488,166,247</b>	<b>487,530,527</b>	
<b>(C) Total Previous Year Provision</b>	-	-	<b>137,140,612</b>	-	<b>137,140,612</b>	-	<b>(10,365,547)</b>	<b>(10,365,547)</b>	<b>126,775,065</b>	<b>170,071,925</b>	
<b>(D) Back from Previous Year's Provision</b>	-	<b>54,142,643</b>	<b>145,728,568</b>	-	<b>199,871,211</b>	<b>(3,112,941)</b>	-	<b>(3,112,941)</b>	<b>196,758,270</b>	<b>170,707,645</b>	
<b>(E) Additional Provision of This Year</b>	-	<b>54,142,643</b>	<b>8,587,956</b>	-	<b>62,730,599</b>	<b>(3,112,941)</b>	<b>10,365,547</b>	<b>7,252,606</b>	<b>69,983,205</b>	<b>635,720</b>	
<b>Changes This Year</b>	-	-	<b>31,425,337,653</b>	-	<b>33,221,811,118</b>	<b>1,208,356</b>	<b>1,038,283,368</b>	<b>1,039,491,724</b>	<b>34,261,302,841</b>	<b>29,053,242,779</b>	
<b>Net Loan (A-B)</b>	-	<b>1,796,473,465</b>	<b>31,425,337,653</b>	-	<b>33,221,811,118</b>	<b>1,208,356</b>	<b>1,038,283,368</b>	<b>1,039,491,724</b>	<b>34,261,302,841</b>	<b>29,053,242,779</b>	

## SECURITYWISE LOANS, ADVANCES & BILLS PURCHASED

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.13(A)

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
<b>A. Secured</b>	<b>34,819,452,293</b>	<b>29,541,409,026</b>
1. Collateral of Movable/Immovable Assets	31,520,477,461	26,829,495,895
2. Guarantee of Local Licensed institutions	1,446,700,942	-
3. Govt. Guarantee	129,844,594	129,844,594
4. Internationally Rated Bank Guarantee	-	-
5. Collateral of Export Documents	-	-
6. Fixed Deposit Receipts	436,271,285	722,896,512
(a) Own FDR	436,271,285	722,896,512
(b) FDR of Other Licensed Institutions	-	-
7. Government Bonds	-	-
8. Counter Guarantee	-	-
9. Personal Guarantee	14,512,808	20,974,334
10. Other Securities	1,271,645,204	1,838,197,691
<b>B. Unsecured</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>34,819,452,293</b>	<b>29,541,409,026</b>

## FIXED ASSETS

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.14

Amount in NPR

PARTICULARS	ASSETS						THIS YEAR	PREVIOUS YEAR
	BUILDING	VEHICLES	PLANT AND MACHINERY	OFFICE EQUIPMENTS FUTINTURE AND FIXTURE	SOFTWARE	OTHERS		
<b>1. At Cost</b>								
(a) Previous Year's Balance	214,817,528	129,533,117	-	455,944,063	80,169,460	1,750,717	882,214,885	856,421,586
(b) Addition This Year	529,000	54,587,515	-	25,790,152	5,575,420	-	86,482,087	50,597,736
(c) Revaluation/Write Back This Year	-	-	-	-	-	-	-	-
(d) This Year Sold	(1,048,275)	(37,573,423)	-	(1,565,792)	-	-	(40,187,490)	(24,804,437)
(e) This Year written off	-	-	-	-	-	-	-	-
(f) Standard Finance Limited - Addition	-	-	-	-	-	-	-	-
<b>Total Cost (a+b+c+d+e)</b>	<b>214,298,253</b>	<b>146,547,209</b>	<b>-</b>	<b>480,168,423</b>	<b>85,744,880</b>	<b>1,750,717</b>	<b>928,509,482</b>	<b>882,214,885</b>
<b>2. Depreciation</b>								
(a) Upto Previous Year	21,120,248	57,142,820	-	287,228,230	29,216,119	1,285,247	395,992,664	337,647,293
(b) For This Year	4,180,916	17,925,570	-	40,689,294	6,853,742	112,092	69,761,614	72,473,624
(c) Depreciation on Revaluation/ Write back	-	-	-	-	-	-	-	-
(d) Depreciation Adjustment/Written Back	(171,042)	(25,752,099)	-	(1,229,030)	-	-	(27,152,171)	(14,128,258)
<b>Total Depreciation(a+b+c+d)</b>	<b>25,130,122</b>	<b>49,316,291</b>	<b>-</b>	<b>326,688,494</b>	<b>36,069,861</b>	<b>1,397,339</b>	<b>438,602,107</b>	<b>395,992,660</b>
<b>3. Book Value (WDV) (1-2)</b>	<b>189,168,131</b>	<b>97,230,918</b>	<b>-</b>	<b>153,479,929</b>	<b>49,675,019</b>	<b>353,378</b>	<b>489,907,375</b>	<b>486,222,225</b>
<b>4. Land</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>198,510,473</b>	<b>249,424,972</b>
<b>5. Capital Work in Progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>92,945,931</b>
<b>6. Leashold Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,777,175</b>	<b>81,232,443</b>
<b>Total (3+4+5+6)</b>	<b>189,168,131</b>	<b>97,230,918</b>	<b>-</b>	<b>153,479,929</b>	<b>49,675,019</b>	<b>353,378</b>	<b>756,195,023</b>	<b>909,825,571</b>

## NON BANKING ASSETS

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.15

Amount in NPR

NAME & ADDRESS OF BORROWER/PARTY	DATE OF ACQUISITION OF NBA	TOTAL NBA	LOSS PROVISION %	LOSS PROVISION AMOUNT	NET NBA	PREVIOUS YEAR
MANAKAMANA ENTERPRISES	5/5/2003	285,824	100%	285,824	-	-
KESHAB PRASAD RIJAL	2/10/2011	375,000	100%	375,000	-	-
SANJAY KAKCHHAPATI	1/14/2014	5,210,408	100%	5,210,408	-	-
SAHADEV KACHHAPATI	3/23/2014	17,347,501	100%	17,347,501	-	-
COSMIC AUTOMOBILE	9/3/2012	24,210,000	100%	24,210,000	-	-
BASHU B. SHRESTHA	4/11/2013	89,438,313	100%	89,438,313	-	-
SASHWOT DEV PVT LTD	2/28/2013	10,193,909	100%	10,193,909	-	-
<b>Total</b>		<b>147,060,955</b>		<b>147,060,955</b>	-	-

## OTHER ASSETS

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.16

Amount in NPR

PARTICULARS		THIS YEAR	PREVIOUS YEAR
1. Stationery at Stock		7,487,322	6,324,098
2. Income Receivable on Investments		13,402,758	12,575,516
3. Accrued Interest on Loan	140,455,311	-	-
Less: Interest Suspense amount	(140,455,311)		
4. Commission Receivable		-	-
5. Sundry Debtors		38,170,359	33,894,234
6. Staff Loans and Advances		355,734,000	299,445,784
7. Advance Payment		293,647,976	247,902,359
8. Cash in Transit		-	-
9. Other Transit Items (including cheques)		-	-
10. Draft Paid Without Notice		-	-
11. Expenses Not Written-off		-	-
12. Branch Adjustment Account		-	-
13. Deferred Tax Assets		52,937,908	101,636,439
14 Others		108,930,251	51,860,885
<b>Total</b>		<b>870,310,575</b>	<b>753,639,315</b>

## OTHER ASSETS (ADDITIONAL STATEMENT)

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.16(A)

Amount in NPR

PARTICULARS	THIS YEAR			TOTAL	PREVIOUS YEAR
	UP TO 1 YRS.	1 TO 3 YRS.	ABOVE 3 YRS.		
1. Accrued Interest on Loans	113,720,290	18,691,185	8,043,837	140,455,311	126,221,577
2. Drafts Paid without notice	-	-	-	-	-
3. Branch Adjustment Account	-	-	-	-	-
4. Nostro Reconciliation Account	-	-	-	-	-
<b>Total</b>	<b>113,720,290</b>	<b>18,691,185</b>	<b>8,043,837</b>	<b>140,455,311</b>	<b>126,221,577</b>

## CONTINGENT LIABILITIES

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.17

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. Claims on bank but not accepted by the Bank	-	-
2. Letters of Credit (Full Amount)	1,278,546,291	1,469,733,924
(a) Less than 6 months maturity	1,066,093,619	1,338,069,199
(b) More than 6 months maturity	212,452,672	131,664,726
3. Rediscounted bills	-	-
4. Unmatured Guarantees/Bonds	1,898,612,104	1,534,577,228
(a) Bid Bonds	131,114,258	95,105,548
(b) Performance Bonds	1,767,497,846	1,439,471,680
(c) Other Guarantees/ Bonds	-	-
5. Unpaid Shares in Investment	-	-
6. Forward Exchange Contract Liabilities	377,402,672	44,860,500
7. Bills Under Collection	12,413,972	16,888,514
8. Acceptance & Endorsements	-	-
9. Underwriting Commitment	-	-
10. Irrevocable Loan Commitment	2,934,932,226	2,516,863,005
11. Counter guarantees against the guarantees of Internationally Rated Bank	759,123,222	802,739,721
12. Advance Payment Guarantee	471,637,225	659,623,733
13. Financial Guarantee	2,150,000	5,063,887
14. Contingent Liabilities on Income Tax (Disputed)	22,293,601	-
15. Others	-	-
<b>Total</b>	<b>7,757,111,314</b>	<b>7,050,350,511</b>

## INTEREST INCOME

FOR THE PERIOD FROM 01ST SHRAWAN 2071 TO 31ST ASHAD 2072 (17TH JULY 2014 TO 16TH JULY 2015)

Schedule 4.18

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
<b>A. On Loan, Advances and Overdraft</b>	<b>3,065,573,499</b>	<b>2,807,104,757</b>
1. Loan and Advances	2,105,334,596	1,865,806,783
2. Overdraft	960,238,903	941,297,974
<b>B. On Investment</b>	<b>24,607,476</b>	<b>29,257,415</b>
1. Govt. Securities	19,453,302	28,501,297
a) Treasury Bills	15,715,640	26,119,482
b) Development Bonds	3,737,662	2,381,815
c) National Saving Bonds	-	-
2. Foreign Securities	-	-
3. Nepal Rastra Bank Bonds	-	-
4. Debenture and Bonds	-	-
5. Interest on Inter Bank Lendings	5,154,174	756,118
a) Banks/ Financial Institutions	5,154,174	756,118
b) Other Institutions	-	-
<b>C. On Agency Balances</b>	<b>-</b>	<b>-</b>
1. Local Banks/ Financial Institution	-	-
2. Foreign Banks	-	-
<b>D. On Money at Call and Short Notice</b>	<b>-</b>	<b>-</b>
1. Local Banks/ Financial Institutions	-	-
2. Foreign Banks	-	-
<b>E. On Others</b>	<b>19,089,210</b>	<b>1,649</b>
1. Certificate of Deposits	-	-
2. Inter Bank/ Financial Institution Loan	-	-
3. Others (Staff home loan)	19,089,210	1,649
<b>Total</b>	<b>3,109,270,185</b>	<b>2,836,363,821</b>

## INTEREST EXPENSES

FOR THE PERIOD FROM 01ST SHRAWAN 2071 TO 31ST ASHAD 2072 (17TH JULY 2014 TO 16TH JULY 2015)

