

19th

ANNUAL REPORT

F.Y. 2022/23



BOARD OF DIRECTORS



TUK PRASAD PAUDEL
CHAIRMAN



GAYATRI THAPA
DIRECTOR



DR. KESHAB PRASAD ACHARYA
DIRECTOR



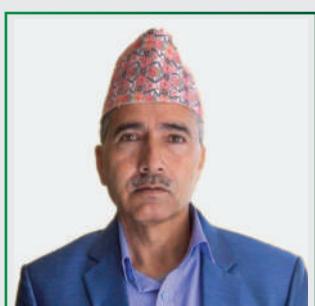
RAMESH KUMAR POKHAREL
PUBLIC DIRECTOR



ASHUTOSH UPADHYAYA
PUBLIC DIRECTOR



BALARAM PARAJULI
INDEPENDENT DIRECTOR



RUDRA PRASAD BANJARA
COMPANY SECRETARY

MANAGEMENT COMMITTEE



NISCHAL RAJ PANDEY

CHIEF EXECUTIVE OFFICER



TEJ BAHADUR CHAND

DEPUTY CHIEF EXECUTIVE OFFICER



PAWAN KUMAR ACHARYA

DEPUTY CHIEF EXECUTIVE OFFICER



BOBBY SINGH GADTAULA

ASSISTANT CHIEF EXECUTIVE OFFICER



SUJEET DHAKAL

CHIEF INFORMATION OFFICER



BIBHOR JHA

HEAD TREASURY AND FINANCE



ROSHAN CHANDRA GAUTAM

HEAD CREDIT



HITLER SHRESTHA

DEPUTY CHIEF RISK OFFICER



HEM RAJ SANJYAL

HEAD DEPOSIT



NARAYAN PRASAD KHATIWADA

HEAD HUMAN RESOURCE



SELF-RELIANT WOMEN, STRONG NATION!

LEADING WOMEN IN MANAGERIAL LEVEL AT SANIMA BANK



RAMA KHADKA

ASSISTANT CHIEF RISK OFFICER



RAMILA SHRESTHA

HEAD DEPOSIT
MANAGEMENT INSTITUTIONAL



SABINA SHRESTHA

HEAD OPERATIONS COUNTRY



SATYA DEVI NIRaula(KC)

CLUSTER HEAD 1,
BAGMATI PROVINCE



PRITI KUMARI SINGH

BRANCH MANAGER, NAXAL



ROMILA KOIRALA

BRANCH MANAGER, KUMARIPATI



SANGEETA SHAH RANA

BRANCH MANAGER, GONGABU



PRABHA ACHARYA

DEPUTY HEAD
FINANCE AND PLANNING



ANUJA REGMI

HEAD TRADE FINANCE



SABEETA DHAKAL

DEPUTY HEAD
INTERNAL AUDIT



POOJA RAJBANDARI (POUDYAL)

BRANCH MANAGER, SATDOBATO



SEEMA THOKER

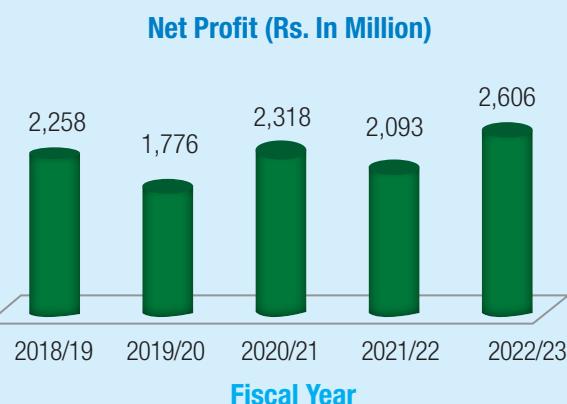
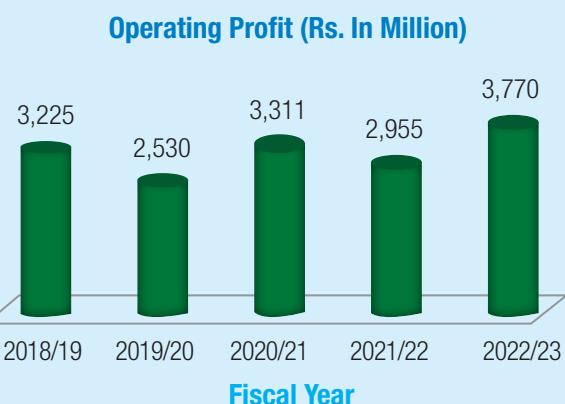
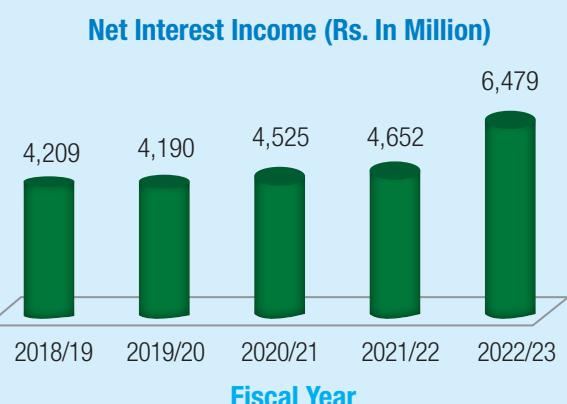
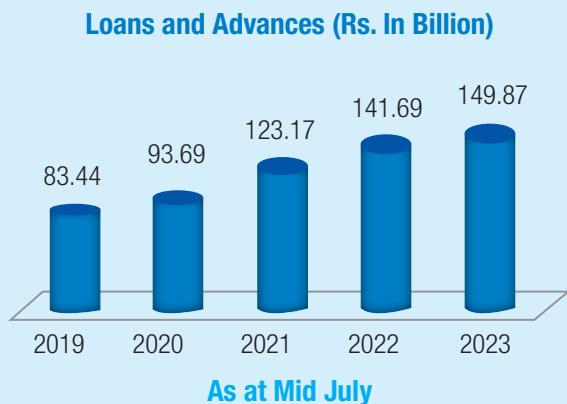
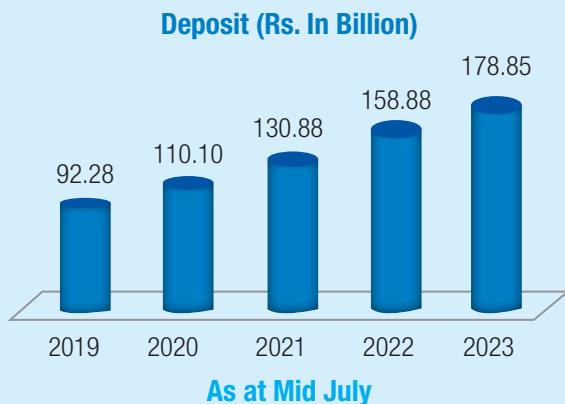
IN-CHARGE DIGITAL
BANKING OPERATIONS



SITU SHRESTHA

HEAD PAYMENT

Financial Highlights



Financial Highlights

Non Performing Loans (%)



As at Mid July

CAR (%)



As at Mid July

ROE

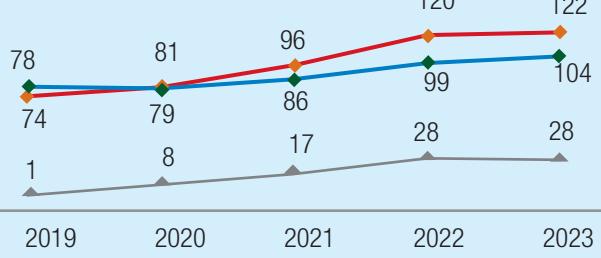


DPS



Fiscal Year

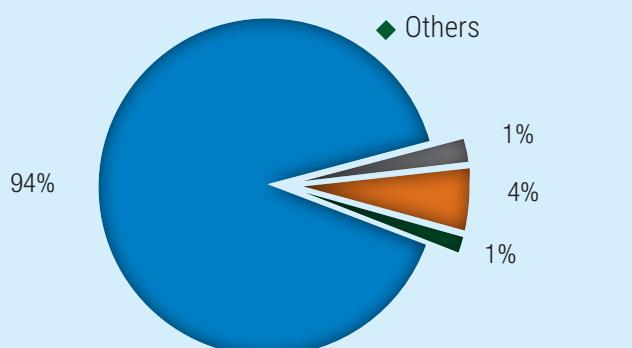
No. of ATM No. of Branches No. of Extension Counter



As at Mid July

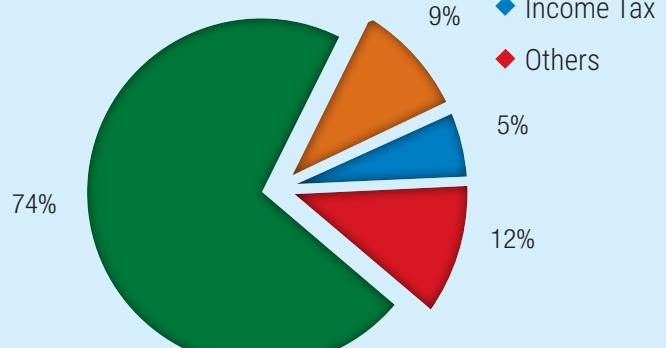
Composition of Income

- ◆ Interest
- ◆ Forex
- ◆ Fees & Commission
- ◆ Others



Composition of Expenses

- ◆ Interest
- ◆ Staff
- ◆ Income Tax
- ◆ Others



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Profile



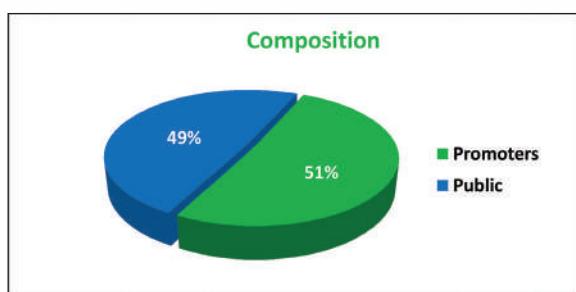
Sanima bank is promoted by a group of prominent and dynamic Non-Resident Nepalese (NRNs) businesspersons. The bank commenced operations in 2004 as a National Level Development Bank and has been functioning as an "A" Class Commercial Bank since February 2012, with its registered office at 'Alakapuri', Naxal, Kathmandu.

Sanima bank is committed to provide a broad spectrum of financial solutions and is always proactive in identifying ways to better serve the banking requirement of its valued customers. The Bank intends to achieve a healthy growth in profitability, which is commensurate with the bank's risk appetite along with a focus on sustainability. The Bank is dedicated to maintain the highest level of ethical standards, professional integrity, corporate governance and regulatory compliance. As a result, Sanima is perceived as a strong, reliable and consistent pillar in the banking industry and a preferred banking partner in the country. The Bank has been able to gain significant trust of the customers due to prompt customer services, continuous improvement, customer centric digital innovation, and a wide array of product offerings. Providing the best returns to its investors while

running a sustainable business has always been a priority of the bank.

Sanima bank offers a wide range of banking products and financial services to corporate and retail customers through 104 full-fledged branches and 28 extension counters.

Capital Structure	NPR
Authorized Capital	15,000,000,000
Issued Capital	12,460,115,059
Paid Up Capital	12,460,115,059



Chairman's Speech



Respected Shareholders,

On behalf of the Board of Directors, I take this opportunity to express my sincere gratitude and warm welcome to our shareholders and guests to the 19th Annual General Meeting of Sanima Bank Limited.

It gives me immense pleasure to present among the shareholders whose faith and support has enabled the Bank to continuously progress despite of several ups and downs in the market during last 19 years. In the review year 2022/23, due to reasons such as stress in the government finance, slowdown in economic activities and high inflation, there has been slower growth in the bank's business and increase in Non Performing Assets. However, the Bank's management has been able to manage the stress situation and has managed to scale up its business while containing NPA level to a respectable limit.

Despite the adversities in the review period, the Bank has been able to grow its deposit to Rs. 179 Billion, i.e. a growth by 12.56% as compared to previous fiscal year. Similarly, loans and advances has increased to Rs. 150 Biillion on net basis, i.e. a growth by 5.78% as compared to previous fiscal year. Achievements and activities of the Bank till date have been disclosed in detail under Directors' report section of this report. The Bank has generated net profit of Rs. 2.66 Billion in fiscal year 2022/23, an increment of 24.49% on y-o-y basis. The Bank has proposed for approval to distribute 9% stock dividend and 5.7% cash dividend (for dividend tax purpose as well) at this Annual General Meeting. Despite huge competition in the banking industry, Sanima Bank has been able to maintain successful and unique identity in financial sector while efficiently managing both cost and capital. For this achievement, I would like to thank all employees, shareholders, customers, well-wishers, other stakeholders and all associated organizations for their valuable contribution.

As banking plays a crucial role at the heart of the economy and in the lives of individuals, we remain committed in Nepal's economic growth by supporting our clients and customers in various ways. On the corporate social responsibility front, Sanima Bank has been contributing to deprived communities through activities in the areas of health & education and is also aiming to extend continuity to the same. The bank shall also continue to focus its priorities towards hydro and deprived sector aiming towards sustainable development of the country. The Bank has given continuity to solicit additional external commercial borrowing from foreign banks and financial institutions in order to meet the demand of investable fund. The bank shall continuously focus on Technology, Human Resource Management, Risk Management, Enhanced Customer Satisfaction etc. to grow in a strong and sustainable manner. The bank shall also prioritize on expansion of customer friendly and effective digital banking services and carry out its activities accordingly. We are committed for the effective execution of our future plans and strategies which we believe enhances bank's strength and capability.

I express my sincere gratitude to all our shareholders and distinguished guests for your continued support and cooperation. I would like to extend my heartfelt gratitude to Nepal Rastra Bank, Securities Board of Nepal, Office of Company Registrar, Nepal Stock Exchange and all other regulators for their valuable suggestions, feedbacks and continued support. Further I look forward for continuous guidance from the Board of Directors, dedication and hard work from our staff members, and valuable advice, trust & support from all our shareholders and stakeholders.

