



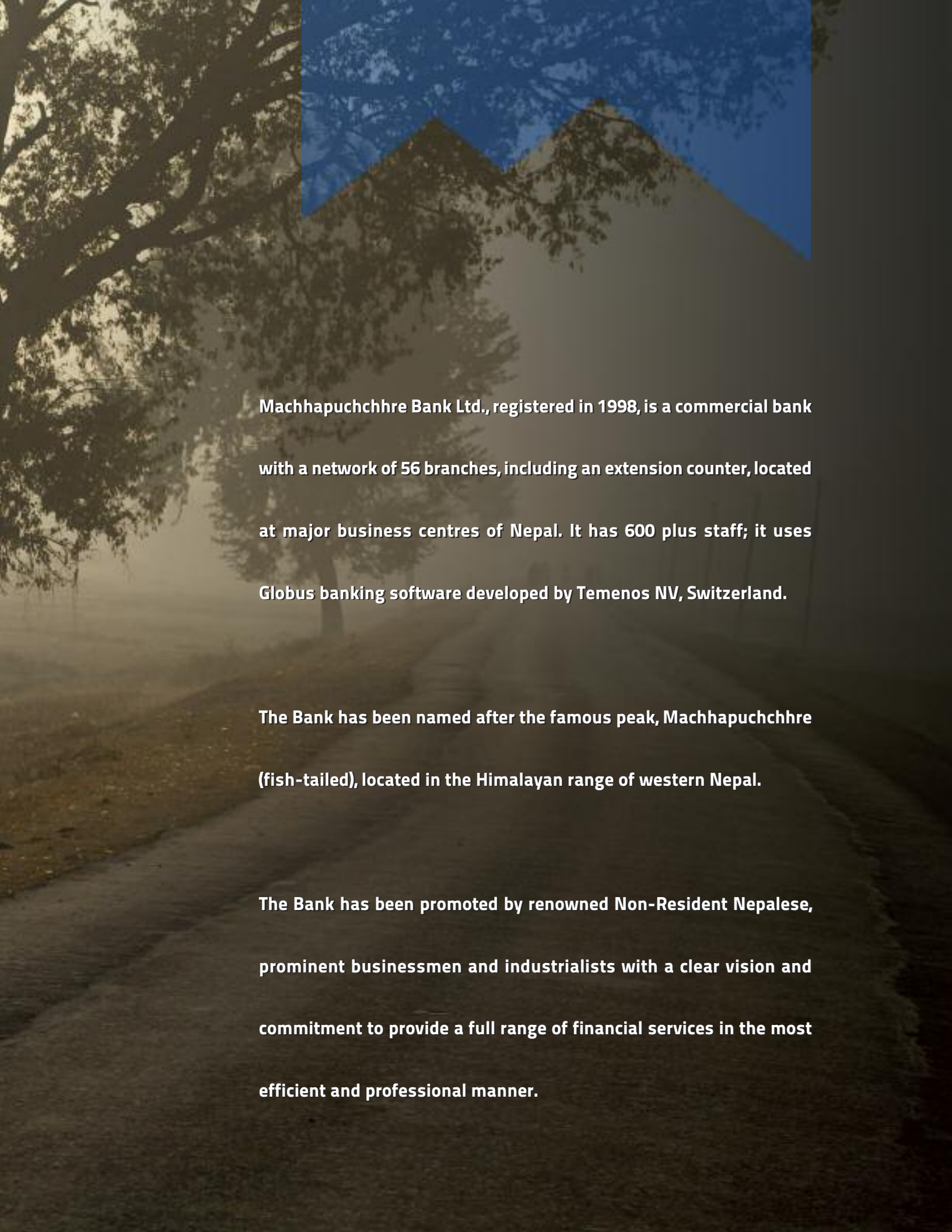
**MOVING AHEAD**  
WITH TIME



**Machhapuchchhre Bank Limited**  
माछापुच्छ्रे बैंक लिमिटेड

ANNUAL REPORT **FY 2013/14**

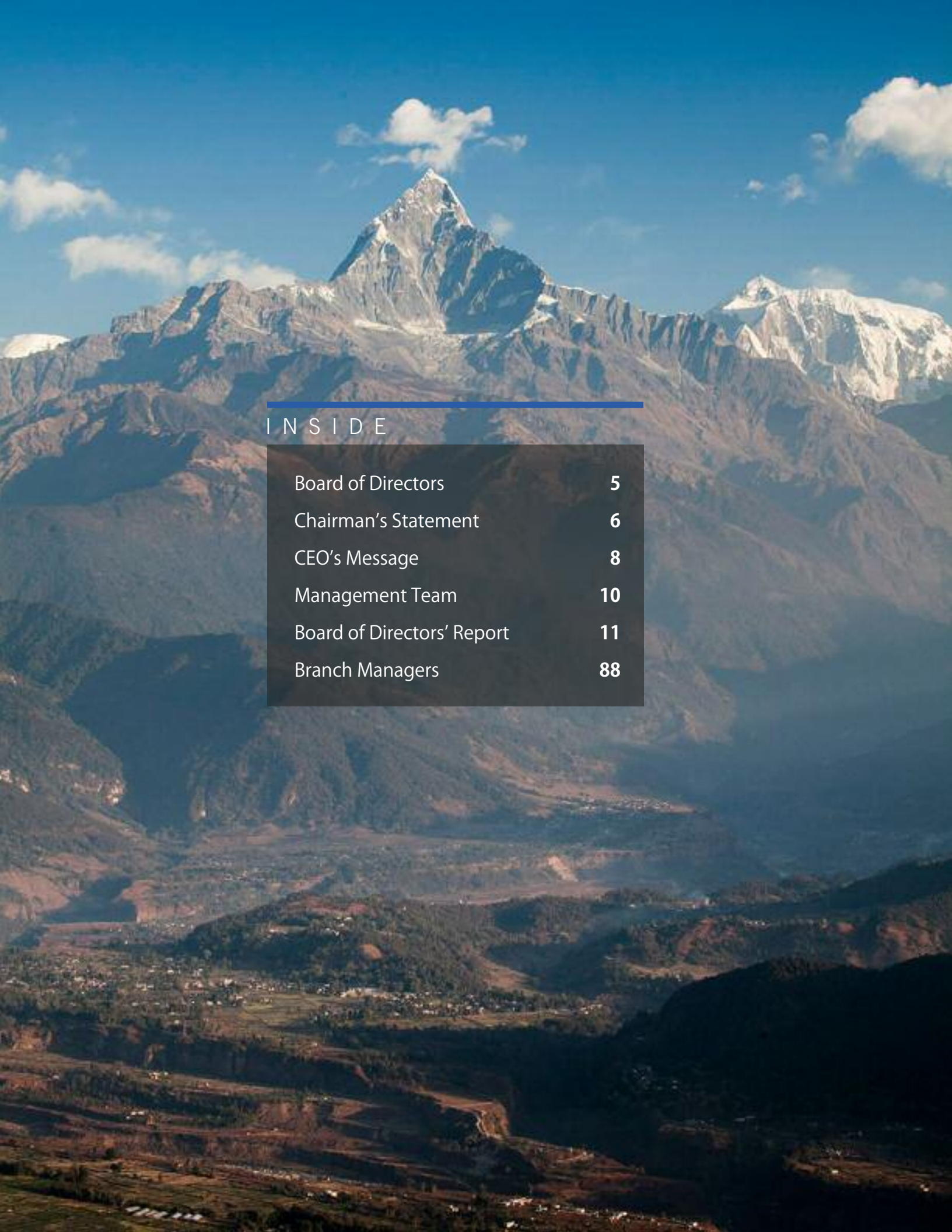




**Machhapuchchhre Bank Ltd., registered in 1998, is a commercial bank with a network of 56 branches, including an extension counter, located at major business centres of Nepal. It has 600 plus staff; it uses Globus banking software developed by Temenos NV, Switzerland.**

**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.**

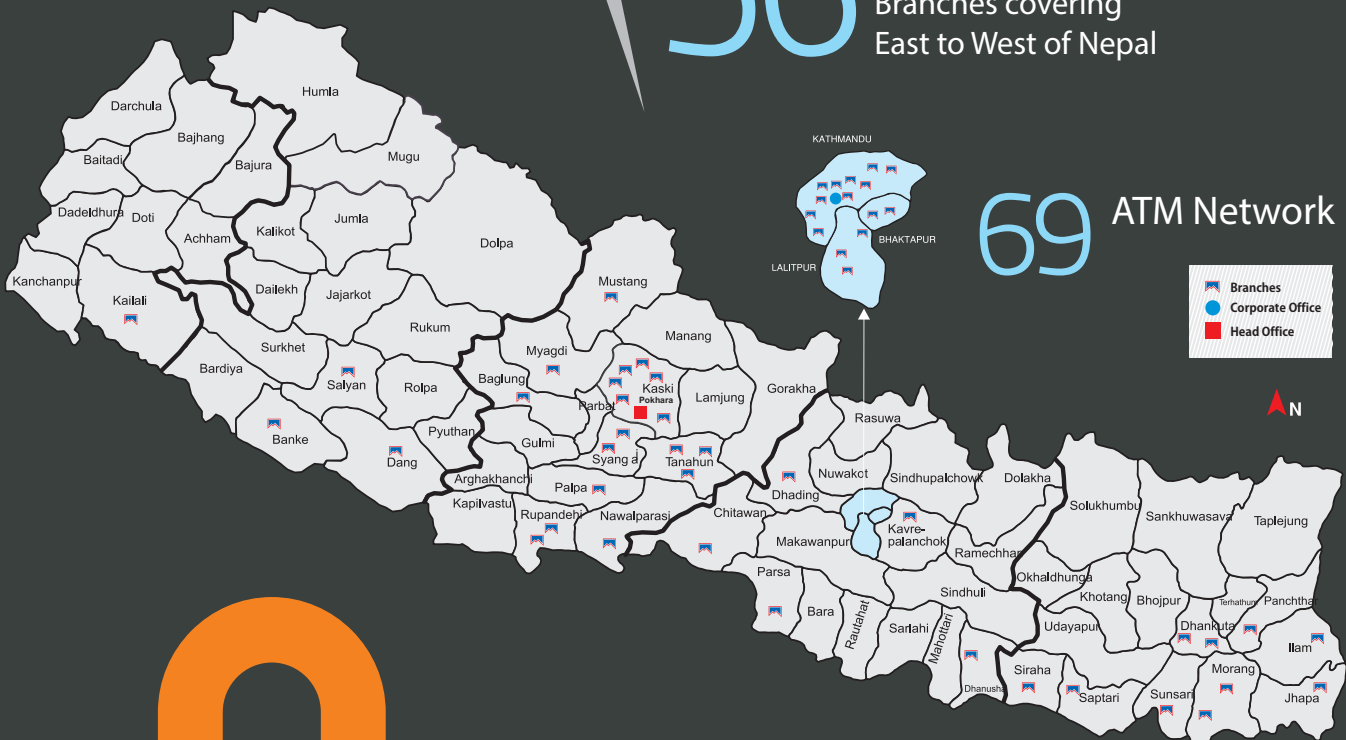


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 **56** Branches covering East to West of Nepal



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

**350,000+**  
Customers

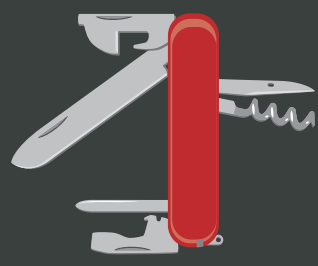
  
Bank is **performing** well to reach its goal within the time.



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



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

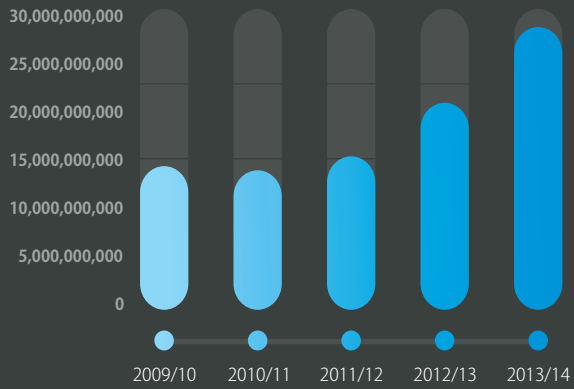


Fullfilling each and every need of the customers through various deposit and loan products with attractive features.

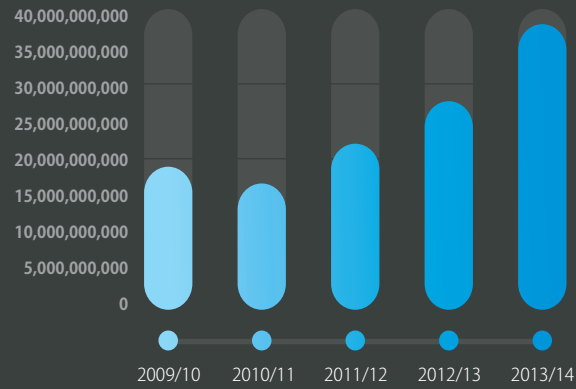
# OUR PERFORMANCE

NPR

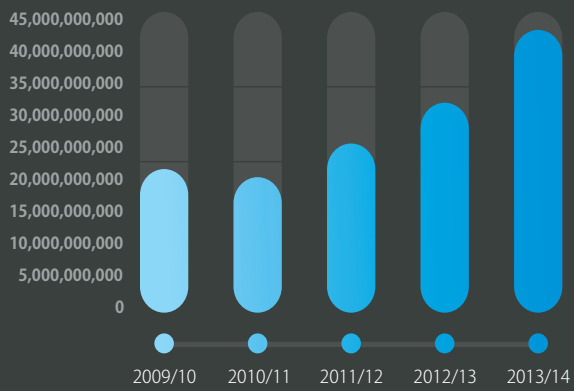
## LOAN AND ADVANCES



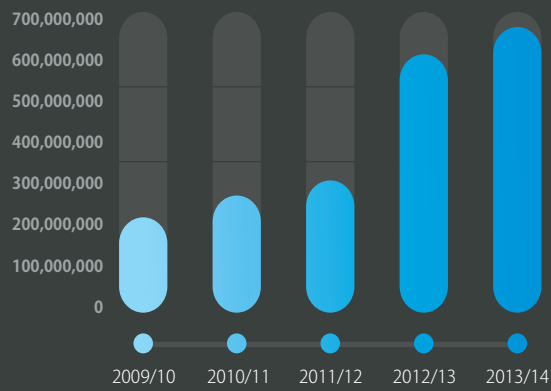
## DEPOSIT



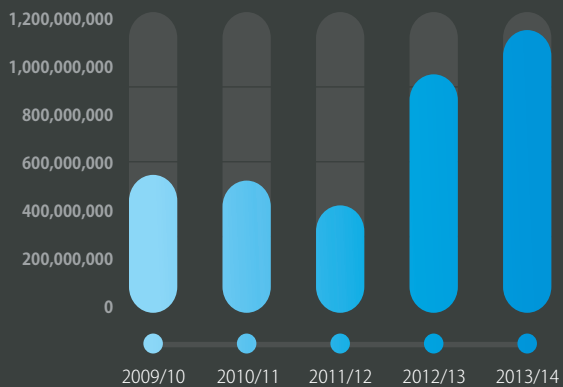
## TOTAL ASSETS



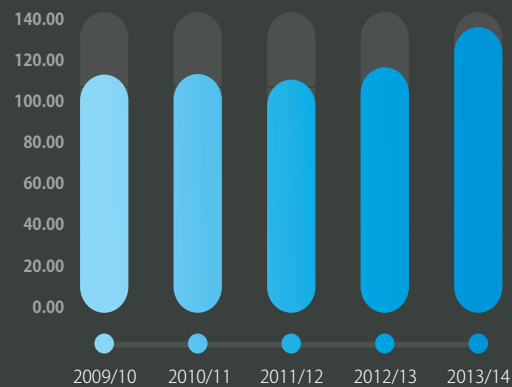
## OPERATING EXPENSES



## NET INTEREST INCOME



## BOOK VALUE PER SHARE



## The Board of Directors

We are committed to providing a full range of financial services to our customers, to establishing a good relationship with our business partners, to contributing to society in general, to continuing the legacy of innovation, and to maintaining a high standard of business ethics.



**SITTING: FROM RIGHT TO LEFT** - Mr. Gyan Prasad Karmacharya | Mr. Surya Bahadur K.C. | Dr. Birendra Prasad Mahato | Mr. Ramesh Kumar Niraula

**STANDING: FROM RIGHT TO LEFT** - Mr. Mangesh Lal Shrestha | Mr. Ram Man Shrestha | Mr. Gopi Krishna Neupane | Mr. Prakash K.C







## CHAIRMAN'S STATEMENT

# Sustainable Business growth

We will continue to ensure good corporate governance,  
high standard of business ethics, and customer satisfaction.



Dear Shareholders,

It gives me great pleasure to take this opportunity to share with you that, in spite of a challenging business environment, our Bank achieved net profit of NPR 454.70 million, a 206% increase on year-on-year basis, for which I must commend the management and staff of the Bank for their hard work and dedication.

The continuous and unwavering support that we received from our customers, and the encouragement from our shareholders, other stakeholders and well-wishers gave us the motivation and strength to excel and deliver performances of high standards.

The success was ensured by following a well defined strategy, focusing on the basics of good banking, and offering satisfaction to the customers with whom we have strong, and, in many cases, long relationship. The Bank will continue to offer loans only to the deserving customers, develop new products and services at the right time, always maintain a good deposit mix and keep the level of the non-performing loans at the minimum level possible.

In addition, we believe that our success is tied up with the success of our valued customers. Therefore, we will continue to work together with our customers for mutual benefit in future as well.

As regards the corporate governance, the Bank will continue to maintain highest level of standards of business ethics in line with the Bank's commitment to become a responsible corporate citizen. The Board continuously strives to ensure that standards of corporate governance are fully complied with and robust systems for internal control and risk management are in place.

The Bank's Corporate Social Responsibility activities have been designed to fulfill the community's needs. These activities revolve around creating a prosperous community that is able to provide good education for children and decent healthcare to the needy people, promoting the preservation of the environment for the benefits of the future generations and contributing to the achievement of the national agenda as well. As usual, the Bank, through its CSR activities, will continue to help improve the lives of the underprivileged.

At the end, I would like to thank all our respected shareholders, other stakeholders, regulators, dedicated and hard working staffs and our valued customers and well-wishers. I would also like to ensure you all that we will work hard with the same dedication and commitment for even better future of the Bank.

Thanks

Chairman





## CEO'S MESSAGE

# Balanced Approach on Business

We are committed to improve our service, introduce innovative new products, further streamline the service delivery channels, processes and procedures, and create customer friendly environment.



Customers are at the centre of our attention, and we offer our services to them in a very friendly atmosphere, through a wide network of outlets using sophisticated banking software. We always care and show that we care. We constantly seek feedbacks from all quarters so that we can hone our skills further, and dovetail our services with the need of our customers.

We are committed to offer a full range of financial services to all types of customers: varieties of deposit products, inward and outward remittances, trade finance, loans to small farmers, SME's as well as to corporates and infrastructures.

Likewise, staff are our valuable assets and we are well aware of their needs, financial and otherwise; we review the salary level periodically, offer varieties of trainings to a lot of our staff every year, and see to it that the deserving staff get promoted in a timely manner. However, we are in a highly competitive knowledge-based industry where one cannot survive and grow by rewarding inaction or nonperformance. Good performance along with absolute honesty and full integrity, among others, are qualities that we value in our staff.

The merger with Standard Finance in July 2012 was followed by a change in the shareholding pattern, Board of Directors as well as in higher management of the Bank. We have been able in a short span of time following the merger to create a much needed vibrancy, can-do mindset, and a good brand

image of the Bank in the market, and, in the meantime, have almost doubled the business of the Bank and have become one of the fastest growing banks in Nepal.

Apart from business growth, we are equally focused on developing the Bank into a robust institution putting in place a system of proper internal controls, and fully complying with the central bank guidelines including AML and KYC, laws of the land, as well as the international best practices.

Coming to the last financial year's performance of the Bank, I am pleased to note that deposits grew by 36.83%, loans and advances by 36.43% and net profits by 205.98%. Also, we were able to reduce the gross NPA to 1.78%.

We have proposed 12% bonus shares to our shareholders out of the net profits of the last year. We will strive to ensure a decent and steady return to our shareholders in the years to come, too.

For this remarkable achievement, I would like to extend my heartfelt thanks to our customers and well-wishers, Nepal Rastra Bank and other regulators, our Board of Directors as well as the entire staff members of the Bank.

Thanks

CEO

## Management Team

We believe in team spirit and working together towards attaining the common goal by offering excellent service and satisfaction to our customers.



Tulasi Ram Gautam  
*CEO*



Suman Sharma  
*DGM*



Umesh Singh Bhandari  
*AGM, Operations*



Apachh Kumar Yadav  
*AGM, Credit*

## BOARD OF DIRECTORS ANNUAL REPORT PRESENTED IN THE 16TH ANNUAL GENERAL MEETING

Respected Shareholders

On behalf of the Board of Directors of Machhapuchchhre Bank Ltd, I would like to express my sincere greeting to all our shareholders, stakeholders, journalists and all staff in the 16th annual general meeting of the Bank.

Let me present the overall picture of the economy and the financial report of the Bank for the financial year 2013/14.

37  
billion rupees

DEPOSITS

29  
billion rupees

LOANS

### INTERNATIONAL SCENARIO

For the first time in 30 years, a government of clear majority has been formed in India, and it is expected to have good impact in Nepal as well in that any major changes taking place in neighbouring countries use to affect Nepal.

The situation in some middle east countries considered to be among the main sources of petroleum products is still unstable.

As per IMF projections, the global economic growth in 2015 will be 3.9% as compared to the projections of 3.6% for 2014. Likewise, the projections of IMF for economic growth in 2015 for India and China are 4.4% and 7.7%, respectively.