Schedule 4.19

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
<b>A. On Deposit Liabilities</b>	<b>1,752,397,942</b>	<b>1,720,237,478</b>
1. Fixed Deposits	810,900,024	888,533,345
1.1 Local Currency	806,538,472	882,982,192
1.2 Foreign Currency	4,361,552	5,551,153
2. Saving Deposits	555,790,243	535,965,915
2.1 Local Currency	555,105,841	534,794,936
2.2 Foreign currency	684,402	1,170,979
3. Call Deposits	385,707,675	295,738,218
3.1 Local Currency	370,172,623	291,034,487
3.2 Foreign Currency	15,535,052	4,703,731
4. Certificate of Deposits	-	-
<b>B. On Borrowings</b>	<b>949,840</b>	<b>129,508</b>
1. Debenture & Bonds	-	-
2. Loan from NRB	-	-
3. Inter Bank/Financial Institutions Loan	949,840	129,508
4. Other Corporate Body	-	-
5. Other Loans	-	-
<b>C. On Others</b>	<b>-</b>	<b>-</b>
1. IBT Interest	-	-
2. Capitalized Interest	-	-
<b>Total</b>	<b>1,753,347,782</b>	<b>1,720,366,986</b>

## COMMISSION AND DISCOUNT

FOR THE PERIOD FROM 01ST SHRAWAN 2071 TO 31ST ASHAD 2072 (17TH JULY 2014 TO 16TH JULY 2015)

Schedule 4.20

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
<b>A. Bills Purchased &amp; Discounted</b>	<b>1,721,616</b>	<b>512,067</b>
1. Local	1,721,616	506,978
2. Foreign	-	5,089
<b>B. Commission</b>	<b>51,936,601</b>	<b>44,601,849</b>
1. Letters of Credit	16,450,905	15,622,880
2. Guarantees	25,295,585	18,700,933
3. Collection Fee	425,627	530,378
4. Remittance Fee	6,098,898	6,507,741
5. Credit Cards	-	-
6. Share Underwriting/Issues Market maker	-	-
7. Government Transactions	-	-
8. Agency Commission	3,665,587	3,239,917
9. Exchange Fee	-	-
<b>C. Others</b>	<b>37,967,223</b>	<b>16,140,698</b>
<b>Total</b>	<b>91,625,441</b>	<b>61,254,614</b>

## OTHER OPERATING INCOME

FOR THE PERIOD FROM 01ST SHRAWAN 2071 TO 31ST ASHAD 2072 (17TH JULY 2014 TO 16TH JULY 2015)

Schedule 4.21

Amount in NPR

PARTICULARS	THIS YEAR.	PREVIOUS YEAR
1. Safe Deposit Lockers Rental	2,973,200	2,274,350
2. Issue & Renewals of Credit Cards	-	-
3. Issue & Renewals of ATM Cards	40,312,271	32,620,182
4. Telex/T.T	4,733,806	4,080,893
5. Service Fee	79,646,332	76,958,058
6. Renewal Fees	19,124,447	11,966,438
7. Others	32,399,262	53,118,310
<b>Total</b>	<b>179,189,318</b>	<b>181,018,231</b>

## EXCHANGE FLUCTUATION GAIN/LOSS

FOR THE PERIOD FROM 01ST SHRAWAN 2071 TO 31ST ASHAD 2072 (17TH JULY 2014 TO 16TH JULY 2015)

Schedule 4.22

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. Revaluation Gain / (Loss)	331,352	(5,184,296)
2. Trading Gain (Except Exchange Income)	79,013,244	50,982,404
<b>Total Gain/(Loss)</b>	<b>79,344,596</b>	<b>45,798,108</b>

## STAFF EXPENSES

FOR THE PERIOD FROM 01ST SHRAWAN 2071 TO 31ST ASHAD 2072 (17TH JULY 2014 TO 16TH JULY 2015)

Schedule 4.23

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. Salary	144,806,976	121,554,834
2. Allowances	71,101,757	56,945,340
3. Contribution to Provident Fund	14,480,714	12,128,880
4. Training Expenses	1,898,128	1,980,948
5. Uniform	8,410,729	11,664,075
6. Medical	-	-
7. Insurance	2,077,972	3,960,963
8. Pension and Gratuity Provision	30,827,606	20,746,176
9. Others	76,029,885	50,862,820
a) Dashain	16,451,622	14,110,599
b) Leave Encashment	41,227,840	22,059,782
c) Others	18,350,423	14,692,439
<b>Total</b>	<b>349,633,767</b>	<b>279,844,036</b>



## OTHER OPERATING EXPENSES

FOR THE PERIOD FROM 01ST SHRAWAN 2071 TO 31ST ASHAD 2072 (17TH JULY 2014 TO 16TH JULY 2015)

Schedule 4.24

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. House Rent	50,863,649	44,592,200
2. Light,Electricity & Water	12,840,015	13,491,761
3. Repairs and Maintenance	5,645,672	6,126,237
a) Building	1,057,400	214,297
b) Vehicles	1,797,255	2,497,916
c) Others	2,791,017	3,414,023
4. Insurance	26,187,614	21,078,619
5. Postage, Telex, Telephone, Fax, SWIFT	35,072,960	36,286,855
6. Office Equipment, Furniture & Repairs	15,586,352	12,415,303
7. Traveling Allowances and Expenses	7,009,106	6,953,962
8. Stationery and Printing	15,101,535	12,327,170
9. Periodicals and Books	87,757	161,276
10. Advertisements	17,433,904	15,337,902
11. Legal Expenses	2,675,812	1,372,305
12. Donations	3,249,632	136,428
13. Expenses relating to Board of Directors	1,842,090	1,513,657
a) Meeting Fees	761,000	397,400
b) Other Expenses	1,081,090	1,116,257
14. Annual General Meeting Expenses	711,798	945,524
15. Expenses relating to Audit	800,730	891,254
a) Audit Fees	310,750	124,300
b) Other Expenses	489,980	766,954
16. Commission on Remittances	-	-
17. Depreciation on Fixed Assets	69,761,614	66,070,105
18. Amortization of Preliminary Expenses	-	-
19. Share Issue Expenses	-	-
20. Technical/Consultancy Services Fee	18,585,639	14,171,543
21. Entertainment Expenses	510,490	294,558
22. Amortization of Leasehold Assets and Deferred Exp.	18,658,645	24,376,123
23. Security Expenses	41,385,897	40,864,712
24. Credit Guarantee Premium	-	-
25. Commission and Discount	17,881,617	15,207,860
26. Other Expenses	50,234,590	46,714,362
a. Fuel Expenses	19,909,984	24,658,599
b. Other Committee Meeting Fee	250,600	377,047
c. Other Committee Meeting Expenses	35,982	123,131
d. Anniversary Expenses	2,337,087	531,164
e. Business Promotion Expenses	1,039,000	2,477,154
f. Rate and Taxes	10,969,499	5,396,812
g. Membership fees	3,726,898	983,655
h. Office Cleaning Expenses	5,278,753	5,501,234
i. Branch Expansion Expense	468,927	163,317
j. Miscellaneous Expenses	6,217,860	6,502,250
<b>Total</b>	<b>412,127,118</b>	<b>381,329,715</b>

## PROVISION FOR POSSIBLE LOSSES

FOR THE PERIOD FROM 1ST SHRAWAN 2071 TO 31ST ASHAD 2072 (17TH JULY 2014 TO 16TH JULY 2015)

Schedule 4.25

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. Loans and Advances	196,758,270	170,707,645
2. Investments	-	-
3. Non- Banking Assets	-	-
4. Other Assets	-	-
<b>Total</b>	<b>196,758,270</b>	<b>170,707,645</b>

## NON-OPERATING INCOME/(LOSS)

FOR THE PERIOD FROM 1ST SHRAWAN 2071 TO 31ST ASHAD 2072 (17TH JULY 2014 TO 16TH JULY 2015)

Schedule 4.26

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. Profit (Loss) on sale of Investment	-	10,502,135
2. Profit (Loss) on sale of assets	87,241,381	6,355,271
3. Dividend	998,826	795,604
4. Subsidies Received from Nepal Rastra Bank		
a. Reimbursement of losses of specified branches	-	-
b. Interest Subsidy	-	-
c. Exchange Counter	-	-
5. Others		
a. Gain on Sale of NBA	3,774,207	1,306,936
b. Others	(13,372)	6,000
<b>Total Non-Operating Income/(Loss)</b>	<b>92,001,042</b>	<b>18,965,946</b>

## POSSIBLE LOSS PROVISION WRITTEN BACK

FOR THE PERIOD FROM 01ST SHRAWAN 2071 TO 31ST ASHAD 2072 (17TH JULY 2014 TO 16TH JULY 2015)

Schedule 4.27

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. Loan Loss Provision Written Back	126,775,065	170,071,925
2. Provision against Non- Banking Assets' Written Back	23,850,794	9,435,155
3. Provision on Investment Written Back	571,514	1,239,197
4. Provision against Other Assets Written Back	-	-
<b>Total</b>	<b>151,197,373</b>	<b>180,746,277</b>

## INCOME/(EXPENSES) FROM EXTRAORDINARY ACTIVITIES

FOR THE PERIOD FROM 01ST SHRAWAN 2071 TO 31ST ASHAD 2072 (17TH JULY 2014 TO 16TH JULY 2015)

Schedule 4.28

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. Recovery of Written off Loan	5,770,421	16,288,247
2. Volunteering Retirement Scheme Expenses	-	-
3. Irrecoverable Loans Written Off (4.28 a)	-	(79,770,947)
4. Other (Expenses)/Income	-	-
<b>Total</b>	<b>5,770,421</b>	<b>(63,482,700)</b>

## STATEMENT OF LOANS WRITTEN OFF

FISCAL YEAR 2071/072 (2014/15)

Schedule 4.28(A)

Amount in NPR

LOAN CATEGORY	WRITTEN OFF AMOUNT	TYPES OF SECURITY & AMOUNT	BASIS OF SECURITY VALUATION	LOAN SANCTIONING OFFICIAL/ RANK	EFFORTS MADE FOR RECOVERY	REMARKS
1. Working Capital Loan	-					-
2. Real Estate	-					-
3. Hire Purchase	-					-
4. Personal Loan	-					-
5. Other Loans(STL)	-					-
<b>Total Loans</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## STATEMENT OF LOANS AND ADVANCES EXTENDED TO DIRECTORS/CHIEF EXECUTIVE/PROMOTERS/EMPLOYEE AND SHAREHOLDERS

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.29

The Statement of loans under total amount of Bills Purchased and Discounted, Loans, Advances and Overdraft, provided to the Directors, Chief Executive, Promoters, Employees, Shareholders and to the individual members of "their undivided family" OR against the guarantee of such persons OR to the organizations or companies in which such individuals are managing agent, are as follows:

Amount in NPR

NAME OF PROMOTER/ DIRECTOR/CHIEF EXECUTIVE	PREVIOUS YEAR'S BALANCE		THIS YEAR'S RECOVERY		THIS YEAR ADDITIONS	BALANCE AS OF ASHAD END	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST		PRINCIPAL	INTEREST
(A) Directors							
(B) Chief Executive							
(C) Promoters							
1. Classic Holding Co. Pvt. Ltd*	27,445,253	-	-	2,197,133	-	28,441,142	-
2. Ashwin Medical College and Hospital Pvt. Ltd.*	209,000,000	-	209,000,000	12,085,862	-	-	-
(D) Employees							
(E) Shareholders							
<b>TOTAL</b>	<b>236,445,253</b>	<b>-</b>	<b>209,000,000</b>	<b>14,282,995</b>	<b>-</b>	<b>28,441,142</b>	<b>-</b>

\*Loan against FDR of promoter shareholder Dr.Upendra Mahato and his family.