Once again, I welcome you all to this 19th Annual General Meeting and wish you prosperity and progress.

Thank you!

Tuk Prasad Paudel

Chairman

October 19, 2023

Directors' Report

(Prepared as per Section 109 of the Companies Act, 2006)

Respected Shareholders,

Sanima Bank remains a strong, reliable and trustworthy bank, continuously upgrading its position in terms of financial indicators, with a focus on balanced and sustainable growth. The performance of the Bank is rightly aligned towards appropriate strategic direction. The Bank shall persist to be in the frontline with the implementation of enhanced business strategies. The Bank has been continuously able to generate increased profits and enhance business despite of several market adversities.

A. Synopsis of Financial Performance

NPR In Million			
Financial Position	Mid July 2023	Mid July 2022	Change (%)
Net Loans and Advances	149,870	141,686	5.78
Investments	44,219	29,381	50.51
Deposit	178,846	158,883	12.56
Profit/ Loss	FY 2022/23	FY 2021/22	Change (%)
Net Interest Income	6,479	4,652	39.27
Net Profit	2,606	2,093	24.49
Other Details	Mid July 2023	Mid July 2022	Change (%)
Stock and Cash Dividend	1,832	1,244	47.27
CAR (%)	14.42	13.66	0.76
Non-Performing Loan (%)	1.31	0.33	0.98

During the review year, loans and advances of the bank increased by 5.78 percent, deposit mobilization increased by 12.56 percent and net profit increased by 24.49 percent. Significant stress observed in economy and cash flow in the market along with lingering impact of COVID19 to the economic sectors posing a greater challenge to interest collection and recovery have resulted in higher Non-Performing asset and loan loss provision. This led to a lower growth in Net profit of the Bank in comparison to the growth in Net Interest Income. However, the Bank is committed towards maintaining asset quality and has been focusing on debt recovery efforts and credit risk management.

B. Impacts of Domestic and World Economic Outlook on Bank's Performance:

Banking business is influenced by country's political and economic situation, Government and regulator policies, rules and regulations, business competition, country's diplomatic and economic relationship with international economies, overall economic indicators etc.

World Economic Outlook

The global economic growth rate has remained subdued due to a rise in interest rates which was raised in response to the higher inflation caused by the Russia-Ukraine war, rise in the price of petroleum products and global supply disruption. According to the IMF, the world economy which expanded 3.4 percent in 2022 is estimated to grow only 2.8 percent in 2023. The rise in the price of petroleum products, foods and metallic commodities induced by the Russia-Ukraine war has currently showed a declining trend. The elevated inflationary situation faced by the global economy has been gradually easing. However, the inflationary risk is continued on account of uncertainties in energy prices, the ongoing Russia-Ukraine war and the likelihood of adopting easy policy to overcome the economic recession. As per the projection of the IMF, global inflation, which remained at 8.7 percent in 2022, is estimated to decrease to 7 percent in 2023 and further to 4.9 percent in 2024. However, most economies seem to continue their tighter monetary policy stance for some more time given the current inflation being above their targeted level and the ongoing geopolitical tensions that pose risks to fuel and the overall price situation.

Domestic Economic Outlook

In year 2022/23, though the external sector and price situation have improved, the economic activities have slumped and the government finance has been under pressure. The growth of credit to the private sector has also remained sluggish and the banking system has witnessed a rise in the ratio of their non-performing loan. Specifically, the construction and its interlinked sectors have contracted in 2022/23. However, the declining trend of the interest rate following the external sector improvements is expected to support to increase private demand, and thereby expand economic activities further. Since the GoN has announced the 2023-2033 to be a Visit Nepal decade and the tourism-related infrastructures like hotels, and airports have been expanded, a continuous growth in the number of foreign tourist arrival and the further expansion of the tourism sector in the coming years is expected.

The economic growth rate of Nepal of 5.26% in 2021/22 is expected to remain at 2.16% in 2022/23. Internal liquidity absorption due to the higher balance of payments (BoP) deficit in the previous year and capital expenditure being less than the budget allocation contributed to lower domestic demand and has severely affected the construction, mining

and quarrying, manufacturing and wholesale and retail trade sectors which are estimated to register a negative growth. Share of agriculture, industry and service sectors in GDP stands 24.12 percent, 13.45 percent and 62.43 percent respectively whereas the ratio of gross domestic saving to GDP stands 6.41 percent in 2022/23.

Credit and Deposit

In the review year, credit from Banks and Financial Institutions increased by 3.8 percent compared to a growth of 13.1 percent in the previous year. Similarly, deposit collection increased by 12.3 percent compared to a growth of 9 percent in the previous year. There was a significant decline in loan growth owing to lower economic activities in the country.

Share of Institutional deposit in total deposit of Banks and Financial Institutions stood at 36.6 percent as compared to 38.3 percent in previous year. Share of demand, saving, and fixed deposits in total deposits stood at 7.7 percent, 26.6 percent and 58.9 percent respectively in mid-July 2023. Such share was 8.9 percent, 27.6 percent and 55.8 percent respectively a year ago.

As at mid July 2023, out of the total outstanding credit of the Banks and Financial Institutions, 68 percent was extended against the collateral of land and building and 11.6 percent was extended against the collateral of current assets (such as agricultural and nonagricultural products). Such ratios were 66.4 percent and 12.3 percent respectively a year ago.

During the review year, loans to agriculture sector increased by 6.8 percent, industrial production sector increased by 8.3 percent, transportation, communication and public sector increased by 21 percent, wholesale and retail sector increased by 3.9 percent and service industry sector increased by 3.7 percent.

Term loan extended by Banks and Financial Institutions increased by 32 percent, real estate loan (including residential personal home loan) increased by 5.6 percent and hire purchase loan increased by 1.3 percent while trust receipt (import) loan decreased by 6.2 percent, overdraft decreased by 67.7 percent, demand and working capital loan decreased by 13.2 percent and margin nature loan decreased by 5.2 percent in the review year.

Import and Export

In the review period, merchandise import decreased by 16.1 percent to NPR 1,611.73 billion compared to an increase of 24.7 percent in the previous year. Commodity-wise, import of

sponge iron, chemical fertilizer, other stationeries, bitumen, paper, among others, has increased whereas import of transport equipment & parts, M.S. billet, medicine, petroleum products, crude soyabean oil, among others, has decreased.

In the review period, merchandise export decreased by 21.4 percent to NPR 157.14 billion compared to an increase of 41.7 percent in the previous year. Commodity-wise, exports of zinc sheet, particle board, cardamom, woolen carpets, polyester yarn & thread, among others, has increased whereas exports of soyabean oil, palm oil, oil cakes, textiles, silverware and jewelleries, among others, has decreased in the review year.

Total trade deficit decreased by 15.5 percent to NPR 1,454.59 billion in review year compared to an increase of 23 percent in the previous year. The export-import ratio decreased to 9.7 percent in the review period from 10.4 percent in the previous year.

Foreign Exchange Reserves

Gross foreign exchange reserves increased to Rs. 1,539.36 billion in mid-July 2023 from Rs. 1,215.80 billion in mid-July 2022. Based on the import of 2022/23, the foreign exchange reserve of the banking sector is sufficient to cover the prospective merchandise import of 11.7 months and merchandise and services import of 10 months.

Remittance

In the review year, number of Nepalese workers taking approval for foreign employment has increased by 40.3% compared to an increase of 392 percent in the previous year. Remittance inflow increased by 21.2 percent to Rs. 1220.56 billion in the review period compared to an increase by 4.8 percent in the previous year.

Current Account and BOP Position

The current account remained at a deficit of Rs. 72.16 billion in the review year compared to a deficit of Rs. 623.38 billion in the previous year. Capital transfer decreased to Rs. 7.54 billion in the review year which stood at Rs. 9.99 billion in previous year. Similarly, Balance of Payments (BOP) registered a surplus of Rs. 290.52 billion in the review year compared to a deficit of Rs. 255.26 in the previous year.

Inflation

In the FY 2022/23, the average consumer price inflation stood at 7.74 percent compared to 6.32 percent a year ago.

Interest Rate

The weighted average 91-day Treasury bills rate decreased to 6.35 percent in the last month of FY 2022/23 from 10.66 percent a year ago. Similarly, weighted average inter-bank transaction rate among commercial banks decreased to 2.98 percent in the last month of FY 2022/23 from 6.99 percent a year ago.

The weighted average deposit rate and lending rate of commercial banks stood at 7.86 percent and 12.30 percent respectively in the last month of FY 2022/23. Such rates were 7.41 percent and 11.62 percent respectively in previous year. Similarly, average base rate of commercial banks increased to 10.03 percent in the last month of FY 2022/23 from 9.54 percent a year ago.

Capital Market

NEPSE index stood 2097.1 in mid-July 2023 compared to 2009.5 in mid-July 2022. Stock market capitalization increased to Rs.3082.52 billion as at mid-July 2023 from Rs. 2,869.34 billion in mid-July 2022. Number of companies listed at NEPSE reached 254 in mid-July 2023, out of which 136 are Bank and Financial Institutions (BFIs) and insurance companies, 79 hydropower companies, 19 manufacturing and processing industries, 6 investment companies, 7 hotels, 4 trading companies and 3 others. The number of companies listed at NEPSE was 234 in mid-July 2022.

(Source: Nepal Rastra Bank)

C. The Board of Directors' Opinion on the Achievements of Current Fiscal Year and Future Plans

Sanima Bank has been able to generate operating profit and net profit of Rs. 840.7 million and Rs. 512.1 million respectively in first two months of current fiscal year. Our efforts will be focused on a balanced growth guided by the core principles of liquidity & capital and managing risks in a disciplined way in the coming days. The Bank shall continuously focus to solicit individual & other deposits and to expand retail lending, agro lending, productive sector lending and lending to small medium enterprises. Further, the Bank is committed to provide a complete financial solution to its customers by providing user-friendly digital banking services by extending digital banking's reach. The Bank shall adopt more secure and robust electronic system to be more technologically sound. The bank has planned to operate its activities with an objective to enhance Bank's corporate position, to play vital role in national economy and to generate and distribute higher returns to its investors.

D. Industrial and Professional Relations

The Bank has developed amiable and professional relationship with domestic/ international organizations and business entities for expanding its industrial and business horizon, which it plans to further strengthen. The Bank is committed towards putting continuous efforts to strengthen the relationship with its experienced and skillful staff and customers at all levels. We are pleased to announce that a wide range of business customers of Nepalese market are banking with us. The Bank has also been successful in maintaining excellent international trade relationship with Banks in India, China, America, Europe, Australia, Dubai, Korea and so on.

E. Changes in the Board of Directors

During the review year, tenure of directors Mr. Bharat Kumar Pokhrel and Mr. Mahesh Ghimire representing public shareholders group ended and Mr. Ramesh Kumar Pokharel and Mr. Ashutosh Upadhyaya have been elected as directors representing the same group through last annual general meeting for the term of four years.

F. Significant Issues affecting Business

The major risks and challenges that holds the potential to significantly impact the business of the Bank are listed as below:

- ◆ Potential impact in revenue of the bank due to slackened overall demand and limitation in investment caused by high inflation led by change in international politics and war.
- ◆ Potential risks inherent in providing non-funded services and disbursement of credit.
- ◆ Challenge in interest rate management of Loans and Deposit due to volatility in liquidity situation and challenges and risk in business growth due to unbalanced loan demand.
- ◆ Potential risks arising due to lack of skilled human resources and increasing competition in the banking industry.
- ◆ Risks due to fluctuation in exchange rate during foreign exchange transactions.
- ◆ Risks arising from problems in imports and exports due to political instability and other external factors.
- ◆ Potential risks arising due to change in Economic, Monetary and Financial policies of the country.
- ◆ Operational risks arising from development of information technology.
- ◆ Apart from above, potential risks of non-recovery of loans and risks arising in banking business due to capital

market fluctuation, remittance fluctuation and impact of changes in international economy in Nepalese market.

G. Significant observation in the independent auditor's report and subsequent response from Board of Director

Other than the general observations related to bank's day to day operations, there are no any material observations stated in the auditor's report. The Board has directed management to improve/implement those observations. The Bank is committed to execute the same. The auditor's report with an opinion has been included in this report.

H. Amount recommended for distribution of dividend

The Bank has proposed for distribution of 9% of paid up capital as stock dividend amounting to Rs. 1,121,410,355.31 and 5.7% of paid of capital as cash dividend amounting to Rs. 710,226,558.36 from the retained earnings at the end of the year 2022/23.

I. Details of shares forfeited by the Bank

The Bank has not forfeited any shares during the review year.