The inflation in India is still high which is likely to have pressure in prices in Nepal also.

### CURRENT ECONOMIC SITUATION IN NEPAL

In FY 2013/14, owing to significant increase in remittance inflows, among others, the deposit level of the banks and financial institutions increased more rapidly than the credit flows resulting in a situation of high liquidity in the banking sector.

During the first 11 months of 2013/14, the annual average inflation based on the consumer price index (CPI) stood at 9.1% compared to 9.9% in the previous year. The inflation as measured by the CPI increased by 9.5% in mid-June 2014 as

compared to 8.2% in the corresponding month of the previous year.

According to the preliminary estimates of Central Bureau of Statistics, Nepal's real GDP grew by 5.2% at basic price and 5.5% at producers' price in the review year; such growth rates were 3.5% and 3.9%, respectively, in the previous year. In the review year, the growth rates of agriculture and non-agriculture sector are estimated to be 4.7% and 5.3%, respectively; such growth rates were 1.1% and 4.6%,

respectively, in the previous year.

### BANKING SECTOR IN NEPAL

Though the number of banks and financial institutions (BFIs) decreased slightly due to merger, access to finance has not been affected because of the continuous expansion of branches of such BFIs. As of mid-July 2014, the total number of BFIs stood at 204 including 30 commercial banks, 84 development banks, 53 finance companies and 37 microfinance institutions.

## SYNOPSIS OF THE BANK'S BUSINESS

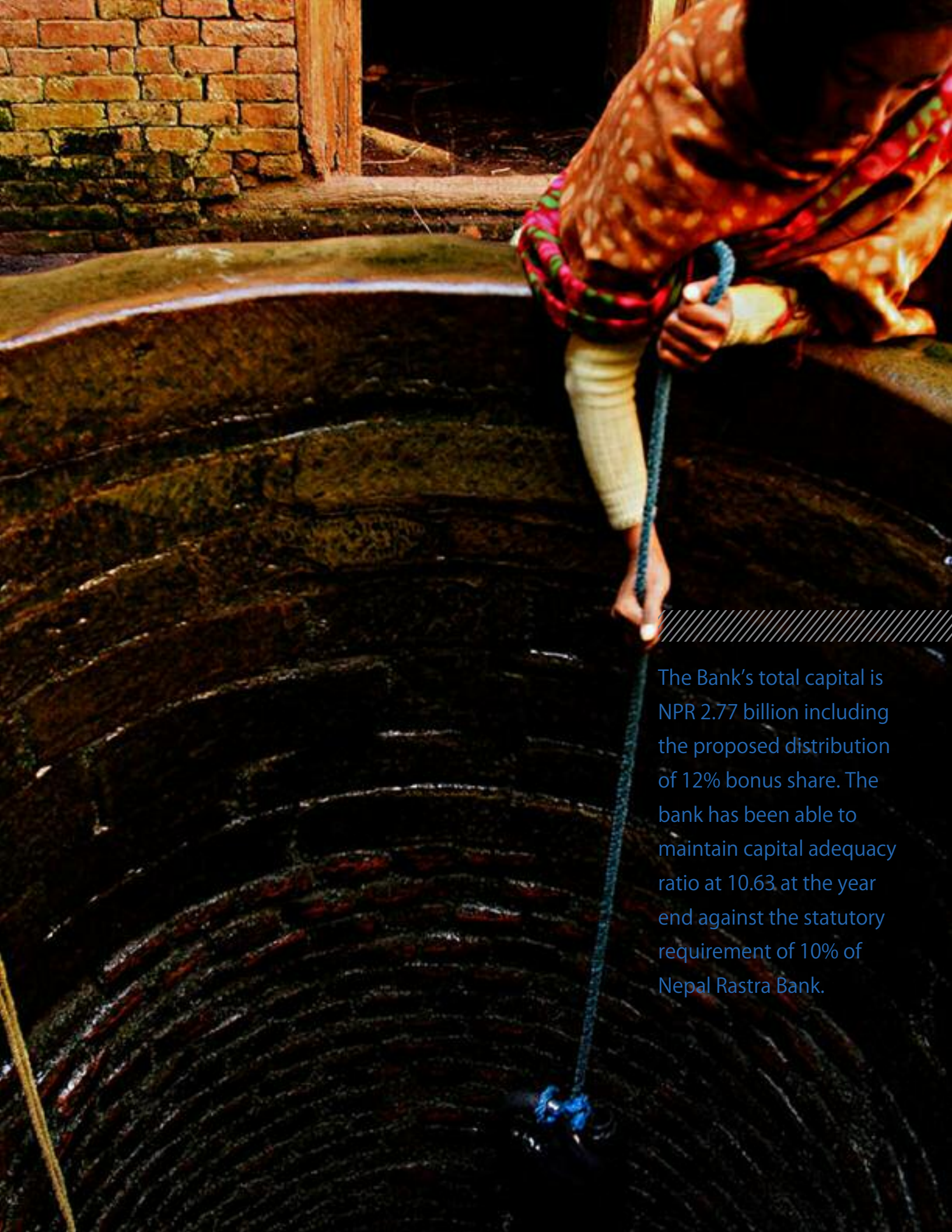
*NPR Million*

S. NO	PARTICULARS	JULY 2013	JULY 2014
1	Deposit	37,132.1	37,371.2
2	Investment	3,461.2	3,972.2
3	Loan and Advances	29,541.4	30,458.9
4	Net Profit	454.7	190.3

## Achievements and Results (highlights of the year 2013/14)

*NPR Million*

PARTICULARS	JULY 2013	JULY 2014	INCREASE/DECREASE %
Paid Up Capital	2,478.79	2,776.25	12.00
Net Worth	2,796.30	3,235.70	15.71
Deposit	27,136.70	37,132.09	36.83
Investment	2,414.70	3,461.20	43.34
Loan and Advances	21,652.40	29,541.40	36.43
Interest Income	2,429.60	2,836.40	16.74
Interest expenses	1,485.60	1,720.40	15.81
Net Interest Income	944.00	1,116.00	18.22
Other Income	242.60	288.00	18.71
Staff expenses	233.20	279.80	19.98
Operating expenses	366.50	381.30	4.04
Operating Income	136.56	572.20	318.89
Net Profit after Tax	148.59	454.70	205.99
Loan Loss Provision	122.00	0.6	(95.08)
Gross NPA	2.84%	1.78%	(37.32)
Total assets	30,295.80	40,723.90	34.12
Capital adequacy (%)	12.54%	10.63%	(15.23)
Book Net Worth Per Share (Rs)	112.82	130.54	15.72
Market Value Per Share (Rs)	203.00	576.00	183.74
No. of Branches (including extension counter)	52	56	1.82
No. of ATM	64	69	7.81
No of employees	562	610	8.54



The Bank's total capital is NPR 2.77 billion including the proposed distribution of 12% bonus share. The bank has been able to maintain capital adequacy ratio at 10.63 at the year end against the statutory requirement of 10% of Nepal Rastra Bank.

## THE BANK'S PERFORMANCE

The Bank has successfully completed 14 years of operations. As you know, the Bank started its operation as a 14th commercial bank and as a first regional bank of Nepal, with its head office in Pokhara and has now become one of the renowned national level commercial banks.

In comparison to the figures of previous year, the Bank's deposit increased by 36.83%, investment by 43.34% and loan and advances by 36.43%. Similarly, the net worth increased by 15.71%. As the Bank has been following a very stringent credit policy and making strenuous recovery efforts, the gross non-performing loan has been reduced to 1.78%.

Likewise, interest income increased by 16.74% and interest expenses by 15.81%, resulting in the increment in Net Interest Income by 18.22%.

Other income increased by 18.71% in review period. The Bank added a number of new employees, raised the salary level, opened a new branch, and, in addition, house rent, depreciation of fixed assets, amortization and security expenses, etc. also increased, so other operating expenses and staff expenses increased by 4.04% and 19.98%, respectively.

The operating profit before loan loss provisions have dramatically increased by 318.89% over that of the last fiscal year's operating profit. The Bank has achieved a net profit of NPR 454.70 million against NPR 148.60 million of previous year, posting an increase of 205.98%.

The net worth of shares as per book value increased by 15.72% and the Bank has proposed 12% bonus share and 0.63% cash dividends to its shareholders. The market price of the shares at the end of the last FY was higher by 183.74% than that of the end of the previous FY.

The number of the customers of the Bank has continuously been rising and has reached over 350,000. Likewise, number of staff also increased from 562 to 610 by the end of FY 2013/2014.

## CAPITAL AND RESERVES

With a total core capital at NPR 3.24 billion, which includes paid up capital of NPR. 2.77 billion, the Bank has been able to maintain the capital adequacy ratio at 10.63% at the financial year end against the statutory requirement of 10% set by Nepal Rastra Bank, the central bank of Nepal.

## LIQUIDITY MANAGEMENT

Liquidity management plays a vital role in the financial sector. The Bank has an effective ALCO which constantly monitors the market, and periodically makes gap analysis, reviews the interest rates, etc., and ensures that the Bank is in a position to face any unforeseen events that may occur in the highly volatile environment.

## PROFIT AND LOSS APPROPRIATION

The net profit of the Bank amounted to NPR 454.7 million for the last Fiscal Year 2013/14, out of which, 20%, i.e. NPR 90.90 million, has been appropriated to the Statutory General Reserve Fund, 12% for issuing bonus shares and 0.63% for cash dividends.



# 450

## million rupees

### NET PROFIT

#### BRANCHE EXPANSION

The Bank has opened a new branch at Sakhuwa, Mahendranagar at Dhanusha district in the review period. Likewise the branch at Kathmandu Mall, Newroad has been shifted to a new location at Dharmapath, Newroad. The Bank will continue its branch expansion drive in the coming years also.

In addition, the Bank will also continue to increase its ATM network, which at the end of review period, comprised of 69 units; 7 more will be added during the current year.

#### REMITTANCE SERVICE

The Bank has been putting a lot of efforts on channeling of remittance from different parts of the world to Nepal. Accordingly, we have forged a good relationship with both domestic and foreign counter parties.

With a view to cater to the changing needs of the customers, the Bank has launched its own remittance product and started with the domestic remittance business under the name of MBL REMIT.

MBL REMIT is an online, real-time remittance processing system that can be accessed through the Internet and is offered as an application service.

#### TECHNOLOGY

Technology plays a vital role for the enhancement of the quality of service and provide value added banking products and services. Up gradation of IT related services is a must to thrive in a highly competitive industry such as banking.

Accordingly, the Globus Banking Software, in use in the Bank, was upgraded to R12 version last year, and further improvement has been observed in its efficiency and reliability. With its M3 service, the Bank has been helping its customers for different utility payments like Nepal Telecom Postpaid Mobile Bill Payment Nepal Telecom prepaid recharge PIN purchase, CDMA re-charge PIN purchase, NTC landline bill payment, and other Merchant Payments.

#### HUMAN RESOURCES

The Bank is committed to the career growth of staffs in the days ahead as well. Various training, both in-house as well as external, were offered to a large number of staff last year. In addition, job rotation, both in terms of functions and geography, has been practiced which will make the staff more well-rounded. Salary was revised last year as well.

## NEW SERVICES

We are always keen to introduce new banking services as per the requirement and expectation of our valued customers, and last year also a number of new products for loan and deposit were launched.

## CORPORATE GOVERNANCE

The Bank's Board is committed to strictly follow the good corporate governance practices. In this regard, the Board's decisions have been made more transparent, and policies and directives issued by Nepal Rastra Bank and other regulatory bodies have been fully complied with. The Board has also been paying attention to the suggestions offered by internal and external auditors through the Audit Committee. The Board constantly and closely monitors the new opportunities and challenges created because of the changes in regulatory, technological and other areas locally and in the international arena, and issues suitable instructions to the Management.

The Bank keeps all its financial statements in accordance with Nepal Accounting Standard, Generally Accepted Accounting Principles (GAAP), Directives of Nepal Rastra Bank, and the Company Act. The financial statements make full and transparent disclosure of the financial position and performance of the Bank.

## INTERNAL CONTROL SYSTEM

The Bank is well aware of the necessity of strong internal control system commensurate with the risks involved in the banking industry. The Bank is

currently using an internationally acclaimed Globus Software to provide efficient computerized banking service. The Bank operations are performed as per the various policies and guidelines approved by its Board. Internal control system of the Bank is in accordance with the Bank's policy based on different directives issued by Nepal Rastra Bank and prevailing legal provision of the country.

Assets and Liabilities Management Committee (ALCO) of the Bank is actively involved in the proper management of the Bank's assets and liabilities, interest rates and liquidity and other areas of market risk, and regular reporting is made to the Board.

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 regular basis and submits the findings, lapses, non-compliances, if any, along with recommendations to the Audit Committee.

## CORPORATE SOCIAL RESPONSIBILITY

With the Bank, corporate social responsibility (CSR) is an integral part of doing business. While helping the needy and under-privileged especially in the field of education and healthcare, and supporting sport, cultural and social events are one part of our CSR activities, we are equally concerned about not harming the environment in doing business, and upholding utmost integrity and honesty in each of our activities including financial reporting.

## CORPORATE COMMUNICATION

The Bank has always given due importance to offering information, financial reports, etc. to its shareholders and other stakeholders. To this effect, the Bank publishes its financial reports on quarterly and yearly basis, as the case may be. In addition, such reports as well as information regarding the services, pricing, and job vacancies, etc. are also displayed on the Bank's own website [www.machbank.com](http://www.machbank.com).

Also, all the shareholders are invited and encouraged to actively participate in the Bank's annual general meetings and to raise queries and ask for explanations for issues of confusion, if any, and to offer feedbacks and suggestions for improvement.

## VOTE OF THANKS

Our prime responsibilities are to safeguard the deposits entrusted to us by our customers, efficient service to clients from all strata of life, ensuring a

decent and steady return to the shareholders, job satisfaction to the staff, and complying fully with the applicable laws and regulations.

Support from our well wishers, shareholders as well as good performance of staff have been the key factors in bringing the Bank to the position where it is today.

At the end, we would like to thank our shareholders, customers, NRB and other regulators, media persons, and well-wishers who have directly or indirectly helped us in moving forward.

Similarly, we would also like to thank the management and staff of the Bank who have made their best efforts to carry the Bank to this height.

On behalf of the Board of Directors

Surya Bahadur K.C

Chairman



## PRODUCTS AND SERVICES

### DEPOSITS

#### Saving Deposits

Machhapuchchhre Bank Limited offers Normal Saving Account (NPR) that can be opened with zero balance. Our customers can benefit from our saving deposit account in the following ways:

- Free SMS Banking
- Any Branch Banking System available
- Free Cheque Book
- VISA Debit Card Facility availability.



#### PEWA BACHAT KHATA

Pewa Bachat Khata, a personal saving account meant for the women who want to save their hard earned money, has the following features.

##### Features:

- Only females can open this account.
- Account can be opened with NPR 100/- .
- This account can be opened in the joint name of minor as well. (Minor can be son or daughter)
- Facilities of Internet Banking, SMS Banking and Others Available
- Account can be opened in Local currency only

If the monthly average account balance is more than NPR 15,000/-, 50% discount will be provided in Locker Charge.



#### YUBA BACHAT KHATA

Yuba Bachat Khata, a saving account scheme meant for the youths, has the following features:

##### Features:

- Youth of age between 16 and 40 years can open the account. (Account can be opened with NPR 100/-)
- Account can be opened in the joint names as well.
- Interest calculated on daily balance and credited to the account quarterly
- Free ABBS (Any Branch Banking System) facility provided
- SMS Banking is provided free of charge.

#### SAMMAN BACHAT

This savings account is meant for senior citizens above 50 years of age.

**Features:**

- This is a Personal Saving Account.
- Account can be opened with a minimum balance of NPR 100/-
- This account may be opened in the joint names of immediate family members whose age is more than 50 years.
- Account can be opened in Local currency only.
- Free SMS Facility
- Free Internet Banking Facility.
- 50% waiver on annual charge of Locker Facility.

**BALBALIKA BACHAT KHATA**

Balbalika Bachat Khata is a deposit product meant for the children of 15 years of age and below.

The account is to be opened by their guardians. It is designed to encourage a saving habit amongst parents so they can have significant amount of funds in due course to support their children's education, etc.

**Features:**

- This is a personal savings account opened on behalf of children of up to 15 years of age by their parents/guardians.

- The Account may be opened with a minimum balance of NPR 100.00
- This account can be opened in local currency only.
- Free Internet banking and SMS services.
- The account to be changed into a regular account after the completion of 15 years of the account holder.

## MBL NRN DEPOSIT

### MBL NRN Saving Deposit Account-NPR

**MBL NRN DEPOSIT**

With a view to serve the special financial needs of Non Resident Nepalese (NRN), this deposit product has been launched.

**Types:**

- MBL NRN Savings Deposit Account-NPR
- MBL NRN Fixed Deposit Account- NPR
- MBL NRN Savings Deposit-FCY
- MBL NRN Fixed Deposit-FCY

**MBL NRN SAVINGS DEPOSIT ACCOUNT-NPR**

MBL NRN saving deposit has been designed keeping the NRNs' needs in mind and to cater to their specific needs.

**Features:**

- Minimum Balance: NPR 1000.00
- 50% waiver on charge for the locker fee.  
(It also applies to immediate family members of NRN.)
- 50% waiver on processing fee on consumer loans i.e. home loan and auto loan.  
(It also applies to immediate family member of NRN.)
- Free Internet banking facility
- Payment through Internet banking within set ceilings (initially up to NPR 500,000.00 and USD 5,000.00)
- Free Visa Debit Card.
- Free SMS banking facility.

**MBL NRN FIXED DEPOSIT ACCOUNT- NPR**

NRN Fixed deposit shall cater to the needs of NRN by providing fixed deposit facility with the following features.

**Key Features:**

- Attractive Interest Rate
- Period: 1 Year and above.

**MBL NRN SAVING DEPOSIT ACCOUNT-FCY**

For the easy access of NRN in banking transactions in Nepal, MBL has introduced NRN FCY Saving Deposit Account.

**Key Features:**

- Saving account can be maintained in USD, GBP, and Euro
- Minimum Balance: USD 20/- or equivalent GBP/Euro.
- Interest rate for FCY accounts on negotiation.

**MBL NRN FIXED DEPOSIT ACCOUNT- FCY****Key Features:**

- Fixed deposit account can be maintained in USD, GBP, and Euro.
- Minimum Balance: USD 2000.00 or equivalent
- Period: 1 year and above
- Interest rate on fixed deposits is negotiable based on amount and tenure.

**UCHHA SHIKSHA NIKCHHEP YOJANA**

This is a personal savings account opened on behalf of individuals below 14 years of age by their parents/guardians till the child reaches 16 years of age.

This is a saving account with a fixed deposit account feature i.e. regular deposits can be made but withdrawal is forbidden till maturity. The balance is transferred to the normal savings account upon the account holder child reaches 16 years of age.

- The account may be opened with a minimum balance of NPR 16.00
- Interest calculated on a daily balance basis and credited to the account quarterly
- This account can be opened in local currency only
- Free ABBS Facility
- Free SMS Facility
- Free Internet Banking
- 50% discount on annual charge of locker facility.
- The parents/guardians can take loans against the deposit up to 3 times during its entire span with interest on loan just 2% above the deposit rate.
- Free accident insurance cover of NPR 100,000.00 in the event of accidental death of parents / guardians as prescribed by insurance norms will be provided for the safeguard of the future of the child. This will be applicable for those accounts whose balance is above NPR 100,000.00

**SHARE HOLDER'S ACCOUNT**

The Bank offers this account to all the MBL shareholders with the following features:

- Account can be opened with a minimum balance of 'Zero'.
- Free ATM/Debit Card facility at the time of issuance.
- Free Any Branch Banking Service (ABBS) facility.

- Free internet Banking
- Free SMS banking
- 50% discount on annual charge of locker facility



### NORMAL SAVING ACCOUNT

Normal saving account is meant for those individuals who have a habit of saving from their earnings so that they can use it whenever they require. Based on the nature of this product and features associated with it, we have been successful in collecting sizable amounts of deposits as well as to attract a large number of depositors.

#### Features:

- Account may be opened with "Zero Balance".
- Free SMS banking.
- Free internet banking.
- Any Branch Banking Services (ABBS) facility.
- Free cheque book.
- Visa Debit Card facility.



### REMITTANCE BACHAT KHATA

The Bank has introduced this new product to meet the needs of both the recipients and remitters of funds from foreign employment.

#### Features:

- The account is opened in the name of beneficiary of the remittance.
- Minimum Balance: Zero
- Accidental Death Insurance: Coverage of NPR100,000.00 for accounts maintaining minimum NPR. 1,000.00
- Free SMS Banking/i-banking
- Free ABBS / Cheque / Statement Facility
- ATM Card facility



### SALARY MANAGEMENT SCHEME

The Bank offers salary management service to various government entities and others.

#### Features:

- Salary management account opened with minimum balance as per agreement between the parties.
- Interest on daily balance on this saving account.
- The statement of each staff is provided every quarter upon request.

Other facilities to staffs are as follows:

- 50% discount on annual locker fee
- Internet Banking Facility (on demand only)
- Free Mobile Banking Facility (on demand only)
- Free Any Branch Banking Facility
- No limitation on withdrawal
- Free ATM/Debit Card
- Entitled for "Privilege Loan Scheme of the Bank"

## CURRENT DEPOSIT

Current accounts can be opened in the names of Individuals (singly or jointly), proprietary firms, partnership firms, companies, corporations, trusts, government agencies and other organizations.

### Features:

- There is no restriction for number and amount of transactions.
- Free ABBS facility
- Withdrawal through cheques.
- Automatic funds transfer to and from call deposit account as per arrangement.
- Collection of cheques, drafts, bills, etc.
- Standing instructions of the customers are accepted.
- Facility of internet banking services.
- Can be opened both in local currency and designated foreign currencies.
- Loan and overdraft facilities are granted through current accounts.