# ANNEXURE: REPORTING FORMS

## FORM NO.1 CAPITAL ADEQUACY TABLE

AS ON ASHAD 31, 2072 (JULY 16, 2015)

Schedule 4.30(A)

Amount in ('000)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
<b>1.1.RISK WEIGHTED EXPOSURES</b>		
a. Risk Weighted Exposure for Credit Risk	32,801,933	30,166,277
b. Risk Weighted Exposure for Operational Risk	1,694,806	1,340,168
c. Risk Weighted Exposure for Market Risk	12,357	74,925
<b>Total Risk Weighted Exposures (Before adjustments of Pillar II)</b>	<b>34,509,097</b>	<b>31,581,369</b>
<b>Adjustments under Pillar II</b>		
Add : 3% of Total RWE due to Supervisory Review Process	1,035,273	947,441
Add : % of Total RWE due to non compliance to disclosure requirement		
<b>Total Risk Weighted Exposures (a+b+c)</b>	<b>35,544,370</b>	<b>32,528,811</b>
<b>1.2 CAPITAL</b>		
<b>(A) Core Capital (Tier 1)</b>	<b>3,959,269</b>	<b>3,150,818</b>
a. Paid up Equity Share Capital	2,951,083	2,478,795
b. Irredeemable non-cumulative preference shares		
c. Share Premium		
d. Proposed Bonus Equity Share	533,040	297,455
e. Statutory General Reserve	424,045	300,770
f. Retained Earnings	3,585	45,743
g. Un-audited current year cumulative profit		
h. Capital Redemption Reserve		
i. Capital Adjustment Reserve	-	-
j. Dividend Equalization Reserve		
k. Deferred Tax Reserve	52,938	101,636
l. Other Free Reserve	-	
m. Less : Goodwill		
n. Less : Fictitious Assets	5,422	73,581
o. Less : Investment in equity in licensed Financial Institutions		
p. Less : Investment in equity of institutions with Financial interests		
q. Less : Investment in equity of institutions in excess of limits		
r. Less : Investments arising out of underwriting commitments		
s. Less : Reciprocal crossholdings		
t. Less: Purchase of Land& Building in excess of limit and unutilized		
u. Less : Other Deductions		
<b>Adjustment Under Pillar II</b>		
<b>SRP 6.4.a(1) Less : Shortfall in provision (6.4 a1)</b>		
<b>SRP 6.4.a(2) Less : Loans and facilities extended to related parties and restricted lending (6.4 a 2)</b>		
<b>(B)Supplementary Capital (Tier 2)</b>	<b>392,646</b>	<b>305,665</b>
a. Cumulative and/or Redeemable Preference Shares		
b. Subordinated Term Debt		
c. Hybrid Capital Instruments		
d. General Loan Loss Provision	366,362	294,356
e. Exchange Equalization Reserve	10,809	10,726
f. Investment Adjustment Reserve	15,475	583
g. Assets Revaluation Reserve		
h. Other Reserves		
<b>Total Capital Fund (Tier 1 and Tier 2)</b>	<b>4,351,915</b>	<b>3,456,483</b>
<b>1.3 CAPITAL ADEQUACY RATIOS</b>		
a. Tier 1 Capital to Total Risk Weighted Exposures	11.14	9.69
b. Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	12.24	10.63

# FORM NO.2 RISK WEIGHTED EXPOSURE FOR CREDIT RISK

AS AT ASHAD 31, 2072 (JULY 16, 2015)

Schedule 4.30(B)

Amount in '000

PARTICULAR	CURRENT YEAR				PREVIOUS YEAR				
	BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM (C)	NET VALUE (D=A-B-C)	RISK WEIGHT % (E)	RISK WEIGHTED EXPOSURES (F=D*E)	NET VALUE (D=A-B-C)	RISK WEIGHTED (E)	RISK WEIGHTED EXPOSURE (F=D*E)
<b>A. Balance Sheet Exposure</b>									
Cash Balance	2,096,963			2,096,963	0%	-	1,748,529	0%	-
Balance With Nepal Rastra Bank	4,616,008			4,616,008	0%	-	3,165,414	0%	-
Gold				-	0%	-	-	0%	-
Investment in Nepalese Government Securities	1,071,900			1,071,900	0%	-	41,100	0%	-
All other Claims on Government of Nepal	129,845			129,845	0%	-	326,965	0%	-
Investment in Nepal Rastra Bank Securities	1,570,297			1,570,297	0%	-	2,928,922	0%	-
All other Claims on Nepal Rastra Bank	12,694			12,694	0%	-	12,257	0%	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-			-	0%	-	-	0%	-
Claims on Foreign Government and Central Bank (ECA 2)	-			-	20%	-	-	20%	-
Claims on Foreign Government and Central Bank (ECA 3)	-			-	50%	-	-	50%	-
Claims on Foreign Government and Central Bank (ECA 4-6)	-			-	100%	-	-	100%	-
Claims on Foreign Government and Central Bank (ECA 7)	-			-	150%	-	-	150%	-
Claims On BIS, IMF, ECB, EC and On Multilateral Development Banks(MDB's) Recognised by the framework	-			-	0%	-	-	0%	-
Claims on Other Multilateral Development Banks	-			-	100%	-	-	100%	-
Claims on Public Sector Entity (ECA 0-1)	-			-	20%	-	-	20%	-
Claims on Public Sector Entity (ECA 2)	-			-	50%	-	-	50%	-
Claims on Public Sector Entity (ECA 3-6)	-			-	100%	-	-	100%	-
Claims on Public Sector Entity (ECA 7)	-			-	150%	-	-	150%	-
Claims on domestic banks that meet capital adequacy requirements	554,901			554,901	20%	110,980	1,175,073	20%	235,015
Claims on domestic banks that do not meet capital adequacy requirements	583,557			583,557	100%	583,557	-	100%	-
Claims on foreign bank (ECA Rating 0-1)	975,153			975,153	20%	195,031	1,181,753	20%	236,351
Claims on foreign bank(ECA Rating 2)	424,046			424,046	50%	212,023	371,248	50%	185,624
Claims on foreign bank (ECA Rating 3-6)	-			-	100%	-	-	100%	-
Claims on foreign bank (ECA Rating 7)	-			-	150%	-	-	150%	-
Claims on foreign bank incorporated in SAARC Region operating with a buffer of 1% above their respective regulatory capital requirement	483,747			483,747	20%	96,749	198,118	20%	39,624

continue... Credit Risk

continue... FORM NO.2 RISK WEIGHTED EXPOSURE FOR CREDIT RISK

PARTICULAR	CURRENT YEAR					PREVIOUS YEAR			
	BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM (C)	NET VALUE (D=A-B-C)	RISK WEIGHT % (E)	RISK WEIGHTED EXPOSURES (F=D*E)	NET VALUE (D=A-B-C)	RISK WEIGHTED (E)	RISK WEIGHTED EXPOSURE (F=D*E)
<b>A. Balance Sheet Exposure</b>									
Claims on Domestic Corporates	12,353,912			12,353,912	100%	12,353,912	15,014,091	100%	15,014,091
Claims on Foreign Corporates (ECA 0-1)	-			-	20%	-	-	20%	-
Claims on Foreign Corporates (ECA 2)	-			-	50%	-	-	50%	-
Claims on Foreign Corporates (ECA 3-6)	-			-	100%	-	-	100%	-
Claims on Foreign Corporates (ECA 7)	-			-	150%	-	-	150%	-
Regulatory Retail Portfolio ( Not Overdue)	11,304,371		419,585	10,884,786	75%	8,163,590	7,681,954	75%	5,761,466
Claim fulfilling all criterion of Regulatory Retail except granularity	3,060,838			3,060,838	100%	3,060,838	-	100%	-
Claims secured by residential properties	4,363,521			4,363,521	60%	2,618,113	2,778,383	60%	1,667,030
Claims not fully secured by residential properties				-	150%	-	-	150%	-
Claims secured by residential properties (Overdue)	6,770	2,005		4,765	100%	4,765	4,288	100%	4,288
Claims secured by Commercial real estate	950,835			950,835	100%	950,835	1,467,897	100%	1,467,897
Past due claims (except for claim secured by residential properties)	212,434	184,131		28,303	150%	42,455	327,198	150%	490,797
High Risk claims	282,634			282,634	150%	423,952	282,776	150%	424,164
Investment in equity and other capital instrument of institutions listed in the stock exchange	23,772			23,772	100%	23,772	14,142	100%	14,142
Investment in equity and other capital instrument of institutions not listed in the stock	20,030			20,030	150%	30,045	20,030	150%	30,045
Staff Loan Secured by Residential Property	295,073			295,073	60%	177,044	242,258	60%	145,355
Interest Receivable/Claim on Government Securities	2,140			2,140	0%	-	-	0%	-
Cash in transit and other cash items in the process of collection	1,049,992			1,049,992	20%	209,998	321,523	20%	64,305
Other Assets ( as per attachment )	2,615,315	1,323,326		1,291,988	100%	1,291,988	2,317,977	100%	2,317,977
<b>TOTAL</b>	<b>49,060,747</b>	<b>1,509,461.62</b>	<b>419,584.69</b>	<b>47,131,701</b>		<b>30,549,647</b>	<b>41,630,116</b>		<b>28,110,497</b>
<b>B. Off Balance Sheet Exposures</b>									
Revocable Commitments				-	0%	-	-	0%	-
Bills Under Collection	12,414			12,414	0%	-	9,337	0%	-
Forward Exchange Contract Liabilities	376,875			376,875	10%	37,688	-	10%	-
LC Commitments with original maturity upto 6 months	1,066,094		139,867.78	926,226	20%	185,245	1,057,678	20%	211,536
Foreign Counterparty (ECA 0 -1)				-	20%	-	-	20%	-
Foreign Counterparty (ECA 2)				-	50%	-	-	50%	-
Foreign Counterparty (ECA 3 -6)				-	100%	-	-	100%	-

continue... FORM NO.2 RISK WEIGHTED EXPOSURE FOR CREDIT RISK

PARTICULAR	CURRENT YEAR					PREVIOUS YEAR			
	BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM (C)	NET VALUE (D=A-B-C)	RISK WEIGHT % (E)	RISK WEIGHTED EXPOSURES (F=D*E)	NET VALUE (D=A-B-C)	RISK WEIGHTED (E)	RISK WEIGHTED EXPOSURE (F=D*E)
<b>B. Off Balance Sheet Exposures</b>									
Foreign Counterparty (ECA 7)									
LC Commitments with original maturity over 6 months (domestic Counterparty)	212,453		1,230,38	211,222	50%	105,611	120,467	50%	60,233
Foreign Counterparty (ECA 0 -1)					20%			20%	
Foreign Counterparty (ECA 2)					50%			50%	
Foreign Counterparty (ECA 3 -6)					100%			100%	
Foreign Counterparty (ECA 7)					150%			150%	
Bid Bond, Performance Bond and Counter Guarantee	1,809,140		63,201.11	1,745,939	50%	872,969	1,421,175	50%	710,587
Foreign Counterparty (ECA 0 -1)					20%			20%	
Foreign Counterparty (ECA 2)					50%			0%	
Foreign Counterparty (ECA 3 -6)					100%			100%	
Foreign Counterparty (ECA 7)					150%			150%	
Underwriting Commitments					50%			50%	
Lending of Bank's Securities or Posting of Securities as collateral					100%			100%	
Repurchase Agreements, Assets sale with recourse					100%			100%	
Advance Payment Guarantee	471,637		7,482.98	464,154	100%	464,154	565,099	100%	565,099
Advance Payment Guarantee (Upper Tamakoshi)									
Financial Guarantee	2,150			2,150	100%	2,150	4,951	100%	4,951
Acceptances and Endorsements					100%			100%	
Unpaid portion of Partly paid shares and securities					100%			100%	
Irrevocable Credit commitments(Short term)	2,922,343			2,922,343	20%	584,469	2,516,863	20%	503,373
Irrevocable Credit commitments(Long term)					50%			50%	
Claims on foreign bank incorporated in SAARC Region operating with a buffer of 1% above their respective regulatory capital requirement					20%			20%	
Other Contingent Liabilities					100%			100%	
Unpaid Guranatee claims					200%			200%	
<b>TOTAL</b>	<b>6,873,105</b>	<b>-</b>	<b>211,782.25</b>	<b>6,661,323</b>		<b>2,252,286</b>	<b>5,695,570</b>		<b>2,055,779</b>
<b>Total RWE for Credit Risk Before adjustment (A) +(B)</b>	<b>55,933,853</b>	<b>1,509,461.62</b>	<b>631,366.94</b>	<b>53,793,024</b>		<b>32,801,933</b>	<b>47,325,686</b>		<b>30,166,277</b>
<b>Adjustment under pillar II</b>									
Add: 10% of the loan and facilities in excess of Single obligor Limits (6.4 a 3)									
Add: 1% of contract (sale) value in case of the sale of credit with recourse (6.4 a 4)									
<b>Total RWE for Credit Risk (After bank's adjustments of Pillar II)</b>	<b>55,933,853</b>	<b>1,509,461.62</b>	<b>631,366.94</b>	<b>53,793,024</b>		<b>32,801,933</b>	<b>47,325,686</b>	10%	<b>30,166,277</b>