J. Past years' performance of the company and its subsidiary and the review of company's status at the year end

1. Consolidated Financial Position of Previous Five Years:

Particulars	Rs. In Million				
	2019	2020	2021	2022	2023
Assets					
Cash and cash equivalent	4,780	5,256	4,823	5,331	5,349
Due from Nepal Rastra Bank	2,781	5,326	6,054	13,516	10,368
Placement with Bank and Financial Institutions	828	2,896	1,798	401	1,117
Derivative financial instruments	85	40	16	-	-
Other trading assets	573	531	395	614	526
Loan and advances to B/FIs	2,020	2,844	4,094	5,168	4,445
Loans and advances to customers	81,419	90,850	119,072	136,518	145,425
Investment securities	13,643	15,052	21,005	26,553	42,077
Current tax assets	-	6	-	-	54
Investment in subsidiaries	-	-	-	-	-
Investment in associates	-	-	-	-	-
Investment property	-	-	-	73	190
Property and equipment	1,157	1,182	1,207	1,363	1,386
Goodwill and Intangible assets	71	61	48	88	96
Deferred tax assets	16	25	-	129	168
Other assets	1,657	2,174	2,296	2,818	4,317
Total Assets	109,030	126,244	160,807	192,573	215,520
Liabilities					

Particulars	Mid July				
	2019	2020	2021	2022	2023
Due to Bank and Financial Institutions	3,694	3,276	4,921	2,614	5,091
Due to Nepal Rastra Bank	1,019	86	3,651	4,097	72
Derivative financial instruments	-	-	-	52	6
Deposits from customers	89,230	107,076	128,227	157,346	175,373
Borrowing	-	-	1,787	1,279	2,629
Current Tax Liabilities	23	-	52	39	-
Provisions	27	32	31	45	34
Deferred tax liabilities	-	-	73	-	-
Other liabilities	1,288	1,204	2,244	3,268	3,446
Debt securities issued	1,725	1,725	4,772	6,812	9,374
Subordinated Liabilities	-	-	-	-	-
Total liabilities	97,006	113,400	145,757	175,553	196,025
Equity					
Share capital	8,001	8,801	9,682	11,327	12,460
Share premium	-	-	-	-	-
Retained earnings	1,786	1,218	1,833	1,325	2,306
Reserves	2,237	2,824	3,535	4,368	4,730
Total Equity attributable to equity holders	12,024	12,844	15,050	17,020	19,495
Non-controlling interest	-	-	-	-	-
Total Equity	12,024	12,844	15,050	17,020	19,495
Total Liabilities and Equity	109,030	126,244	160,807	192,573	215,520

2. Consolidated Profit or Loss Statement of Previous Five Years:

Particulars	Fiscal Year				
	2018/19	2019/20	2020/21	2021/22	2022/23
Interest income	10,770	11,484	10,772	14,864	21,622
Interest expense	6,547	7,275	6,233	10,184	15,102
Net interest income	4,223	4,208	4,539	4,679	6,520
Fee and commission income	823	732	951	1,098	1,141
Fee and commission expense	75	80	63	151	244
Net fee and commission income	748	653	889	947	897
Net interest, fee and commission income	4,971	4,861	5,428	5,627	7,417
Net trading income	416	420	520	350	211
Other operating income	26	29	34	107	128
Total operating income	5,413	5,310	5,982	6,083	7,756
Impairment charge/(reversal) for loans and other losses	218	797	248	554	1,053
Net operating income	5,194	4,513	5,733	5,529	6,703
Personnel expenses	1,275	1,248	1,470	1,576	1,793
Other operating expenses	522	578	660	633	731
Depreciation & Amortization	141	157	165	351	369
Operating Profit	3,256	2,529	3,438	2,969	3,811
Non-operating income	3	1	1	6	14
Non-operating expense	7	2	3	12	55
Profit before income tax	3,253	2,529	3,436	2,963	3,770
Income tax expense	979	762	1,033	877	1,146
Profit for the Period	2,274	1,767	2,403	2,087	2,624

3. Infrastructure

i. Network expansion

The Bank has been continuously expanding its network. The Bank has been providing banking facilities and services through 104 branches, 28 extension counters and 122 ATMs located across the country from Koshi Province to Sudurpaschim Province till mid-July 2023. During the review year, the Bank has opened new branches outside valley at Besishahar and Sunwal and inside valley at Thimi, Kapan and Sitapaila. The bank has planned to continue its network expansion on selective basis inside and outside valley during the fiscal year 2023/24 as well.

ii. Information Technology

The bank has a policy to automate and digitize its business processes and expand its digital services by implementing a cutting-edge technology. The Bank is aware that with the increased dependency in technology, it is exposed to IT risks and thus has made considerable investment to ensure that customer data and the Banking system is more secure. The Bank has a policy to continue implementation of modern technologies as per the bank's requirement and resources availability in days ahead.

The Bank has implemented the following measures to enhance Information Technology during FY 2022/23:

- a. The bank has increased the number of ATM booths to 122 and has planned to extend the number further in coming days.
- b. The bank has been providing 24*7 service through call center with "Customer 360 degree" view via Customer Relationship Management system.
- c. The bank has developed and implemented various In-house application to automate internal processes.
- d. The bank has started various services like E-Commerce activation request, Online Loan against FD, Video KYC, dispute reporting, bank guarantee application and amendment, verification of good for payment cheque etc. through its website for the ease of customers.
- e. The bank has started 5 in 1 service for share trading.
- f. The bank has started providing Real Time Cash Deposit facility to its customers through Cash Deposit Machine.
- g. The bank has made available QR code in Education Loan Offer Letter and Balance Certificate for QR based verification.
- h. The bank has upgraded its data center in line with international standards and all equipment have been installed to the new data center.

- i. Viewing the risk of cyber-attack, WAF and PAM solutions have been used for security and privacy of customers' data. Security options shall be reviewed and security features shall be added annually.
- j. For the hassle-free access of banking services to customers, firewall device has been upgraded.
- k. Firmware version of various equipment has been upgraded regularly with an objective to protect customers' data.
- l. The bank has obtained ISO 27001:2013 certification by adhering to international standards of information technology.

4. Human Resource Development

The Bank, considering the need of committed and productive staff for implementation of Bank's long term strategies and plans and for Bank's success, has prioritized towards professional and capacity development and management of its employees. As on mid July 2023, 1301 staff are working in the Bank. The Bank has been adopting a policy of hiring and managing staff appropriately as per its requirement. In order to develop and upgrade skills of its human resource, the Bank has marked participation of all employees in various seminars, in-house and external trainings. Staffs participate in various skill-based training, seminar and conference within and outside the country. During the review year, 1234 staffs were provided in-house training and 375 staffs were provided external training on various topics while 92 staffs have participated in international trainings and seminars. The Bank has been periodically increasing employee remuneration and benefits in line with the profit, market scenario and inflation as well.

5. Remittance

In order to provide better and more reliable remittance services and to serve a wide array of customers living in Nepal and abroad, the Bank has been operating its own remittance service "Sanima Xpress".

With continuous effort to expand its services, the Bank has entered into an agreement with Remit Choice Limited of United Kingdom (UK). With this, Nepalese staying in United Kingdom can remit money easily and safely via Sanima Xpress. With a view to cater international remittance service, bank has been providing remittance service in collaboration with 6 companies from Dubai, 2 from South Korea, 3 from UK, 3 from USA, 2 from Malaysia, 1 each from Australia and Singapore, 1 bank from India and NIUM- INSTAREM around the globe. The bank aims to broaden its reach by building additional relations in remittance sector.

6. Corporate Social Responsibility

Corporate social responsibility has been prioritized as a long-standing commitment at Sanima Bank. In the review year, the Bank has contributed Rs. 15,811,308 as financial support comprising Rs. 11,024,115 in education sector, Rs. 2,470,785 in health sector, Rs. 1,436,173 in public benefit, environment, cultural protection and awareness and Rs. 880,235 in financial literacy.

Province wise segregation of expenses is presented below.:

Province	Total Expenses	Percentage (%)
Koshi	3,910,659	24.73%
Madhesh	1,572,862	9.95%
Bagmati	4,693,111	29.68%
Gandaki	1,576,275	9.97%
Lumbini	1,221,413	7.73%
Karnali	1,380,477	8.73%
Sudurpaschim	1,456,511	9.21%
Total	15,811,308	100.00%

Sanima Bank has been contributing especially in education and health sector for the benefit of poor and deprived people. The Bank has been continuously supporting deserving students studying in grade XI & XII with low income source through scholarship program via outside valley branches.

Major social works carried out by head office, branches and extension counters of the Bank during the review period are summarized below:

- ◆ All the branches/extension counters of the bank have organized financial literacy program targeting students, women, business persons and youths.
- ◆ The bank has organized blood donation program at head office and different branches on the occasion of 18th anniversary.
- ◆ Provided assistance in cleaning and maintenance of Nandi Keshari Garden at Narayanchour, Naxal in coordination with Community Service Center Naxal and Community Police Center.
- ◆ Provided assistance to Manmohan memorial college and teaching hospital for maintenance and cleaning of garden located in its premises.
- ◆ Dhading branch has provided financial assistance for installation of CCTV camera in Dhading Community Eye Center.
- ◆ Financial assistance for providing nutritious day-meal to the poor and deprived students of Kalika Secondary

School, Pokhara, Kaski by Amarsingh branch of the bank.

- ◆ Financial support to Nepal Netra Jyoti Sangh, Taplejung District for conducting Eye Checkup Health Camp.
- ◆ Conducted various campaigns in collaboration with Fonepay for promoting digital banking.
- ◆ Awareness campaign regarding banking scam and fraudulent activities through SMS.
- ◆ Financial support for "Clean Mountain Campaign 2023" organized by Nepal Army for cleaning Sagarmatha, Lhotse, Annapurna and Barutse mountains.
- ◆ Distributed school bags to the students of Janta Namuna Secondary School, Biratnagar.
- ◆ Provided financial support to Karuna Foundation Nepal for procuring assistive device for differently abled people of Koshi Province.
- ◆ Conducted Digital Banking Promotion program at Naxal Vegetable Market in presence of Mr. Maha Prasad Adhikari, Governor of Nepal Rastra Bank.

The Bank plans to conduct various such activities under corporate social responsibility in planned and effective way in upcoming days as well for extensive benefits of society through head office, province office, branches and extension counters.

7. Corporate Governance

Corporate Governance has been considered integral to sustainable growth of the Bank. Various committees and sub-committees are actively functioning in the Bank as prescribed by Nepal Rastra Bank. The committees are highly committed and focused to mitigate and manage various risks through the implementation of highest standards of Corporate Governance. Directors have complied all the provisions as prescribed by Nepal Rastra Bank during the review period. The Bank is always actively looking forward to improve corporate governance by maintaining integrity, fairness and transparency in engagement with all the stakeholders. The bank is committed to strengthen long-term relationship with regulatory authorities, customers and all stakeholders by maintaining good Corporate Governance.

8. Grievance Handling

The bank has established grievance handling desk led by managerial level staff Mr. Hem Raj Sanjyal who has been appointed as grievance handling officer. The bank has responded to all 211 grievances received from customers during fiscal year 2022/23, as per the provisions under Clause 9 of Directive 20 of Unified Directive 2079 issued by the central bank.

9. Debenture Issuance

The Bank has not issued new debenture during the review period.

K. Major transactions carried out by the company and its subsidiary company during the financial year and any material changes that have taken place in transactions of the company during that period:

The bank and its subsidiary company Sanima Capital Ltd. have operated banking business and merchant banking business respectively as defined by prevailing acts, rules and regulations. Similarly, bank's another subsidiary company Sanima Securities Ltd. has obtained license to operate securities' brokerage business in the current fiscal year. No material changes in bank's transaction have been observed in the review period.

L. Information furnished to the company by its principal shareholders during the previous year

During the previous year, no such information has been received.

M. Details of the shareholding taken by the Directors and officials of the company in the previous financial year and, in the event of their involvement in share transaction of the company, details of information received by the company from them in that respect

During the review year, directors and officials of the bank have not purchased any shares. Further, no information has been received about share transactions of the bank by board of directors and officials of the bank.

N. Details of disclosure made about the personal interest of any Director and his/her close relative in any agreements related with the company during the previous financial year

During the fiscal year, the bank has not received any such information.

O. Buyback of shares of the company, reasons thereof for buy back, number of shares bought back, face value of the shares and the amount paid during the buy back

The bank has not bought back any share.

P. Internal Control System

The internal control system of the Bank has been made effective to ensure compliance with prevailing laws and Nepal Rastra Bank's regulations for inherent and potential risk management. Audit committee and Risk Management committee have been taking appropriate actions to control and mitigate overall risks after reviewing relevant reports on a regular basis. Similarly, Board of Directors has been analyzing the effectiveness of internal control system by reviewing the reports issued by external auditor and regulators (on inspection) and implementing appropriate actions for effective internal control. Apart from this, several committees of the Bank (such as Management committee, Assets Liabilities Management committee, Risk Management committee), Internal Audit department, Compliance department and Integrated Risk Management Department are also actively functioning for the effectiveness of Internal Control System. Further, Anti Money Laundering Committee has been operating for assessing and determining risk category of all customers, analyzing overall compliance of the Bank and for reviewing and mitigating the weakness identified while complying overall compliance of the Bank effectively.

To ensure effective risk management system and internal control system in place, following board level committees are formed in addition to management level committee.

i. Risk Management Committee

Composition of Risk Management Committee, remuneration, allowances and facilities received by the committee members and details of functions performed:

Members of the committee:

Director	Mr. Ramesh Kumar Pokharel	Coordinator
Director,	Mr. Balaram Parajuli	Member
Coordinator of Audit Committee		

Chief Risk Officer	Mr. Tej Bahadur Chand	Member Secretary
Chief Operating Officer	Mr. Bobby Singh Gadtaula	Member

No remuneration has been provided to coordinator and director member of the committee except sitting fees of Rs. 12,000 per meeting. In the review year, the Risk Management Committee held nine meetings and payment of Rs. 216,000 in total has been made as sitting fees.

The Bank has been issuing various policies for risk identification, assessment, review, control & effective risk management. The committee has implemented Board approved risk management strategy after identifying Bank's Risk Appetite and Tolerance Limit to mitigate Inherent Material

Risk associated with the Bank. The Committee has been reviewing and updating such policies and procedures on a periodic basis, receiving periodic report from management level risk committee, discussing each quarter on the risk identified in Risk Management Committee and recommending appropriate risk mitigation strategies in Board meeting. The committee has also been complying with all the obligations prescribed under NRB Directives.

ii. Anti-Money Laundering Committee

Composition of Anti-Money Laundering committee, remuneration, allowances and facilities received by the committee members and details of the functions performed by Anti-Money Laundering Committee:

Members of the Committee:

Director	Dr. Keshab Prasad Acharya	Coordinator
Director	Mr. Ramesh Kumar Pokharel	Member
Chief Risk Officer	Mr. Tej Bahadur Chand	Member
Head Compliance Department	Mr. Bimal Pratap Singh	Member Secretary

No remuneration has been provided to coordinator and director members of the committee except sitting fees of Rs. 12,000 per meeting. Anti-Money Laundering Committee held four meetings during the financial year 2022/23 and payment of Rs. 96,000 in total has been made as sitting fees.