## MBL FCY Saving Account

MBL Foreign Currency Saving Account focuses on individuals whose earnings/receipts are in a foreign currency.

S.N.	DESCRIPTION	OPENING AMOUNT
1	MBL Foreign Currency Saving Account - USD	USD 50.00
2	MBL Foreign Currency Saving Account - EUR	EUR 10.00
3	MBL Foreign Currency Saving Account - GBP	GBP 10.00

## ELIGIBILITY

- Nepalese nationals residing, working and earning in foreign countries.
- Nepalese nationals residing, working and earning in Nepal in a foreign currency.
- Eligible NGOs and INGOs to operate FCY Account as per the directives of NRB.
- Foreign nationals residing and working in Nepal.
- All the others who are allowed to open an FCY account as per the guidelines/ directives of NRB.

## 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 daily call account balance at the agreed rate and is credited to the current account on quarterly basis. Call account can be opened both in local as well as designated foreign currencies.

- Funds can be deposited from any branch of the Bank for immediate credit to the account.
- Cash management burden is passed on to the Bank.
- Funds automatically get transferred to current account to fund transactions.

## FIXED DEPOSIT

Fixed Deposits are accepted for a minimum of 3 months to a maximum period as 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 the case may be. Fixed Deposits can be opened with minimum amount of Rs. 50,000/-.





### MBL ELECTRONIC BANKING

MBL Electronic Banking offers convenient banking facilities through the use of Internet, Mobile, 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; Press of a button on Mobile; SMS via phone or just a Swipe of MBL Card.

## LOAN AND ADVANCES



### SME LOAN

Reliable financial solutions for small and medium size business entrepreneurs for start up and expansion of business.

### PURPOSE

- Financing for small and medium size businesses
- Working capital as well as capital expenditure financing
- Both fund based and non fund based facilities provided.

### 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. In the course of serving the employees of the entities, their employees are a loan product of the Bank called Privilege Loan.

The loan is meant to finance land purchase, building construction / renovation, home finishing / furnishing, vehicle purchase (private), children's education, meeting social / family obligations, vacation tour, medical treatment of the 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 (expiry date).

### EDUCATION LOAN

Reliable financial solutions for the higher studies in Nepal and abroad

### PURPOSE

Financing education cost

### EXPORT CREDIT

**Two types:** Pre-shipment and Post-shipment Loan

Export Finance is offered to the exporters for executing export order on hand or order receivable in near future. This loan is provided against specific Letter of Credit received. The Loan can be granted in two forms:

### PRE-SHIPMENT

Loan will be provided in the form of packing credit for the purpose of purchasing, producing, fabricating, packing and shipping of goods meant for exports against an irrevocable Letter of Credit established in favor of the exporter through a reputed bank and/ or confirmed orders / export contracts. The Loan amount can be up to 70% of the LC value and must be repaid in full including interest from proceeds of the export document.

### POST SHIPMENT LOAN

The Bank offers post shipment facility in the form of documentary bills purchase upon submission of required documents related to export.

### TRUST RECEIPT

Import Finance is offered to the importers for payment of bills under Letters of Credit opened through the Bank and / or import bills under collection received through the Bank. Import finance is offered to meet the working capital requirement and the loan amount can be up to 80% of the value of import bill. Tenure of this loan is up to 120 days. Interest on this loan is charged on quarterly basis and upon maturity.

### TERM LOAN

The Bank offers Term Loan to finance capital expenditures 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, but normally not exceeding a maximum period of 10 years.

### PROJECT FINANCING

All the financial resources and technical expertise required for effective project financing are available at the Bank. Projects may be in the field of infrastructure, such as, hydropower and other renewable energy or other sectors, such as, various industrial / hospitality projects. The Bank acts either as a lead bank or a participating bank in the consortium of banks formed to finance a project.

### WORKING CAPITAL

The Bank offers following products at competitive rates to finance current assets (working capital).

- Overdraft / Cash Credit
- Short Term Loan / Demand Loan
- SME Loan

Customers can avail the above loans to finance the permanent as well as seasonal need of working capital. The loan is approved initially for one year or lesser period and can be renewed an annual basis based on the account's performance and requirement of the business.



### HIRE PURCHASE LOAN

The Bank offers Hire Purchase Loan for brand new vehicles. The financing is up to 80% of the vehicle price at attractive interest rate repayable within 7 years in equated monthly installment.

### LOAN AGAINST SECURITIES

The Bank provides loans against the following securities:

- National Savings Bonds (NSB)
- Own Fixed Deposits (FD)
- Development Bond (DB)
- Foreign Currency (FCY) / Local Currency(LCY) Deposits

### HOME LOAN

Home Loan is provided to customers to help them construct/ purchase a new house/flat/land or extend or rennovate an existing house.



### SMALL FARMER INDIVIDUAL LOAN

The Bank has initiated to help marginalized farmers who have no collateral, but have willingness and skills to work

and desire to do some farming related micro business activities from which he/she will be self employed as well as earn income.

This loan is meant to benefit small scale farmers, small scale agro processors and agro-input suppliers.



### (SPECIAL OFFER)

#### MBL EASY HOME LOAN AND EASY CAR LOAN

The Bank launched special offers for the purchase of residential lands and buildings and private vehicles. With these offers, it has become easier for the prospective customers to own a car or a home. The increase in home and car loan customers has become an advantage to solicit other additional business including referrals to their friends and relatives.



## Additional information as per the section 109 of the Company Act

Update on the achievements made till the date of the finalization of the financial statements, i.e., as of 17 October 2014 is as under:

Total deposit of the Bank stood at NPR 37.37 billion, and investment at NPR 3.97 billion. Likewise, loans and advances stood at NPR 30.45 billion and the net profit at NPR 190.3 million.

The continuity of the progress in the future as well will be ensured as under:

- The policy of expansion of branch and ATM network shall continue.
- Relationship with more remittance companies shall be established in order to make the Bank's remittance service more effective.
- Taking various measures to sustain the increasing business, among others, by improving the capital fund, e.g. issue of debenture
- Increasing the loan portfolio without comprising the quality.
- Launching new deposit and loan schemes.
- Strengthening the organizational structure of the Bank.
- Expansion of business by providing internet-banking to provide effective and efficient fund transfer service.

### INDUSTRIAL RELATIONS OF THE BANK

The Bank has a sound relationship with its customers, employees, and regulatory bodies. The Bank is a member of Nepal Bankers Association, Federation of Nepal Chamber of Commerce and Industries, Confederation of Nepalese Industries, Nepal Chamber of Commerce, Pokhara Chamber of Commerce, etc.

The Bank has banking relations with ICICI Bank Mumbai (INR), Central Bank of India (INR), Mashreq Bank-Dubai (USD), SCB-New York (USD), SCB Frankfurt (EURO), SCB-London (GBP), SCB-Kolkata (INR), Australia and New Zealand Bank (ANZ), Western Union Bank, etc.

Major factors affecting the business

The following are the main factors affecting the banking business:

- Political, economic and social changes affecting the banking environment.
- Changes in banking related laws and regulations.

- Fluctuations in capital market and on the price of housing and real estate.
- Anticipated risk due to increasing number of banking and financial institutions leading to intensification of competition.
- Default risks and risk of liquidity crunch and glut.
- Risks associated with international trade

### RESPONSES OF THE BOARD ON THE ADVERSE REMARKS, IF ANY, IN THE AUDIT REPORT

Apart from minor adjustments, there is no adverse remarks in the audit report. Suggestions made in the audit report shall be implemented.

### FUNDS PROVIDED FOR DISTRIBUTION OF DIVIDEND

The Board, taking into account the benefits to the shareholders as well as maintenance of adequate capital, has proposed to distribute 12% bonus shares (i.e. NPR 297,455,347.20) and, for the purpose of tax payment thereon, 0.63% dividend (i.e. NPR 15,655,544.59)

### NUMBER OF SEIZED SHARES

The Bank has not seized any shares of the Bank during the review period.

### PROGRESS MADE BY SUBSIDIARY COMPANIES OF THE BANK

The Bank has no subsidiary companies.

### INFORMATION PROVIDED TO THE BANK BY ITS SUBSTANTIAL SHAREHOLDERS

No such information received during the review period.

### OTHER DETAILS TO BE DISCLOSED AS PER THE COMPANY ACT

Such details have been incorporated under appropriate headings of the report elsewhere.

### INFORMATION RELATED TO THE OWNERSHIP OF SHARES TAKEN BY THE BOARD DIRECTORS AND HIGHER LEVEL OFFICIALS OF THE BANK IN THE PERVIEW PERIOD.

Board Members in the last fiscal year and information provided

by them the Bank has not received any kind of information regarding share transaction by directors and other officials of the Bank.

### INFORMATION REGARDING THE FINANCIAL INTEREST OF THE BOARD DIRECTORS OR THEIR CLOSE RELATIVES IN ANY AGREEMENT MADE WITH THE BANK.

None

### INFORMATION REGARDING BUYING BACK OF THE SHARES OF THE BANK BY ITSELF

The Bank has not purchased its own shares till now.

### INFORMATION ON GROSS ADMINISTRATIVE EXPENSES

The Banks gross administrative expenses for the FY 2013/14 are as follows:

	<i>NPR Million</i>
<b>LIST OF ADMINISTRATIVE EXPENSES</b>	<b>AMOUNT</b>
1. Employee Expenses	279.8
2. Office operating expenses	381.3
Total	661.1

### LIST OF AUDIT COMMITTEE MEMBERS, REMUNERATION, ALLOWANCES AND BENEFITS PAID TO THEM, DETAILS OF FUNCTIONS DONE AND SUGGESTIONS MADE BY THE COMMITTEE

Audit Committee led by non-executive director is as follows:

Mr. Gopi Krishna Neupane, Director	Coordinator
Mr. Ramesh Kumar Niraula, Director	Member
Mr. Ram Man Shrestha, Director	Member
Chief Internal Audit Dept.	Member Secretary

No remuneration/allowances paid to the Audit Committee members other than the NPR 4,000 meeting fee per meeting. Altogether 19 meetings were held by the Committee in FY 2013/14.

### DETAILS OF ANY DUES TO BE PAID BY THE BOARD DIRECTORS, CEO, SUBSTANTIAL SHAREHOLDERS OF THE BANK, AND THEIR CLOSE RELATIVES, THEIR ASSOCIATED FIRM/S, COMPANIES OR ORGANIZED INSTITUTIONS

None

### REMUNERATION AND FACILITIES PROVIDED TO THE BANK'S DIRECTORS, CEO, AND EXECUTIVE OFFICERS

The Bank has no provision for remunerations to its directors, other than BOD meeting fee of Rs. 5,000 and Rs. 4,000 to the chairman and directors, respectively, for each meeting. Similarly, Rs. 5,000 is provided as reimbursement for mobile expenses per month. Likewise, premium for accidental Insurance of NPR 5 million each is also borne by the Bank.

### SALARY AND REMUNERATIONS OF CEO AND OTHER OFFICIALS IN FY 2013/14

	<i>NPR Million</i>
<b>POST</b>	<b>SALARY, ALLOWANCES AND BENEFITS</b>
Chief Executive officer	7.55
Manager to Deputy General Manager Level	19.91

Provision for Bonus is in accordance with the Bonus Act to all the staffs including CEO.

According to the policy of the Bank, premium on insurance policies for vehicles provided to the staff, accidental and medical insurance premium is paid by Bank itself.

### DIVIDEND PAYMENT NOT CLAIMED BY SHAREHOLDERS

FY 2004/05	Rs. 21,147.00
FY 2005/06	Rs. 88,955.00
FY 2009/10	Rs. 778,125.00

### INFORMATION ABOUT THE PURCHASE AND SALE OF ASSETS ACCORDING TO THE COMPANY ACT, SECTION 141

- Information about purchase and sale of assets (land and buildings, vehicles, office equipment, leasehold assets, and constructions) is given annex. 4 (14) of the Balance Sheet.
- Selling and buying of assets were made on the basis of current market price; income from sale of assets is shown under annex 4 (26) of the Balance Sheet.

### OTHER DETAILS TO BE DISCLOSED AS PER THE COMPANY ACT.

Such details have been mentioned under appropriate headings of this report elsewhere.



## Head of Department

1. Sarju Kumar Thapa - SM - Branch Credit
2. Manoj Bhattarai - Head - Central Remittance
3. Santosh Koirala - Head - BDD
4. Suvash Jamarkattel - Head - Finance and Planning
5. Ashok Kumar Khadka - Head - Risk
6. Rashmi Kharel Karmacharya - Head - HR
7. Bishwambar Neupane - Manager - Branch Credit
8. Binita Tamrakar - Head - Clearing
9. Manish Lal Shrestha - Head - Reconciliation
10. Narayan Bhuju - Head - IT
11. Upendra Malakar - Head - Operation
12. Raju Nath Chalise - BM- Lazimpat
13. Ishwar Bdr. Rawal - Head - Administration
14. Arjun Thapa - Regional Manager - Pokhara
15. Amar Rajbhandari - Head - Card
16. Ujjwal Uprety - Head - Treasury
17. Amar Bdr Singh - Incharge - IT
18. Tika Bhattarai - Head - Legal and Company Secretary

# M. Khanal & Co., Chartered Accountants

Nepal Bank Building  
Dillibazar  
P.O. Box : 13364  
Kathmandu, Nepal.

Tel : 4420903  
Fax : 977-1-4421596  
E-mail: mahesh.khanal@ntc.net.np

## INDEPENDENT AUDITOR'S REPORT

### THE SHAREHOLDERS OF MACHHAPUCHCHHRE BANK LIMITED

We have audited the accompanying financial statements of Machhapuchchhre Bank Limited, which comprise the Balance Sheet as at Ashad 32, 2071 (July 16, 2014), Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity for the year 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and 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.

#### Auditor's 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 professional judgment, including the assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the Bank'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 Bank's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the 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 audit opinion.

#### Opinion

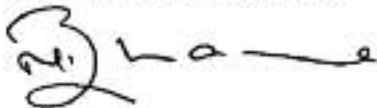
In our opinion, the accompanying financial statements give a true and fair view, in all material respects, the financial position of Machhapuchchhre Bank Limited as at 32 Ashad, 2071 (16 July, 2014) and of the results of its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards so far as applicable in compliance with the prevailing Laws and comply with Company Act 2063, Banks and Financial Institutions Act, 2063 and Directives of Nepal Rastra Bank.



### Report on Other Legal and Regulatory Requirements

On the basis of our audit, we further report that:

- a) We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
- b) The Balance Sheet, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity and attached schedules dealt with by this report are prepared as per Directives of Nepal Rastra Bank and are in agreement with the books of account maintained by the Bank.
- c) In our opinion, proper books of account as required by the law have been kept by the Bank. The Bank has accounted for Interest Income on Loans & Advances on cash basis as per Nepal Rastra Bank's Directives.
- d) The Bank has written off Loan amounted to Rs 79,770,947.00 during this financial year.
- e) The returns received from branches of the Bank, though the statements are not audited independently, were adequate for the purpose of our audit.
- f) During our examination of the books of account of the Bank, we have not come across the cases where the Board of Directors or any member thereof or any representative or any office bearer or any employee of the Bank has acted contrary to the provisions of law or caused loss or damage to the Bank nor have we been informed of such cases by the management.
- g) In our opinion, so far as it 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.
- h) The operations of the Bank were within its jurisdiction.
- i) The Bank has been functioning as per the directives of Nepal Rastra Bank.
- j) The Bank has not acted in a manner to jeopardize the interest and security of the depositors and shareholders.
- k) We have not come across any fraudulence in the accounts, so far as it appeared from our examination of the book.



C.A. Mahesh Khanal  
For M. Khanal & Co.  
Chartered Accountants



Date: 08 Ashoj 2071 (24 September, 2014)

Place: Kathmandu, Nepal



# Balance Sheet

As on 16th July 2014

NPR

CAPITAL AND LIABILITIES	SCHEDULE	THIS YEAR	PREVIOUS YEAR
1. Share Capital	4.1	2,776,249,907	2,478,794,560
2. Reserves and Surplus	4.2	459,458,265	317,881,366
3. Debenture and Bonds	4.3	-	-
4. Borrowings	4.4	-	61,017,421
5. Deposits and Liabilities	4.5	37,132,092,928	27,136,654,448
6. Bills Payables	4.6	10,864,238	18,580,773
7. Proposed Dividend		15,655,545	-
8. Income Tax Liabilities	-	-	-
9. Other Liabilities	4.7	329,636,213	283,274,877
<b>Total Liabilities</b>		<b>40,723,957,096</b>	<b>30,296,203,445</b>

ASSETS	SCHEDULE	THIS YEAR	PREVIOUS YEAR
1. Cash Balance	4.8	1,748,529,307	1,522,360,478
2. Balance with Nepal Rastra Bank	4.9	3,165,414,445	2,932,038,138
3. Balance with Banks & Financial Institutions	4.10	1,632,101,981	589,782,002
4. Money at Call & Short Notice	4.11	-	-
5. Investment	4.12	3,461,203,698	2,415,155,356
6. Loans, Advances & Bills Purchased	4.13	29,053,242,779	21,164,910,179
7. Fixed Assets	4.14	777,639,786	805,472,618
8. Non-Banking Assets	4.15	-	-
9. Other Assets	4.16	885,825,100	866,484,674
<b>Total Assets</b>		<b>40,723,957,096</b>	<b>30,296,203,445</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 on Accounts	Schedule 4.33
Statement of Promoters' 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.

As per our report of even date.

**Suvash Jamarkattel**  
Head - Finance and Planning

**T. R. Gautam**  
Chief Executive Officer

**Surya Bahadur K. C.**  
Chairman

**Prakash K. C.**  
Director

**Gopi Krishna Neupane**  
Director

**Mahesh Khanal**  
M. Khanal & Co Chartered  
Accountants

**Gyan Prasad Karmacharya**  
Director

**Dr. Birendra Prasad Mahato**  
Director

**Ramesh Kumar Niraula**  
Director

**Mangesh Lal Shrestha**  
Director

**Ram Man Shrestha**  
Director

DATE: 24<sup>th</sup> September 2014  
PLACE: Kathmandu, Nepal

## Profit & Loss Accounts

For the period from 16th July 2013 to 16th July 2014

NPR

PARTICULARS	SCHEDULE	THIS YEAR	PREVIOUS YEAR
1. Interest Income	4.18	2,836,363,821	2,429,629,170
2. Interest Expenses	4.19	1,720,366,986	1,485,592,188
<b>Net Interest Income</b>		<b>1,115,996,835</b>	<b>944,036,981</b>
3. Commission & Discount	4.20	61,254,614	58,875,985
4. Other Operating Income	4.21	181,018,231	148,372,989
5. Exchange Fluctuation Gain	4.22	50,982,404	38,188,906
<b>Total Operating Income</b>		<b>1,409,252,083</b>	<b>1,189,474,862</b>
6. Staff Expenses	4.23	279,844,036	233,214,363
7. Other Operating Expenses	4.24	381,329,715	366,494,819
8. Exchange Fluctuation Loss	4.22	5,184,296	2,875,285
<b>Operating Profit Before Provision for Possible Loan Loss</b>		<b>742,894,036</b>	<b>586,890,395</b>
9. Provisions for possible losses	4.25	170,707,645	450,322,276
<b>Operating Profit</b>		<b>572,186,391</b>	<b>136,568,119</b>
10. Non- Operating Income/(Loss)	4.26	18,965,946	6,810,036
11. Possible Loss Provision Written Back	4.27	180,746,277	270,852,590
<b>Profit from Regular Activities</b>		<b>771,898,613</b>	<b>414,230,745</b>
12. Income/(Expenses) from Extraordinary Activities	4.28	(63,482,700)	(175,292,771)
<b>Net Profit after Extraordinary Items</b>		<b>708,415,914</b>	<b>238,937,973</b>
13. Provision for Staff Bonus		64,401,447	21,721,634
14. Provision for Income Tax (a+b+c)		189,326,675	68,617,140
a. This Year's Tax Provision		89,969,060	91,804,961
b. Upto Last Year's Tax Provision		96,910	
c. Deferred Taxes (income)/loss		99,260,705	(23,187,821)
<b>Net Profit/ (Loss)</b>		<b>454,687,791</b>	<b>148,599,200</b>

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

As per our report of even date.

**Suvash Jamarkattel**  
Head - Finance and Planning

**T. R. Gautam**  
Chief Executive Officer

**Surya Bahadur K. C.**  
Chairman

**Prakash K. C.**  
Director

**Gopi Krishna Neupane**  
Director

**Mahesh Khanal**  
M. Khanal & Co Chartered  
Accountants

**Gyan Prasad Karmacharya**  
Director

**Dr. Birendra Prasad Mahato**  
Director

**Ramesh Kumar Niraula**  
Director

**Mangesh Lal Shrestha**  
Director

**Ram Man Shrestha**  
Director

DATE: 24<sup>th</sup> September 2014  
PLACE: Kathmandu, Nepal

## Profit & Loss Appropriation Accounts

For the period from 16th July 2013 to 16th July 2014

NPR

PARTICULAR	SCHEDULE	THIS YEAR	PREVIOUS YEAR
<b>Income</b>			
1. Accumulated Profit upto Previous Year			-
Adjustment : Standard Finance Limited			-
2. This Year's Profit		454,687,791	148,599,200
3. Exchange Equalisation Fund		-	-
<b>Total</b>		<b>454,687,791</b>	<b>148,599,200</b>
<b>Expenditures</b>			
1. Accumulated loss upto Previous Year		103,883,906	199,954,427
2. Current year's loss		-	-
3. General Reserve		90,937,559	29,719,840
4. Contingent Reserves		-	-
5. Institutional Development Fund		-	-
6. Dividend Equalization Fund		-	-
7. Employees Related Reserve Fund		-	-
8. Proposed Dividend		15,655,545	-
9. Proposed Bonus Share		297,455,347	-
10. Specific Reserve Fund		-	-
11. Exchange Fluctuation Fund		-	-
12. Capital Redemption Reserve Fund		-	-
13. Capital Adjustment Fund		-	-
14. Investment Adjustment Reserve		273,439	(378,982)
15. Deferred Tax Reserve		(99,260,705)	23,187,821
<b>Total</b>		<b>408,945,090</b>	<b>252,483,106</b>
<b>Accumulated Profit/ (Loss)</b>		<b>45,742,701</b>	<b>(103,883,906)</b>

As per our report of even date.