## FORM NO.3 ELIGIBLE CREDIT RISK MITIGANTS (CRM)

Schedule 4.30 (C)

Amount in '000

CREDIT EXPOSURES	DEPOSITS WITH BANK (A)	DEPOSITS WITH OTHER BANKS/FI (B)	GOLD (C)	GOVT & NRB SECURITIES (D)	G'TEE OF GOVT. OF NEPAL (E)	SEC/G'TEE OF OTHER SOVEREIGNS (F)	G'TEE OF DOMESTIC BANKS (G)	G'TEE OF MDBs (H)	SEC/G'TEE OF FOREIGN BANKS (I)	TOTAL
<p><b>Balance Sheet Exposures</b></p> <p>Claims on Foreign Government and Central Bank (ECA 2)</p> <p>Claims on Foreign Government and Central Bank (ECA 3)</p> <p>Claims on Foreign Government and Central Bank (ECA 4-6)</p> <p>Claims on Foreign Government and Central Bank (ECA 7)</p> <p>Claims on Other Multilateral Development Banks</p> <p>Claims on Public Sector Entity (ECA 0-1)</p> <p>Claims on Public Sector Entity (ECA 2)</p> <p>Claims on Public Sector Entity (ECA 3-6)</p> <p>Claims on Public Sector Entity (ECA 7)</p> <p>Claims on domestic banks that meet capital adequacy requirements</p> <p>Claims on domestic banks that do not meet capital adequacy requirements</p> <p>Claims on foreign bank (ECA Rating 0-1)</p> <p>Claims on foreign bank (ECA Rating 2)</p> <p>Claims on foreign bank (ECA Rating 3-6)</p> <p>Claims on foreign bank (ECA Rating 7)</p> <p>Claims on foreign bank incorporated in SAARC Region operating with a buffer of 1% above their respective regulatory capital requirement</p> <p>Claims on Domestic Corporates</p>										-

continue... FORM NO.3 ELIGIBLE CREDIT RISK MITIGANTS (CRM)



Amount in '000

CREDIT EXPOSURES	DEPOSITS WITH BANK (A)	DEPOSITS WITH OTHER BANKS/FI (B)	GOLD (C)	GOVT & NRB SECURITIES (D)	G'TEE OF GOVT. OF NEPAL (E)	SEC/G'TEE OF OTHER SOVEREIGNS (F)	G'TEE OF DOMESTIC BANKS (G)	G'TEE OF MDBs (H)	SEC/G'TEE OF FOREIGN BANKS (I)	TOTAL
Claims on Foreign Corporates ECA Rating 0-1) Claims on Foreign Corporates (ECA Rating 2) Claims on Foreign Corporates (ECA Rating 3-6) Claims on Foreign Corporates (ECA Rating 7) Regulatory Retail Portfolio ( Not Overdue) Claim fulfilling all criterion of Regulatory Retail except granularity Claims secured by residential properties Claims not fully secured by residential properties Claims secured by residential properties (Overdue) Claims secured by Commercial real estate Past due claims ( except for claim secured by residential properties) High Risk claims Investment in equity and other capital instrument of institutions listed in the stock exchange Investment in equity and other capital instrument of institutions not listed in the stock exchange Other Assets ( as per attachment )	419,585									419,585

continue... FORM NO.3 ELIGIBLE CREDIT RISK MITIGANTS (CRM)

CREDIT EXPOSURES	Amount in '000									
	DEPOSITS WITH BANK (A)	DEPOSITS WITH OTHER BANKS/FI (B)	GOLD (C)	GOVT & NRB SECURITIES (D)	G'TEE OF GOVT. OF NEPAL (E)	SEC/G'TEE OF OTHER SOVEREIGNS (F)	G'TEE OF DOMESTIC BANKS (G)	G'TEE OF MDBs (H)	SEC/G'TEE OF FOREIGN BANKS (I)	TOTAL
<b>Off Balance Sheet Exposures</b>										
Forward Exchange Contract										419,585
LC Commitments with original maturity upto 6 months	139,868									139,868
Domestic Counterparty										-
Foreign Counterparty (ECA 0 -1)										-
Foreign Counterparty (ECA 2)										-
Foreign Counterparty (ECA 3 -6)										-
Foreign Counterparty (ECA 7)										-
LC Commitments with original maturity over 6 months ( domestic)	1,230									1,230
Domestic Counterparty										-
Foreign Counterparty (ECA 0 -1)										-
Foreign Counterparty (ECA 2)										-
Foreign Counterparty (ECA 3 -6)										-
Foreign Counterparty (ECA 7)										-
Bid Bond, Performance Bond and Counter Guarantee	63,201									63,201
Domestic Counterparty										-
Foreign Counterparty (ECA 0 -1)										-
Foreign Counterparty (ECA 2)										-
Foreign Counterparty (ECA 3 -6)										-
Foreign Counterparty (ECA 7)										-
Underwriting Commitments										-
Lending of Bank's Securities or Posting of Securities as collateral										-
Repurchase Agreements, Assets sale with recourse										-
Advance Payment Guarantee	7,483									7,483
Financial Guarantee	905									905
Acceptances and Endorsements										-
Unpaid portion of Partly paid shares and securities										-
Irrevocable Credit commitments										-
Other Contingent Liabilities										-
<b>Total</b>	<b>212,687</b>									<b>212,687</b>

continue... FORM NO.3 ELIGIBLE CREDIT RISK MITIGANTS (CRM)

## RISK WEIGHTED EXPOSURE FOR OPERATIONAL RISK

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.30(D)

(Amount in '000)

PARTICULARS	FISCAL YEAR			PREVIOUS YEAR
	2011/12	2012/13	2013/14	
1. Net Interest Income	425,357	934,340	1,115,996.84	
2. Commission and Discount Income	45,047	58,880	61,255	
3. Other Operating Income	68,020	150,770	181,018	
4. Exchange Fluctuation Income	51,643	35,314	45,798	
5. Addition/Deduction in Interest Suspense during the period	91,824	120,180	4,170	
6. Gross income (a)	681,891	1,299,484	1,408,238	
7. Alfa (b)	15%	15%	15%	
8. Fixed Percentage of Gross Income [c=(a×b)]	102,284	194,923	211,236	
9. Capital Requirement for operational risk (d) (average of c)	169,481			134,017
10. Risk Weight (reciprocal of capital requirement of 10%) in times (e)	10			10
11. Equivalent Risk Weight Exposure [f=(d×e)]	1,694,806			1,340,168
<b>SRP 6.4a (8) Adjustments under Pillar II</b>				
<b>(If Gross Income for the last three years is negative)</b>				
1. Total Credit and Investment (net of Specific Provision) of related month	-			
2. Capital Requirement for Operational Risk (5% of net credit and investment)	-			
3. Risk Weight (reciprocal of capital requirement of 10%) in times	10			
4. Equivalent Risk Weight Exposure (g)	-			
5. Equivalent Risk Weight Exposure [h=f+g]	1,694,806			1,340,168

## RISK WEIGHTED EXPOSURE FOR MARKET RISK

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 4.30(E)

Rs. (In full figure)

CURRENCY	OPEN POSITION (FCY)	OPEN POSITION (NPR)	RELEVANT OPEN POSITION	PREVIOUS YEAR RELEVANT OPEN POSITION
1. INR	1,628,089	2,606,164	2,606,164	18,178,000
2. USD	52,246	(3,154,722)	3,154,722	54,422,000
3. GBP	(3,090)	1,078,989	1,078,989	911,000
4. EUR	(27,447)	3,312,752	3,312,752	2,214,000
5. THB	30,490	89,854	89,854	90,000
6. CHF	250	26,532	26,532	281,000
7. AUD	18,865	1,403,761	1,403,761	5,201,000
8. CAD	2,150	171,731	171,731	389,000
9. SGD	2,899	214,873	214,873	491,000
10. JPY	7,006,957	5,731,691	5,731,691	4,930,000
11. HKD	23,070	300,140	300,140	191,000
12. DKK	5,100	75,327	75,327	87,000
13. SEK	10,060	119,110	119,110	3,834
14. SAR	83,159	2,238,224	2,238,224	12,403,000
15. QAR	28,317	784,777	784,777	2,243,000
16. AED	47,040	1,292,471	1,292,471	1,857,000
17. MYR	47,837	1,268,158	1,268,158	956,000
18. KRW	851,000	73,398	73,398	469,000
19. CNY	36,986	601,318	601,318	668,000
20. KWD	453	150,531	150,531	-
21. BHD	75	20,000	20,000	-
<b>(a) Total Open Position</b>		<b>18,405,080</b>	<b>24,714,524</b>	<b>105,984,834</b>
<b>(b) Fixed Percentage</b>			<b>5%</b>	<b>0</b>
<b>(c) Capital Charge for Market Risk (=a×b)</b>			<b>1,235,726</b>	<b>5,299,000</b>
<b>(d) Risk Weight</b> (reciprocal of capital requirement of 10%) in times			<b>10</b>	<b>10</b>
<b>(e) Equivalent Risk Weight Exposure (=c×d)</b>			<b>12,357,262</b>	<b>52,992,000</b>

# PRINCIPAL INDICATORS

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

Schedule 31

PARTICULARS	INDICATORS	F.Y. 2010/11	F.Y. 2011/12	F.Y. 2012/13	F.Y. 2013/14	F.Y. 2014/15
1. Net Profit/Gross Income	%	0.32%	1.62%	5.54%	13.66%	16.65%
2. Earnings Per Share	Rs.	0.55	1.54	5.98	18.34	22.20
3. Market Value per Share	Rs.	133.00	107.00	203.00	576.00	564.00
4. Price Earning Ratio	Ratio	242.54	69.41	33.96	31.40	25.40
5. Dividend (including bonus) on share capital	%	0.00%	0.00%	0.00%	12.63%	16.84%
6. Cash Dividend on Share Capital	%	0.00%	0.00%	0.00%	0.63%	0.84%
7. Interest Income/Loans & Advances	%	14.04%	11.98%	11.29%	9.60%	8.93%
8. Employee Expenses/Total Operating Exps	%	8.28%	8.35%	11.18%	11.75%	13.90%
9. Interest Exps on Total Deposit and Borrowings	%	8.75%	6.97%	5.46%	4.63%	3.97%
10. Exchange Fluctuation Gain/Total Income	%	2.51%	2.25%	1.32%	1.62%	2.23%
11. Staff Bonus/ Total Employee Expenses	%	0.73%	0.00%	9.30%	23.01%	25.91%
12. Net Profit/Loans & Advances	%	0.06%	0.24%	0.68%	1.54%	1.77%
13. Net Profit/ Total Assets	%	0.05%	0.16%	0.49%	1.12%	1.26%
14. Total Credit/Deposit	%	89.77%	74.62%	79.79%	79.56%	78.77%
15. Total Operating Expenses/Total Assets	%	10.12%	1.95%	1.98%	1.64%	1.56%
16. Adequacy of Capital Fund on Risk Weightage Assets						
a. Core Capital	%	9.99%	14.11%	11.59%	9.69%	11.14%
b. Supplementary Capital	%	0.86%	0.93%	0.95%	0.94%	1.10%
c. Total Capital Fund	%	10.85%	15.04	12.54%	10.63%	12.24%
17. Liquidity (CRR)	%	5.89%	15.34%	11.07%	9.24%	11.02%
18. Non Performing Loans/Total Loans	%	4.17%	2.84%	2.84%	1.78%	0.64%
19. Base Rate	%	-	-	10.26%	8.25%	7.69%
20. Weighted Average Interest Rate Spread	%	2.27%	5.01%	4.63%	4.97%	4.65%
21. Book Net worth	Rs.	1,782,433,898	2,648,076,726	2,796,260,797	3,235,708,172	3,816,142,380
22. Total Shares	Number	16,271,966	24,787,946	24,787,946	24,787,946	27,762,499
23. Total Employees	Number	502	599	562	614	597
24. Productivity per Staff	Rs.'000	17.77	63.79	263.67	740.53	1032.45
25. Book Value Per Share	Rs.	109.54	106.83	112.81	130.54	137.46