The Committee has been reporting to the Board regarding adequacy and effectiveness of existing risk identification and risk management system associated with Money Laundering and also recommending for developing robust system, after comprehensive study and discussion. Further, the committee has been complying with all the obligations defined under NRB Directives.

iii. Employee Service Facility Committee

Composition of Employee Service Facility Committee, remuneration, allowances and facilities received by the committee members and details of the functions performed by Employee Service Facility Committee:

Members of the committee:

Director	Mrs. Gayatri Thapa	Coordinator
Chief Executive Officer	Mr. Nischal Raj Pandey	Member
Head Finance & Treasury	Mr. Bibhor Jha	Member
Head Human Resource	Mr. Narayan Prasad Khatiwada	Member Secretary

No remuneration has been provided to coordinator and director members of the committee except sitting fees of Rs. 12,000

per meeting. Employee Service Facility Committee held five meetings during the financial year 2022/23 and payment of Rs. 60,000 in total has been made as sitting fees. The committee has been fulfilling its responsibilities in compliance with directive no. 6 issued by the Nepal Rastra Bank.

In the review year, the committee has discussed and recommended to management and Board of Directors for issuing necessary policy/guidelines on the matters such as salary increment of promoted staff, special allowance for cluster heads and staffs of Information Security department, paternity leave, driver facility for AGM level staff, Go Green guidelines and staff transfer guidelines.

iv. Audit Committee

Composition of Audit Committee, remuneration, allowances and facilities received by committee members, details of the functions performed by Audit Committee:

Members of the committee are as follows:

Director	Mr. Balaram Parajuli	Coordinator
Director	Mr. Ashutosh Upadhyaya	Member
Head Internal Audit	Mr. Niraj Dhakal	Member Secretary

No remuneration has been provided to coordinator and director members of the committee except sitting fees of Rs. 12,000 per meeting. Audit Committee held nineteen meetings during the financial year 2022/23 and payment of Rs. 420,000 in total has been made as sitting fees. The committee has been fulfilling its responsibilities in compliance with directive no. 6 issued by the Nepal Rastra Bank. The committee has performed the following functions in the review year.

- ◆ Reviewed overall financial position, internal control system, audit plans and procedures and internal audit observations of the bank periodically and also issued necessary directions to management and also provided suggestions to the Board of Directors.
- ◆ Reviewed the compliance of the Bank with all prevailing laws, directives issued by the Nepal Rastra Bank and reported the same.
- ◆ Developed comprehensive audit plan and conducted internal audit accordingly.
- ◆ Reviewed adherence to principles of regularity, parsimony and effectiveness and recommended to the Board accordingly.
- ◆ Reviewed quarterly financial performances of the bank and presented to the Board of Directors.
- ◆ Reviewed the audit calendar & audit plan prepared by Internal Audit department.

Q. Details of Operating Expenses incurred during the previous financial year

Total operating expenses of the Bank during fiscal year 2022/23 was Rs. 2,828,372,595. Out of this, staff expenses (including staff bonus) was Rs. 1,761,951,641 and other operating expenses was Rs. 1,066,420,954.

R. Composition of Audit Committee, remuneration, allowances and facilities received by its members, details of the functions performed by the committee and of suggestions, if any, made by the committee.

Disclosed under point no. P (iv) of this report.

S. Amount, if any, outstanding and payable to the company by any Director, Managing Director, Chief Executive, substantial shareholder or his/her close relative, or by any firm company, corporate body, in which he/she is involved

No such information has been made available to the bank.

T. Amount of remuneration, allowances and facilities paid to the Directors, Managing Director, Chief Executive and Officials

Sitting fees of Rs. 13,000 and Rs. 12,000 per board meeting has been provided to chairman and other board members respectively. Apart from this, Rs. 12,000 has been provided to board members for newspaper, magazine, periodicals, telephone, internet and other services on monthly basis. No other facility has been provided.

During the fiscal year 2022/23, Rs. 3,601,000 has been paid to board of directors as sitting fees. Such fees have been paid after deduction of applicable tax as per prevailing laws.

Salary, allowances and benefits paid to Chief Executive and Officials:

Rs. In '000

Particulars	Chief Executive Officer	Other Chief Officials
Salary, allowances and other benefits	11,456	57,337

- ◆ Details of remuneration have been disclosed in notes to accounts of annual financial statements.
- ◆ Other facilities have been provided as per Employees Byelaws.
- ◆ Bonus has been provided as per the Bonus Act.

U. Dividend remaining unclaimed by shareholders

Dividend amounting to Rs. 53,697,885 remained unclaimed by shareholders as on 16th July 2023.

V. Details of sale and purchase of properties pursuant to Section 141 of the Companies Act, 2006.

No such transactions.

W. Details of transactions with associated companies pursuant to Section 175 of Companies Act, 2006

Such information has been disclosed in point number 5.7 "Related Party Disclosures" of Annexure 5 "Disclosures and Additional Information" of Bank's annual financial statements.

X. Any other information to be disclosed in the Board of Directors' Report as per Companies Act, 2006 and other prevailing laws:

None.

Y. Other Essential Information

1. Appointment of Auditor

M/s PKF TR Upadhyay & Co., Chartered Accountants has been appointed as statutory auditor for FY 2022/23.

Lastly, on behalf of the Board of Directors, I would like to extend my heartfelt gratitude to all the esteemed shareholders, customers, employees, government entities, Nepal Rastra Bank, Securities Board of Nepal, Office of Company Registrar, Nepal Stock Exchange Limited, CDS and Clearing Limited, External Auditors, Media and all well-wishers for their valuable suggestions, feedbacks and continued support. We expect similar support, suggestions and cooperation in the days ahead.

Thank you!

On behalf of Board of Directors

Tuk Prasad Paudel

Chairman

September 24, 2023

Disclosure Related to Rule 26(2) of Annexure-15 of Securities Registration and Issuance Regulation, 2016

1. Report of the Board of Directors:

Disclosed in the "Director's Report" part of this report.

2. Auditor's Report:

Disclosed in the appropriate part of this report.

3. Audited Financial Reports:

Disclosed in the appropriate part of this report.

4. Legal Proceedings:

a. Law-suit filed by or against the Bank during the period:

No mentionable suits have been filed by or against the Bank except for regular lawsuits arising in normal course of banking business.

b. Law-suit filed by or against the promoters or director of the Bank for disobeying statutory regulations or committing of criminal offence:

Not in the information of the Bank.

c. Law-suit, if any, filed against the promoters and director for committing financial crimes:

Not in the information of the Bank.

5. Analysis of stock performance of the Bank

a. Management's view on the performance of the stock of the bank:

The bank's share transaction has been operated under open market as per the regulations of Nepal Stock Exchange and Securities Board.

b. High, low and closing price of the stocks of the Bank, during each quarter of the fiscal year 2022/23 along with total volume of trading shares and number of days traded are depicted below:

Quarter	Max. Price	Min. Price	Last Price	No. of Trading Days	Total no. of Transactions	Total no. of Shares Traded
First	280	233	252	66	12,729	2,101,879
Second	277.7	222	260.1	52	9,965	1,922,451
Third	270	229	248.5	56	11,718	2,595,960
Fourth	271.9	233.4	260.5	62	12,657	2,988,655

(Source: Nepal Stock Exchange)

6. Problems and Challenges

a. Internal Problems and Challenges

- ◆ Increase in cost of fund
- ◆ Challenges in growth of interest and non-interest income
- ◆ Increasing operating cost
- ◆ Increasing non-performing loans

- ◆ Shrink in domestic and world economy due to high inflation and interest rate
- ◆ Probable challenges due to change in laws and regulatory provisions

c. Strategy

- ◆ Diversification of deposits and risk assets
- ◆ Exploration of new avenues for revenue generation and deposits mobilization
- ◆ Development of advanced technological services
- ◆ Capital Increment
- ◆ Minimizing Non performing loans
- ◆ Development of more robust system for overall risk management

b. External Problems and Challenges

- ◆ Rigorous competition between Banks and Financial Institutions
- ◆ Imbalance in demand of loans and deposit growth
- ◆ New challenges observed in the domain of Information Technology

7. Corporate Governance

The Bank fully adheres to all the relevant policies and provisions of the Banks and Financial Institutions Act, 2016, directives, circulars and notification issued by Nepal Rastra Bank. Corporate Governance has always been prioritized and all the relevant policies, provisions and directives have been fully complied with.

Risk Management Committee has been formed in order to strengthen overall risk management, mitigate operational risk and to manage internal control system. Audit committee has been formed for the effective implementation of internal control system, which has been analyzing the effectiveness of internal control system by reviewing the reports issued by external auditor and regulators (on inspection) and implementing appropriate actions and advising management for effective internal control. Similarly, for assessment and adherence of compliance of anti-money laundering activities, Anti Money Laundering Committee is actively functional.

Apart from these, several committees such as Management Committee (MANCOM), Credit Risk Management Committee (CRMC), Assets-Liabilities Management Committee (ALCO) are actively involved for making banking transactions efficient, reliable and scientific and also for intervening strategies on need basis.

The Bank has been continuously adhering to all directions of Nepal Rastra Bank, directions and recommendations stated in NRB inspection report and internal/ external auditor's report. Board of Directors and management of the bank are committed to further strengthen by fully adhering corporate governance.



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SANIMA BANK LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sanima Bank Limited and its subsidiaries (referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 Ashad 2080 (16 July 2023), and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity for the year 1 Shrawan 2079 to 31 Ashad 2080 (17 July 2022 to 16 July 2023) and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 Ashad 2080 (16 July 2023), its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with ICAN's Handbook of Code of Ethics for Professional Accountants, together with the ethical requirements that are relevant to our audit of financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

a) Information Technology ('IT') systems and controls impacting financial reporting in relation to the Bank

Key Audit Matter	How our audit addressed the key audit matter
The IT environment of the Bank is complex and involves a large number of independent and interdependent IT systems used in the operations of the Bank for processing and recording a large volume of transactions at numerous locations.	In assessing the integrity of the IT systems relevant to financial reporting, our team obtained an understanding of the IT infrastructure and IT systems relevant to the Bank's financial reporting process for evaluation and testing of relevant IT general controls and IT application controls. We gathered a comprehensive understanding of IT applications landscape implemented at the Bank. It



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The accuracy and reliability of the financial reporting process depend on the IT systems and the related control environment, including:

- IT general controls over user access management and change management across applications, networks, databases, and operating systems;
- IT application controls.

Due to the pervasive nature, complexity and importance of the impact of the IT systems and related control environment on the Bank's financial reporting process, we have identified testing of such IT systems and related control environment as a Key Audit Matter for the current year audit.

was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology.

We also assessed the operating effectiveness of controls over granting, removal and periodical review of access rights. We further tested the segregation of duties, including preventive controls to ensure that access to change applications, the operating system, or databases in the production environment was granted only to authorized personnel.

Other areas that were assessed under the IT control environment were whether requests for access to systems were appropriately logged, reviewed and authorized. Entity level controls pertaining to policy and procedure were also part of our audit procedure.

Where deficiencies were identified, we tested compensating controls or performed alternate procedures.

b) Identification and provisioning for non-performing assets ('NPAs') in relation to the Bank

Total Loans and Advances (Net of Provision) as at 31 Ashad 2080: NPR 149,870.10 million; Provision for NPA as at 31 Ashad 2080: NPR 1,023.09 million.

(Refer Schedule 4.6, 4.7 and Note 3.4 of Schedule 3 to the financial statements)

Key Audit Matter

The Nepal Rastra Bank ("NRB") guidelines on the recognition of Interest Income and Unified Directives prescribes the prudential norms for Income Recognition, Identification and Classification of Non-Performing Advances, and Provisioning for Loans and Advances.

The Bank is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors.

The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors.

The provisioning for identified NPAs is estimated based on ageing and classification of NPAs, recovery estimates, the value of security and other qualitative factors and is subject to the minimum provisioning norms specified by NRB and impairment of risk assets as per carve out provided by ICAN.

The identification of NPAs and provisioning for advances require a significant level of estimation and given its significance to the overall audit including possible observation by

How our audit addressed the key audit matter

Our key procedures included, but were not limited to, the following:

- We understood the process & controls, and tested the design and operating effectiveness of key controls, including IT-based controls, focusing on the following:
 - a) Approval of new lending facilities against the Bank's credit policies and the performance of annual loan assessments.
 - b) Controls over the monitoring of credit quality which amongst other things included, the monitoring of overdue reports, drawing power limits, pending security creation.
 - c) Identification and classification of NPAs in line with NRB's circular, the impairment requirement as per carve out on NFRS 9 provided by the Bank and certain qualitative aspects; and
 - d) Assessment of adequacy of NPA provisions being the higher of NRB norms and carve out on NFRS 9 provided by ICAN.
- To test the identification of loans with default events and other triggers, we selected a sample of performing loans and independently assessed whether there was a need to classify such loans as



NRB which could result in disclosure in the financial statements.

The risk of deficit in collateral as required by NRB Directives 2 for the credit facility provided to various borrowers which may cause financial loss to the bank.

Considering the significance of the above matter to the financial statements, the heightened regulatory inspections and the significant auditor attention required, we have identified this as a Key Audit Matter for the current year's audit.

NPAs.

- Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needed to be considered as NPA.
- Held specific discussions with the management of the Bank on sectors where there is perceived credit risk and the steps taken to mitigate the risks to identified sectors.
- As per our review of the impairment calculation, we noted that the impairment is calculated higher of the following prescribed method:
 - i. NRB Regulation;
 - ii. NFRS Pronouncement with specific reference to Carve out on NFRS-9 provided by ICAN.

Other Matters

The consolidated financial statements of Sanima Bank Limited and its subsidiaries (referred to as the "Group"), for the year ended as at 32 Ashad 2079 (16 July 2022), were audited by another auditor who expressed an unmodified opinion on those statements on 21 October 2022.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

The Management is responsible for the other information. The other information comprises the information included in the annual report, including the report of the Board of Directors, but does not include the consolidated financial statements and our auditor's report which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with NFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.