**Suvash Jamarkattel**  
Head - Finance and Planning

**T. R. Gautam**  
Chief Executive Officer

**Surya Bahadur K. C.**  
Chairman

**Prakash K. C.**  
Director

**Gopi Krishna Neupane**  
Director

**Mahesh Khanal**  
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**Dr. Birendra Prasad Mahato**  
Director

**Ramesh Kumar Niraula**  
Director

**Mangesh Lal Shrestha**  
Director

**Ram Man Shrestha**  
Director

DATE: 24<sup>th</sup> September 2014  
PLACE: Kathmandu, Nepal

# Cash Flow Statement

For the period from 16th July 2013 to 16th July 2014

NPR

PARTICULAR	THIS YEAR	PREVIOUS YEAR
<b>A. Cash Flows From Operating Activities</b>	<b>2,524,469,318</b>	<b>262,007,995</b>
<b>1. Cash Receipts</b>	<b>3,263,690,873</b>	<b>2,627,084,743</b>
1.1 Interest Income	2,835,001,706	2,375,135,818
1.2 Commission & Discount Income	61,254,614	53,470,073
1.3 Exchange Fluctuation Gain	50,982,404	38,188,906
1.4 Recovery of Loans Written Off	(63,482,700)	11,888,735
1.5 Other Income	379,934,849	148,401,212
<b>2. Cash Payments</b>	<b>2,635,834,385</b>	<b>2,069,291,166</b>
2.1 Interest Expenses	1,760,370,739	1,464,622,653
2.2 Staff Expenses	279,844,036	233,214,363
2.3 Office Operating Expenses	381,329,715	276,737,381
2.4 Income Tax Paid	214,289,895	94,716,770
2.5 Other Expenses		
<b>Cash Flows before Changes in Working Capital</b>	<b>627,856,488</b>	<b>557,793,577</b>
<b>(Increase)/Decrease in Current Assets</b>	<b>(7,906,310,910)</b>	<b>(5,812,530,327)</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	(7,888,332,600)	(5,761,613,453)
4. (Increase)/Decrease in Other Assets	(17,978,310)	(50,916,875)
<b>Increase/(Decrease) in Current Liabilities</b>	<b>9,802,923,739</b>	<b>5,516,744,746</b>
1. Increase/(Decrease) in Deposits	9,995,438,480	5,590,257,917
2. Increase/(Decrease) in Certificate of Deposits	-	-
3. Increase/(Decrease) in Short-term Borrowings	(61,017,421)	61,017,421
4. Increase/(Decrease) in Other Liabilities	(131,497,319)	(134,530,592)
<b>B. Cash Flows From Investing Activities</b>	<b>(1,017,419,906)</b>	<b>(652,187,844)</b>
1. (Increase)/Decrease in Long-term Investments	(1,046,048,342)	(709,274,056)
2. (Increase)/Decrease in Fixed Assets	27,832,832	(7,160,626)
3. Interest Income from Long term Investments		57,465,024
4. Divedend Income	795,604	396,996
5. Others		6,384,817
<b>C. Cash Flows from Financing Activities</b>	-	-
1. Increase/(Decrease) in Long-term Borrowings	-	-
2. Increase/(Decrease) in Share Capital	-	-
3. Increase/(Decrease) in Other Liabilities	-	-
4. Increase/(Decrease) in Refinance/facilities received from NRB	-	-
<b>D. Effects of exchange rate changes on Cash and Bank Balances</b>	<b>(5,184,296)</b>	<b>(2,875,285)</b>
<b>E. Net Cash Flow For The Year (A+B+C+D)</b>	<b>1,501,865,115</b>	<b>(393,055,134)</b>
<b>F. Opening Cash and Bank Balance</b>	<b>5,044,180,618</b>	<b>5,437,235,752</b>
<b>G. Closing Cash and Bank Balance</b>	<b>6,546,045,733</b>	<b>5,044,180,618</b>

## Statement of Changes in Equity

For the period from 16th July 2013 to 16th July 2014

NPR

PARTICULARS	SHARE CAPITAL	ACCUMULATED PROFIT/LOSS	GENERAL RESERVE	INVESTMENT ADJUSTMENT RESERVE	SHARE PREMIUM	EXCHANGE FLUCTUATION FUND	DEBENTURE REDEMPTION FUND	DEFERRED TAX RESERVE	OTHER RESERVES & FUND	TOTAL AMOUNT
<b>Opening Balance as at 15 July 2013</b>	2,478,794,560	(103,883,906)	209,832,687	-	10,726,032	200,897,145	-	309,408	-	2,796,675,926
Adjustments - Standard Finance Limited	-	-	-	-	-	-	-	-	-	-
<b>Restated Balance as at 16th July 2014</b>	2,478,794,560	(103,883,906)	209,832,687	-	10,726,032	200,897,145	-	309,408	-	2,796,675,926
<b>Adjustments</b>										
Surplus/Deficit on Revaluation of Properties	-	-	-	-	-	-	-	-	-	-
Surplus/Deficit on Revaluation of Investments	-	-	-	-	-	-	-	-	-	-
Net Profit for the Period	-	454,687,791	-	-	-	-	-	-	-	454,687,791
Transfer to General Reserve	-	(90,937,559)	90,937,559	-	-	-	-	-	-	-
Proposed Dividend	-	(15,655,545)	-	-	-	-	-	-	-	(15,655,545)
Proposed issue of Bonus Share	-	(297,455,347)	-	297,455,347	-	-	-	-	-	-
Calls in Advance	-	-	-	-	-	-	-	-	-	-
Issue of Share Capital	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	(99,260,705)	-	-	-	-
Deferred Tax Reserve	-	99,260,705	-	-	-	-	-	-	-	-
Capital Adjustment Fund	-	-	-	-	-	-	-	-	-	-
Investment Adjustment Fund	-	(273,439)	-	-	-	-	-	273,439	-	-
<b>Balance at 16 July 2014</b>	2,478,794,560	45,742,701	300,770,246	297,455,347	10,726,032	101,636,440	-	582,847	-	3,235,708,172

## Share Capital & Ownership

As on 16th July 2014

NPR

Schedule - 4.1

PARTICULAR	THIS YEAR	PREVIOUS YEAR
<b>1. Share Capital</b>	-	-
<b>1.1 Authorized Capital</b>	<b>3,000,000,000</b>	<b>3,000,000,000</b>
a. 30,000,000 Ordinary shares of Rs. 100 each share	3,000,000,000	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>2,478,794,560</b>	<b>2,478,794,560</b>
a. 24787945.60 Ordinary shares of Rs.100 each share	2,478,794,560	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>2,478,794,560</b>	<b>2,478,794,560</b>
a. 24,787,946 Ordinary shares of Rs.100 each	2,478,794,560	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>297,455,347</b>	-
<b>1.5 Calls in Advance</b>	-	-
<b>1.6 Total Amount</b>	<b>2,776,249,907</b>	<b>2,478,794,560</b>

SHARE OWNERSHIP	THIS YEAR		PREVIOUS YEAR	
	%	SHARE CAPITAL	%	SHARE CAPITAL
<b>1. Local Ownership</b>	<b>100</b>	<b>2,478,794,560</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	11.02	273,194,000	11.07	274,475,200
1.5 Individuals	88.98	2,205,600,560	88.93	2,204,319,360
1.6 Others	-	-	-	-
<b>2. Foreign Ownership</b>	-	-	-	-
<b>Total</b>	<b>100</b>	<b>2,478,794,560</b>	<b>100</b>	<b>2,478,794,560</b>

## Share Capital and Ownership

Details of shareholders holding 0.5% or more of the Total Shares

NPR

Schedule - 4.1A

S.N.	SHAREHOLDER'S NAME	THIS YEAR			PREVIOUS YEAR		
		NUMBER	AMOUNT (RS.)	%	NUMBER	AMOUNT (RS.)	%
1	DR. SURENDRA MAHATO	3,545,460	354,546,000.00	14.30	3,542,472	354,247,200.00	14.29
2	DR. UPENDRA MAHATO	2,199,039	219,903,900.00	8.87	1,666,968	166,696,800.00	6.72
3	M/S P K R INVESTMENT COMPANY	1,628,769	162,876,900.00	6.57	1,628,769	162,876,900.00	6.57
4	Mr. PREM KUMARI K.C.	1,189,684	118,968,400.00	4.80	1,189,684	118,968,400.00	4.80
5	Mr. RAM ASHISH SAHU SUDI	1,049,797	104,979,700.00	4.24	1,049,797	104,979,700.00	4.24
6	Mr. SOVIT BAHADUR KARKI	980,836	98,083,600.00	3.96	980,836	98,083,600.00	3.96
7	Mr. KRISHNA GOPAL SHRESTHA	538,466	53,846,600.00	2.17	538,466	53,846,600.00	2.17
8	Mr. BAIDHYANATH SHARMA	511,668	51,166,800.00	2.06	511,668	51,166,800.00	2.06
9	DR. DHARMA RAJ SHRESTHA	503,295	50,329,500.00	2.03	503,295	50,329,500.00	2.03
10	Mr. DINESH LAL SHRESTHA	418,863	41,886,300.00	1.69	471,863	47,186,300.00	1.90
11	Mr. PRAKASH K.C.	418,324	41,832,400.00	1.69	418,324	41,832,400.00	1.69
12	Mr. HIRANYA PRAKASH DHAR	394,852	39,485,200.00	1.59	394,852	39,485,200.00	1.59
13	Mr. KIRAN K.C.	394,852	39,485,200.00	1.59	367,747	36,774,700.00	1.48
14	M/S EVITA INVESTMENT PVT.LTD	374,000	37,400,000.00	1.51	374,000	37,400,000.00	1.51
15	Mr. ROSHAN K. C.	367,743	36,774,300.00	1.48	367,743	36,774,300.00	1.48
16	Mr. GANESH BAHADUR SHRESTHA	294,199	29,419,900.00	1.19	294,199	29,419,900.00	1.19
17	Mr. JAGAT MOHAN GAUCHAN	255,517	25,551,700.00	1.03	512,930	51,293,000.00	2.07
18	Mr. PRANESWAR POKHAREL	254,244	25,424,400.00	1.03	254,244	25,424,400.00	1.03
19	M/S KARAN MOTOR COMPANY P.LTD.	198,448	19,844,800.00	0.80	198,448	19,844,800.00	0.80
20	M/S SHREE HIMALAYAN ENTERPRISES P.LTD.	198,448	19,844,800.00	0.80	198,448	19,844,800.00	0.80
21	Mr. NIRAJ GOVINDA SHRESTHA	169,955	16,995,500.00	0.69	169,955	16,995,500.00	0.69
22	Mr. AJAD SHRESTHA	161,053	16,105,300.00	0.65	161,053	16,105,300.00	0.65
23	Mr. CHANDRA MOHAN GAUCHAN				251,901	25,190,100.00	1.02
<b>Total</b>		<b>16,047,512</b>	<b>1,604,751,200</b>		<b>16,047,662</b>	<b>1,604,766,200</b>	

## Reserves and Surplus

NPR

As on 16th July 2014

Schedule - 4.2

PARTICULAR	THIS YEAR	PREVIOUS YEAR
1. General Reserve Fund	300,770,246	209,832,687
2. Capital Reserve Fund	-	
3. Capital Redemption Reserve	-	
4. Capital Adjustment Fund	-	
5. Other Reserves and Fund	102,219,286	201,206,553
a. Contingent Reserve	-	
b. Institution Development Fund	-	
c. Dividend Equalization Fund	-	
d. Specific Reserve Fund	-	
e. Assets Revaluation Reserve	-	
f. Deferred Tax Reserve	101,636,440	200,897,145
g. Other Reserve Funds	-	
h. Investment Adjustment Reserve	582,847	309,408
6. Accumulated Profit/Loss	45,742,701	(103,883,906)
7. Exchange Fluctuation Fund	10,726,032	10,726,032
<b>Total</b>	<b>459,458,265</b>	<b>317,881,366</b>

## Debentures and Bonds

NPR

As on 32nd Ashad 2071 (16th July 2014)

Schedule - 4.3

PARTICULAR	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>	<b>-</b>	<b>-</b>



## Borrowings

NPR

As on 16th July 2014

Schedule - 4.4

PARTICULAR	THIS YEAR	PREVIOUS YEAR
<b>A. Local</b>		
1. Government of Nepal	-	
2. Nepal Rastra Bank	-	18,727,590
3. Repo - Liabilities	-	
4. Inter Bank & Financial Institution		12,656,458
5. Other Organized Institutions	-	-
6. Others	-	-
<b>Total</b>	-	<b>31,384,048</b>
<b>B. Foreign</b>		
1. Banks	-	29,633,373
2. Others	-	-
<b>Total</b>	-	<b>29,633,373</b>
<b>Total (A + B)</b>	-	<b>61,017,421</b>

# Deposits Liabilities

NPR

As on 16 July 2014

Schedule - 4.4

PARTICULAR	THIS YEAR	PREVIOUS YEAR
<b>1. Non-Interest Bearing Deposit Accounts</b>		
<b>A. Current Deposits</b>	<b>1,263,539,093</b>	<b>895,429,688</b>
<b>1. Local Currency</b>	<b>1,228,973,443</b>	<b>867,025,673</b>
1.1 Government of Nepal	-	-
1.2 "A" Class Licensed Institutions	12,075,000	73,792,219
1.3 Other Licensed Financial Institutions	77,894,000	268,305,833
1.4 Other Organized Institutions	759,810,000	471,545,399
1.5 Individuals	379,194,443	53,382,222
1.6 Others		
<b>2. Foreign Currency</b>	<b>34,565,650</b>	<b>28,404,015</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	33,590,650	28,374,516
2.5 Individuals	213,000	29,499
2.6 Others	-	-
<b>B. Margin Deposits</b>	<b>135,368,830</b>	<b>127,831,622</b>
1. Employees Guarantee		
2. Guarantees Margin	47,052,693	45,787,298
3. Letters of Credit Margin	88,316,136	82,044,324
<b>C. Others</b>	<b>96,351,376</b>	<b>24,059,055</b>
1. Local Currency	62,017,551	23,867,355
1.1 Financial Institutions	-	-
1.2 Other Organized Institutions	62,017,551	23,867,355
1.3 Individuals		
2. Foreign Currency	34,333,825	191,700
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	34,333,825	191,700
2.3 Individuals	-	-
<b>Total of Non-Interest Bearing Accounts</b>	<b>1,495,259,298</b>	<b>1,047,320,365</b>

Contd.

Contd.

## Deposits Liabilities

NPR

As on 16 July 2014

Schedule - 4.5

PARTICULAR	THIS YEAR	PREVIOUS YEAR
<b>2. Interest bearing accounts</b>		
<b>A. Savings Deposits</b>	<b>14,293,625,934</b>	<b>10,703,559,922</b>
<b>1. Local Currency</b>	<b>14,262,665,934</b>	<b>10,628,557,780</b>
1.1 Organized Institutions	-	
1.2 Individuals	14,262,665,934	10,628,557,780
1.3 Others	-	
<b>2. Foreign Currency</b>	<b>30,960,000</b>	<b>75,002,142</b>
2.1 Organized Institutions	-	
2.2 Individuals	30,960,000	75,002,142
2.3 Others	-	
<b>B. Fixed Deposits</b>	<b>12,611,365,948</b>	<b>10,069,548,441</b>
<b>1. Local Currency</b>	<b>12,319,158,948</b>	<b>9,813,533,091</b>
1.1 Organized Institutions	6,374,419,000	940,986,378
1.2 Individuals	5,944,739,948	8,872,546,713
1.3 Others	-	
<b>2. Foreign Currency</b>	<b>292,207,000</b>	<b>256,015,350</b>
2.1 Organized Institutions	291,005,000	254,961,000
2.2 Individuals	1,202,000	1,054,350
2.3 Others	-	
<b>C. Call Deposit</b>	<b>8,731,841,747</b>	<b>5,316,225,720</b>
<b>1. Local Currency</b>	<b>7,960,726,747</b>	<b>5,292,514,938</b>
1.1 "A" Class Licensed Institutions	-	
1.2 Other Licensed Financial Institutions	1,926,682,000	926,872,912
1.3 Other Organized Institutions	3,243,770,747	3,674,425,972
1.4 Individuals	2,790,274,000	691,216,054
1.5 Others	-	
<b>2. Foreign Currency</b>	<b>771,115,000</b>	<b>23,710,782</b>
2.1 "A" Class Licensed Institutions	-	273,567
2.2 Other Licensed Financial Institutions	7,132,000	2,836,063
2.3 Other Organizations	763,983,000	20,601,152
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>35,636,833,630</b>	<b>26,089,334,083</b>
<b>(1 + 2) Total Deposit</b>	<b>37,132,092,928</b>	<b>27,136,654,448</b>

## Bills Payables

NPR

As on 16th July 2014

Schedule - 4.6

PARTICULAR	THIS YEAR	PREVIOUS YEAR
1. Local currency	10,859,235	17,561,977
2. Foreign currency	5,002	1,018,796
<b>Total</b>	<b>10,864,238</b>	<b>18,580,773</b>

## Other Liabilities

NPR

As on 16th July 2014

Schedule - 4.7

PARTICULAR	THIS YEAR	PREVIOUS YEAR
1. Gratuity Fund	-	-
2. Employees Provident Fund	3,246	-
3. Employees Welfare Fund	-	-
4. Provision for Staff Bonus	64,401,447	21,721,634
5. Interest Payable on Deposits	131,816,997	91,813,244
6. Interest Payable on Borrowings	-	-
7. Unearned Discount & Commission	16,115,896	9,515,952
8. Sundry Creditors	42,071,470	62,939,869
9. Branch Adjustment Account	16,669,909	-
10. Deferred Tax Liability	-	-
11. Dividend Payable	548,930	815,038
12. Others	58,008,319	96,469,140
<b>Total</b>	<b>329,636,213</b>	<b>283,274,877</b>

## Cash Balance

NPR

As on 16th July 2014

Schedule - 4.8

PARTICULAR	THIS YEAR	PREVIOUS YEAR
1. Local Currency (Including Coins)	1,689,792,861	1,482,760,746
2. Foreign Currency	58,736,445	39,599,732
<b>Total</b>	<b>1,748,529,307</b>	<b>1,522,360,478</b>

## Balance with Nepal Rastra Bank

NPR

As on 16th July 2014

Schedule - 4.9

PARTICULARS	LOCAL CURRENCY	FOREIGN CURRENCY			THIS YEAR	PREVIOUS YEAR
		INR	CONVERTIBLE FCY	TOTAL		
<b>1. Nepal Rastra Bank</b>						
a. Current Account	3,129,946,663	-	35,467,782	35,467,782	3,165,414,445	2,932,038,138
b. Other Accounts	-	-	-	-	-	-
<b>Total</b>	<b>3,074,239,352</b>	<b>-</b>	<b>7,587,341</b>	<b>7,587,341</b>	<b>3,165,414,445</b>	<b>2,932,038,138</b>

## Balance with Banks & Financial Institutions

NPR

As on 16th July 2014

Schedule - 4.10

PARTICULARS	LOCAL CURRENCY	FOREIGN CURRENCY			THIS YEAR	PREVIOUS YEAR
		INR	CONVERTIBLE FCY	TOTAL		
<b>1. Local Licensed Institutions</b>						
a. Current Account	715,259,201	-	5,326,195	5,326,195	720,585,396	487,955,725
b. Other Accounts	-	-	-	-	-	-
<b>2. Foreign Banks</b>						
a. Current Account	-	94,739,528	816,777,058	911,516,585	911,516,585	101,826,277
b. Other Accounts	-	-	-	-	-	-
<b>Total</b>	<b>886,493,871</b>	<b>7,598,707</b>	<b>155,526,504</b>	<b>163,125,211</b>	<b>1,632,101,981</b>	<b>589,782,002</b>

## Money at Call & Short Notice

NPR

As on 16th July 2014

Schedule - 4.11

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

# Investment

NPR

As on 16th July 2014

Schedule - 4.12

PARTICULARS	PURPOSE		THIS YEAR	PREVIOUS YEAR
	TRADING	OTHERS		
1. Govt. of Nepal Treasury Bills	-	2,928,921,859	2,928,921,859	2,085,138,622
2. Govt. of Nepal Saving Bonds	-		-	-
3. Govt. of Nepal Other Securities	-	41,100,070	41,100,070	42,704,878
4. Nepal Rastra Bank Bonds	-	-	-	-
5. Foreign Securities	-	-	-	-
6. Local Licensed Institutions	-	30,710,000	30,710,000	67,098,195
7. Foreign Banks	-	428,450,472	428,450,472	203,205,279
8. Corporate's Shares	-	34,172,357	34,172,357	20,500,366
9. Corporate's Bonds and Debentures	-		-	
10. Other Investments	-		-	-
<b>Total Investment</b>	-	<b>3,463,354,758</b>	<b>3,463,354,758</b>	<b>2,418,647,340</b>
<b>Provision</b>	-		<b>2,151,060</b>	<b>3,491,983</b>
<b>Net Investment</b>	-	<b>3,463,354,758</b>	<b>3,461,203,698</b>	<b>2,415,155,357</b>

## Investment in Shares, Debentures & Bonds

NPR

As on 16th July 2014

Schedule - 4.12 (a)

PARTICULARS	COST PRICE	MARKET PRICE	PROVISION AMOUNT	THIS YEAR	PREVIOUS YEAR
1. Investment in Shares					
1.1 CREDIT INFORMATION BUREAU LTD	1,330,000			1,330,000	1,330,000
13,300 Ordinary Shares of Rs. 100 paid up					
26,099 Bonus Shares					
1.2 NATIONAL BANKING TRAINING INS	1,200,000			1,200,000	1,200,000
12,000 Ordinary Shares of Rs. 100 paid up					
1.3 NEPAL CLEARING HOUSE LTD	2,500,000			2,500,000	2,500,000
25,000 Ordinary Shares of Rs. 100 paid up					
1.4 NECO INSURANCE LTD	9,234,600	9,415,670	-	9,234,600	9,234,600
92,070 Promoter Shares of Rs. 100 paid up					
21,111 Bonus Shares					
210 Ordinary Share			-		
61 Bonus Shares					
1.5 NEPAL INSURANCE CO. LTD.		-	-		45,000
100 Ordinary Share of Rs.100 paid up					
62 Bonus Share					
1.6 SAGARMATHA INSURANCE COMPANY LIMITED		-	-		12,550
70 Ordinary Share of Rs. 100 paid up					
65 Bonus Share					
1.7 PREMIER INSURANCE COMPANY LIMITED	39,000	363,936	-	39,000	39,000
276 Ordinary Share of Rs.100 paid up					
132 Bonus Share					
1.8 UNITED INSURANCE COMPANY LIMITED		-	-		22,000
100 Ordinary Share of Rs.100 paid up					
40 Bonus Share					
1.9 NEPAL LIFE INSURANCE COMPANY LIMITED		-	-		65,000

Contd.