# SIGNIFICANT ACCOUNTING POLICIES

Schedule 32

FISCAL YEAR 17 JULY 2014 TO 16 JULY 2015 (1 SHRAWAN 2071 TO 31 ASHAD 2072)

## 1. GENERAL INFORMATION

Machhapuchchhre Bank Limited (MBL or the Bank) is a limited liability company domiciled in Nepal. The registered office of the Bank is at Pokhara, Western Nepal and corporate office is in Kathmandu. The Bank is listed with Nepal Stock Exchange Limited.

The Bank carries out commercial banking activities in Nepal under license from Nepal Rastra Bank (Central Bank of Nepal) as Class "A" licensed institution.

## 2. APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements for the year ended 16 July 2015 have been authorized by the Board of Directors in its meeting held on 28 December 2015 and have recommended for approval by shareholders in the Annual General Meeting.

## 3. BASIS OF PREPARATION AND USE OF ESTIMATE

The Board of Directors is responsible for the preparation and fair presentation of the financial statements. The financial statements are prepared on the historical cost basis. The preparation of financial statements in conformity with NAS and GAAP requires management to use certain critical accounting estimates. It also requires management to exercise judgment in process of developing and applying the Bank's accounting policies. The Management believes that estimates and policies so applied are reasonable and prudent under the circumstances. All the formats of the financial statements are in accordance with the NRB Directives.

## 4. STATEMENT OF COMPLIANCE

The Financial Statements have been prepared in accordance with Nepal Accounting Standards (NAS) issued by Nepal Accounting Standards Board (NASB), Generally Accepted Accounting Principles (GAAP), Bank and Financial Institutions Act (BAFIA) 2063, Directives of Nepal Rastra Bank and the Companies Act 2063. Financial Statements

are prepared on accrual basis of accounting, unless otherwise stated.

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted for the preparation of Financial Statements of the Bank are set out as below. These policies have been consistently applied unless otherwise stated.

### 5.1 Interest Income

Interest income on Loans and Advances is recognized on cash basis as per the Directives of Nepal Rastra Bank, which is not in line with the Nepal Accounting Standard 7 (Revenue Recognition) which requires recognizing income on accrual basis. Interest income on Investments is recognized on accrual basis.

### 5.2 Commission Income

Commission received for various transactions are accounted on cash basis which is not as per Nepal Accounting Standard. However, in the case of commission income of more than NPR 100,000 earned from Bank Guarantees (B/Gs) and Letter of Credits (L/Cs) issued for more than 1 year, they are accounted on pro-rata basis depending upon the tenure.

### 5.3 Dividend Income

Dividend is recognised as income when the right to receive the dividend is established which is as per Nepal Accounting Standard - 7 (Revenue Recognition). For bonus shares, the numbers of shares are only increased without any change in the cost price of shares. Dividend income from the investment in share is recognised on the basis of 'right to receive' which is as per Nepal Accounting Standard 7 (Revenue Recognition).

### 5.4 Foreign Exchange Transactions

Gains/Losses on foreign exchange transactions are bifurcated into trading and revaluation gains/ losses and presented separately. Foreign currency assets and liabilities existing at the balance sheet date are converted into Nepalese Rupees at the prevailing mid

exchange rate (i.e. the average of buying and selling rate) as at the balance sheet date.

As per Nepal Rastra Bank Directives, 25% of revaluation gain from foreign currency exchange rate differences is transferred to Exchange Fluctuation Reserve and revaluation loss is charged to profit and loss account. Premium/Discount on forward contract is charged to profit and loss account at the time of transaction.

### 5.5 Interest Expenses

Interest on deposits and borrowing from other banks is accounted on accrual basis.

### 5.6 Loans & Advances and Bills Purchased

Loans and advances provided to customers are accounted under this head. These include short-term loans, long-term loans, consumer loans and loans given to priority and deprived sectors which are classified as per Nepal Rastra Bank's Directives. Above stated loans & advances, overdraft and bills purchase are shown net of provision in the balance sheet.

### 5.7 Recovery Policy of Principal and Interest of Loan and Advances

Interest accrued on loan and advances is recovered first and subsequently principal amount is recovered from the available balance of customer.

### 5.8 Staff Loans

Loans and advances granted to the employees under personnel policy of the Bank are shown under the head 'Other Assets'.

### 5.9 Loan Loss Provision

In order to mitigate the risk inherent in the Bank's risk asset portfolio, provision for possible losses is provided. As per the Directives of Nepal Rastra Bank, the bank has made provisions ranging from 1% to 100% on its loans, advances, overdrafts and bills purchase.

### 5.10 Loan Write Off Policy

Unrecoverable Loans and Advances are written off in accordance with the loan write off policy of the Bank approved by Nepal Rastra Bank. Amounts recovered against written off loans are recognised as income of the year of such recovery.

### 5.11 Investment Policy

The Investments made by the Bank are classified under three categories:

#### a) Investment Held for Trading:

These are marketable investments and held with the primary intention of resale over a short period time. These investments are initially measured at cost and subsequently marked to market and differences reflected in the profit and loss account.

#### b) Investment Available for Sale:

These are investments held with the primary intention to recover value of investments through sale rather than continuing to hold. Investment adjustment reserve for these investments is created as a cushion for adverse price movements in Bank's investments. Investment Adjustment Reserve of 2% of available for sale portfolio is created which qualifies for Supplementary Capital.

#### c) Investment Held Till Maturity (HTM):

These investments are primarily intended to be held till maturity and are valued at cost less impairments (if applicable) and carried

at these values in the Balance Sheet till maturity. Any impairment losses arising in such investment are provided for and charged to the income statement. Premiums paid while acquiring HTM Investments are recognised as the part of initial cost and subsequently amortised on proportionate basis till maturity. Investments in shares of unlisted companies are initially stated at cost and carried at these values in the Balance Sheet. Any impairment loss arising in such investments are provided for and charged to the Profit and Loss Account.

### 5.12 Fixed Assets and Depreciation

a) Fixed assets are stated at cost less accumulated depreciation.

b) As per the Nepal Accounting Standard - 6, 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:

ASSETS TYPES	EXPECTED USEFUL LIFE
1. Building	50
2. Vehicle	7
3. Furniture Wooden	8
4. Furniture Metal	10
5. Office Equipment	10
6. Computers	5
7. Generators and Others	10

c) The depreciation on the assets purchased and capitalized during the current year has been accounted from the next month of purchase. In case of assets being sold and written off, the depreciation is charged up to the previous month of disposal and gain or loss on the sales transaction is accounted for.

d) Depreciation for income tax purpose is calculated separately at the rate and manner prescribed by the Income Tax Act, 2058.

e) Assets with a unit value of NPR 5,000 or less are expensed-off during the year of purchase irrespective of its useful life.

### 5.13 Gratuity Provision

As per the approved "Employees By Laws 2069" which is in line with Labour Rules 2050, the Bank has made provision for gratuity for employees who have worked for more than 3 years in the organization.

#### 5.14 Employees Bonus Expenses

Provision for bonus is calculated and provided at 10% of net profit, after making adjustment of bonus.

#### 5.15 Leave Encashment

Employee leave comprise of annual leave, sick leave, casual leave, maternity leave, paternity leave, substitute leave and bereavement leave and the unused leave are compensated as per Employee By Laws of the Bank.

Annual leave and sick leave are allowed to be accumulated to the extent of 90 days each and can be carried forward for use in future. Leave balance in excess of 90 days in each case is paid in cash every year. Leave earned and accrued is recognized as a liability on a proportionate basis as at the balance sheet date duly reduced by the leave availed by the employees.

#### 5.16 Stationery Stock

Stock of Stationery purchased is accounted for at cost on a 'First In First Out' (FIFO) basis and shown under "Other Assets".

#### 5.17 Current Income Tax

Provision for the current income tax is made in accordance with the provisions of the prevailing Income Tax Act, 2058 and rules framed there under.

#### 5.18 Deferred Income Tax

Deferred taxes are accounted using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements' carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable

income in the years in which those temporary differences are expected to be recovered or settled based on the laws that have been enacted or subsequently enacted by the reporting date. Deferred tax assets arising from temporary difference and unused tax losses are recognized to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized (according to NAS-09 "Income Taxes").

#### 5.19 Non Banking Asset (NBA)

Non-Banking Assets are the assets obtained as security for loans & advances and subsequently taken over by the Bank in the course of loan recovery. Such assets are booked at fair market value or total amount due from the borrower, whichever is lower. In accordance with NRB Directives, NBAs are shown in the Balance Sheet after netting of their Loss Provision.

#### 5.20 Events after the Balance Sheet Date

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised for issue.

Appropriate adjustments in the financial statements and disclosures in notes to accounts have been made for all material and significant events that have occurred between the balance sheet date and date when the financial statements have been authorized for issue.

#### 5.21 Provisions, Contingent Liabilities and Contingent Assets

The Bank creates a provision when there is a present obligation of the entity arising

from past events, the settlements of which is expected to result in an outflow from the entity of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation.

A disclosure for contingent liability is made when there is a present obligation that may or may not, require an outflow of resources. When there is a possible obligation or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made in the financial statement. Contingent liabilities are shown in Schedule 17.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the assets and related income are recognized in the period in which the change occurs.

#### 5.22 Operating Lease Commitment

The Bank has taken various properties on cancellable long term lease. Since the Bank possesses the right to terminate the said lease before its maturity by giving a notice of specified period, the future liability the Bank is limited to lease payable for notice period only. The expenses under operating leases are booked under 'Leasehold Assets' and written off in five years or term of lease, whichever is less.

#### 5.23 Comparatives

The financial statements are presented in Nepalese Rupees, rounded off to the nearest rupee. Previous year's figures have been reclassified wherever necessary in order to facilitate comparison.



# NOTES TO ACCOUNTS

Schedule 33

FISCAL YEAR 17 JULY 2014 TO 16 JULY 2015 (1 SHRAWAN 2071 TO 31 ASHAD 2072)

## 1. PAID-UP EQUITY CAPITAL

*Paid up share capital of the Bank has increased from year to year as follows:*

(Figures in NPR.)