Auditor's Responsibility for Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on the Other Legal and Regulatory Requirements

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the consolidated statement of financial position as at 16 July 2023 (31 Ashad 2080), the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies have prepared in the format prescribed by the Nepal Rastra Bank Unified Directives No. 4 and in accordance with the requirements of the Companies Act, 2063 and Section 59 of the Banks and Financial Institution Act, 2073 and are in agreement with the books of account maintained by the Bank, and proper books of account as required by law including relevant records relating to the preparation of the aforesaid financial statements have been kept so far as it appears from our examination of those books and records of the Bank. In our opinion, the returns received from the branches were sufficient for the purpose of the audit though these statements were independently not audited.

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

To the best of our information and according to explanations given to us and so far appeared from our examination of the books of account of the Bank on a sample basis for the purpose of our audit, we have not come across cases where the Board of Directors or any employees of the Bank have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Bank and violated any directives of Nepal Rastra Bank or acted in a manner to jeopardize the interest and security of the Bank, its depositors and investors.


Shashi Satyal
Partner



PKF T R Upadhyay & Co.
Chartered Accountants

124 Lal Colony Marg, Lal Durbar, Kathmandu, Nepal
Date: 14 September 2023

UDIN No: 230914CA00008RIN8P

Consolidated Statement of Financial Position

As on 16th July 2023

Amount In NPR

	Note	Group		Bank	
		Current Year	Previous Year	Current Year	Previous Year
Assets					
Cash and cash equivalent	4.1	5,349,380,732	5,330,833,316	5,290,591,934	5,224,716,246
Due from Nepal Rastra Bank	4.2	10,368,096,356	13,516,139,617	10,368,096,356	13,516,139,617
Placement with Bank and Financial Institutions	4.3	1,116,571,534	401,162,744	1,056,571,534	371,162,744
Derivative financial instruments	4.4	-	-	-	-
Other trading assets	4.5	526,486,128	614,417,978	414,838,518	500,749,432
Loan and advances to B/FIs	4.6	4,445,160,972	5,167,865,708	4,445,160,972	5,167,865,708
Loans and advances to customers	4.7	145,425,254,517	136,518,361,592	145,424,939,454	136,518,037,930
Investment securities	4.8	42,077,282,895	26,552,704,125	41,980,217,771	26,468,395,455
Current tax assets	4.9	54,450,213	-	54,535,662	-
Investment in subsidiaries	4.10	-	-	450,000,000	250,000,000
Investment in associates	4.11	-	-	-	-
Investment property	4.12	190,174,378	72,932,294	190,174,378	72,932,294
Property and equipment	4.13	1,385,801,115	1,362,806,189	1,368,384,653	1,344,606,808
Goodwill and Intangible assets	4.14	96,082,857	88,343,658	96,082,857	88,267,830
Deferred tax assets	4.15	167,765,100	128,626,744	169,777,226	138,046,795
Other assets	4.16	4,317,369,535	2,818,488,336	4,333,617,053	2,850,171,866
Total Assets		215,519,876,331	192,572,682,302	215,642,988,368	192,511,092,727
Liabilities					
Due to Bank and Financial Institutions	4.17	5,091,307,913	2,614,422,138	5,091,307,913	2,614,422,138
Due to Nepal Rastra Bank	4.18	72,086,097	4,096,650,775	72,086,097	4,096,650,775
Derivative financial instruments	4.19	6,045,373	52,394,722	6,045,373	52,394,722
Deposits from customers	4.20	175,372,679,238	157,345,663,047	175,745,249,454	157,518,535,239
Borrowing	4.21	2,629,000,000	1,279,000,000	2,629,000,000	1,279,000,000
Current Tax Liabilities	4.9	-	39,337,981	-	35,222,084
Provisions	4.22	34,263,966	44,769,659	34,263,966	44,769,659
Deferred tax liabilities	4.15	-	-	-	-
Other liabilities	4.23	3,445,568,374	3,268,143,776	3,311,936,817	3,146,611,698
Debt securities issued	4.24	9,373,666,000	6,812,316,000	9,373,666,000	6,812,316,000
Subordinated Liabilities	4.25	-	-	-	-
Total Liabilities		196,024,616,962	175,552,698,098	196,263,555,622	175,599,922,316
Equity					
Share capital	4.26	12,460,115,059	11,327,377,326	12,460,115,059	11,327,377,326
Share premium		-	-	-	-
Retained earnings		2,305,608,255	1,325,009,393	2,215,038,700	1,244,455,120
Reserves	4.27	4,729,536,055	4,367,597,484	4,704,278,987	4,339,337,965
Total equity attributable to equity holders		19,495,259,369	17,019,984,204	19,379,432,746	16,911,170,411
Non-controlling interest					
Total Equity		19,495,259,369	17,019,984,204	19,379,432,746	16,911,170,411
Total Liabilities and Equity		215,519,876,331	192,572,682,302	215,642,988,368	192,511,092,727
Contingent Liabilities and commitment	4.28	27,894,732,280	23,426,308,234	26,845,667,160	23,303,183,234
Net assets value per share		156.46	150.26	155.53	149.29

As Per our report of even date

Nischal Raj Pandey
Chief Executive Officer

Tuk Prasad Paudel
Chairman

Directors
Gayatri Thapa
Keshab Prasad Acharya
Ramesh Kumar Pokharel
Ashutosh Upadhyaya
Balaram Parajuli

Shashi Satyal, FCA
Partner
PKFT R Upadhyaya & Co.
Chartered Accountants

Bibhor Jha
Head-Finance & Treasury

Date: September 14, 2023
Place: Naxal, Kathmandu

Consolidated Statement of Profit or Loss

For the year ended 16th July 2023

Amount In NPR

	Note	Group		Bank	
		Current Year	Previous Year	Current Year	Previous Year
Interest income	4.29	21,622,373,757	14,863,651,678	21,607,165,934	14,850,216,913
Interest expense	4.30	15,102,402,993	10,184,317,773	15,128,548,520	10,198,454,206
Net interest income		6,519,970,764	4,679,333,905	6,478,617,414	4,651,762,707
Fee and commission income	4.31	1,140,870,767	1,097,965,286	1,039,862,304	995,913,637
Fee and commission expense	4.32	244,148,629	150,617,975	242,160,860	148,361,763
Net fee and commission income		896,722,138	947,347,310	797,701,444	847,551,875
Net interest, fee and commission income		7,416,692,902	5,626,681,215	7,276,318,858	5,499,314,582
Net trading income	4.33	211,237,725	350,086,103	217,272,574	377,678,967
Other operating income	4.34	128,203,302	106,635,532	158,213,052	152,708,336
Total operating income		7,756,133,929	6,083,402,850	7,651,804,483	6,029,701,884
Impairment charge/(reversal) for loans and other losses	4.35	1,053,105,015	554,394,612	1,053,105,015	554,394,612
Net operating income		6,703,028,914	5,529,008,238	6,598,699,468	5,475,307,272
Operating expense					
Personnel expenses	4.36	1,793,123,922	1,576,275,665	1,761,951,641	1,549,409,462
Other operating expenses	4.37	730,508,008	632,500,812	704,681,912	625,429,672
Depreciation & Amortization	4.38	368,684,648	351,188,206	361,739,042	345,906,947
Operating Profit		3,810,712,336	2,969,043,555	3,770,326,874	2,954,561,190
Non operating income	4.39	14,218,389	6,285,738	14,218,389	6,285,738
Non operating expense	4.40	54,985,289	12,035,811	54,985,289	12,035,811
Profit before income tax		3,769,945,436	2,963,293,482	3,729,559,974	2,948,811,118
Income tax expense	4.41				
Current Tax		1,169,864,999	1,049,885,372	1,144,129,730	1,011,150,518
Deferred Tax		(23,854,172)	(173,212,121)	(20,363,419)	(155,455,229)
Profit for the year		2,623,934,609	2,086,620,231	2,605,793,663	2,093,115,828
Profit attributable to:					
Equity holders of the Bank		2,623,934,609	2,086,620,231	2,605,793,663	2,093,115,828
Non-controlling interest		-	-	-	-
Profit for the year		2,623,934,609	2,086,620,231	2,605,793,663	2,093,115,828
Earnings per share					
Basic earnings per share		21.06	18.42	20.91	18.48
Diluted earnings per share		21.06	18.42	20.91	18.48

As Per our report of even date

Nischal Raj Pandey
Chief Executive Officer

Tuk Prasad Paudel
Chairman

Directors
Gayatri Thapa
Keshab Prasad Acharya
Ramesh Kumar Pokharel
Ashutosh Upadhyaya
Balaram Parajuli

Shashi Satyal, FCA
Partner
PKF T R Upadhyaya & Co.
Chartered Accountants

Bibhor Jha
Head-Finance & Treasury

Date: September 14, 2023
Place: Naxal, Kathmandu

Consolidated Statement of Other Comprehensive Income

For the year ended 16th July 2023

Amount In NPR

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Profit for the year	2,623,934,609	2,086,620,231	2,605,793,663	2,093,115,828
Other comprehensive income, net of income tax				
a) Items that will not be reclassified to profit or loss				
Gains/(losses) from investments in equity instruments measured at fair value	(23,056,816)	(66,389,361)	(10,139,327)	(54,665,494)
Gain/(losses) on revaluation	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	(27,750,715)	(27,528,311)	(27,750,715)	(27,528,311)
Income tax relating to above items	15,242,259	28,175,302	11,367,013	24,658,141
Net other comprehensive income that will not be reclassified to profit or loss	(35,565,272)	(65,742,371)	(26,523,030)	(57,535,663)
b) Items that are or may be reclassified to profit or loss				
Gains/(losses) on cash flow hedge				
Exchange gains/(losses) (arising from translating financial assets of foreign operation)				
Income tax relating to above items	-	-	-	-
Reclassify to profit or loss				
Net other comprehensive income that are or may be reclassified to profit or loss	-	-	-	-
c) Share of other comprehensive income of associate accounted as per equity method	-	-	-	-
Other comprehensive income for the year, net of income tax	(35,565,272)	(65,742,371)	(26,523,030)	(57,535,663)
Total comprehensive income for the year	2,588,369,338	2,020,877,860	2,579,270,634	2,035,580,165

As Per our report of even date

Nischal Raj Pandey
Chief Executive Officer

Tuk Prasad Paudel
Chairman

Directors
Gayatri Thapa
Keshab Prasad Acharya
Ramesh Kumar Pokharel
Ashutosh Upadhyaya
Balaram Parajuli

Shashi Satyal, FCA
Partner
PKF T R Upadhyaya & Co.
Chartered Accountants

Bibhor Jha
Head-Finance & Treasury

Date: September 14, 2023
Place: Naxal, Kathmandu

Consolidated Statement of Cash Flows

For the year ended 16th July 2023

Amount In NPR

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	20,587,166,324	14,400,194,201	20,572,133,494	14,386,372,605
Fees and other income received	1,135,713,784	1,089,546,097	1,026,889,097	986,479,675
Dividend received	2,810,965	497,892	-	-
Receipts from other operating activities	273,013,868	367,203,866	272,571,894	359,237,214
Interest paid	(14,882,792,976)	(10,169,008,005)	(14,908,938,503)	(10,183,144,438)
Commission and fees paid	(244,561,210)	(150,823,608)	(242,160,860)	(148,361,763)
Cash payment to employees	(1,650,696,898)	(1,568,407,217)	(1,619,372,230)	(1,533,415,847)
Other expense paid	(1,035,287,972)	(586,718,297)	(1,006,330,523)	(583,202,989)
Operating cash flows before changes in operating assets and liabilities	4,185,365,884	3,382,484,930	4,094,792,369	3,283,964,457
(Increase)/Decrease in operating assets				
Due from Nepal Rastra Bank	3,148,043,261	(7,462,408,343)	3,148,043,261	(7,462,408,343)
Placement with bank and financial institutions	(715,408,789)	1,410,545,652	(685,408,789)	1,369,545,652
Other trading assets	80,120,980	(215,996,357)	87,387,832	(237,054,892)
Loan and advances to bank and financial institutions	722,704,736	(1,073,842,042)	722,704,736	(1,073,842,042)
Loans and advances to customers	(9,939,810,744)	(18,000,985,949)	(9,939,819,343)	(18,001,031,818)
Other assets	(513,065,457)	(146,766,025)	(511,927,940)	(146,182,552)
Increase/(Decrease) in operating liabilities				
Due to bank and financial institutions	2,476,885,775	(2,306,452,136)	2,476,885,775	(2,306,452,136)
Due to Nepal Rastra Bank	(4,024,564,678)	445,346,936	(4,024,564,678)	445,346,936
Deposit from customers	18,027,016,191	29,105,050,882	18,226,714,215	29,092,668,058
Borrowings	1,350,000,000	(508,250,000)	1,350,000,000	(508,250,000)
Other liabilities	(127,930,858)	1,267,937,879	(118,748,671)	1,288,541,489
Net cash flow from operating activities before tax paid	14,669,356,302	5,896,665,428	14,826,058,768	5,744,844,809
Income taxes paid	(1,263,653,192)	(906,854,954)	(1,233,887,476)	(882,927,767)
Net cash flow from operating activities	13,405,703,110	4,989,810,474	13,592,171,292	4,861,917,043
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(27,361,215,853)	(5,888,359,795)	(27,535,541,910)	(5,874,490,354)
Receipts from sale of investment securities	11,840,392,500	-	11,840,392,500	-
Purchase of property and equipment	(189,478,316)	(536,883,007)	(184,871,049)	(524,839,688)
Receipt from the sale of property and equipment	16,664,045	33,085,028	15,236,263	30,714,473
Purchase of intangible assets	(68,033,099)	(40,184,891)	(68,033,099)	(40,184,891)
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	(117,242,085)	(72,932,294)	(117,242,085)	(72,932,294)
Receipt from the sale of investment properties	-	-	-	-
Interest received	-	-	-	-
Dividend received	48,776,490	150,306,118	78,795,103	138,150,274
Net cash used in investing activities	(15,830,136,318)	(6,354,968,841)	(15,971,264,277)	(6,343,582,481)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities	2,952,500,000	2,033,100,000	2,952,500,000	2,033,100,000
Repayment of debt securities	(370,000,000)	-	(370,000,000)	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	-	-	-
Dividends paid	(111,008,298)	(149,124,118)	(111,008,298)	(86,624,118)
Interest paid	-	-	-	-
Other receipt/payment	(28,511,079)	(11,279,738)	(26,523,030)	(11,234,677)
Net cash from financing activities	2,442,980,624	1,872,696,144	2,444,968,673	1,935,241,204
Net increase (decrease) in cash and cash equivalents	18,547,416	507,537,777	65,875,688	453,575,766
Cash and cash equivalents (Opening Balance)	5,330,833,316	4,823,295,539	5,224,716,246	4,771,140,480
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-	-	-
Cash and cash equivalents (Closing Balance)	5,349,380,732	5,330,833,316	5,290,591,934	5,224,716,246