## Contd.

PARTICULARS	COST PRICE	MARKET PRICE	PROVISION AMOUNT	THIS YEAR	PREVIOUS YEAR
600 ordinary share					
150 Bonus Share					
1.10 LIFE INSURANCE COMPANY LIMITED	29,600	1,572,480	-	29,600	280,734
296 Right Share of Rs.100 paid up					
88 Bonus Share					
1.11 SHIKHAR INSURANCE COMPANY LIMITED		-	-		1,143,625
5,000 Ordinary Share of Rs.100 paid up					
1.12 BUTWAL POWER COMPANY LIMITED	4,839,157	4,538,097	301,060	4,839,157	4,627,857
4,733 Ordinary Share of Rs.100 paid up					
550 Bonus Share					
1.13 NEPAL ELECTRONIC PAYMENT SYSTEM	15,000,000			15,000,000	
150,000 Promoter Share of Rs. 100 paid up					
2 Investment in Debentures and Bond					
2.1 .....					
2.2 .....					
2.3 .....					
<b>Total Investment</b>	<b>34,172,357</b>	<b>15,890,183</b>	<b>301,060</b>	<b>34,172,357</b>	<b>20,500,366</b>
3 Provision for Loss					
3.1 Up to Previous Year	1,540,257			1,540,257	
3.2 Additions/Deductions of this year	(1,239,197)			(1,239,197)	
<b>Total Provision</b>	<b>301,060</b>			<b>301,060</b>	<b>1,540,257</b>
<b>Net Investment</b>	<b>33,871,297</b>			<b>33,871,297</b>	



## Held for Trading

NPR

As on 16th July 2014

Schedule - 4.12-1

PARTICULARS	COST PRICE	PREVIOUS MARKET PRICE (A)	CURRENT MARKET PRICE (B)	THIS YEAR AMOUNT 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

NPR

As on 16th July 2014

Schedule - 4.12-2

PARTICULARS	COST PRICE (A)	IMPAIRMENT AMOUNT TILL		THIS YEAR GAIN/(LOSS) (B-A)	PREVIOUS YEAR AIN/(LOSS)	REMARKS
		16-JULY, 2011 (A)	16-JULY, 2010 (B)			
1. Govt. of Nepal Treasury Bills	2,928,921,859	-	-	-		-
2. Govt. of Nepal Saving Bonds	-	-	-	-		-
3. Govt. of Nepal Other Bonds	41,100,070	-	-	-		-
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	428,450,472	-	-	-		-
10. Other Investment	30,710,000	-	-	-		-
<b>Total Investment</b>	<b>3,429,182,401.30</b>	-	-	-		-

## Available for Sale

NPR

As on 16th July 2014

Schedule - 4.12-3

PARTICULARS	COST PRICE	PREVIOUS MARKET PRICE (A)	CURRENT MARKET PRICE (B)	THIS YEAR AMOUNT 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	34,172,357					
9. Investment(Placement) in Foreign Banks	-	-	-	-	-	
10. Other Investment	-	-	-	-	-	
<b>Total Investment</b>	<b>34,172,357.00</b>	-	-	-	-	-

# Classification of Loans, Advances, Bills Purchased and Provisioning

NPR

As on 16th July 2014

Schedule - 4.13

PARTICULARS	LOAN AND ADVANCES				BILLS PURCHASED AND DISCOUNTED			THIS YEAR	PREVIOUS YEAR
	DOMESTIC		FOREIGN	TOTAL	DOMESTIC	FOREIGN	TOTAL		
	DEPRIVED SECTOR								
	INSURED	UNINSURED	OTHERS						
<b>1. Performing Loans</b>	-	-	<b>28,694,622,013</b>	-	<b>312,514,665</b>	<b>8,976,408</b>	<b>29,016,113,085</b>	<b>21,038,137,528</b>	
1.1 Pass Loan	-	-	28,694,622,013	-	312,514,665	8,976,408	29,016,113,085	21,038,137,528	
<b>2. Non Performing Loan</b>	-	-	<b>525,263,541</b>	-	-	<b>32,400</b>	<b>525,295,941</b>	<b>614,303,178</b>	
2.1 Restructured loan	-	-	416,343,588	-	-	-	-	305,711,000	
2.2 Sub standard	-	-	38,456,000	-	-	-	-	55,183,511	
2.3 Doubtful	-	-	70,463,953	-	-	-	-	67,738,534.00	
2.4 Loss	-	-	29,219,885,554	-	-	-	-	185,670,133.00	
<b>(A) Total Loans (1+2)</b>	-	-	<b>29,219,885,554</b>	-	<b>312,514,665</b>	<b>9,008,808</b>	<b>29,541,409,026</b>	<b>21,652,440,706.00</b>	
<b>3. Loan Loss Provision</b>	-	-	291,141,086.93	-	3,125,147	89,764	294,355,998	215,981,375	
3.1 Pass Loan	-	-	104,085,897.09	-	-	-	-	38,213,875	
3.2 Restructured loan	-	-	19,227,999.98	-	-	-	-	13,795,878	
3.3 Sub standard	-	-	70,463,952.53	-	-	-	-	33,869,267	
3.4 Doubtful	-	-	484,918,937	-	3,125,147	122,164	488,166,247	185,670,133	
3.5 Loss	-	-	215,853,713	-	81,627	46,035	215,981,375	161,890,826	
<b>(B) Total Loan Loss Provision</b>	-	-	<b>486,839,278</b>	-	<b>381,627</b>	<b>309,622</b>	<b>487,530,527</b>	<b>475,307,920</b>	
<b>4. Provision upto Previous Year</b>	-	-	169,884,467	-	2,743,520	187,458	170,071,925	265,503,627	
4.1 Pass	-	-	13,795,878	-	-	-	-	9,805,633	
4.2 Restructured	-	-	33,869,267	-	-	-	-	82,491,754	
4.3 Sub standard	-	-	185,106,546	-	300,000	263,587	185,670,133	216,744,707	
4.4 Doubtful	-	-	486,839,278	-	381,627	309,622	487,530,527	-	
4.5 Loss	-	-	169,884,467	-	2,743,520	187,458	170,071,925	265,503,627	
4.6 Additional Loan Loss Provision	-	-	167,964,126	-	2,743,520	(187,458)	170,707,645	277,726,237	
<b>(C) Total Previous Year Provision</b>	-	-	<b>486,839,278</b>	-	<b>381,627</b>	<b>309,622</b>	<b>487,530,527</b>	<b>475,307,920</b>	
<b>(D) Written Back from Previous Year's Provision</b>	-	-	169,884,467	-	2,743,520	187,458	170,071,925	265,503,627	
<b>(E) Additional Provision of This Year</b>	-	-	167,964,126	-	2,743,520	(187,458)	170,707,645	277,726,237	
<b>Net Additions/(Deductions) of This Year</b>	-	-	(1,920,341)	-	2,743,520	(187,458)	635,720	12,222,611	
<b>Net Loan (A-B)</b>	-	-	28,734,966,617	-	309,389,518	8,886,644	29,053,242,779	21,164,910,179	

## Securitywise Loans, Advances & Bills Purchased

NPR

As on 16th July 2014

Schedule - 4.13(A)

PARTICULAR	THIS YEAR	PREVIOUS YEAR
<b>A. Secured</b>	<b>29,541,409,026</b>	<b>21,652,440,706</b>
1. Collateral of Movable/Immovable Assets	26,829,495,895	19,693,578,025
2. Guarantee of Local Licensed institutions		-
3. Govt. Guarantee	129,844,594	129,844,594
4. Internationally Rated Bank Guarantee		
5. Collateral of Export Documents		
6. Fixed Deposit Receipts	722,896,512	966,051,375
(a) Own FDR	722,896,512	966,051,375
(b) FDR of Other Licensed Institutions		-
7. Government Bonds		-
8. Counter Guarantee		-
9. Personal Guarantee	20,974,334	28,000,000
10. Other Securities	1,838,197,691	834,966,713
<b>B. Unsecured</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>29,541,409,026</b>	<b>21,652,440,706</b>

# Fixed Assets

As on 16th July 2014

NPR

Schedule - 4.14

Particulars	Assets						This Year	Previous Year
	Building	Vehicles	Plant and Machinery	Office Equipments, Furniture and Fixture	Others			
<b>1. At Cost</b>								
(a) Previous Year's Balance	214,817,528	134,285,152	-	426,840,805	1,743,740	777,687,225	748,587,824	
(b) Addition This Year	-	20,012,965	-	29,142,695	6,976	49,162,636	48,386,184	
(c) Revaluation/Re-Written of This Year	-	-	-	(39,437)	-	-	-	
(d) This Year's Sold	-	(24,765,000)	-	-	-	(24,804,437)	(19,286,783)	
(e) This Year's written off*	-	-	-	-	-	-	-	
(f) Standard Finance Limited - Addition	-	-	-	-	-	-	-	
<b>Total Cost (a+b+c+d+e)</b>	<b>214,817,528</b>	<b>129,533,117</b>	<b>-</b>	<b>455,944,063</b>	<b>1,750,716</b>	<b>802,045,424</b>	<b>777,687,225</b>	
<b>2. Depreciation</b>								
(a) Upto Previous Year	16,947,673.24	53,562,550	-	242,964,767	1,110,520	314,585,510	252,880,822	
(b) For This Year	4,172,574.71	17,708,528	-	44,263,463	174,723	66,319,289	66,867,311	
(c) Depreciation on Revaluation/ Re-written	-	-	-	-	-	-	-	
(d) Depreciation Adjustment/Written Back	-	(14,128,258)	-	-	-	(14,128,258)	(5,162,623)	
<b>Total Depreciation (a+b+c+d)</b>	<b>21,120,248</b>	<b>57,142,820</b>	<b>-</b>	<b>287,228,230</b>	<b>1,285,243</b>	<b>366,776,541</b>	<b>314,585,510</b>	
<b>3. Book Value (WDV*) (1-2)</b>	<b>193,697,280.05</b>	<b>72,390,296.65</b>	<b>-</b>	<b>168,715,833.37</b>	<b>465,473.14</b>	<b>435,268,883.21</b>	<b>463,101,715</b>	
<b>4. Land</b>								
		-	-	-	-	249,424,972	249,424,972	
<b>5. Capital Work in Progress</b>								
		-	-	-	-	92,945,931	92,945,931	
<b>6. Leashold Assets</b>								
		-	-	-	-	-	-	
<b>Total (3+4+5+6)</b>	<b>193,697,280.05</b>	<b>72,390,296.65</b>	<b>-</b>	<b>168,715,833.37</b>	<b>465,473.14</b>	<b>777,639,786</b>	<b>805,472,618</b>	

## Non- Banking Assets

NPR

As on 16th July 2014

Schedule - 4.15

NAME & ADDRESS OF BORROWER/PARTY	DATE OF ASSUMING OF NON-BANKING ASSETS	TOTAL NON- BANKING ASSETS	LOSS PROVISION		NET NON- BANKING ASSETS	PREVIOUS YEAR
			PERCENT	AMOUNT		
MANAKAMANA ENTERPRISES	5-May-03	285,824	100%	285,824	-	-
KESHAB PRASAD RIJAL	10-Feb-11	375,000	100%	375,000	-	-
SUDARSHAN ADHIKARI	17-Feb-13	5,390,277	100%	5,390,277	-	-
SHASWOT DEVELOPERS	28-Feb-13	10,193,909	100%	10,193,909	-	-
SANJAY KAKCHHAPATI	14-Jan-14	5,210,408	100%	5,210,408	-	-
SAHADEV KACHHAPATI	23-Mar-14	17,347,501	100%	17,347,501	-	-
COSMIC AUTOMOBILE	3-Sep-12	24,210,000	100%	24,210,000	-	-
BASHU B. SHRESTHA	11-Apr-13	89,438,313	100%	89,438,313	-	-
PRAKASH B. SHRESTHA	19-May-13	17,268,750	100%	17,268,750	-	-
MD. NAJIM KHAN	17-Feb-12	1,191,767	100%	1,191,767	-	-
<b>Total</b>		<b>170,911,749</b>		<b>170,911,749</b>	<b>-</b>	<b>-</b>

## Other Assets

NPR

As on 16th July 2014

Schedule - 4.16

PARTICULAR	THIS YEAR	PREVIOUS YEAR
1. Stationery at Stock	6,324,098	8,115,467
2. Income Receivable on Investments	12,575,516	11,213,401
3. Accrued Interest on Loan	126,221,577	-
Less: Interest Suspense amount	(126,221,577)	-
4. Commission Receivable	-	-
5. Sundry Debtors	33,894,234	62,104,846
6. Staff Loans and Advances	299,445,784	256,658,520
7. Advance Payment	247,902,359	123,402,720
8. Cash in Transit	-	-
9. Other Transit Items (including cheques)	-	-
10. Draft Paid Without Notice	-	-
11. Expenses Not Written-off	132,185,785	138,573,522
12. Branch Adjustment Account	-	4,940,339
13. Deferred Tax Assets	101,636,439	200,897,145
14 Others	51,860,885	60,578,714
<b>Total</b>	<b>885,825,100</b>	<b>866,484,674</b>

## Other Assets (Additional Statement)

NPR

As on 16th July 2014

Schedule - 4.16 (A)

PARTICULAR	THIS YEAR				PREVIOUS YEAR
	UPTO 1 YEAR	1 TO 3 YEARS	ABOVE	TOTAL	
1. Accrued Interest on Loans	101,112,741	21,606,218	3,502,617	126,221,577	122,051,078
2. Drafts Paid without notice		-	-	-	-
3. Branch Adjustment Account		-	-	-	-
4. Nostro Reconciliation Account				-	
<b>Total</b>	<b>101,112,741</b>	<b>21,606,218</b>	<b>3,502,617</b>	<b>126,221,577</b>	<b>122,051,078.00</b>

## Contingent Liabilities

NPR

As on 16th July 2014

Schedule - 4.17

PARTICULAR	THIS YEAR	PREVIOUS YEAR
1. Claims on Bank but not accepted by the Bank	-	-
2. Letters of Credit (Full Amount)	1,469,733,924	921,857,912
(a) Less than 6 months maturity	1,338,069,199	886,344,385
(b) More than 6 months maturity	131,664,726	35,513,527
3. Rediscounted bills	-	-
4. Unmatured Guarantees/Bonds	1,534,577,228	1,215,793,662
(a) Bid Bonds	95,105,548	1,213,513,662
(b) Performance Bonds	1,439,471,680	2,280,000
(c) Other Guarantees/ Bonds	-	-
5. Unpaid Shares in Investment	-	-
6. Forward Exchange Contract Liabilities	44,860,500	86,412,000
7. Bills Under Collection	16,888,514	12,299,636
8. Acceptance & Endorsements	-	-
9. Underwriting Commitment	-	-
10. Irrevocable Loan Commitment	2,516,863,005	1,870,072,773
11. Counter guarantees against the guarantees of Internationally Rated Banks	802,739,721	529,594,335
12. Advance Payment Guarantee	659,623,733	70,899,236
13. Financial Guarantee	5,063,887	-
14. Contingent Liabilities on Income Tax	-	-
15. Others	-	-
<b>Total</b>	<b>10,054,661,664</b>	<b>4,706,929,553</b>

# Interest Income

NPR

For the period from 16th July 2013 to 16th July 2014

Schedule - 4.18

PARTICULAR	THIS YEAR	PREVIOUS YEAR
<b>A. On Loan, Advances and Overdraft</b>	<b>2,807,104,757</b>	<b>2,375,135,818</b>
1) Loan and Advances	1,865,806,783	1,784,252,885
2) Overdraft	941,297,974	590,882,933
<b>B. On Investment</b>	<b>29,257,415</b>	<b>53,713,040</b>
1. Govt. Securities	28,501,297	39,727,566
a) Treasury Bills	26,119,482	38,220,144
b) Development Bonds	2,381,815	1,507,422
c) National Saving Bonds	-	-
2. Foreign Securities	-	-
3. Nepal Rastra Bank Bonds	-	-
4. Debenture and Bonds	-	1,937,500
5. Interest on Inter Bank Lendings	756,118	12,047,974
a) Banks/ Financial Institutions	756,118	12,047,974
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>780,313</b>
1. Local Banks/ Financial Institutions	-	-
2. Foreign Banks	-	780,313
<b>E. On Others</b>	<b>1,649</b>	<b>-</b>
1. Certificate of Deposits	-	-
2. Inter Bank/ Financial Institution Loan	-	-
3. Others	1,649	-
<b>Total</b>	<b>2,836,363,821</b>	<b>2,429,629,170</b>



# Interest Expenses

NPR

For the period from 16th July 2013 to 16th July 2014

Schedule - 4.19

PARTICULAR	THIS YEAR	PREVIOUS YEAR
<b>A. On Deposit Liabilities</b>	<b>1,720,237,478</b>	<b>1,484,588,646</b>
1. Fixed Deposits	888,533,345	692,715,367
1.1 Local Currency	882,982,192	684,817,568
1.2 Foreign Currency	5,551,153	7,897,799
2. Saving Deposits	535,965,915	513,389,821
2.1 Local Currency	534,794,936	512,790,846
2.2 Foreign currency	1,170,979	598,975
3. Call Deposits	295,738,218	278,483,458
3.1 Local Currency	291,034,487	277,930,670
3.2 Foreign Currency	4,703,731	552,789
4. Certificate of Deposits	-	-
<b>B. On Borrowings</b>	<b>129,508</b>	<b>1,003,542</b>
1. Debenture & Bonds	-	-
2. Loan from NRB	-	-
3. Inter Bank/Financial Institutions Loan	129,508	1,003,542
4. Other Corporate Body	-	-
5. Other Loans	0	-
<b>C. On Others</b>	<b>-</b>	<b>-</b>
1. IBT Interest	-	-
2. Capitalized Interest	-	-
<b>Total</b>	<b>1,720,366,986</b>	<b>1,485,592,188</b>

# Commission & Discount

NPR

For the period from 16th July 2013 to 16th July 2014

Schedule - 4.20

PARTICULAR	THIS YEAR	PREVIOUS YEAR
<b>A. Bills Purchased &amp; Discounted</b>	<b>512,067</b>	<b>788,624</b>
1. Local	506,978	727,439
2. Foreign	5,089	61,185
<b>B. Commission</b>	<b>44,601,849</b>	<b>31,241,416</b>
1. Letters of Credit	15,622,880	9,691,135
2. Guarantees	18,700,933	15,952,485
3. Collection Fee	530,378	510,370
4. Remittance Fee	6,507,741	5,087,396
5. Credit Cards	-	-
6. Share Underwriting/Issues Market maker	-	-
7. Government Transactions	-	-
8. Agency Commission	3,239,917	30
9. Exchange Fee	-	-
<b>C. Others</b>	<b>16,140,698</b>	<b>26,845,945</b>
<b>Total</b>	<b>61,254,614</b>	<b>58,875,985</b>

## Other Operating Income

For the period from 16th July 2013 to 16th July 2014

NPR

Schedule - 4.21

PARTICULAR	THIS YEAR	PREVIOUS YEAR
1. Safe Deposit Lockers Rental	2,274,350	2,014,900
2. Issue & Renewals of Credit Cards	-	-
3. Issue & Renewals of ATM Cards	32,620,182	25,461,603
4. Telex/T.T	4,080,893	2,785,415
5. Service Fee	76,958,058	69,204,547
6. Renewal Fees	11,966,438	8,336,639
7. Others	53,118,310	40,569,886
<b>Total</b>	<b>181,018,231</b>	<b>148,372,989</b>

## Exchange Fluctuation Gain/Loss

For the period from 16th July 2013 to 16th July 2014

NPR

Schedule - 4.22

PARTICULAR	THIS YEAR	PREVIOUS YEAR
1. Revaluation Gain / (Loss)	(5,184,296)	(2,875,285)
2. Trading Gain (Except Exchange Fee)	50,982,404	38,188,906
<b>Total Gain/(Loss)</b>	<b>45,798,108</b>	<b>35,313,621</b>

## Staff Expenses

For the period from 16th July 2013 to 16th July 2014

NPR

Schedule - 4.23

PARTICULAR	THIS YEAR	PREVIOUS YEAR
1. Salary	121,554,834	101,449,905
2. Allowances	56,945,340	53,767,596
3. Contribution to Provident Fund	12,128,880	9,956,145
4. Training Expenses	1,980,948	504,600
5. Uniform	11,664,075	4,353,004
6. Medical	-	-
7. Insurance	3,960,963	1,773,869
8. Pension and Gratuity Provision	20,746,176	9,780,247
9. Others	50,862,820	51,628,997
<b>Total</b>	<b>279,844,036</b>	<b>233,214,363</b>

## Other Operating Expenses

For the period from 16th July 2013 to 16th July 2014

NPR

Schedule - 4.24

PARTICULAR	THIS YEAR	PREVIOUS YEAR
1. House Rent	44,592,200	36,445,390
2. Light,Electricity & Water	13,491,761	12,690,304
3. Repairs and Maintenance	6,126,237	16,560,558
a) Building	214,297	400,420
b) Vehicles	2,497,916	2,585,565
c) Others	3,414,023	13,574,573
4. Insurance	21,078,619	23,613,717
5. Postage, Telex, Telephone, Fax, SWIFT	36,286,855	32,706,072
6. Office Equipment, Furniture & Repairs	12,415,303	1,355,449
7. Traveling Allowances and Expenses	6,953,962	7,480,624
8. Stationery and Printing	12,327,170	10,698,613
9. Periodicals and Books	161,276	746,865
10. Advertisements	15,337,902	5,622,913
11. Legal Expenses	1,372,305	5,029,609
12. Donations	136,428	171,851
13. Expenses relating to Board of Directors	1,513,657	2,063,557
a ) Meeting Fees	397,400	696,594
b) Other Expenses	1,116,257	1,366,963
14. Annual General Meeting Expenses	945,524	1,696,299
15. Expenses relating to Audit	891,254	1,152,353
a) Audit Fees	124,300	124,300
b) Other Expenses	766,954	1,028,053
16. Commission on Remittances		
17. Depreciation on Fixed Assets	66,070,105	66,867,311
18. Amortization of Preliminary Expenses	-	
19. Share Issue Expenses	-	
20. Technical/Consultancy Services Fee	14,171,543	25,227,500
21. Entertainment Expenses	294,558	339,657
22. Amortization of Leasehold Assets and Deferred Exp.	24,376,123	22,890,127
23. Security Expenses	40,864,712	35,667,274
24. Credit Guarantee Premium		
25. Commission and Discount	15,207,860	2,804,987
26. Other Expenses	46,714,362	54,663,788
a. Fuel Expenses	24,658,599	23,893,991
b.Other Committee Meeting Fee	377,047	561,600

Contd.