FINANCIAL YEAR	PAID UP SHARE CAPITAL	REMARKS
2061/62	550,000,000	Opening Share Capital
2062/63	715,000,000	Issue of 30% right shares
2063/64	821,651,300	14.92% Bonus shares included
2064/65	901,339,300	NPR 79,688,000 calls in advance included
2065/66	1,479,269,600	Issue of right shares 10:6 and 12.5% of bonus shares included
2066/67	1,627,196,560	10% Bonus shares included
2067/68	1,627,196,560	
2068/69	2,478,794,560	NPR 851,598,000 paid capital of Standard Finance Limited Merged
2069/70	2,478,794,560	
2070/71	2,776,249,907	12% Bonus shares included
2071/72	3,484,123,196	NPR 174,833,289 calls in advance and NPR 533,040,000 proposed bonus share included

Nepal Rastra Bank (NRB) has directed the commercial banks to raise their paid-up capital to NPR 8 billion by mid-July 2017. Accordingly, the Bank is planning to raise paid-up capital through merger with a commercial bank and issue of bonus shares.

The paid up capital appeared in balance sheet includes NPR 174,833,289 received from shareholder for right share of equity. Moreover, due to issuance of bonus share in the previous years, total share capital amount is not in the multiple of NPR 10.

## 2. GENERAL RESERVE

Section 44 of Bank and Financial Institutions Act 2006 requires the Bank to allocate at least 20% of the net profits of every year to General Reserve until it is twice the paid-up capital. The Bank has appropriated NPR 123,274,548 of the net profits to General Reserve in the current year.

## 3. STAFF HOUSING FUND

Staff Housing Reserve required under the Labor Act, 2048 has not been created as the Bank provides housing loan to its staff as per the Employee By Rules.

## 4. GRATUITY

The Bank has made an additional provision of NPR 30,827,606 for gratuity liability in the current year.

## 5. STATEMENT RELATED TO NON-BANKING ASSETS

PARTICULARS	NPR (IN MILLION)
Opening balance	170.91
Addition this year	-
Less : Sale/disposal this Year	23.85
Less : Total Provision	147.06
Net Non-Banking Asset (NBA)	-

## 6. CONTINGENT INCOME TAX LIABILITY

Disputed tax liabilities related to Own Your Vehicle Scheme (OYVS) for FY 2008/09 to FY 2010/11 is under Administrative Review of Inland Revenue Department (IRD) which is shown as contingent liability in schedule 4.17.

## 7. STATEMENT OF DEFERRED TAX

The details of the deferred tax assets /liabilities calculated as per the NAS -9 are as follows.

(NPR in '000')

BALANCE SHEET ITEMS	CARRYING AMOUNT	TAX BASE	TEMPORARY DIFFERENCES
Depreciable Fixed Assets	557,684	464,596	(93,088)
Provision for Investment	1,579	-	1,579
Provision for Non-Banking Assets	147,061	-	147,061
Loan Loss Provision and Loan Write up Exp. Disallowed up to this year	49,309	-	49,309
Leave provision	71,598	-	71,598
Net temporary differences			176,460
Tax Rate			30%
Deferred Tax Assets			52,938
Deferred Tax Reserve up to previous year			101,636
Addition/(Reversal) for this year			(48,698)

## 8. INVESTMENT ADJUSTMENT RESERVE (IAR)

The Bank has maintained adequate reserve in compliance with NRB Directives 04/2071 and 08/2071 for investments categorized as 'Available for Sale' except for the Investment made in the shares of Neco Insurance Ltd, Premier Insurance Company Ltd, Butwal Power Company Ltd and Life Insurance Company Ltd which are valued at cost against the requirement of the shares to be measured at Mark to Market Basis in accordance with NRB directives.

Had the shares of the above companies been accounted based on NRB Directives 4 & 8 on Mark to Market basis the investment would be valued at NPR 57,205,122 and accordingly Reserve would have increased by NPR 33,432,765 and Investment Adjustment Reserve would have increased by NPR 668,655 (2% of increased investment).

IAR for the year is presented below:

PARTICULARS	NET INVESTMENT	REQUIRED RESERVE
Listed Securities @2%	23,772,357	475,447
Unlisted Securities @100%	15,000,000	15,000,000
Exempted Securities	5,030,000	-
<b>Closing balance</b>	<b>43,802,357</b>	<b>15,475,447</b>

## 9. UNPAID DIVIDEND

As on balance sheet date, total dividend payable amounts to NPR 386,131.98 (PY NPR 521,518.50).

Details have been presented as under:

DIVIDEND PAYABLE OF FY	THIS YEAR (NPR)	PREVIOUS YEAR (NPR)
2066/2067	364,984.98	500,371.50
2061/2062	21,147.00	21,147.00
<b>Total</b>	<b>386,131.98</b>	<b>521,518.50</b>

## 10. EARNINGS PER SHARE, SHARE PRICE AND SHARE TRANSACTION

Earnings Per Share (EPS) is calculated and disclosed as per NAS – 26 as follows:

PARTICULARS	BASIC EPS	DILUTED EPS
Net profit attributable to equity shareholders (NPR)	616,372,740	616,372,740
Total Number of shares (No.)	27,762,499	27,762,499
<b>Earnings Per Share (NPR)</b>	<b>22.20</b>	<b>22.20</b>

Compared to last year, the EPS grew by NPR 3.86 (Previous Year by NPR 18.34). The Bank has not issued preference share and debentures/ bonds, thus, basic earnings per share and diluted earnings per share are same. The closing market price of the share is NPR 564 (Previous Year NPR 576) as on balance sheet date.

## 11. ACCUMULATED LEAVE PROVISION

Leave expenses recognized as per the policy of the Bank is changed from cash basis to accrual basis in the current year. Therefore, provision of accumulated leave up to previous year of NPR 56,197,457.71 is adjusted in retained earnings and accumulated leave provision pertaining to current fiscal year NPR 15,400,554.58 is charged to profit and loss account. Moreover, leave encashment paid in excess of accumulated leave exceeding 180 days of NPR 25,827,285.35 is also charged in profit and loss account.

## 12. INTEREST RECEIVABLE ON HOUSING LOAN

An endowment life insurance policy is purchased by Bank for insured sum equivalent to the principal of housing loan. The policy is purchased for a period of 20 years or remaining service period of the employee, whichever is earlier. The employees pay insurance premium in respect of policy on monthly basis. Upon maturity of the endowment policy, the proceeds/bonus are accounted towards settlement of interest and principal loan amount in a single installment.

Interest receivable on housing loan not accounted up to previous year of NPR 48,313,661.72 is adjusted in retained earnings and current year interest receivable of NPR 19,089,209.70 is credited in profit & loss account. 6% average interest rate has been used to calculate the accrued interest receivable by the Bank.

## 13. MOVEMENT IN LOANS AND ADVANCES

NPR (In million)

PARTICULARS	PREVIOUS YEAR	THIS YEAR	CHANGE	CHANGE %
Opening Balance	21,652.44	29,541.41	7,888.97	36%
Credit Disbursement	30,235.75	36,992.73	6,756.98	22%
Credit Recovery	22,267.01	31,714.69	9,447.68	42%
Principal written off	79.77	-	-79.77	-100%
Interest - written off	56.62	-	-56.62	-100%
Closing Balance	29,541.41	34,819.45	5,278.04	18%

## 14. MOVEMENT IN DEPOSIT LIABILITY

The change in deposit liability during the year is as follows:

NPR (In million)

PARTICULARS	PREVIOUS YEAR	THIS YEAR	CHANGE	CHANGE %
Current	1,264	1,600	336	27%
Saving	14,294	17,864	3,570	25%
Fixed	12,611	11,736	(875)	-7%
Margin	135	265	130	96%
Money at Call	8,732	12,740	4,005	46%
Others	96	-	-96	-100%
<b>Total</b>	<b>37,132</b>	<b>44,205</b>	<b>7,034</b>	<b>19%</b>

## 15. WEIGHTED AVERAGE INTEREST RATE SPREAD

The weighted average interest rate spread between Loan and Investment and Deposit Liabilities are shown as below.

PARTICULARS	AVERAGE %)
Average Interest Rate of Loan and Investment	9.09%
Average Interest Rate of Deposit and Borrowing	4.44%
Average Interest Rate Spread	4.65%

## 16. PARTICULARS OF AMORTIZED EXPENSES YET TO BE EXPENSED OFF

Preliminary expenses, pre-operating expenses, computer software and leasehold properties, where useful life can be ascertained are amortized on the basis of useful life and in case where useful life cannot be ascertained the Bank has the policy to amortize the cost in five years. The details of the amortization expenses yet to be written off are as follows:

*NPR (In million)*

PARTICULARS	COST PRICE	AMORTIZED UP TO LAST YEAR	AMORTIZED DURING YEAR	TOTAL AMORTIZED AMOUNT	ASHAD END 2072
Software Expenses	85.74	29.22	6.85	37.08	49.67
Deferred Expenses	29.37	19.89	4.05	23.95	5.42
Leasehold Expenses	155.07	78.27	14.60	92.87	62.35
<b>Total</b>	<b>270.18</b>	<b>127.38</b>	<b>25.50</b>	<b>152.89</b>	<b>117.38</b>

## 17. CAPITALIZATION OF INTEREST

Capitalization of the Interest on national priority projects was made with due approval from Nepal Rastra Bank. NPR 36,695,275 is capitalized during FY 2014-15.

## 18. SUMMARY OF CONCENTRATION EXPOSURE

Funded and non-funded facilities and sector wise loans are within the limits prescribed by NRB Directives. The details of the maximum concentration to a unit are presented below:

*NPR (In million)*

PARTICULARS	LOANS & ADVANCES	DEPOSIT & BORROWING
Balance as on Ashad 31, 2072(16th July 2015)	34,819.45	44,205.64
Maximum Exposure on one unit	496.38	1,557.30
Maximum on one unit	1.43%	3.52%

## 19. LIQUIDITY RISK

As per the NRB Directives, payment period of the Bank's Asset and Liabilities has been classified to mitigate liquidity related risks and they are as follows:

### Classification of asset and liabilities on the basis of their payment period:

PARTICULARS	NPR (In million)					
	1-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	OVER 1 YEAR	TOTAL AMOUNT
<b>Assets</b>						
1. Cash Balance	2,096.96					2,096.96
2. Balance with Banks & FIs	6,287.08				2.50	6,289.58
3. Investment in Foreign Banks	203.10	304.65		304.65		812.40
4. Call Money						
5. Government Securities	1,757.84	199.07	315.81	247.58		2,520.30
6. Nepal Rastra Bank Bonds						
7. Inter Bank & FI Lending						
8. Loans & Advances	8,631.48	4,914.68	4,463.10	4,502.31	12,307.88	34819.45
9. Interest Receivable	88.57	13.02	8.54	3.57	26.74	140.46
10. Reverse Repo						-
11. Receivables from other Institutions under Commitment						-
12. Payment to be made for facilities under S. No. 20,21 & 22	5,146.66	1,412.57	582.58	122.92	697.32	7,962.04
13. Others	22.65	1.61	2.55	2.00	2608.06	2636.88
<b>Total Assets (A)</b>	<b>24,234.34</b>	<b>6,845.60</b>	<b>5,372.57</b>	<b>5,183.04</b>	<b>15,642.50</b>	<b>57,278.43</b>
<b>Liabilities</b>						
14. Current Deposits	263.86				1,335.98	1,599.85
15. Saving Deposits	5,721.83				24,882.78	30,604.61
16. Fixed Deposits	1,122.96	3,092.30	5,836.69	1,510.97	173.57	11,736.49
17. Debentures						
18. Borrowings:						
(a) Call/Short Notice						
(b) Inter-bank/Financial Institutions						
(c) Refinance						
(d) Others						
19. Other Liabilities and Provisions	163.56	0.68	0.09	36.17	0.10	200.59
(a) Sundry Creditor	87.29					87.29
(b) Bills Payable	13.46					13.46
(c) Interest Payable	62.29	0.68	0.09	36.17	0.10	99.32
(d) Provisions						
(e) Others	0.52					0.52
20. Payable to other institutions under Commitment	790.69	388.18	11.35	0.04		1,190.26
21. Unutilized Approved Facilities	3,119.10					3,119.10
22. Letter of Credit/Guarantee (Net of Margin)	1,236.87	1,024.38	571.22	122.88	697.32	3,652.68
23. Repo						
24. Payment to be made for facilities under S. No. 11					11.50	142.78
25. Others	131.28					
<b>Total Liabilities (B)</b>	<b>12,550.15</b>	<b>4,505.54</b>	<b>6,419.36</b>	<b>1,670.06</b>	<b>27,101.26</b>	<b>52,246.36</b>
<b>Net Financial Assets (A-B)</b>	<b>11,684.19</b>	<b>2,340.06</b>	<b>-1,046.78</b>	<b>3,412.98</b>	<b>-11,458.38</b>	<b>5,032.07</b>
<b>Cumulative Net Financial Assets</b>	<b>11,684.19</b>	<b>14,024.25</b>	<b>12,977.47</b>	<b>16,490.45</b>	<b>5,032.07</b>	<b>0.00</b>

Bank has not taken any sum as a security by taking its assets as collateral.