As Per our report of even date

Nischal Raj Pandey
Chief Executive Officer

Tuk Prasad Paudel
Chairman

Directors
Gayatri Thapa
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Ramesh Kumar Pokharel
Ashutosh Upadhyaya
Balaram Parajuli

Shashi Satyal, FCA
Partner
PKF T R Upadhyaya & Co.
Chartered Accountants

Bibhor Jha
Head-Finance & Treasury

Date: September 14, 2023
Place: Naxal, Kathmandu

Consolidated Statement of Changes in Equity

For the year ended 16th July 2023

Amount In NPR

	Group										Non-controlling interest	Total equity		
	Attributable to equity holders of the Bank													
	Share Capital	Share premium	General reserve	Exchange equalization reserve	Regulatory reserve	Fair value reserve	Revaluation reserve	Retained earning	Other reserve	Total				
Balance at 16th July, 2021	9,681,519,082	-	2,442,476,000	19,960,262	520,293,667	134,025,932	-	1,833,150,633	418,628,275	15,050,053,851		15,050,053,851		
Restatement									52,249,107		52,249,107		52,249,107	
Restated Opening Balance	9,681,519,082	-	2,442,476,000	19,960,262	520,293,667	134,025,932	-	1,885,399,740	418,628,275	15,102,302,958		15,102,302,958		
Comprehensive income for the year														
Profit for the year								2,086,620,231		2,086,620,231			2,086,620,231	
Other comprehensive income, net of tax						(46,472,553)		-	(19,269,818)	(65,742,371)			(65,742,371)	
Gains/(losses) from investments in equity instruments measured at fair value						(46,472,553)				(46,472,553)			(46,472,553)	
Gains/(losses) on revaluation													-	
Actuarial gains/(losses) on defined benefit plans									(19,269,818)	(19,269,818)			(19,269,818)	
Gains/(losses) on cash flow hedge													-	
Exchange gains/(losses) (arising from translating financial assets of foreign operation)													-	
Total comprehensive income for the year	-	-	-	-	-	(46,472,553)	-	2,086,620,231	(19,269,818)	2,020,877,860			2,020,877,860	
Transfer to reserve during the period			418,624,000	4,161,156	370,068,566		-	(911,448,900)	118,595,179				-	
Transfer from reserve during the period			-	-	-	-	-	-	(3,079,315)	(13,493,181)	(16,572,496)		(16,572,496)	
Transactions with owners, directly recognized in equity													-	
Share issued													-	
Share based payments													-	
Dividends to equity holders													-	
Bonus shares issued	1,645,858,244							(1,645,858,244)					-	
Cash dividend paid								(86,624,118)		(86,624,118)			(86,624,118)	
Other													-	
Total contributions by and distributions	1,645,858,244	-	418,624,000	4,161,156	370,068,566	(46,472,553)	-	(560,390,347)	85,832,180	1,917,681,246			1,917,681,246	
Balance at 16th July, 2022	11,327,377,326	-	2,861,100,000	24,121,418	890,362,233	87,553,379	-	1,325,009,393	504,460,455	17,019,984,204			17,019,984,204	
Balance at 17th July, 2022	11,327,377,326	-	2,861,100,000	24,121,418	890,362,233	87,553,379	-	1,325,009,393	504,460,455	17,019,984,204			17,019,984,204	
Restatement									(97,825)				(97,825)	
Restated Opening Balance	11,327,377,326	-	2,861,100,000	24,121,418	890,362,233	87,553,379	-	1,324,911,568	504,460,455	17,019,886,379			17,019,886,379	
Comprehensive income for the year													-	
Profit for the year								2,623,934,609		2,623,934,609			2,623,934,609	
Other comprehensive income, net of tax						(16,139,771)		-	(19,425,501)	(35,565,272)			(35,565,272)	
Gains/(losses) from investments in equity instruments measured at fair value						(16,139,771)				(16,139,771)			(16,139,771)	
Gains/(losses) on revaluation													-	
Actuarial gains/(losses) on defined benefit plans									(19,425,501)	(19,425,501)			(19,425,501)	
Gains/(losses) on cash flow hedge													-	
Exchange gains/(losses) (arising from translating financial assets of foreign operation)													-	
Total comprehensive income for the year	-	-	-	-	-	(16,139,771)	-	2,623,934,609	(19,425,501)	2,588,369,338			2,588,369,338	
Transfer to reserve during the period			521,159,000	9,347,575	270,335,849		-	(833,329,515)	32,487,091	0			0	
Transfer from reserve during the period			-	-	-	-	-	433,837,622	(435,825,672)	(1,988,050)			(1,988,050)	
Transactions with owners, directly recognized in equity													-	
Share issued													-	
Share based payments													-	
Dividends to equity holders													-	
Bonus shares issued	1,132,737,733							(1,132,737,733)					-	
Cash dividend paid								(111,008,298)		(111,008,298)			(111,008,298)	
Other													-	
Total contributions by and distributions	1,132,737,733	-	521,159,000	9,347,575	270,335,849	(16,139,771)	-	980,696,687	(422,764,082)	2,475,372,990			2,475,372,990	
Balance at 16th July, 2023	12,460,115,059	-	3,382,259,000	33,468,992	1,160,698,082	71,413,608	-	2,305,608,255	81,696,374	19,495,259,369			19,495,259,369	

As Per our report of even date

Nischal Raj Pandey
Chief Executive Officer

Tuk Prasad Paudel
Chairman

Directors

Gayatri Thapa
Keshab Prasad Acharya
Ramesh Kumar Pokharel
Ashutosh Upadhyaya
Balaram Parajuli

Shashi Satyal, FCA
Partner
PKF T R Upadhyaya & Co.
Chartered Accountants

Bibhor Jha
Head-Finance & Treasury

Date: September 14, 2023
Place: Naxal, Kathmandu

Consolidated Statement of Changes in Equity

For the year ended 16th July 2023

Amount In NPR

	Bank										Non-controlling interest	Total equity		
	Attributable to equity holders of the Bank													
	Share Capital	Share premium	General reserve	Exchange equalization reserve	Regulatory reserve	Fair value reserve	Revaluation Reserve	Retained earning	Other reserve	Total				
Balance at 16th July, 2021	9,681,519,082	-	2,442,476,000	19,960,262	520,293,667	117,060,525		1,737,199,687	404,904,154	14,923,413,378	-	14,923,413,378		
Restatement								52,249,107		52,249,107		52,249,107		
Restated Opening Balance	9,681,519,082	-	2,442,476,000	19,960,262	520,293,667	117,060,525		1,789,448,794	404,904,154	14,975,662,485		14,975,662,485		
Comprehensive income for the year								2,093,115,828		2,093,115,828		2,093,115,828		
Profit for the year								(38,265,846)		(38,265,846)		(38,265,846)		
Other comprehensive income, net of tax	-	-	-	-	-	-		-	(19,269,818)	(57,535,663)		(57,535,663)		
Gains/(losses) from investments in equity instruments measured at fair value						(38,265,846)				(38,265,846)		(38,265,846)		
Gains/(losses) on revaluation														
Actuarial gains/(losses) on defined benefit plans									(19,269,818)	(19,269,818)		(19,269,818)		
Gains/(losses) on cash flow hedge														
Exchange gains/(losses) (arising from translating financial assets of foreign operation)														
Total comprehensive income for the year	-	-	-	-	-	(38,265,846)		2,093,115,828	(19,269,818)	2,035,580,165		2,035,580,165		
Transfer to reserve during the period		418,624,000	4,161,156	370,068,566				(905,627,141)	112,773,419					
Transfer from reserve during the period								-	(13,448,121)	(13,448,121)		(13,448,121)		
Transactions with owners, directly recognized in equity														
Share issued														
Share based payments														
Dividends to equity holders														
Bonus shares issued	1,645,858,244							(1,645,858,244)						
Cash dividend paid								(86,624,118)		(86,624,118)		(86,624,118)		
Other														
Total contributions by and distributions	1,645,858,244	-	418,624,000	4,161,156	370,068,566	(38,265,846)		(544,993,674)	80,055,480	1,935,507,926	-	1,935,507,926		
Balance at 16th July, 2022	11,327,377,326	-	2,861,100,000	24,121,418	890,362,233	78,794,680		1,244,455,120	484,959,635	16,911,170,411	-	16,911,170,411		
Balance at 17th July, 2022	11,327,377,326	-	2,861,100,000	24,121,418	890,362,233	78,794,680		1,244,455,120	484,959,635	16,911,170,411		16,911,170,411		
Restatement														
Restated Opening Balance	11,327,377,326	-	2,861,100,000	24,121,418	890,362,233	78,794,680		1,244,455,120	484,959,635	16,911,170,411		16,911,170,411		
Comprehensive income for the year														
Profit for the year									2,605,793,663		2,605,793,663		2,605,793,663	
Other comprehensive income, net of tax						(7,097,529)			-	(19,425,501)	(26,523,030)		(26,523,030)	
Gains/(losses) from investments in equity instruments measured at fair value						(7,097,529)				(7,097,529)		(7,097,529)		
Gains/(losses) on revaluation														
Actuarial gains/(losses) on defined benefit plans									(19,425,501)	(19,425,501)		(19,425,501)		
Gains/(losses) on cash flow hedge														
Exchange gains/(losses) (arising from translating financial assets of foreign operation)														
Total comprehensive income for the year	-	-	-	-	-	(7,097,529)		2,605,793,663	(19,425,501)	2,579,270,634	-	2,579,270,634		
Transfer to reserve during the period		521,159,000	9,347,575	270,335,849				(827,275,360)	26,432,937	0.00		0		
Transfer from reserve during the period								435,811,308	(435,811,308)					
Transactions with owners, directly recognized in equity														
Share issued														
Share based payments														
Dividends to equity holders														
Bonus shares issued	1,132,737,733							(1,132,737,733)						
Cash dividend paid								(111,008,298)		(111,008,298)		(111,008,298)		
Other														
Total contributions by and distributions	1,132,737,733	-	521,159,000	9,347,575	270,335,849	(7,097,529)		970,583,580	(428,803,872)	2,468,262,336	-	2,468,262,336		
Balance at 16th July, 2023	12,460,115,059	-	3,382,259,000	33,468,992	1,160,698,082	71,697,151		2,215,038,700	56,155,763	19,379,432,746	-	19,379,432,746		

As Per our report of even date

Nischal Raj Pandey
Chief Executive Officer

Tuk Prasad Paudel
Chairman

Directors

Gayatri Thapa
Keshab Prasad Acharya
Ramesh Kumar Pokharel
Ashutosh Upadhyaya
Balaram Parajuli

Shashi Satyal, FCA
Partner
PKF T R Upadhyaya & Co.
Chartered Accountants

Bibhor Jha
Head-Finance & Treasury

Date: September 14, 2023
Place: Naxal, Kathmandu

Sanima Bank Ltd

Notes to the Financial Statements

For the Year ended 16th July 2023

1. REPORTING ENTITY

1.1 General Information

Sanima Bank Limited (hereinafter referred to as "the Bank") is a public limited company, incorporated on 30th June, 2004 as per Companies Act 2006 of Nepal, and domiciled in Nepal. The Bank obtained license from Nepal Rastra Bank on 26th November, 2004 and operated the banking business from 6th December 2004. The Bank obtained license to operate as "A" class financial institution under the Bank and Financial Institutions Act, 2006 on 13th February 2012. The registered office of the Bank is located at Alakapuri Building, Naxal, Kathmandu, Nepal. It is listed in Nepal Stock Exchange Limited for public trading of stocks.

1.2 Principal Activities and Operations

Bank

The principal activities of the Bank comprise full-fledged commercial banking services including agency services, trade finance services, card services, e-commerce products and services, remittance, bullion trading services and other ancillary banking services to a diverse clientele through its strategic business units, branches, extension counters, ATMs and network of agents.

Subsidiary and Associates

Subsidiary	Principal Activities	Ownership as on:	
		16 th July 2023	16 th July 2022
Sanima Capital Limited	Provides merchant/investment banking services such as Management of public offerings, portfolio management, underwriting of securities, management of mutual fund schemes, depository participant's service under Central Depository Service (CDS) and administration and record keeping of securities of its clients	100%	100%
Sanima Securities Limited	Provides share brokerage services	100%	100%

As on 16th July 2023 and comparative period, the Bank has not identified any associates.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Bank for the year ended 16th July, 2023 comprising the Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements (including Significant Accounting Policies), have been prepared in accordance with Nepal Financial Reporting Standards (hereafter referred to as NFRS), developed by the Accounting Standards Board, Nepal (ASBN) and pronounced for application by the Institute of Chartered Accountants of Nepal (ICAN) and in compliance with the format issued by Nepal Rastra Bank in Directive No. 4 of NRB Directives, 2023 and all applicable laws and regulations.

2.2 Reporting Period and Approval of Financial Statements

The Bank has prepared the financial statements in accordance with NFRS depicting financial performance for FY 2022/23 and financial position as of 16 July 2023 and the comparatives of FY 2021/22. To comply with the NFRS provisions following dates have been considered for the reporting time period.