Contd.

## Other Operating Expenses

NPR

For the period from 16th July 2013 to 16th July 2014

Schedule - 4.24

PARTICULAR	THIS YEAR	PREVIOUS YEAR
c. Other Committee Meeting Expenses	123,131	173,526
d. Anniversary Expenses	531,164	4,080,808
e. Business Promotion Expenses	2,477,154	1,351,900
f. Penalty	-	-
g. Rate and Taxes	5,396,812	5,302,371
h. Membership fees	983,655	1,022,865
i. Office Cleaning Expenses	5,501,234	4,652,501
j. Branch Expansion Expense	163,317	996,382
k. Miscellaneous Expenses	6,502,250	12,627,846
<b>TOTAL</b>	<b>381,329,715</b>	<b>366,494,819</b>

## Provision for Possible Losses

NPR

For the period from 16th July 2013 to 16th July 2014

Schedule - 4.25

PARTICULAR	THIS YEAR	PREVIOUS YEAR
1. Loans and Advances	170,707,645	277,726,237
2. Investments	-	-
3. Non-Banking Assets	-	172,494,313
4. Other Assets	-	101,726.00
<b>Total</b>	<b>170,707,645</b>	<b>450,322,276</b>

## Non-Operating Income/(Loss)

NPR

For the period from 16th July 2013 to 16th July 2014

Schedule - 4.26

PARTICULAR	THIS YEAR	PREVIOUS YEAR
1. Profit (Loss) on sale of Investment	10,502,135	440,048
2. Profit (Loss) on sale of assets	6,355,271	5,944,769
3. Dividend	795,604	396,996
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	1,306,936	-
b. Others	6,000	28,223
<b>Total Non-Operating Income/(Loss)</b>	<b>18,965,946</b>	<b>6,810,036</b>

## Possible Loss Provision Written Back

NPR

Fiscal Year 2013/14

Schedule - 4.27

PARTICULAR	THIS YEAR	PREVIOUS YEAR
1. Loan Loss Provision Written Back	170,071,925	265,503,627
2. Provision against Non- Banking Assets' Written Back	9,435,155	785,190
3. Provision on Investment Written Back	1,239,197	4,563,773
4. Provision against Other Assets Written Back		
<b>Total</b>	<b>180,746,277</b>	<b>270,852,590</b>

## Income/(Expenses) From Extraordinary Activities

NPR

For the period from 16th July 2013 to 16th July 2014

Schedule - 4.28

PARTICULAR	THIS YEAR	PREVIOUS YEAR
1. Recovery of Written off Loan	16,288,247	11,888,735
2. Volunteering Retirement Scheme Expenses		
3. Irrecoverable Loans Written Off (4.28 a)	(79,770,947)	(187,181,506)
4. Other (Expenses)/Income		-
<b>Total</b>	<b>(63,482,699.91)</b>	<b>(175,292,771.00)</b>

## Statement of Loans written off

NPR

Fiscal Year 2013/14

Schedule - 4.28(A)

S.N. LOAN CATEGORY	WRITTEN OFF AMOUNT	TYPES OF SECURITY AND AMOUNT	BASIS OF SECURITY VALUATION	LOAN SANCTIONING OFFICIAL/ RANK	EFFORTS MADE FOR RECOVERY	REMARKS
1. Working Capital Loan	30,475,055	Hypothecation/Persnal	Authorize Valuators/	BOD/CEO	As per Prevailing	
2. Real Estate	25,625,381	Guarantees/	Invoice Value	LOAN COMMITTEE	Rules and	-
3. Hire Purchase	19,334,360	Land/Vehicles			Regulations	-
4. Personal Loan	672,213					-
5. Other Loans(STL)	3,663,938					-
<b>Total Loans</b>	<b>79,770,947</b>	-	-	-	-	-

# Statement of Loans and Advances Extended to Directors/Chief Executive/Promoters/Employees and Shareholders

NPR

Schedule - 4.29

As on 16th July 2014

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:

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							
1							
2							
(B) Chief Executive							
1							
2							
(C) Promoters							
1							
2							
(D) Employees							
1							
2							
(E) Shareholders							
1							
2							
<b>Total</b>	-	-	-	-	-	-	-

## ANNEXURE : REPORTING FORMS

### FORM NO.1 CAPITAL ADEQUACY TABLE

**As on 16<sup>th</sup> July, 2014**

NPR '000

Schedule - 4.30 (A)

	16 <sup>TH</sup> JULY, 2014	15 <sup>TH</sup> JULY, 2013
<b>1.1 RISK WEIGHTED EXPOSURES</b>		
a. Risk Weighted Exposure for Credit Risk	30,166,277	21,528,876
b. Risk Weighted Exposure for Operational Risk	1,340,168	1,056,840
c. Risk Weighted Exposure for Market Risk	74,925	52,992
<b>Total Risk Weighted Exposures</b> (Before adjustments of Pillar II)	<b>31,581,369</b>	<b>22,638,708</b>
<b>Adjustments under Pillar II</b>		
Add : 3% of Total RWE due to Supervisory Review Process	947,441	679,161
Add : % of Total RWE due to non compliance to disclosure requirement		-
<b>Total Risk Weighted Exposures (a+b+c)</b>	<b>32,528,811</b>	<b>23,317,869</b>
<b>1.2 CAPITAL</b>	<b>16<sup>TH</sup> JULY, 2014</b>	<b>15<sup>TH</sup> JULY, 2013</b>
<b>(A) Core Capital (Tier 1)</b>	<b>3,150,818</b>	<b>2,702,740</b>
a. Paid up Equity Share Capital	2,478,795	2,478,795
b. Irredeemable non-cumulative preference shares		-
c. Share Premium		-
d. Proposed Bonus Equity Share	297,455	-
e. Statutory General Reserve	300,770	209,833
f. Retained Earnings	45,743	(103,884)
g. Un-audited current year cumulative profit		-
h. Capital Redemption Reserve		-
i. Capital Adjustment Reserve	-	-
j. Dividend Equalization Reserve		-
k. Deferred Tax Reserve	101,636	200,897
l. Other Free Reserve		-
m. Less : Goodwill		-
n. Less : Fictitious Assets	73,581	82,901
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)		

Contd.

Contd.

	16 <sup>TH</sup> JULY, 2014	15 <sup>TH</sup> JULY, 2013
<b>(B)Supplementary Capital (Tier 2)</b>	<b>305,665</b>	<b>221,136</b>
a. Cumulative and/or Redeemable Preference Shares		
b. Subordinated Term Debt		
c. Hybrid Capital Instruments		
d. General Loan Loss Provision	294,356	210,101.00
e. Exchange Equalization Reserve	10,726	10,726.00
f. Investment Adjustment Reserve	583	309.00
g. Assets Revaluation Reserve		-
h. Other Reserves		-
<b>Total Capital Fund (Tier 1 and Tier 2)</b>	<b>3,456,483</b>	<b>2,923,876</b>
<b>1.3 CAPITAL ADEQUACY RATIOS</b>	<b>16<sup>TH</sup> JULY, 2014</b>	<b>15<sup>TH</sup> JULY, 2013</b>
a Tier 1 Capital to Total Risk Weighted Exposures	9.69	11.59
b Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	10.63	12.54



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

Schedule - 4.30 (B)

PARTICULARS	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 WEIGHT E	RISK WEIGHTED EXPOSURES F=D*E
<b>A. Balance Sheet Exposure</b>									
1. Cash Balance	1,748,529			1,748,529	0%	-	1,522,360	0%	-
2. Balance With Nepal Rastra Bank	3,165,414			3,165,414	0%	-	2,932,038	0%	-
3. Gold				-	0%	-	-	0%	-
4. Investment in Nepalese Government Securities	41,100			41,100	0%	-	42,705	0%	-
5. All other Claims on Government of Nepal	326,965			326,965	0%	-	283,599	0%	-
6. Investment in Nepal Rastra Bank Securities	2,928,922			2,928,922	0%	-	2,085,139	0%	-
7. All other Claims on Nepal Rastra Bank	12,257			12,257	0%	-	8,705	0%	-
8. Claims on Foreign Government and Central Bank (ECA 0-1)	-			-	0%	-	-	0%	-
9. Claims on Foreign Government and Central Bank (ECA 2)	-			-	20%	-	-	20%	-
10. Claims on Foreign Government and Central Bank (ECA 3)	-			-	50%	-	-	50%	-
11. Claims on Foreign Government and Central Bank (ECA 4-6)	-			-	100%	-	-	100%	-
12. Claims on Foreign Government and Central Bank (ECA 7)	-			-	150%	-	-	150%	-
13. Claims On BIS, IMF, ECB, EC and On Multilateral Development Banks(MDB's) Recognised by the framework	-			-	0%	-	-	0%	-
14. Claims on Other Multilateral Development Banks	-			-	100%	-	-	100%	-
15. Claims on Public Sector Entity (ECA 0-1)	-			-	20%	-	-	20%	-
16. Claims on Public Sector Entity (ECA 2)	-			-	50%	-	-	50%	-
17. Claims on Public Sector Entity (ECA 3-6)	-			-	100%	-	-	100%	-
18. Claims on Public Sector Entity (ECA 7)	8,219			8,219	150%	12,328	24,300	150%	36,450
19. Claims on domestic banks that meet capital adequacy requirements	1,175,073			1,175,073	20%	235,015	386,699	20%	77,340
20. Claims on domestic banks that do not meet capital adequacy requirements				-	100%	-	381,471	100%	381,471

Contd.

Contd.

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

PARTICULARS	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 WEIGHT E	RISK WEIGHTED EXPOSURES F=D*E
21. Claims on foreign bank (ECA Rating 0-1)	1,181,753			1,181,753	20%	236,351	323,201	20%	64,640
22. Claims on foreign bank(ECA Rating 2)	371,248			371,248	50%	185,624	32,638	50%	16,319
23. Claims on foreign bank (ECA Rating 3-6)	-			-	100%	-	-	100%	-
24. Claims on foreign bank (ECA Rating 7)	-			-	150%	-	-	150%	-
25. Claims on foreign bank incorporated in SAARC Region operating with a buffer of 1% above their respective regulatory capital requirement	198,118			198,118	20%	39,624	-	20%	-
26. Claims on Domestic Corporates	15,014,091			15,014,091	100%	15,014,091	11,726,451	100%	11,726,451
27. Claims on Foreign Corporates (ECA 0-1)	-			-	20%	-	-	20%	-
28. Claims on Foreign Corporates (ECA 2)	-			-	50%	-	-	50%	-
29. Claims on Foreign Corporates (ECA 3-6)	-			-	100%	-	-	100%	-
30. Claims on Foreign Corporates (ECA 7)	-			-	150%	-	-	150%	-
31. Regulatory Retail Portfolio ( Not Overdue)	8,390,702		708,747	7,681,954	75%	5,761,466	4,859,602	75%	3,644,702
32. Claim fulfilling all criterion of Regulatory Retail except granularity					100%	-	2,537	100%	2,537
33. Claims secured by residential properties	2,778,383			2,778,383	60%	1,667,030	1,293,003	60%	775,802
34. Claims not fully secured by residential properties					150%	-	-	150%	-
35. Claims secured by residential properties (Overdue)	10,182	5,894.61		4,288	100%	4,288	4,169	100%	4,169
36. Claims secured by Commercial real estate	1,467,897			1,467,897	100%	1,467,897	1,479,866	100%	1,479,866
37. Past due claims (except for claim secured by residential properties)	515,114	187,915.63		327,198	150%	490,797	316,785	150%	475,178
38. High Risk claims	282,776			282,776	150%	424,164	122,652	150%	183,978
39. Investment in equity and other capital instrument of institutions listed in the stock exchange	14,142			14,142	100%	14,142	15,470	100%	15,470
40. Investment in equity and other capital instrument of institutions not listed in the stock	20,030			20,030	150%	30,045	5,030	150%	7,545
41. Staff Loan Secured by Residential Property	242,258			242,258	60%	145,355	203,497	60%	122,098
42. Interest Receivable/Claim on Government Securities	-			-	0%	-	-	0%	-
43. Cash in transit and other cash items in the process of collection	321,523			321,523	20%	64,305	12,766	20%	2,553
44. Other Assets ( as per attachment )	2,616,960	298,983		2,317,977	100%	2,317,977	1,296,498	100%	1,296,498
<b>TOTAL</b>	<b>42,831,657</b>	<b>492,793.58</b>	<b>708,747.46</b>	<b>41,630,116</b>		<b>28,110,497</b>	<b>29,361,181</b>		<b>20,313,066</b>

Contd.

Contd.

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

PARTICULARS	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 WEIGHT E	RISK WEIGHTED EXPOSURES F=D*E
<b>B. Off Balance Sheet Exposures</b>									
1. Revocable Commitments				-	0%	-	-	0%	-
2. Bills Under Collection	9,337			9,337	0%	-	12,300	0%	-
3. Forward Exchange Contract Liabilities				-	10%	-	86,412	10%	8,641
4. LC Commitments with original maturity upto 6 months	1,176,824		119,146.57	1,057,678	20%	211,536	804,847	20%	160,969
5. Foreign Counterparty (ECA 0 -1)				-	20%	-	-	20%	-
6. Foreign Counterparty (ECA 2)				-	50%	-	-	50%	-
7. Foreign Counterparty (ECA 3 -6)				-	100%	-	-	100%	-
8. Foreign Counterparty (ECA 7)				-	150%	-	-	150%	-
9. LC Commitments with original maturity over 6 months ( domestic Counterparty	122,654		2,187.15	120,467	50%	60,233	34,967	50%	17,484
10. Foreign Counterparty (ECA 0 -1)				-	20%	-	-	20%	-
11. Foreign Counterparty (ECA 2)				-	50%	-	-	50%	-
12. Foreign Counterparty (ECA 3 -6)				-	100%	-	-	100%	-
13. Foreign Counterparty (ECA 7)				-	150%	-	-	150%	-
14. Bid Bond, Performance Bond and Counter Guarantee	1,465,429		44,253.78	1,421,175	50%	710,587	1,170,917	50%	585,459
15. Foreign Counterparty (ECA 0 -1)				-	20%	-	-	20%	-
16. Foreign Counterparty (ECA 2)				-	50%	-	-	0%	-
17. Foreign Counterparty (ECA 3 -6)				-	100%	-	-	100%	-
18. Foreign Counterparty (ECA 7)				-	150%	-	-	150%	-
19. Underwriting Commitments				-	50%	-	-	50%	-
20. Lending of Bank's Securities or Posting of Securities as collateral				-	100%	-	-	100%	-
21. Repurchase Agreements, Assets sale with recourse				-	100%	-	-	100%	-
22. Advance Payment Guarantee	568,071		2,971.80	565,099	100%	565,099	69,243	100%	69,243
23. Advance Payment Guarantee							529,594	0%	-
24. Financial Guarantee	4,951			4,951	100%	4,951	-	100%	-
25. Acceptances and Endorsements				-	100%	-	-	100%	-
26. Unpaid portion of Partly paid shares and securities				-	100%	-	-	100%	-

Contd.

Contd.

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

PARTICULARS	BOOK VALUE A	CURRENT YEAR				PREVIOUS YEAR			
		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 WEIGHT E	RISK WEIGHTED EXPOSURES F=D*E
27. Irrevocable Credit commitments(Short term)	2,516,863			2,516,863	20%	503,373	1,870,073	20%	374,015
28. Irrevocable Credit commitments(Long term)				-	50%	-	-	50%	-
29. Claims on foreign bank incorporated in SAARC Region operating with a buffer of 1% above their respective regulatory capital requirement				-	20%	-	-	20%	-
30. Other Contingent Liabilities				-	100%	-	-	100%	-
31. Unpaid Guranatee claims				-	200%	-	-	200%	-
<b>TOTAL</b>	<b>5,864,129</b>	<b>-</b>	<b>168,559.30</b>	<b>5,695,570</b>		<b>2,055,779</b>	<b>4,578,353</b>		<b>1,215,810</b>
Total RWE for Credit Risk Before adjustment (A) +(B)	48,695,786	492,793.58	877,306.76	47,325,686		30,166,277	33,939,534		21,528,876
Adjustment under pillar II									
Add: 10% of the loan and facilities in excess of Single obligor Limits (6.4 a 3)				-				10%	-
Add: 1% of contract ( sale) value in case of the sale of credit with recourse (6.4 a 4)									
Total RWE for Credit Risk (After bank's adjustments of Pillar II)	48,695,786	492,793.58	877,306.76	47,325,686		30,166,277	33,939,534		21,528,876

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

PARTICULARS	DEPOSITS WITH BANK (A)	DEPOSITS WITH OTHER BANKS/FI (B)	GOLD (C)	GOVT. & NRB SECURITIES (D)	GTEE OF NEPAL GOVT. OF (E)	SEC/GTEE OF OTHER SOVEREIGNS (F)	G'TEE OF DOMESTIC BANKS (G)	GTEE OF MDBS (H)	SEC/GTEE OF FOREIGN BANKS (I)	TOTAL
Balance Sheet Exposures										
Claims on Foreign Government and Central Bank (ECA 2)										
Claims on Foreign Government and Central Bank (ECA 3)										
Claims on Foreign Government and Central Bank (ECA 4-6)										
Claims on Foreign Government and Central Bank (ECA 7)										
Claims on Other Multilateral Development Banks										
Claims on Public Sector Entity (ECA 0-1)										
Claims on Public Sector Entity (ECA 2)										
Claims on Public Sector Entity (ECA 3-6)										
Claims on Public Sector Entity (ECA 7)										
Claims on domestic banks that meet capital adequacy requirements										
Claims on domestic banks that do not meet capital adequacy requirements										
Claims on foreign bank (ECA Rating 0-1)										
Claims on foreign bank (ECA Rating 2)										
Claims on foreign bank (ECA Rating 3-6)										
Claims on foreign bank (ECA Rating 7)										
Claims on foreign bank incorporated in SAARC Region operating with a buffer of 1% above their respective regulatory capital requirement										
Claims on Domestic Corporates										
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)	708,747.46									708,747.46
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										

Contd.

Contd.