## 20. STATUS OF AGENCY RECONCILIATION

Following are the statement of deposited and withdrawn amount of Bank and corresponding agency account pending:

(NPR In '000)

CURRENCY	BANKS A/C PENDING		AGENCY A/C PENDING	
	DEBIT AMT	CREDIT AMT	DEBIT AMT	CREDIT AMT
<b>USD</b>				
UPTO 1 YR	3,185.10	16,161.41	5,408.02	24,475.07
ABOVE 1 YR UPTO 3 YR	2,225.93	4,547.79	10,227.28	632.27
ABOVE 3 YR	29.86	5,342.59	3.30	-
<b>GBP</b>				
UPTO 1 YR	4,201.89	9.97	3.96	5,661.65
ABOVE 1 YR UPTO 3 YR	3,919.45	77.68	-	4,361.28\
ABOVE 3 YR	-	957.08	-	-
<b>EURO</b>				
Up to 1 year	7,738.92	783.39	8.85	8,175.60
More than 1 Year up to 3 yr	2,139.9	-	2.21	2,160.91
More than 3 year	-	10.18	-	-
<b>AUD</b>				
UPTO 1 YR	-	148.82	3.72	-
More than 1 yr up to 3 yr	-	3.72	1.86	-
More than 3 yr	-	-	-	-
<b>JPY</b>				
UPTO 1 YR	-	-	-	329.25
More than 1 yr up to 3 yr	2.05	-	-	-
More than 3 yr	-	-	-	-
<b>INR</b>				
UPTO 1 YR	723.54	11,454.53	3,778.10	11,156.94
More than 1 yr up to 3 yr	15.91	1,491.64	2,020.25	507.26
More than 3 yr	-	810.41	-	208.19
<b>NPR</b>				
Up to 1 year	24,731.37	49,310.19	31,742.52	36,204.86
More than 1 Year up to 3 year	18,291.00	32,672.37	20,879.43	13,206.22
More than 3 year	69.59	332.75	589.71	136.11

## 21. RELATED PARTIES

The Bank has entered into financial transactions with the following related parties where directors have financial interest.

Rs '000

RELATED PARTY	NATURE OF RELATIONSHIP	NATURE OF TRANSACTION	THIS YEAR	PREVIOUS YEAR
Nepal Electronic Payment System	Common Directors	Investment in Shares	15,000,000	15,000,000
Neco Insurance Ltd	Common Directors	Investment in Shares	18,864,600	9,234,600
Credit Information Bureau Ltd	Key Management Personnel is director	Investment in Shares	1,330,000	1,330,000

## 22. TOTAL OF KEY MANAGEMENT PERSONNEL COMPENSATION (DISCLOSURE AS PER NAS-16)

Amount in NPR

DETAILS OF KEY MANAGEMENT	CHIEF EXECUTIVE OFFICER	OTHER KEY MANAGEMENT PERSONNEL (AM- DCEO)	REMARKS
Short Term Employee Benefits* (FY 071/72)	7,960,000	57,408,486	Other Key Management Personnel Include Deputy Chief Executive officer and other management team of assistant manager level & above
Post Employment Benefits (Pay against leave & Gratuity)	1,915,890	41,506,708	
Termination Benefits	NIL	NIL	
Share Based Payments	NIL	NIL	
Other Long Term Benefits	NIL	NIL	

\* Short term employment benefit excludes medical insurance, income considered under vehicle facility, differential interest income and prize money.

Key management personnel are also eligible for the following benefits:

- » Benefits as per Employee Service Regulation of the Bank.
- » Bonus out of profit as per Bonus Act.
- » Housing loans and advances as per Housing Loan Scheme of the Bank.
- » Vehicle facility.

Total no of Key Management Personnel as on Ashad End 2072 (including CEO): 42

## 23. COMPENSATION TO BOARD OF DIRECTORS (BODS)

All members of the Board are non-executive directors. Compensation to BODs and other related expenses are detailed below:

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
Meeting Fees	970,700	773,400
Other Expenses	1,116,622	1,237,964

Directors are eligible for allowance of NPR 5,000 per month or on actual bill whichever is less, for covering newspaper, telephone, internet and other communication expenses. Directors are paid NPR 4,000 per meeting while Chairman is paid NPR 5,000 per meeting. Other expenses include reimbursement of travelling and hotel expenses for branches visit and above mentioned allowances.



## ADDITIONAL DISCLOSURE UNDER BASEL II

Nepal Rastra Bank has issued guidelines for implementation of New Capital Adequacy Framework under Basel II requirement in July 2007. NRB directed all Banks to adopt this framework and according to which Banks are to maintain Capital for Credit, Operational and Market Risk. Accordingly, the following disclosure is made:

### 1. CAPITAL STRUCTURE AND CAPITAL ADEQUACY

NPR (in '000)

1.2 CAPITAL	ASHAD END 2072
<b>1.2 CAPITAL</b>	<b>Ashad End 2072</b>
<b>(A) Core Capital (Tier 1)</b>	<b>3,959,269</b>
A. Paid up Equity Share Capital*	2,951,083
B. Irredeemable non-cumulative preference shares	-
C. Share Premium	-
D. Proposed Bonus Equity Share	533,040
E. Statutory General Reserve	424,045
F. Retained Earnings	3,585
G. Un-audited current year cumulative profit	-
H. Capital Redemption Reserve	-
I. Capital Adjustment Reserve	-
J. Dividend Equalization Reserve	-
K. Deferred Tax Reserve	52,938
L. Other Free Reserve	-
M. Less : Goodwill	-
N. Less : Fictitious Assets	5,422
O. Less : Investment in equity in licensed Financial Institutions	-
P. Less : Investment in equity of institutions with Financial interests	-
Q. Less : Investment in equity of institutions in excess of limits	-
R. Less : Investments arising out of underwriting commitments	-
S. Less : Reciprocal crossholdings	-
T. Less: Purchase of Land& Building in excess of limit and unutilized	-
U. Less : Other Deductions	-
<b>Adjustment Under Pillar II</b>	
SRP 6.4.a(1) Less : Shortfall in provision (6.4 a1)	-
SRP 6.4.a(2) Less : Loans and facilities extended to related parties and restricted lending (6.4 a 2)	-
<b>(B)Supplementary Capital (Tier 2)</b>	<b>392,646</b>
A. Cumulative and/or Redeemable Preference Shares	-
B. Subordinated Term Debt	-
C. Hybrid Capital Instruments	-
D. General Loan Loss Provision	366,362
E. Exchange Equalization Reserve	10,809
F. Investment Adjustment Reserve	15,475
G. Assets Revaluation Reserve	-
H. Other Reserves	-
<b>Total Capital Fund (Tier 1 and Tier 2)</b>	<b>4,351,915</b>

\*Paid up equity share capital includes calls in advance NPR 174,833,289.

Detailed information about the subordinated term debts with information on the outstanding amount, maturity amount, raised during the year and amount eligible to be reckoned as capital funds: Nil

## DEDUCTIONS FROM CAPITAL

PARTICULARS	NPR (IN '000)
Miscellaneous Expenditure not written off	-
Leasehold Expenses	-
Investments arising out of underwriting commitments	-

**Total Qualifying Capital - NPR 4,351,915 (In '000)**

**Capital Adequacy Ratio - 12.24%**

## 2. RISK EXPOSURES

Risk weighted exposures for credit risk, market risk and operational risk as on Ashad End 2072 are as follows:

PARTICULARS	NPR IN '000
Risk Weighted Exposure for Credit Risk	32,801,933
Risk Weighted Exposure for Operational Risk	1,694,806
Risk Weighted Exposure for Market Risk	12,357
<b>Adjustment Under Pillar II</b>	<b>1,035,273</b>
<b>Total</b>	<b>35,544,370</b>

## RISK WEIGHTED EXPOSURES UNDER EACH OF 11 CATEGORIES OF CREDIT RISK

PARTICULARS	NPR IN '000
1. Claims on Government and Central Bank	-
2. Claims on Other Official Entities	-
3. Claims on Banks	1,198,340
4. Claims on Corporate and Securities Firms	12,353,912
5. Claims on Regulatory Retail Portfolio	11,224,428
6. Claims Secured by Residential Properties	2,799,922
7. Claims Secured by Commercial Real Estate	950,835
8. Past Due Claims	42,455
9. High Risk Claims	423,952
10. Other Assets	1,555,804
11. Off Balance Sheet items	2,252,286
12. Adjustment under Pillar II	1,035,273

## TOTAL RISK WEIGHTED CALCULATION

Please, refer schedule 30(b), 30(c), 30(d) and 30 (e)

## AMOUNT OF NPAs

*NPR (In '000)*

CATEGORY	GROSS	PROVISION	NET
Restructured	-	-	-
Substandard	25,758	9,342	16,416
Doubtful	27,952	13,976	13,976
Loss	168,470	168,470	-

## NPA RATIO

Gross NPA to Gross Loans and Advances – 0.64%

Net NPA to Net Loan and Advances – 0.09 %

## MOVEMENT OF NPA

*NPR (In '000)*

PARTICULARS	OPENING BALANCE	CLOSING BALANCE	MOVEMENT
Non Performing Loan	525,296	222,180	(303,166)
Restructured Loan	-	-	-
Substandard	416,344	25,758	(390,586)
Doubtful	38,456	27,952	(10,504)
Loss	70,496	168,470	97,974

## WRITE OFF OF LOANS AND INTEREST SUSPENSE:

Write off of Loans – Nil

Write off of Interest Suspense – Nil

## MOVEMENT OF LOAN LOSS PROVISION AND INTEREST SUSPENSE:

### Loan Loss Provision

*NPR (In '000)*

PARTICULARS	OPENING BALANCE	CLOSING BALANCE	MOVEMENT
<b>Total Loan Loss provision</b>	<b>488,166</b>	<b>558,149</b>	<b>69,983</b>
a) Pass	294,356	325,642	31,286
b) Watch List	-	40,720	40,720
c) Restructured	-	-	-
d) Substandard	104,086	9,342	(94,744)
e) Doubtful	19,228	13,976	(5,252)
f) Loss	70,496	168,470	97,974

**Interest Suspense:**

PARTICULARS	NPR (In '000)		
	OPENING BALANCE	CLOSING BALANCE	MOVEMENT
Interest Suspense	126,221	140,455	14,234

**Details of Additional Loan Loss Provision:**

PARTICULARS	NPR (In '000)		
	OPENING BALANCE	CLOSING BALANCE	MOVEMENT
Total Loan Loss Provision	48,81,66	5,58,149	69,983

### 3. SEGREGATION OF INVESTMENT PORTFOLIO INTO HELD FOR TRADING, HELD TO MATURITY AND AVAILABLE FOR SALE CATEGORY:

- » Held for trading - NIL
- » Held to Maturity - NPR 4,436,919,703
- » Available for sale - NPR 43,802,357

### 4. RISK MANAGEMENT FUNCTION

The Bank follows NRB definition of default for classifying and accounting for income recognition, assets classification and provisioning norm.