Relevant Financial Statement	English Calendar	Nepalese Calendar
	Date / Period	Date / Period
Comparative Statement of Financial Position Date	16-Jul-22	32 Ashad 2079
Comparative reporting period	16 July 2021 - 16 July 2022	1 Shrawan 2078 - 32 Ashadh 2079
Current reporting period	17 July 2022 - 16 July 2023	1 Shrawan 2079 - 31 Ashadh 2080

The accompanied Financial Statements have been approved and authorized for issue by the Board of Directors vide its resolution dated 14th September, 2023 and have recommended for its approval at the Annual General Meeting of the shareholders.

2.3 Functional and Presentation Currency

The Financial Statements of the Bank (Separate) and Group (Consolidated) are presented in Nepalese Rupees (NPR), which is the currency of the primary economic environment in which the Bank operates. There was no change in Bank's

presentation and functional currency during the period under review.

2.4 Use of Estimates, Assumptions and Judgments

The preparation of financial statements in conformity with NFRS requires the management to make judgments, estimates and assumptions that could affect the application of accounting policies and the reported financial figures. Actual results may differ due to these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis to ensure that they continue to be relevant and reasonable. Revision to accounting estimates are recognized prospectively in the financial statements.

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have most significant effect on the Financial Statements are as follows:

- ◆ Fair Value of Financial Instruments
- ◆ Classification of financial assets and financial liabilities
- ◆ Impairment losses on financial and non-financial assets
- ◆ Useful economic life of property and equipment
- ◆ Defined benefit obligations
- ◆ Provisions for liabilities, commitments and contingencies

Information about significant areas of estimation and critical judgments in applying accounting policies, and which have significant effects on the amounts recognized in the financial statements are described in respective notes.

2.5 Accounting policies and changes in Accounting Policies

There are different accounting principles adopted by management and these policies are consistently applied to all years presented except for changes in accounting policies that have been disclosed separately.

The Bank, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. Further, the Bank is required to make judgments in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. This may later be determined that a different choice could have been more appropriate. The accounting policies have been included in the relevant notes for each item of the financial statements and the effect and nature of the changes, if any, have been disclosed.

2.6 Reporting Pronouncements

The Bank has, for the preparation of financial statements, adopted the NFRS pronounced by ICAN. The NFRS conform, in all material respect, to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

However, the Institute of Chartered Accountants of Nepal (ICAN) vide its notice dated 20 November 2020 and 18 July 2022 has resolved that Carve-outs in NFRS with Alternative Treatment and the effective period shall be provided to the Banks and Financial Institutions regulated by NRB on the specific recommendation of Accounting Standard Board (ASB). Details of Carve-out provided are as follows.

2.6.1 NFRS 9: Financial instruments

a) As per Para 5.4 read together with appendix A (Defined Terms) relating to Effective Interest Rate, **Effective interest rate** is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or the amortized cost of financial liability. When calculating the effective interest rate, an entity shall estimate the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call, and similar options) but shall not consider the expected credit losses. The calculation includes all fees and points paid or received unless it is immaterial or impracticable to determine reliably between parties to the contract that are an integral part of the effective interest rate (see paragraphs 8s.4.1-8s.4.3), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Optional: The carve-out is optional. If any entity opts to use this carve-out that should be disclosed in the financial statements with its monetary impact in the financial statements as far as practicable.

b) As per Para 5.5, Impairment, for impairment and uncollectability of financial assets measured at amortized cost, the following provisions have been made.

- 1) An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists; the entity shall apply paragraph 5 (given below) to determine the amount of any impairment loss *unless the entity is a bank or financial institution registered as per Bonk and Financial Institution Act 2017. Such entities shall measure impairment loss on loans and advances as the higher or amount derived as per the norms prescribed by Nepal Rastra Bank for loan loss provision and the amount determined as per paragraph 5 (given below) and shall apply paragraph 5 (given below) to measure the impairment /loss on financial assets other than loan and advances. The entity shall disclose the impairment loss as per this carve-out and the amount of impairment loss determined as per paragraph 5 (given below).*
- 2) A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment. Losses expected as a result of future events, no matter how likely, are not recognized. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:
- i. significant financial difficulty of the issuer or obligor;
 - ii. a breach of contract, such as a breach of contract, such as a default or delinquency in interest or principal payments;
 - iii. the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
 - iv. it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
 - v. the disappearance of an active market for that financial asset because of financial difficulties; or
 - vi. observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments or an increased number of credit card borrowers who have reached their credit limit and are paying the minimum monthly amount); or
 - national or local economic conditions that correlate with defaults on the assets in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, a decrease in oil prices for loan assets to oil producers, or adverse changes in industry conditions that affect the borrowers in the group).
- 3) The disappearance of an active market because an entity's financial instruments are no longer publicly traded is not evidence of impairment. A downgrade of an entity's credit rating is not, of itself, evidence of impairment, although it may be evidence of impairment when considered with other available information. A decline in the fair value of a financial asset below its cost or amortized cost is not necessarily evidence of impairment (for example, a decline in the fair value of an investment in a debt instrument that results from an increase in the risk-free interest rate).
- 4) In some cases the observable data required to estimate the amount of an impairment loss on a financial asset may be limited or no longer fully relevant to current circumstances. For example, this may be the case when a borrower is in financial difficulties and there are few available historical data relating to similar borrowers. In such cases, an entity uses its experienced judgement to estimate the amount of any impairment loss. Similarly, an entity uses its experienced judgement to adjust observable data for a group of financial assets to reflect current circumstances (see paragraph AG6 below). The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability.
- 5) If there is objective evidence that an impairment loss on financial assets measured at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

- 6) An entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant (see paragraph 2 above). If an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.
- 7) If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in Profit or loss.

Application Guidance (AG) for carve-out

AG1 Impairment of a financial asset measured at amortized cost is measured using the financial instrument's original effective interest rate because discounting at the current market rate of interest would, in effect, impose fair value measurement on financial assets that are otherwise measured at amortized cost. If the terms of a financial asset measured at amortized cost are renegotiated or otherwise modified because of financial difficulties of the borrower or issuer, impairment is measured using the original effective interest rate before the modification of terms. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. If a financial asset measured at amortized cost has a variable interest rate, the discount rate for measuring any impairment loss under paragraph 5 is the current effective interest rate(s) determined under the contract. As a practical expedient, a creditor may measure the impairment of a financial asset measured at amortized cost on the basis of an instrument's fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

AG2 The process for estimating impairment considers all credit exposures, not only those of low credit quality. For example, if an entity uses an internal credit grading system it considers all credit grades, not only those reflecting a severe credit deterioration.

AG3 The process for estimating the amount of an impairment loss may result either in a single amount or in a range of possible amounts. In the latter case, the entity recognizes an impairment loss equal to the best estimate within the range taking into account all relevant information available before the financial statements are issued about conditions existing at the end of the reporting period.

AG4 For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtor's ability to pay all amounts due according to the contractual terms (for example, on the basis of a credit risk evaluation or grading process that considers asset type, industry, geographical location, collateral type, past-due status, and other relevant factors). The characteristics chosen are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated. However, loss probabilities and other loss probabilities and other loss statistics differ at a group level between (a) assets that have been individually evaluated for impairment and found not to be impaired and (b) assets that have not been individually evaluated for impairment, with the result that a different amount of impairment may be required. If an entity does not have a group of assets with similar risk characteristics, it does not make the additional assessment.

AG5 Impairment losses recognized on a group basis represent an interim step pending the identification of impairment losses on individual assets in the group of financial assets that are collectively assessed for impairment. As soon as information is available that specifically identifies losses on individually impaired assets in a group, those assets are removed from the group.

AG6 Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Entities that have no entity-specific loss experience or insufficient experience, use peer group experience for comparable groups of financial assets. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects

of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect and are directionally consistent with changes in related observable data from period to period (such as changes in unemployment rates, property prices, commodity prices, payment status or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

AG7 As an example of applying paragraph AG6, an entity may determine based on historical experience, that one of the main causes of default on credit card loans is the death of the borrower. The entity may observe that the death rate is unchanged from one year to the next. Nevertheless, some of the borrowers in the entity's group of credit card loans may have died in that year, indicating that an impairment loss has occurred on those loans, even if, at the year-end, the entity is not yet aware which specific borrowers have died. It would be appropriate for an impairment loss to be recognized for these 'incurred but not reported losses. However, it would not be appropriate to recognize an impairment loss for deaths that are expected to occur in a future period, because the necessary loss event (the death of the borrower) has not yet occurred.

AG8 When using historical loss rates in estimating future cash flows, it is important that information about historical loss rates is applied to groups that are defined in a manner consistent with the groups for which the historical loss rates are observed. Therefore, the method used should enable each group to be associated with information about past loss experience in groups of assets with similar credit risk characteristics and relevant observable data that reflect current conditions.

AG9 Formula-based approached or statistical methods may be used to determine impairment losses in a group of financial assets (e.g. for smaller balance loans) as long as they are consistent with the requirements in paragraphs 5-7 and AG4-AG8. Any model used would incorporate the effect of the time value of money, consider the cash flows for all of the remaining life of an asset (not only the next year), consider the age of the loans within the portfolio and not give rise to an impairment loss on initial recognition of a financial asset.

Non-Optional: The carve-out is not optional.

2.7 New Standards in issue but not yet effective

The Institute of Chartered Accountants of Nepal (ICAN) has

issued a new version of NFRS (NFRS 2018) based on the decision made by the 244th council on the 25th June 2020. It includes NFRS 17 Insurance Contracts which has not been made applicable by ICAN up to the reporting date.

2.8 New standards and interpretations not adapted

All the standards and interpretations which have been issued for implementation have been adopted along with allowed carve-outs.

2.9 Discounting

Discounting has been applied where assets and liabilities are non-current and the impact of discounting is material.

2.10 Going Concern

The management has made an assessment of the Bank's ability to continue as a going concern and is satisfied that it has the resources to continue its business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon Bank's ability to continue as a going concern. Therefore, the Financial Statements are continued to be prepared on going concern basis.

2.11 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of Financial Statements of the Bank as per the provisions of the Companies Act, 2006.

2.12 Presentation of Financial Statements

The financial statements have been presented as per NAS 01 (Presentation of Financial Statements).

2.13 Materiality, Aggregation and Offsetting

In compliance with Nepal Accounting Standard - NAS 01 (Presentation of Financial Statements), each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions are presented separately unless they are immaterial. Financial Assets and Financial Liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by an Accounting Standard.

2.14 Comparative Information

The Financial Statement of the Bank provides comparative information in respect of previous periods. The accounting policies have been consistently applied by Bank with those of the previous financial year in accordance with NAS 01 Presentation of Financial Statements. Further, comparative information is regrouped or reclassified wherever relevant to facilitate consistent presentation and better comparability. There are no changes in comparative figures as reported in the previous year.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of Measurement

The Financial Statements of the Bank have been prepared on the historical cost basis, except for the following:

- ◆ Liabilities for defined benefit obligations are recognized at the present value of the defined benefit obligation less the fair value of the plan assets.
- ◆ Investment in Equities classified under Fair Value through Profit or Loss and Fair Value through OCI.

3.2 Basis of consolidation

a. Business Combinations and Goodwill

There has been no business combination during the financial year and the Bank has not recognized any goodwill.

b. Non-controlling interest (NCI)

Non-controlling interest (NCI), also known as minority interest, is an ownership position whereby a shareholder owns less than 50% of outstanding shares and has no control over decisions. Non-controlling interests are measured at the net asset value of entities and do not account for potential voting rights.

The Bank has two 100% subsidiaries and thus does not have NCI.

c. Subsidiaries

Subsidiaries are entities that are controlled by the Bank. The

Bank is presumed to control an investee when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. At each reporting date, the Bank reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control mentioned above.

The Financial Statements of Subsidiaries are fully consolidated (except stated otherwise) from the date on which control is transferred to the Bank and continue to be consolidated until the date when such control ceases. The Financial Statements of the Bank's Subsidiaries are prepared for the same reporting period as per the Bank, using consistent accounting policies.

The cost of acquisition of a Subsidiary is measured as the fair value of the consideration, including contingent consideration, given on the date of transfer of title. The acquired identifiable assets and liabilities are measured at their fair values at the date of acquisition. Subsequent to the initial measurement, the Bank continues to recognize the investments in Subsidiaries at cost.

When a Subsidiary is acquired or sold during the year, the operating results of such Subsidiary are included from the date of acquisition or to the date of disposal.

The Bank has recognized Sanima Capital Limited and Sanima Securities Limited as its subsidiaries in which the Bank has 100% controlling interest at the report date. All subsidiaries of the Bank have been incorporated in Nepal.

d. Loss of Control

Upon the loss of control, the Bank derecognizes the assets and liabilities of the Subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in the Statement of Profit or loss.

If the Bank retains any interest in the previous Subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as equity-accounted investee or in accordance with the Bank's accounting policy for financial instruments depending on the level of influence retained. During the year, the Bank does not have any loss of control.

e. Transaction elimination on consolidation

Intra group balances and transactions, any unrealized income and expenses arising from intra group transactions are

eliminated in preparing the consolidated financial statements. Unrealized gains/losses arising from transactions with equity accounted investees are eliminated against the investments to the extent of group interest over investee.

3.3 Cash and cash equivalent

Cash and Cash Equivalents comprise cash in hand, balances with other banks, placements with banks and money at call and at short notice with original maturity of three months or less. These are subject to insignificant risk of changes in their fair value and are used by the Bank in the management of short-term commitments.

Details of the Cash and Cash Equivalents are given in Note 4.1 to the Financial Statements.