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

PARTICULARS	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
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										-
<b>Other Assets ( as per attachment )</b>										-
Off Balance Sheet Exposures										708,747.46
Forward Exchange Contract										-
LC Commitments with original maturity upto 6 months	119,146.57									119,146.57
Domestic Counterparty										-
Fireign Counterparty (ECA 0-1)										-
Fireign Counterparty (ECA 2)										-
Fireign Counterparty (ECA 3--6)										-
Fireign Counterparty (ECA 7)										-
LC Commitments with original maturity over 6 months ( domestic)	2,187.15									2,187.15
Domestic Counterparty										-
Fireign Counterparty (ECA 0 - 1)										-
Fireign Counterparty (ECA 2)										-
Fireign Counterparty (ECA 3--6)										-
Fireign Counterparty (ECA 7)										-
Bid Bond, Performance Bond and Counter Guarantee	44,253.78									44,253.78
Domestic Counterparty										-
Fireign Counterparty (ECA 0-1)										-
Fireign Counterparty (ECA 2)										-
Fireign Counterparty (ECA 3--6)										-
Fireign 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	2,971.80									2,971.80
Financial Guarantee										-
Acceptances and Endorsements										-
Unpaid portion of Partly paid shares and securities										-
Irrevocable Credit commitments										-
Other Contingent Liabilities										-
<b>Total</b>	<b>168,559.30</b>									<b>168,559.30</b>

# Risk Weighted Exposure for Operational Risk

At the month end of 16<sup>th</sup> July, 2014

NPR '000

Schedule - 4.30 (D)

PARTICULAR	FISCAL YEAR			PREVIOUS YEAR
	2010/011	2011/012	2012/013	
1. Net Interest Income	523,019	425,357	934,340	
2. Commission and Discount Income	44,183	45,047	58,880	
3. Other Operating Income	72,406	68,020	150,770	
4. Exchange Fluctuation Income	38,581	51,643	35,310	
5. Addition/Deduction in Interest Suspense during the period	20,777	91,824	120,180	
6. Gross income (a)	698,966	681,891	1,299,480	
7. Alfa (b)	15%	15%	15%	
8. Fixed Percentage of Gross Income [c=(a×b)]	104,845	102,284	194,922	
9. Capital Requirement for operational risk (d) (average of c)	134,017			105,684
10. Risk Weight (reciprocal of capital requirement of 10%) in times (e)	10			10
11. Equivalent Risk Weight Exposure [f=(d×e)]	1,340,168			1,056,840
<b>SRP 6.4a (8) Adjustments under Pillar II</b>				
(If Gross Income for the last three years is negative)				
1. Total Credit and Investment (net of Specific Provision) of releted 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]	1,340,168			1,056,840

## Risk Weighted Exposure for Market Risk

At the month end of 16<sup>th</sup> July, 2014

NPR

Schedule - 4.30 (E)

CURRENCY	OPEN POSITION (FCY)	OPEN POSITION (NPR)	RELEVANT OPEN POSITION	PREVIOUS YEAR RELEVANT OPEN POSITION
1. INR	50,126,000	80,239,000	80,239,000	18,178,000
2. USD	(204,000)	(19,236,000)	19,236,000	54,422,000
3. GBP	52,000	8,544,000	8,544,000	911,000
4. EUR	75,000	9,799,000	9,799,000	2,214,000
5. THB	120,000	355,000	355,000	90,000
6. CHF	8,000	844,000	844,000	281,000
7. AUD	77,000	6,893,000	6,893,000	5,201,000
8. CAD	10,000	892,000	892,000	389,000
9. SGD	2,000	567,000	567,000	491,000
10. JPY	8,063,000	7,604,000	7,604,000	4,930,000
11. HKD	54,000	666,000	666,000	191,000
12. DKK	8,000	-	-	87,000
13. SEK	2,000	28,000	28,000	3,834
14. SAR	247,000	6,288,000	6,288,000	12,403,000
15. QAR	112,000	2,937,000	2,937,000	2,243,000
16. AED	87,000	2,275,000	2,275,000	1,857,000
17. MYR	64,000	1,911,000	1,911,000	956,000
18. KRW	1,497,000	136,000	136,000	469,000
19. CNY	41,000	635,000	635,000	668,000
<b>(a) Total Open Position</b>		<b>111,377,000</b>	<b>149,849,000</b>	<b>105,985,000</b>
<b>(b) Fixed Percentage</b>			<b>5%</b>	<b>0</b>
<b>(c) Capital Charge for Market Risk (=a×b)</b>			<b>7,492,450</b>	<b>5,299,000</b>
<b>(d) Risk Weight (reciprocal of capital requirement of 10%) in times</b>			<b>10</b>	<b>10</b>
<b>(e) Equivalent Risk Weight Exposure (=c×d)</b>			<b>74,924,500</b>	<b>52,992,000</b>



## PRINCIPAL INDICATORS

(At least for previous 5 years)

NPR

Schedule - 4.31

PARTICULARS	INDICATORS	F. Y.	F. Y.	F. Y.	F. Y.	F. Y.
		2009/10	2010/11	2011/12	2012/13	2013/14
1. Net Profit/Gross Income	%	3.74%	0.32%	1.62%	5.54%	13.66%
2. Earnings Per Share	NPR	4.96	0.55	1.54	5.98	18.34
3. Market Value per Share	NPR	282.00	133.00	107.00	203.00	576.00
4. Price Earning Ratio	Ratio	56.90	242.54	69.41	33.96	31.40
5. Cash Dividend (including bonus) on share capital	%	10.00%	0.00%	0.00%	0.00%	12.63%
6. Cash Dividend on share Capital	%	0.00%	0.00%	0.00%	0.00%	0.63%
7. Interest Income/Loans & Advances	%	11.28%	14.04%	11.98%	11.29%	9.60%
8. Employee Expenses/Total Operating Exps	%	10.00%	8.28%	9.11%	38.89%	13.28%
9. Interest Exps on Total Deposit and Borrowings	%	6.13%	8.75%	6.97%	5.46%	4.63%
10. Exchange Fluctuation Gain/Total Income	%	2.31%	2.51%	2.25%	1.32%	1.62%
11. Staff Bonus/ Total Employee Expenses	%	6.82%	0.73%	0.00%	9.30%	23.01%
12. Net Profit/Loans & Advances	%	0.49%	0.06%	0.24%	0.68%	1.54%
13. Net Profit/ Total Assets	%	0.35%	0.05%	0.16%	0.49%	1.12%
14. Total Credit/Deposit	%	80.78%	89.77%	74.62%	79.79%	79.56%
15. Total Operating Expenses/Total Assets	%	7.35%	10.12%	1.95%	1.98%	1.64%
16. Adequacy of Capital Fund on Risk Weightage Assets						
a. Core Capital	%	9.94%	9.99%	14.11%	11.59%	9.69
b. Supplementary Capital	%	1.30%	0.86%	0.93%	0.95%	0.94
c. Total Capital Fund	%	11.25%	10.85%	15.04%	12.54%	10.63
17. Liquidity (CRR)	%	5.89%	5.89%	15.34%	11.07%	9.24%
18. Non Performing Loans/Total Loans	%	2.32%	4.17%	2.84%	2.84%	1.78%
19. Base Rate	%	-	-	-	-	8.25%
20. Weighted Average Interest Rate Spread	%	3.40%	2.27%	5.01%	4.63%	4.97%
21. Book Net worth	NPR	1,773,510,895	1,782,433,898	2,648,076,726	2,796,260,797	3,235,708,172
22. Total Shares	Number	16,271,966	16,271,966	24,787,946	24,787,946	24,787,946
23. Total Employees	Number	492	502	599	562	614
24. Productivity per Staff	NPR	149.01	17.77	63.79	263.67	740.53
25. Book Value Per Share	NPR	109.00	109.54	106.83	112.81	130.54

# SIGNIFICANT ACCOUNTING POLICIES

Fiscal Year 2013/14

Schedule - 4.32

## 1. GENERAL INFORMATION

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

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

## 2. APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements for the year ended 16th July 2014 have been noted by the Board of Directors in its meeting held on 24th September, 2014 and have been recommended for approval of shareholders in the Annual General Meeting.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

## 4. PRINCIPLES OF ACCOUNTING

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), Directives of Nepal Rastra Bank (Central Bank) and the Company Act. Financial Statements are based on accrual policy, unless otherwise stated.

## 5. BASIS OF ACCOUNTING

Except in the case of foreign exchange statements, the other Financial Statements have been prepared under the historical cost convention. While preparing financial

statements in conformity with Nepal Accounting Standards (NAS) and Generally Accepted Accounting Principles (GAAP), some estimates are to be made. It also requires that the management has to use judgement for the implementation of the accounting policies.

## 6. 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.

## 7. COMMISSION INCOME

Commission received for various transactions are accounted on cash basis. However, in the case of commission income of more than NPR 1, 00,000.00 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.

## 8. DIVIDEND INCOME

Dividend income from the investment in shares is recognised on the basis of 'right to receive'.

## 9. 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) at the date. As per Nepal Rastra Bank Directives, 25% of revaluation gain from foreign currency exchange rate 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.

### 10. INTEREST EXPENSES

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

### 11. LOANS & ADVANCES AND BILLS PURCHASED

Loans and advances provided to clients 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 off provision in the balance sheet.

### 12. STAFF LOANS

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

### 13. LOAN LOSS PROVISION

In order to mitigate the risk inherent in the Bank's 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.

### 14. 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.

### 15. 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 of time. These investments are initially measured at cost and subsequently accounted at market value.

#### 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. These investments are initially measured at cost and subsequently accounted at market value.

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

These investments are primarily intended to be held till maturity and are valued at cost and carried at these values in the Balance Sheet till maturity. Any impairment losses arising in such investment are provided for and charged in 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 on 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 in the Income Statement.

## 16. FIXED ASSETS AND DEPRECIATION

- a) Fixed assets are stated at historical cost concept.
- 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. Management has determined the expected life of the fixed assets for depreciation purpose as follows:

S.N.	ASSETS TYPES	EXPECTED USEFUL LIFE (YEARS)
1	Buildings	50
2	Vehicles	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 for from the next month of purchase. In case of assets being sold and written off, the depreciation is charged upto the previous month of disposal.
- d) Depreciation for income tax purpose is calculated separately at the rate and manner prescribed by the Income Tax Act.
- e) Bank has adopted policy of charging the assets purchased with a value less than NPR. 5,000 as expenses instead of capitalizing them.

## 17. PRELIMINARY, PRE-OPERATING AND DEFERRED EXPENSES

The Bank's preliminary expenses, pre-operating expenses, computer software expenses, expenses incurred on the issue of primary shares, and leasehold expenses are amortized over a period of contract, if it can be identified, otherwise over a period of 5 years from the year of purchase on a Straight Line Method (SLM) basis.

Accordingly, the Bank has amortized NPR. 24,175,739.89 for the FY 2013/14.

## 18. GRATUITY PROVISION

As per the approved "Employees By-Laws" of the bank in line with the Labour Rules, the Bank has made provision for gratuity for employees who have worked for more than 3 years in the Bank. The Bank's gratuity expense for the financial year 2013/14 is NPR. 20,746,176.00.

## 19. EMPLOYEES BONUS EXPENSES

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

## 20. LEAVE ENCASHMENT

Staff Leave Encashment is accounted on cash basis and this policy is not in line with Nepal Accounting Standard.

However, as per the Bank's Personnel Policy, and employee can accumulate the leave up to maximum of 180 days and any excess is paid to the employee in cash.

## 21. STATIONERY STOCK

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

## 22. PROVISION FOR INCOME TAX

Provision for the current years income tax is made in accordance with the provisions of the prevailing Income Tax Act, and rules as applicable.

## 23. DEFERRED TAX

Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities are recognized where the carrying amount of the assets exceeds its tax base so that taxable economic benefits arising in future will exceed the amount that will be allowed as deductions for tax purposes.

Deferred Tax Reserve is earmarked to the extent of outstanding balance of Deferred Tax Assets as per NRB guidelines.

## 24. ACCOUNTING POLICY FOR 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.

## 25. REGROUPING

The figures of previous year are regrouped, rearranged wherever necessary.

## Notes on Accounts

Schedule - 4.33

Fiscal Year 2013/14

Banks notes on accounts are as follows:

### 1. Movement in Loans and Advances:

NPR Million

PARTICULARS	AMOUNT
Opening Balance	21,652.44
Credit Disbursement	30,235.75
Credit Recovery	22,267.01
Principal written off	79.77
Interest - written off	56.62
Closing Balance	29,541.41

### 2. Movement in Deposit Liability:

The change in deposit liability during the year as follows:

NPR Million

PARTICULARS	LAST YEAR	THIS YEAR	CHANGE(RS.)	CHANGE (%)
Current	895	1,264	368	41 %
Saving	10,704	14,294	3,590	34 %
Fixed	10,070	12,611	2,542	25 %
Margin	128	135	8	6 %
Money at Call	5,316	8,732	3,416	64 %
Others	24	96	72	300 %
Total	27,137	37,132	9,996	37 %

### 3. Weighted Average of the Interest Rate

Average interest spread between Loan plus Investment and deposit liabilities are shown as below.

PARTICULARS	AVERAGE (%)
Average Interest Rate of Loan and Investment	8.75%
Average Interest Rate of Deposit and Borrowing	5.79%
Average Interest Rate Spread	2.96%

## 4. Particulars of Deferred Expenses Yet to be Amortized.

As regards preliminary expenses, pre-operating expenses, computer software and leasehold properties, where useful life can be ascertained, the Bank has a policy to amortize the costs as per the determined useful life and in case where useful life cannot be ascertained, then to amortize the cost in 5 years. The details of such expenses yet to be amortized are as follows:

PARTICULARS	<i>NPR Million</i>	
	<b>AMOUNT</b>	
Software Expenses		50.95
Deferred Expenses		7.65
Leasehold Expenses		73.58
<b>Total</b>		<b>132.19</b>

## 5. Summary of Concentration Exposure.

The summary of the risks concentrated in an individual, firm, institutions or single obligor based on balance sheet and off balance sheet transactions of the Bank are as follows.

PARTICULARS	<i>NPR Million</i>	
	<b>LOANS &amp; ADVANCES</b>	<b>DEPOSIT &amp; BORROWING</b>
Balance as on 16 <sup>th</sup> July 2014	29,541.41	37,132.1
Maximum Exposure on one unit	378.1	1,656.1
Maximum on one unit %	1.28%	4.46%

## 6. Liquidity Risk:

As per the NRB Directives, the Bank's Asset and Liabilities have been classified on the basis of their tenures to mitigate liquidity related risks and they are as follows:

### Classification of asset and liabilities on the basis of their tenures:

PARTICULARS	<i>NPR Million</i>					
	<b>1-90 DAYS</b>	<b>91-180 DAYS</b>	<b>181-270 DAYS</b>	<b>271-365 DAYS</b>	<b>OVER 1 YEAR</b>	<b>TOTAL AMOUNT</b>
<b>Assets</b>						
1. Cash Balance	1,748.53	-	-	-	-	1,748.53
2. Balance with Banks & FIs	4,794.81	-	-	-	2.87	4,797.68
3. Investment in Foreign Banks	264.91	-	-	192.40	-	457.31
4. Call Money						-
5. Government Securities	939.21	1,194.99	298.13	496.58	-	2,928.92

**Contd.**

Contd.

PARTICULARS	1-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	OVER 1 YEAR	TOTAL AMOUNT
6. Nepal Rastra Bank Bonds						-
7. Inter Bank & FI Lending						-
8. Loans & Advances	9,727.70	3,859.35	2,970.79	3,525.91	9,457.65	29,541.41
9. Interest Receivable	107.76	-	-	-	-	107.76
10. Reverse Repo						-
11. Receivables from other Institutions under Commitment						-
12. Payment to be made for facilities under S.No 20,21 & 22	4,043.57	732.90	408.25	384.03	951.38	6,520.14
13. Others	15.99	5.00	1.25	2.08	1,728.87	1,753.19
<b>Total Assets (A)</b>	<b>21,642.48</b>	<b>5,792.25</b>	<b>3,678.43</b>	<b>4,601.01</b>	<b>12,140.77</b>	<b>47,854.94</b>
<b>Liabilities</b>						
14. Current Deposits	305.91	-	-	-	957.63	1,263.54
15. Saving Deposits	4,495.73	-	-	-	18,529.74	23,025.47
16. Fixed Deposits	1,481.79	2,262.05	4,583.86	3,782.75	500.91	12,611.37
17. Debentures						-
18. Borrowings:	-	-	-	-	-	-
(a) Call/Short Notice						-
(b) Inter-bank/Financial Institutions						-
(c) Refinance						-
(d) Others						-
19. Other Liabilities and Provisions	231.62	35.79	0.15	0.04	20.70	288.30
(a) Sundry Creditors	40.60	-	-	-	-	40.60
(b) Bills Payable	10.86	-	-	-	-	10.86
(c) Interest Payable	74.01	35.79	0.15	0.04	20.70	130.69
(d) Provisions						-
(e) Others	106.15	-	-	-	-	106.15
20. Payable to other institutions under Commitment	200.11	153.48	146.73	-	-	500.31
21. Unutilized Approved Facilities	2,622.14	-	-	-	-	2,622.14
22. Letter of Credit/Guarantee (Net of Margin)	1,221.32	579.43	261.53	384.03	951.38	3,397.69
23. Repo						-
24. Payment to be made for facilities under S.No 11						-
25. Others	28.41	-	-	-	16.12	44.52
<b>Total Liabilities (B)</b>	<b>10,587.03</b>	<b>3,030.74</b>	<b>4,992.27</b>	<b>4,166.83</b>	<b>20,976.47</b>	<b>43,753.34</b>
<b>Net Financial Assets (A-B)</b>	<b>11,055.45</b>	<b>2,761.51</b>	<b>(1,313.85)</b>	<b>434.18</b>	<b>(8,835.69)</b>	<b>4,101.60</b>
<b>Cumulative Net Financial Assets</b>	<b>11,055.45</b>	<b>13,816.95</b>	<b>12,503.11</b>	<b>12,937.29</b>	<b>4,101.60</b>	<b>(0.00)</b>

7. Bank has not Borrowed by Offering its Assets as Collateral.



## 8. Staff Residence Fund:

The Employees By-Rules of the Bank approved by Board and also approved by NRB, has a provision of extending housing loan facility to the eligible staff. Hence a separate Staff Residence Fund has not been created as per the Labor Act.

## 9. Non - Banking Asset

*NPR Million*

<b>PARTICULARS</b>	<b>AMOUNT</b>
Opening balance	180.35
Addition this year	22.56
Less : Sale/disposal this Year	31.99
Less : Provisions made	170.91
Net Non Banking Asset (NBA)	0

## 10. Statement of Deferred Tax:

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

*NPR' 000*

<b>BALANCE SHEET ITEMS</b>	<b>CARRYING AMOUNT</b>	<b>TAX BASE</b>	<b>TEMPORARY DIFFERENCES</b>
Depreciable Fixed Assets	435,269	384,411	(50,858)
Other Assets	132,186	80,176	(52,010)
Provision for Investment	301	-	301.06
Provision for Non Banking Assets	170,912	-	170,912
Loan Loss Provision and Loan			
Write off Expenses	270,444	-	270,444
<b>Net Temporary Differences</b>			<b>338,788</b>
Tax Rate			30%
Deferred Tax Assets			101,636
Deferred Tax Reserve upto previous year			200,897
Addition/(Shortfall) for this year			(99,261)

11. Paid up Capital of the Bank does not include, Calls in Arrears, and Shares Forfeited however not Re-issued.

## 12. Proposed Dividend and Bonus Share

The Board of Directors of the Bank has recommended 12% bonus share and 0.63% cash dividend.

## 13. Status of Agency Reconciliation:

Reconciliation of agency bank accounts is done periodically. The following are the statement of pending items.

NPR' 000

CURRENCY	BANKS A/C PENDING		AGENCY A/C PENDING	
	DEBIT AMT	CREDIT AMT	DEBIT AMT	CREDIT AMT
<b>USD</b>				
UPTO 1 YR	0.93	-	267.14	346.59
ABOVE 1 YR UPTO 3 YR	-	-	-	-
ABOVE 3 YR	-	-	-	-
<b>GBP</b>				
UPTO 1 YR	296.24	19.33	-	-
ABOVE 1 YR UPTO 3 YR	-	-	-	-
ABOVE 3 YR	-	-	-	-
<b>EURO</b>				
Up to 1 year	300.61	1,943.27	39.10	932.80
More than 1 Year up to 3 year	-	-	33.87	-
More than 3 year	-	11.99	-	-
<b>AUD</b>				
UPTO 1 YR	-	1,183.50	23.75	1,343.57
More than 1 yr upto 3 yr	-	4.48	-	-
More than 3 yr	-	-	-	-
<b>JPY</b>				
UPTO 1 YR	-	9.81	39.84	-
More than 1 yr upto 3 yr	-	-	-	-
More than 3 yr	-	-	-	-
<b>INR</b>				
UPTO 1 YR	-	3.68	0.94	23.98
More than 1 yr upto 3 yr	-	-	-	188.68
More than 3 yr	-	-	-	-
<b>NPR</b>				
Up to 1 year	66,237.47	22,471.03	4,732.71	13,751.01
More than 1 Year up to 3 year	23,322.77	22,014.24	2,500.77	34,074.93
More then 3 year	-	18.00	101.70	-

# Disclosure under Basel II

Nepal Rastra Bank 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.