The Bank is exposed to uncertainties and due to various economic or environmental factors some of them are inherent to the banking business and others which are unforeseen and unexpected. Risk Management is a comprehensive process adopted by a bank to minimize adverse effects of such risks and uncertainties.

**Credit Risk:**

In order to manage credit risk, the Bank has established a sound credit appraisal system. The Bank has credit Policies Guidelines and other product papers approved by the Board of Directors which are strictly followed during credit approval/disbursement. The Bank performs market/customer analysis to minimize the credit risk.

**Market Risk:**

For the management of Market/Liquidity risk, the Bank has a very effective AML Policy which defines procedures and authority including setting up various risk limits. Under the AML policy, the Bank has effective Assets Liabilities Committee (ALCO) which meets periodically and reviews interest rates, liquidity position, liquidity gap, FCY open position, investment portfolio, maturity limit for investment and takes necessary decision as well as circulates various guidelines to concerned departments for effective management of market risk.

**Operational Risk:**

The Bank has a strong internal control system so that material fraud and errors can be easily traced. Further, the Bank follows a scientific process for segregation of duty so that internal check be maintained. The Bank follows the operational manual approved by Board of Directors. The Bank has an effective Internal Audit Department which functions to carry out review of internal control system of the Bank and ensure that the approved policies, procedures and manuals are strictly followed. The report of the Internal Audit Department is directly submitted to Audit committee headed by a non-executive director.

Schedule 4.34

### STATEMENTS OF LOANS AVAILED BY PROMOTERS/SHAREHOLDERS CLASSIFIED UNDER PROMOTER'S GROUP FROM OTHER BANKS AND FINANCIAL INSTITUTIONS BY PLEDGING SHARES UNDER THEIR OWNERSHIP

PROMOTERS/SHAREHOLDERS CLASSIFIED UNDER PROMOTER GROUP	PROMOTER'S SHARE OWNERSHIP		LOAN DETAILS			REMARKS
	TOTAL NO. OF SHARES	% OF TOTAL PAID UP CAPITAL	NAME OF THE BANK & FINANCIAL INSTITUTIONS	LOAN AMOUNT	TOTAL NO. OF PLEDGED SHARES	
1. Dr. Dharma Raj Shrestha	563,690	2.03	Nepal Share Market And Finance Ltd.	-	50,000	
2. Ganesh Bahadur Shrestha	329,504	1.19	NIC Asia Bank Ltd Kumari Bank Ltd.	- 25,000,000	146,969 16,239	
3. Indra Bahadur Manandhar	19,974	0.07	NIC Asia Bank Ltd	1,596,530	17,715	
4. Jagat Mohan Gauchan	257,797	0.93	Prime Commercial Bank Ltd.	38,080,000	205,569	
5. Jeetendra Shrestha	92,529	0.33	Star Saving And Credit Co-operative Ltd.	9,939,094	22,370	
6. Kiran K.C.	411,876	1.48	NIC Asia Bank Ltd	8,900,000	79,108	
7. Laxmi Narayan Manandhar	19,841	0.07	Citizen Bank International Ltd.	34,328,969	334,316	
8. Mayur Mohan Gauchan	11,906	0.04	NIC Asia Bank Ltd	4,965,000	17,715	
9. Rustam Baniya	33,228	0.12	Star Saving And Credit Co-operative Ltd.	7,500,000	4,841	
10. Shanker Man Dongol	60,090	0.22	Yeti Development Bank Ltd.	1,600,000	29,668	
			Goodwill Finance Ltd.	-	15,951	
11. Sovit Bahadur Karki	1,098,536	3.96	Jme Multipurpose Prime Commercial Bank Ltd.	2,000,000 75,000,000	20,439 866,623	
12. Sushila Gauchan	18,195	0.07	Kumari Bank Ltd.	-	102,042	
13. Ajad Shrestha	182,601	0.66	Star Saving And Credit Co-operative Ltd.	7,500,000	4,487	
			NIC Asia Bank Ltd	9,600,000	144,785	
14. Dr. Upendra Mahato	2,536,630	9.14	Prabhu Bikas Bank Ltd.	1,000,000	16,268	
15. Rajeena Shah	56,373	0.20	Janata Bank Nepal Ltd	38,000,000	1,430,251	
16. Santa Bahadur Gurung	56,373	0.20	ICFC Finance Ltd	2,000,000	50,333	
17. Dr. Surendra Mahato	3,967,568	14.29	Kaski Finance Ltd	2,000,000	50,333	
18. Padam Sundas	16,167	0.06	Janata Bank Nepal Ltd	100,000,000	3,360,373	
19. Hiranya Prakash Dhar	368,529	1.33	Illum Saving & Credit Co-operative Ltd.	800,000	14,316	
20. Prem Kumari K.C.	1,332,446	4.80	Clean Energy Development Ltd Nepal Express Finance Ltd	9,081,587 40,000,000	164,521 661,557	
<b>Total</b>	<b>11,433,853</b>	<b>41.18</b>		<b>418,891,179</b>	<b>7,826,789</b>	

# COMPARISON OF UNAUDITED AND AUDITED FINANCIAL STATEMENT

Schedule 4.35

AS ON 31ST ASHAD 2072 (16TH JULY 2015)

PARTICULARS	AS PER UNAUDITED FINANCIAL STATEMENT	AS PER AUDITED FINANCIAL STATEMENT	VARIANCE IN AMOUNT	VARIANCE IN %	REASONS FOR VARIANCE
<b>1 Total Capital and Liabilities (1.1 to 1.7)</b>	<b>49,333,181,618</b>	<b>49,283,589,777</b>	<b>(49,591,841)</b>	<b>(0.10)</b>	
1.1 Paid Up Capital	2,951,083,196	3,484,123,196	533,040,000	18.06	
1.2 Reserve and Surplus	1,072,894,466	506,852,473	(566,041,993)	(52.76)	Due to appropriation of proposed bonus share, interest on staff home loan & leave provision
1.3 Debenture and Bond	-	-	-	-	
1.4 Borrowings	688,832	-	(688,832)	(100)	Overdrawn bank account shown deducted from bank balance
1.5 Deposits (a+b)	44,205,637,252	44,205,637,252	-	-	
a. Domestic Currency	42,563,889,617	42,601,574,407	37,684,790	0.09	Due to regrouping
b. Foreign Currency	1,641,747,635	1,604,062,845	(37,684,790)	(2.30)	Due to regrouping
1.6 Income Tax Liability	-	-	-	-	
1.7 Other Liabilities	1,102,877,871	1,086,976,856	(15,901,015)	(1.44)	Decrease due to exchange adjustment, clearing suspense and ATM payable adjustment against assets
<b>2 Total Assets (2.1 to 2.7)</b>	<b>49,333,181,618</b>	<b>49,311,644,514</b>	<b>(21,537,104)</b>	<b>(0.04)</b>	
2.1 Cash and Bank Balance	8,387,444,989	8,386,544,109	(900,881)	(0.01)	Overdrawn bank balance adjusted against bank balance
2.2 Money at Call and Short Notice	-	-	-	-	
2.3 Investments	4,479,040,788	4,479,142,514	101,726	0.00	
2.4 Loans and Advances	34,819,452,293	34,819,452,293	-	-	
a. Real Estate Loan	2,246,488,121	2,246,488,121	-	-	
1. Residential Real Estate Loan(Except personal home loan upto 10 Millions)	301,029,823	301,029,823	-	-	
2. Business Complex & Residential Apartment Construction Loan	50,000,000	50,000,000	-	-	
3. Income Generating Commercial Complex Loan	687,520,294	687,520,294	-	-	
4. Other Real Estate Loan (including Land purchase & Plotting)	1,207,938,004	1,207,938,004	-	-	
b. Personal home loan of Rs.10 Millions less	4,427,000,917	4,427,000,917	-	-	
c. Margin Type Loan	124,519,097	124,519,097	-	-	
d. Term Loan	4,427,074,873	4,427,074,873	-	-	
e. Overdraft Loan/TR Loan/ WC Loan	8,031,203,845	8,031,203,845	-	-	
f. Others	15,563,165,440	15,563,165,440	-	-	
2.5 Fixed Assets	638,742,829	756,195,023	117,452,194	18.39	Leasehold transferred from other assets
2.6 Non- Banking Assets	-	-	-	-	
2.7 Other Assets	1,008,500,718	870,310,575	(138,190,143)	(13.70)	Leasehold transferred to fixed assets
<b>3 Profit and Loss Account</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
3.1 Interest Income	3,090,180,975	3,109,270,185	19,089,210	0.62	Interest income on staff home loan recognised
3.2 Interest Expenses	1,753,135,734	1,753,347,782	212,048	0.01	
<b>A. Net Interest Income (3.1 – 3.2)</b>	<b>1,337,045,241</b>	<b>1,355,922,403</b>	<b>18,877,161</b>	<b>1.41</b>	
3.3 Fees, Commission and Discount	91,625,441	91,625,441	-	-	Due to net off of CIC charges
3.4 Other Operating Income	183,862,581	179,189,318	(4,673,263)	(2.54)	
3.5 Foreign Exchange Gain/Loss (Net)	90,096,828	79,344,596	(10,752,232)	(11.93)	NDF income accounted on accrual basis and deferred to next year
<b>B. Total Operating Income (A.+3.3+3.4+3.5)</b>	<b>1,702,630,091</b>	<b>1,706,081,758</b>	<b>3,451,667</b>	<b>0.20</b>	
3.6 Staff Expenses	356,981,324	349,633,767	(7,347,557)	(2.06)	Due to excess provision of leave
3.7 Other Operating Expenses	412,915,758	412,127,118	(788,640)	(0.19)	Short provision of swift expense on published highlight
<b>C. Operating Profit Before Provision (B.-3.6-3.7)</b>	<b>932,733,009</b>	<b>944,320,873</b>	<b>11,587,864</b>	<b>1.24</b>	
3.8 Provision for Possible Losses	196,758,270	196,758,270	-	-	
<b>D. Operating Profit (C.-3.8)</b>	<b>735,974,739</b>	<b>747,562,603</b>	<b>11,587,864</b>	<b>1.57</b>	
3.9 Non- Operating Income/Expenses (Net)	92,001,042	92,001,042	-	-	
3.10 Write Back of Provision for Possible Loss	151,197,373	151,197,373	-	-	
<b>E. Profit from Regular Activities (D+3.9+3.10)</b>	<b>979,173,154</b>	<b>990,761,018</b>	<b>11,587,864</b>	<b>1.18</b>	
3.11 Extraordinary Income/Expenses (Net)	5,770,422	5,770,421	(0)	(0.00)	
<b>F. Profit Before Bonus and Taxes (E+3.11)</b>	<b>984,943,576</b>	<b>996,531,439</b>	<b>11,587,864</b>	<b>1.18</b>	
3.12 Provision for Staff Bonus	89,540,325	90,593,767	1,053,442	1.18	
3.13 Provision for Taxes	281,967,050	289,564,933	7,597,882	2.69	
<b>G. Net Profit/Loss (F.- 3.12-3.13)</b>	<b>613,436,200</b>	<b>616,372,739</b>	<b>2,936,539</b>	<b>0.48</b>	

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