## 1. Capital Structure and Capital Adequacy

NPR' 000

1.2 CAPITAL		16 <sup>th</sup> JULY, 2014
<b>(A) Core Capital (Tier 1)</b>		<b>3,150,818</b>
a	Paid up Equity Share Capital	2,478,795
b	Irredeemable non-cumulative preference shares	
c	Share Premium	
d	Proposed Bonus Equity Share	297,455
e	Statutory General Reserve	300,770
f	Retained Earnings	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	101,636
l	Other Free Reserve	
m	Less : Goodwill	
n	Less : Fictitious Assets	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>		
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>305,665</b>
a	Cumulative and/or Redeemable Preference Shares	
b	Subordinated Term Debt	
c	Hybrid Capital Instruments	
d	General Loan Loss Provision	294,356
e	Exchange Equalization Reserve	10,726
f	Investment Adjustment Reserve	583
g	Assets Revaluation Reserve	
h	Other Reserves	
<b>Total Capital Fund (Tier 1 and Tier 2)</b>		<b>3,456,483</b>

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

NPR' 000

PARTICULARS	AMOUNT
Miscellaneous Expenditure not written off	-
Leasehold Expenses	73,581
Investments arising out of underwriting commitments	-
<b>Total Qualifying Capital</b>	<b>Rs 3,456,483 (In '000)</b>
<b>Capital Adequacy Ratio</b>	<b>10.63%</b>

## 2. Risk Exposures

Risk weighted exposures for credit risk, market risk and operational risk as on 16th July 2014 are as follows:

NPR' 000

PARTICULARS	AMOUNT
Risk Weighted Exposure for Credit Risk	30,166,277
Risk Weighted Exposure for Operational Risk	1,340,168
Risk Weighted Exposure for Market Risk	74,925
Adjustment Under Pillar II	947,441
<b>Total</b>	<b>32,528,811</b>

### Risk weighted exposures under each of 11 categories of Credit Risk

PARTICULARS	AMOUNT
1. Claims on Government and Central Bank	8,223,187
2. Claims on Other Official Entities	8,219
3. Claims on Banks	2,926,193
4. Claims on Corporates and Securities Firms	15,014,091
5. Claims on Regulatory Retail Portfolio	7,681,954
6. Claims Secured by Residential Properties	2,782,671
7. Claims Secured by Commercial Real Estate	1,467,897
8. Past Due Claims	327,198
9. High Risk Claims	282,776
10. Other Assets	2,895,900
11. Off Balance Sheet items	47,325,686
12. Adjustment under Pillar II	-

**Total Risk Weighted calculation Table**

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

**Amount of NPAs**

NPR' 000

CATEGORY	GROSS	PROVISION	NET
Restructured	-	-	-
Substandard	416,344	104,086	312,258
Doubtful	38,456	19,228	19,228
Loss	70,496	70,496	

**NPA Ratio**

Gross NPA to Gross Loans and Advances	1.78 %
Net NPA to Net Loan and Advances	1.14 %

**Movement of NPA**

NPR' 000

PARTICULARS	OPENING BALANCE	CLOSING BALANCE	MOVEMENT
Non Performing Loan	614,304	525,296	(89,008)
Restructured Loan	305,711	0	(305,711)
Substandard	55,184	416,344	361,160
Doubtful	67,739	38,456	(29,283)
Loss	185,670	70,496	(115,174)

**Write off of Loans and Interest Suspense:**

Write off of Loans – NPR 79,770,946.94

Write off of Interest Suspense – NPR 56,618,941.73

**Movement of Loan Loss Provision and Interest Suspense:****Loan Loss Provision**

NPR' 000

PARTICULARS	OPENING BALANCE	CLOSING BALANCE	MOVEMENT
<b>Total Loan Loss provision</b>	<b>485,730</b>	<b>488,166</b>	<b>636</b>
a. Pass	215,981	294,356	78,375
b. Restructured	38,214	-	(38,214)
c. Substandard	13,796	104,086	90,290
d. Doubtful	33,869	19,228	(14,641)
e. Loss	185,670	70,496	(115,174)

**Interest Suspense**

NPR' 000

PARTICULARS	OPENING BALANCE	CLOSING BALANCE	MOVEMENT
Interest Suspense	122,051	126,221	4,170

**Details of Additional Loan Loss Provision:**

NPR' 000

PARTICULARS	OPENING BALANCE	CLOSING BALANCE	MOVEMENT
Total Loan Loss Provision	487,531	488,166	635

### 3. Segregation of Investment Portfolio into Held for Trading, Held to Maturity and Available for Sale Categories:

➤ Held for Trading	NIL
➤ Held to Maturity	Rs. 3,429,182,401.30
➤ Available for Sale	Rs. 34,172,357.00

### 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 can 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.

## Statement of Loans Availed by Promoters/Promoters Group from Other Banks and Financial Institutions by Pledging Shares Under their Ownership.

PROMOTER/ PROMOTER GROUP	PROMOTER'S SHARE OWNERSHIP		NAME OF THE BANK & FINANCIAL INSTITUTIONS	LOAN DETAILS		REMARKS
	TOTAL NO. OF SHARES	% OF TOTAL PAID UP CAPITAL		LOAN AMOUNT	TOTAL NO. OF PLEDGED SHARES	
1. Dr. Dharma Raj Shrestha	503,295	2.03	Nepal Share Market And Finance Ltd.	-	50,000	
2. Mr. Ganesh Bahadur Shrestha	294,199	1.19	Global IME Bank Ltd.	-	225,202	
3. Mr. Indra Bahadur Manandhar	17,834	0.07	NIC Asia Bank	1,596,530.10	17,715	
4. Mr. Jagat Mohan Gauchan	255,517	1.03	Prime Commercial Bank Ltd.	38,080,000.00	205,569	
			Star Saving And Credit Co-operative Ltd.	9,939,093.80	22,370	
5. Mr. Jeetendra Shrestha	82,615	0.33	NIC Asia Bank	8,900,000.00	79,108	
6. Mr. Kiran K.c.	367,747	1.48	Citizen Bank International Ltd.	34,328,968.68	334,316	
7. Mr. Laxmi Narayan Manandhar	17,715	0.07	NIC Asia Bank	4,965,000.00	17,715	
8. Mr. Mayur Mohan Gauchan	10,630	0.04	Star Saving And Credit Co-operative Ltd.	7,500,000.00	4,841	
9. Mr. Roshan K. C.	367,743	1.48	Citizen Bank International Ltd.	33,490,319.99	334,312	
10. Mr. Rustam Baniya	29,668	0.12	Manakamana Development Bank Ltd.	1,816,278.15	26,971	
11. Mr. Shanker Man Dongol	53,651	0.22	Prudential Bitty Sanstha Ltd.	-	15,000	
12. Mr. Sovit Bahadur Karki	980,836	3.96	Prime Commercial Bank Ltd.	75,000,000.00	866,623	
			Kumari Bank Ltd.		102,042	
13. Ms.Sushila Gauchan	16,246	0.07	Star Saving And Credit Co-operative Ltd.	7,500,000.00	4,487	
14. Mr. Ajad Shrestha	161,053	0.65	Nic Asia Bank	9,600,000.00	144,785	
			Prabhu Bikas Bank Ltd.	1,000,000.00	16,268	
15. Dr.Upendra Mahato	2,199,039	8.87	Janata Bank Nepal Ltd	38,000,000.00	1,430,251	
16. Ms. Rajeena Shah	50,333	0.20	ICFC Finance Limited	2,000,000.00	50,333	
17. Mr. Santa Bahadur Gurung	50,333	0.20	Kaski Finance Limited	2,000,000.00	50,333	
18. Dr. Surendra mahato	3,542,472	14.29	Janata Bank Nepal Ltd	100,000,000.00	3,360,373	
19. Mr. Jagan Bahadur Gurung	51,763	0.21	Shangrila Development Bank Ltd	2,500,000.00	51,669	
20. Mr. Padam Sundas	14,435	0.06	Illum Saving & Credit Co-operative Ltd.	800,000.00	14,316	
<b>Total</b>	<b>9,067,124.00</b>	<b>36.58</b>	-	<b>379,016,190.72</b>	<b>7,424,599.00</b>	-

## Comparison of Unaudited and Audited Financial Statement

As on 16th July 2014

Schedule - 4.35

PARTICULARS	AS PER UNAUDITED FINANCIAL STATEMENT	AS PER AUDITED FINANCIAL STATEMENT	VARIANCE		REASONS FOR VARIANCE
			AMOUNT IN NPR	%	
<b>1. Total Capital and Liabilities (1.1 to 1.7)</b>	<b>41,287,851,985</b>	<b>40,708,301,551</b>	<b>(579,550,434)</b>	<b>(1.40)</b>	
1.1 Paid Up Capital	2,478,794,560	2,776,249,907	297,455,347	12.00	Due to Proposed Bonus Share
1.2 Reserve and Surplus	768,594,582	459,458,265	(309,136,317)	(40.22)	Due to Proposed Bonus Share
1.3 Debenture and Bond	-	-	-	-	
1.4 Borrowings	-	-	-	-	
1.5 Deposits (a+b)	37,132,092,928	37,132,092,928	-	-	
a. Domestic Currency	35,968,911,454	35,968,911,454	-	-	
b. Foreign Currency	1,163,181,474	1,163,181,474	-	-	
1.6 Income Tax Liability	-	-	-	-	
1.7 Other Liabilities	908,369,915	340,500,451	(567,869,464)	(62.52)	Loan Loss Provision net off
<b>2. Total Assets (2.1 to 2.7)</b>	<b>41,287,851,986</b>	<b>40,723,957,096</b>	<b>(563,894,890)</b>	<b>(1.37)</b>	
2.1 Cash and Bank Balance	6,546,045,733	6,546,045,733	-	-	
2.2 Money at Call and Short Notice	-	-	-	-	
2.3 Investments	3,461,203,698	3,461,203,698	-	-	
2.4 Loans and Advances	29,541,409,027	29,053,242,779	(488,166,248)	(1.65)	Loan Loss Provision net off
a. Real Estate Loan	2,787,164,941	2,787,164,941	-	-	
1. Residential Real Estate Loan(Except personal home loan upto 10 Millions)	148,671,873	148,671,873	-	-	
2. Business Complex & Residential Apartment Construction Loan	562,970,717	562,970,717	-	-	
3. Income Generating Commercial Complex Loan	132,217,938	132,217,938	-	-	
4. Other Real Estate Loan (including Land purchase & Plotting)	1,943,304,413	1,943,304,413	-	-	
b. Personal home loan of Rs.10 Millions less	578,317,367	578,317,367	-	-	
c. Margin Type Loan	128,662,267	128,662,267	-	-	
d. Term Loan	3,459,676,962	3,459,676,962	-	-	
e. Overdraft Loan/TR Loan/ WC Loan	6,146,518,054	6,146,518,054	-	-	
f. Others	3,005,320,869	3,005,320,869	-	-	
2.5 Fixed Assets	777,639,786	777,639,786	-	-	
2.6 Non- Banking Assets	-	-	-	-	
2.7 Other Assets	961,553,742	885,825,100	(75,728,642)	(7.88)	Regrouping of Assets
<b>3. Profit and Loss Account</b>	-	-	-	-	
3.1 Interest Income	2,837,159,532	2,836,363,821	(795,711)	(0.03)	

Contd.



Contd.

## Comparison of Unaudited and Audited Financial Statement

As on 16th July 2014

Schedule - 35

PARTICULARS	AS PER UNAUDITED FINANCIAL STATEMENT	AS PER AUDITED FINANCIAL STATEMENT	VARIANCE		REASONS FOR VARIANCE
			AMOUNT IN NPR	%	
3.2 Interest Expenses	1,720,367,094	1,720,366,986	(107)	(0.00)	
<b>A. Net Interest Income (3.1 -3.2)</b>	<b>1,116,792,439</b>	<b>1,115,996,835</b>	<b>(795,604)</b>	<b>(0.07)</b>	
3.3 Fees, Commission and Discount	61,254,614	61,254,614	-	-	
3.4 Other Operating Income	181,018,231	181,018,231	-	-	
3.5 Foreign Exchange Gain/Loss (Net)	45,798,108	45,798,108	-	-	Regrouping of Expenses
<b>B. Total Operating Income (A.+3.3+3.4+3.5)</b>	<b>1,404,863,391</b>	<b>1,404,067,787</b>	<b>(795,604)</b>	<b>(0.06)</b>	
3.6 Staff Expenses	279,844,036	279,844,036	-	-	
3.7 Other Operating Expenses	381,316,350	381,329,715	13,365	0.00	
<b>C. Operating Profit Before Provision (B.-3.6-3.7)</b>	<b>743,703,005</b>	<b>742,894,036</b>	<b>(808,969)</b>	<b>(0.11)</b>	
3.8 Provision for Possible Losses	170,707,645	170,707,645	-	-	
<b>D. Operating Profit (C.-3.8)</b>	<b>572,995,360</b>	<b>572,186,391</b>	<b>(808,969)</b>	<b>(0.14)</b>	
3.9 Non- Operating Income/Expenses (Net)	18,170,342	18,965,946	795,604	4.38	Regrouping of Expenses
3.10 Write Back of Provision for Possible Loss	180,746,277	180,746,277	-	-	
<b>E. Profit from Regular Activities (D+3.9+3.10)</b>	<b>771,911,979</b>	<b>771,898,613</b>	<b>(13,365)</b>	<b>(0.00)</b>	
3.11 Extraordinary Income/Expenses (Net)	(63,496,065)	(63,482,700)	13,365	(0.02)	
<b>F. Profit Before Bonus and Taxes (E+3.11)</b>	<b>708,415,914</b>	<b>708,415,914</b>	-	-	
3.12 Provision for Staff Bonus	64,401,447	64,401,447	-	-	
3.13 Provision for Taxes	193,301,250	189,326,675	(3,974,575)	(2.06)	Deferred Tax Effects
<b>G. Net Profit/Loss (F.- 3.12-3.13)</b>	<b>450,713,217</b>	<b>454,687,791</b>	<b>3,974,575</b>	<b>0.88</b>	

Contd.

## Branch Managers

### Mr. Arjun Thapa

Head Office  
41 Naya Bazar, Pokhara  
Tel: +977-61-530900  
Fax: +977-61-530500

### Mr. Raju Nath Chalise

Main Branch  
MBL Tower Lazimpat, Kathmandu  
Tel: +977-1-4428556  
Fax: +977-1-4425356

### Mr. Binod Singh Bhandari

Bhaktapur Branch  
Kamalbinayak, Bhaktapur  
Tel: +977-1-6620120 / 6620220  
Fax: +977-1-6620320

### Mr. Govind Prasad Sharma

Butwal Branch  
Butwal, Rupandehi  
Tel: +977-71-545765 / 545766  
Fax: +977-71-545789

### Mr. Jaya Prasad Sapkota

Mahendrapul Branch  
Chipledhunga, Pokhara  
Tel: +977-61-538479  
Fax: +977-61-538480

### Mr. Bharat Kumar Lamsal

New Road Branch  
New Road, Kathmandu  
Tel: +977-1-4223115, 4239473  
Fax: +977-1-4223419

### Ms. Chhanu Shrestha

Pepsicola Branch  
Pepsicoal Chowk, Kathmandu  
Tel: +977-1-4992682/4992683  
Fax: +977-1-4992660

### Mr. Bishal Bhakta Joshi

Lalitpur Branch  
Gwarko, Lalitpur  
Tel: +977-1-5203333  
Fax: +977-1-5201169

### Ms. Indra Thapa

Putalisadak Branch  
Putalisadak, Kathmandu  
Tel: +977-1-4443681  
Fax: +977-1-4416045

### Mr. Manoj Kumar Joshi

Bouddha Branch  
Bouddha, Kathmandu  
Tel: +977-01-4911505  
Fax: +977-01-4915425

### Mr. Narayan K.C

Biratnagar Branch  
Biratnagar, Morang  
Tel: +977-21-440412  
Fax: +977-21-440413

### Mr. Deependra Prasad Wagle

Narayangadh Branch  
Bharatpur, Chitwan  
Tel: +977-56-571271 / 571272  
Fax: +977-56-570573

### Mr. Ashwani Shah

Naxal Branch  
Naxal, Kathmandu  
Tel: +977-1-4444620  
Fax: +977-1-4435833

### Mr. Bipin Udas

Banepa Branch  
Banepa, Kavre  
Tel: +977-11-663553  
Fax: +977-11-660645

### Mr. Leela Raj Thapa

Itahari Branch  
Itahari, Sunsari  
Tel: +977-25-586881  
Fax: +977-25-586883

### Mr. Jeevan Bahadur Karki

Damauli Branch  
Damauli, Tanahun  
Tel: +977-65-560500  
Fax: +977-65-560614

### Mr. Ajaya Acharya

Bhairahawa Branch  
Bhairahawa, Rupandehi  
Tel: +977-71-524642, 525900  
Fax: +977-71-524643

### Mr. Dilli Ram Giri

Birgunj Branch  
Birgunj, Parsa  
Tel: +977-51-524828  
Fax: +977-51-530373

### Mr. Birendra Bahadur Swar

Salyan Branch  
Shreenagar, Salyan  
Tel: +977-88-400045  
Fax: +977-88-400044

### Ms. Yuki Bhattachan

Baluwatar Branch  
Baluwatar, Kathmandu  
Tel: +977-1-4431815, 4434745  
Fax: +977-1-4431896

### Mr. Subhash Kunwar

Nepalgunj Branch  
Nepalgunj, Banke  
Tel: +977-81-528004/528005  
Fax: +977-81-528006

### Mr. Hari Lal Ayer

Dhangadhi Branch  
Dhangadi, Kailali  
Tel: +977-91-520556/520596  
Fax: +977-91-520473

### Mr. Saroj Pokharel

Gongabu Branch  
Gongabu, Kathmandu  
Tel: +977-1-4389171/4389172  
Fax: +977-1-4389170

### Mr. Sushil Mani Lamichhane

Illam Branch  
Illam Bazar, Illam  
Tel: +977-27-521710  
Fax: +977-27-521711

### Mr. Shankar K.C.

Chabahil Branch  
Chabahil, Kathmandu  
Tel: +977-1-4460005  
Fax: +977-1-4461953

### Mr. Sudip Baidhya

Birtamod Branch  
Birtamod, Jhapa  
Tel: +977-23-541600  
Fax: +977-23-544001

### Ms. Mohini Pradhan

Swoyambhu Branch  
Swoyambhu Chowk, Kathmandu  
Tel: +977-1-4033528 / 4033529/4033531  
Fax: +977-1-4033532

### Ms. Manisha Gyawali

Thapathali Branch  
Thapathali, Kathmandu  
Tel: +977-1-4233182  
Fax: +977-1-4233184

### Ms. Binu Basukala

Patan Branch  
Patan, Lalitpur  
Tel: +977-1-5005020/5005021  
Fax: +977-1-5005027

**Mr. Manoj Raj Ghimire**  
Aanbu Khaireni Branch  
Aanbu Khaireni, Tanahun  
Tel: +977-65-540345  
Fax: +977-65-540266

**Mr. Krishna Bahadur Shah**  
Parasi Branch  
Parasibazzar, Nawalparasi  
Tel: +977-78-520437  
Fax: +977-78-520068

**Mr. Anil Prasai**  
Beni Branch  
Beni Bazar, Myagdi  
Tel: +977-69-520964  
Fax: +977-69-520965

**Mr. Gyanendra Iwahang**  
Dhankuta Branch  
Dhankuta Bazar, Dhankuta  
Tel: +977-26-521437  
Fax: +977-26-521438

**Mr. Anil Babu Adhikari**  
Biratchowk Branch  
Biratchowk, Morang  
Tel: 021-546230  
Fax: 021-545430

**Mr. Lal Babu Shah**  
Janakpur Branch  
Janakpur, Dhanusha  
Tel: 041-525467, 041-525468  
Fax: 041-525469

**Mr. Ramjee Das**  
Rajbiraj Branch  
Rajbiraj, Saptari  
Tel: +977-31-522466  
Fax: +977-31-522426

**Mr. Tika Ram Ojha**  
Dang Branch  
Ghorahi, Dang  
Tel: +977-082-562372  
Fax: +977-082-562488

**Mr. Suraj Mehar Kayastha**  
Chapagaun Branch  
Chapagaun, Lalitpur  
Tel: +977-1-5572593  
Fax: +977-1-5574552

**Mr. Ananda Rayamajhi**  
Bagar Branch  
Bagar, Pokhara  
Tel: +977-61-541226  
Fax: +977-61-541227

**Mr. Dipesh Kunwar**  
Lake Side Branch  
Lake Side, Pokhara  
Tel: +977-61-463200/463700  
Fax: +977-61-463500

**Mr. Rajesh Devkota**  
Baglung Branch  
Baglung Bazar, Baglung  
Tel: +977-68-522671  
Fax: +977-68-522672

**Mr. Birendra Bahadur Pradhan**  
Gajuri Branch  
Gajuri Bazar, Dhading  
Tel: +977-10-402077, 529218  
Fax: +977-10-402078

**Mr. Binesh Thakur**  
Mirchaiya Branch  
Mirchaiya, Siraha  
Tel: +977-033-550626  
Fax: 977-033-550665

**Mr. Amit Bhatta**  
Jomsom Branch  
Marpha, Jomsom  
Tel: +977-69-440098  
Fax: +977-69-440152

**Mr. Manoj Baral**  
Lekhnath Branch  
Lekhnath Chowk, Kaski  
Tel: +977-61-561717  
Fax: +977-61-561727

**Mr. Bhabishwar Dumre**  
Palpa Branch  
Tansen, Palpa  
Tel: +977-75-522739  
Fax: +977-75-522740

**Mr. Bishnu Prasad Baral**  
Ram Bazar Branch  
Rambazar, Pokhara  
Tel: +977-61-431193  
Fax: +977-61-431192

**Mr. Suresh Kunwar**  
Dulegauda Branch  
Dulegauda Bazar, Tanahun  
Tel: +977-65-570800  
Fax: +977-65-570801

**Mr. Tek Bahadur Basnet**  
Phidim Branch  
Phidim, Panchthar  
Tel: +977-24-520526  
Fax: +977-24-520527

**Mr. Birendra K.C.**  
Syangja Branch  
Putalibazar, Syangja  
Tel: +977-063-421222, 063-421223  
Fax: +977-063-421224

**Mr. Madhab Thapa**  
Sano Thimi Branch,  
Sano Thimi, Bhaktapur  
Tel: +977-1-5639612/5639639  
Fax: +977-1-6631872

**Mr. Sandeep Karmacharya**  
Waling Branch  
Waling, Syangja  
Tel: +977-63-440311 /61-695590(CDMA)  
Fax: +977-63-440572

**Ms. Sarala Manandhar**  
Newroad Gate Branch  
Newroad Gate, Kathmandu  
Tel: +977-1-4220762/2239929  
Fax: +977-1-4220731

**Mr. Rakesh Yadav**  
Sakhuwa Mahendra Nagar Branch  
Sakhuwa Mahendra Nagar, Dhanusha  
Tel: +977-041-540094  
Fax: +977-041-540095

**Mr. Ramesh Adhikari**  
Hile Branch  
Hile, Dhankuta  
Tel: +977-26-540554  
Fax: +977-26-540399

**Mr. Jogendra Mahato**  
Karjana-Extension Counter  
Phul Kumari Mahato Memorial Hospital  
V.D.C-2  
Karjanha, Siraha  
Phone No-035-691330



**Machhapuchchhre Bank Limited**

माछापुच्छ्रे बैंक लिमिटेड

**HEAD OFFICE**

41 Naya Bazar  
Pokhara, Nepal  
Tel: +977-61-530900  
Fax: +977-61-530500

**CORPORATE OFFICE**

P.O. Box: 12427 Lazimpat  
MBL Tower Lazimpat, Kathmandu, Nepal  
Tel:+977-1-4428556  
Fax:+977-1-4425356

SWIFT Code: MBLNNPKA



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