3.4 Financial Assets and financial liabilities

a. Recognition

All financial assets and liabilities are initially recognized on the trade date, i.e. the date that Bank becomes a party to the contractual provisions of the instrument. This includes 'regular way trades'. Regular way trade means purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

The classification of financial instruments at the initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. The classification of financial assets and liabilities is made as per NFRS 9 while the impairment is made as per the allowed carve-out to NFRS 9.

b. Classification

Financial Assets

All financial instruments are measured initially at their fair value plus transaction costs that are directly attributable to acquisition or issue of such financial instruments except in the case of such financial assets and liabilities at fair value through profit or loss, as per the Nepal Accounting Standard – NFRS 9 (Financial Instruments: Recognition and Measurement). Transaction costs in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with in the Statement of Profit or Loss.

At the inception, a financial asset is classified into one of the following:

- a. Financial Assets at amortized cost
- b. Financial assets at fair value through profit or loss
- c. Financial assets at fair value through OCI

The subsequent measurement of financial assets depends on their classification.

i. Financial Assets measured at amortized cost

Financial assets whose objective is to collect Contractual Cash flow and Contractual Cash flow received in specified day including interest and principal; are classified at amortized Cost. These includes Fixed Deposit investment, Loans and advances to customers and banks, staff loans receivable and trade receivable. These are measured at Amortized cost.

ii. Financial assets held at fair value through profit or loss

Financial assets whose objective/ business model is not to collect Contractual Cash flow but to gain from movement in fair value are classified at fair value through profit or loss. These include investment in equity shares. Gain/ loss on movement of fair value is charged to the statement of profit or loss.

iii. Financial assets held at fair value through OCI

Financial assets whose objective or business model is not to collect Contractual Cash flow is classified at fair value through OCI. Investment in equity which are not regularly traded are classified at fair value through OCI. The company has classified investment as disclosed in 4.8.2 as Fair value through OCI. The gain/loss on movement in fair value is charged to OCI. Its tax impact is also charged into OCI. The gain or loss on disposal of investment classified as fair value through OCI is charged to equity for earlier years while the difference between the fair value realized and the carrying amount at the year of disposal is charged to Profit or loss.

c. Measurement

i. Financial assets measured at amortized cost

Financial assets in this category are measured initially at fair value plus transaction costs and subsequently amortized using the effective interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. The amortization is included in 'Interest income' in the Statement of Profit or Loss. The losses arising from

impairment of such investments are recognized in the Statement of Profit or Loss.

The Amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

If evidence of impairment exists, an impairment loss is recognized in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period, the amount of an impairment loss recognized on a financial asset carried at amortized cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

Major Financial Assets classified at Amortized Cost are:

Loans and Receivables from Customers

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- ◆ Those that the Bank intends to sell immediately or in the near term and those that the Bank, upon initial recognition, designates as fair value through profit or loss
- ◆ Those that the Bank, upon initial recognition, designates as fair value through OCI
- ◆ Those for which the Bank may not recover substantially all of its initial investment through contractual cash flows, other than because of credit deterioration.

After initial measurement, loans and receivables shall be subsequently measured at amortized cost using the effective interest rate, less allowance for impairment. The amortization shall be included in 'Interest Income' in the Statement of Profit or Loss. The losses arising from impairment are recognized in 'Impairment charge / reversal for loans and other losses' in the Statement of Profit or Loss.

However, the Bank has a policy to treat loan administration fees up to 0.75% of loan amount as immaterial. Considering those fees as immaterial and impracticable to determine reliably, same has not been considered in computation of

effective interest rate as per Carve-out (optional) pronounced on 18th July 2022.

Staff Loans measured at amortized cost

The Bank has a policy to provide home loan, hire purchase loan and home loan tied up with insurance to employees at subsidized interest rates. The Bank has measured the staff loans at amortized cost. The Bank is considering the average cost of fund (8.55%) as fair market interest rate for deriving amortized cost of staff loans though the loans are provided to staff at interest rate of 3% (Hire Purchase) and 3.5-4% (Home loan). The difference between book value and amortized value of loans has been shown as prepaid employee benefits.

ii. Financial assets held at fair value through profit or loss

At initial recognition, the company measures a financial asset at its fair value.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

The fair value of financial assets traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the company is the closing price.

The fair value of financial assets that are not traded in an active market is determined using valuation techniques as disclosed in 5.14.

iii. Financial Assets measured at fair value through OCI

After initial measurement, financial assets are subsequently measured at fair value. Unrealized gains and losses are recognized directly in equity through 'Other comprehensive income / expense' in the 'Fair value reserve'. When the investment is disposed of, the cumulative gain or loss is recognized and recycled through OCI. Where Bank holds more than one investment in the same security, they are deemed to be disposed off on a first-in-first-out basis. Dividend earned whilst holding 'Financial investments at fair value through OCI' are recognized in the Statement of Profit or Loss as 'other operating income' when the right to receive the payment has been established.

The gain/loss on movement in fair value is charged to OCI. Its tax impact is also charged into OCI. The gain or loss on disposal of investment in entirety classified as fair value through OCI is charged to equity for earlier years while the difference between the fair value realized and the carrying amount at the year of disposal is charged to Profit or loss.

Financial Liabilities

At the inception, Bank determines the classification of its financial liabilities. Accordingly, financial liabilities are classified as:

- a. Financial liabilities at fair value through profit or loss
- b. Financial liabilities at amortized cost

Financial Liabilities at Fair Value through Profit or Loss

Financial Liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value and changes therein are recognized in profit or loss.

Financial Liabilities at Amortized Cost

Financial instruments issued by Bank that are not classified as fair value through profit or loss are classified as financial liabilities at amortized cost.

After initial recognition, such financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortization is included in 'Interest Expenses' in the Statement of Profit or Loss. Gains and losses are recognized in the Statement of Profit or Loss when the liabilities are derecognized.

Reclassification

There is no reclassification of financial assets during the reporting period.

d. Derecognition

Derecognition of Financial Assets

Bank derecognizes a financial asset (or where applicable a part of financial asset or part of a group of similar financial assets) when:

- ◆ The rights to receive cash flows from the asset have expired; or
- ◆ Bank has transferred its rights to receive cash flows from the asset or
- ◆ Bank has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either Bank has transferred substantially all the risks and rewards of the asset or it has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in equity.

Derecognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability.

The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when and only when Bank has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under NFRS or for gains and losses arising from a group of similar transactions such as in trading activity.

e. Determination of fair value

'Fair value' is the price that would be received on sale of an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability

takes place either:

- ◆ In the principal market for the asset or liability or
- ◆ In the absence of principal market, in the most advantageous market for asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1 - Valuation technique using quoted market price:** financial instruments with quoted prices for identical instruments in active markets.

When available, the Bank measures the fair value of an instrument using quoted prices in an active market for that instrument or dealer price quotations (assets and long positions are measured at a bid price, liabilities and short positions are measured at an ask price), without any deduction for transaction costs.

A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

- **Level 2 - Valuation technique using observable inputs:** financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

If a market for a financial instrument is not active, then the Bank establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Bank calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

- **Level 3 – Valuation technique with significant unobservable inputs:** financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Bank's best estimate of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded (day 1 profit or loss) is deferred and recognized only when the inputs become observable or on de-recognition of the instrument.

f. Impairment

At each reporting date, Bank assesses whether there is any objective evidence that a financial asset or group of financial assets not carried at fair value is impaired. A financial asset or group of financial assets is deemed to be impaired if and only if there is objective evidence of impairment as a result of one or more events, that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganization; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

i. Impairment of Financial Assets carried at Amortized Cost

For financial assets carried at amortized cost, such as amounts due from banks, held to maturity investments etc., the Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant or collectively for financial assets that are not individually significant. In the event the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, financial assets in a group with

similar credit risk characteristics are collectively assessed for impairment. However, assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

Impairment of Financial Assets – Loans and Advances

The Bank reviews the individually significant loans and advances at each statement of financial position date to assess whether an impairment loss should be recorded in the Statement of Profit or Loss. The Bank has conducted objective evidence test for individual impairment through different parameters like inability to meet loan agreements, substantial drop in profits/ turnover, significantly adverse cash flows, significantly adverse net worth, problematic financial position of borrower, etc. In particular, Judgment of the management is required in the estimation of the amount and timing of future cash flows while determining the impairment loss.

These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

Loans and advances of top 50 customers have been assessed individually and found to be not impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The bank has segregated risk assets into five groups with similar risk characteristics i.e. home loan, auto loan, personal loan, short term loan and long term loan for collective impairment assessment. The collective assessment takes into account data from the loan portfolio such as levels of arrears, credit

quality, portfolio size etc. and judgments based on current economic conditions as per NFRS 9 with allowed carve-out. Also, the collective assessment takes into account the past sixty months' data for PD computation and five years' data for loss given default (LGD) computation. Collective impairment assessment on loans and advances is derived from product of PD and LGD.

The impairment loss on loans and advances as per NFRS 9 with allowed carve-out is NPR 1,167.87 Million (NPR 652.64 Million in previous year) and as per the norms prescribed by Nepal Rastra Bank for loan loss provision is NPR 3,340.13 Million (NPR 2,307.21 Million in previous year) in total. Out of total impairment, the impairment loss on loans and advances to BFIs as per NFRS 9 with allowed carve-out is NPR 34.02 Million (NPR 23.54 Million in previous year) and as per the norms prescribed by Nepal Rastra Bank for loan loss provision is NPR 57.75 Million (NPR 67.22 Million in previous year).

Loans and advances have been impaired as the higher of the amount derived as per the norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per NFRS 9 with allowed carve-out.

Comparative impairment analysis as per NFRS 9 with allowed carve-out and as per Nepal Rastra Bank Directive is given below:

			NPR In '000
Particulars	As per NFRS 9 with allowed carve-out This year	As per NFRS 9 with allowed carve-out Last year	
Individual Impairment	Nil	Nil	
Portfolio Impairment	1,167,868	652,640	

Category	As per NRB Directive This year			As per NRB Directive Last year		
	Loan %	Loan	Provision	Loan%	Loan	Provision
Good	91.63	137,486,935	1,799,079	93.79	132,080,542	1,690,525
Good(others)	2.62	3,933,646	151,198	2.50	3,524,216	147,948
Watch list	4.44	6,659,584	366,764	3.38	4,753,149	249,031
Performing	98.69	148,080,165	2,317,041	99.67	140,357,907	2,087,504
Substandard	0.55	818,218	207,685	0.15	204,313	51,078
Doubtful	0.45	669,470	334,735	0.14	197,195	98,598
Bad	0.32	480,666	480,666	0.05	70,029	70,029
Non-Performing	1.31	1,968,355	1,023,086	0.33	471,537	219,705
Total	100	150,048,519	3,340,127	100.00	140,829,445	2,307,209

Particulars	Accrued Interest Receivable This year	Accrued Interest Receivable Last year
Total AIR Excluding Staff loans and advances	1,530,674	1,112,391
AIR on Bad Loans	(122,714)	(13,423)
AIR recovered till 31 st July, 2023 (last year till 31 st July, 2022)	(126,571)	(32,163)
AIR on Regulatory Reserve	1,281,389	1,066,805

The impairment loss on loans and advances is disclosed in Note 4.6 and 4.7 of the financial statements. Settlement of loans after 16th July, 2023 from the sale of assets/internal financial source of the borrower has been factored in loan loss provision.

ii. Impairment of Investments measured through OCI

Bank reviews its investments classified as fair value through OCI, at each reporting date to assess whether they are impaired. Objective evidence that such debt security is impaired includes among other things significant financial difficulty of the issuer, a breach of contract such as a default or delinquency in interest or principal payments etc.

Reversal of Impairment

If the amount of an impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognized, the excess is written back by reducing the financial asset impairment allowance account accordingly. The write-back is recognized in the Statement of Profit or Loss.

Write-off of Financial Assets measured at Amortized Cost

Financial assets (and the related impairment allowance accounts) are normally written off either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, this is generally after receipt of any proceeds from the realization of security.

Collateral Valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various

forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the guidelines issued by the central bank (Nepal Rastra Bank). Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuator and audited financial statements.

Collateral Repossessed or Where Properties have Devolved to the Bank

The Bank's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. The immovable property acquired by foreclosure of collateral from defaulting customers, or which has devolved on the Bank as part settlement of debt, has not been accounted for as an investment property or as part of the assets of the Bank in accordance with directions issued by the Nepal Rastra Bank.

Collateral repossession, considered Non-Banking Assets, are the assets obtained as security for loans & advances subsequently taken over by the Bank in the course of loan recovery. Such assets are valued at fair market value or total amount due from the borrower, whichever is lower and the balance loan remaining is charged to the statement of profit or loss in the same year and classified into Investment Property.

Impairment of Non-Financial Assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. Recoverable amount is the higher of an asset's or Cash Generating Units (CGU)'s fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

3.5 Trading Assets

Financial assets such as government securities, equity etc. that are acquired principally for the purpose of selling in the near term, or held as part of a portfolio that is managed together for

short-term profit have been classified as trading assets. These assets are financial instruments classified as Fair Value Through Profit or loss. Trading assets are measured at fair value with any changes in fair value being recognized in Profit or Loss.

3.6 Derivative assets and derivative liabilities

Derivative financial instruments such as forward foreign exchange contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation technique is forward pricing model which incorporates various inputs including foreign exchange spot and forward premiums.

Forward contracts are the contracts to purchase or sell a specific quantity of a financial instrument, a commodity, or a foreign currency at a specified price determined at the outset, with delivery or settlement at a specified future date. Settlement is at maturity by actual delivery of the item specified in the contract (Forward Exchange Contract), or by a net cash settlement (Non-Delivery Forward).

All freestanding contracts that are considered derivatives for accounting purposes are carried at fair value on the statement of financial position regardless of whether they are held for trading or non-trading purposes. Changes in fair value on derivatives is marked to market applying Mid exchange rate as on reporting date. Gain or loss on derivatives financial instruments are accounted under Net trading income under SOPL.

3.7 Property and Equipment

Recognition

Property, plant and equipment are tangible items that are held for use in the production or supply of services, for rental to others, or for administrative purposes and are expected to be used during more than one period. The Bank applies the requirements of the Nepal Financial Reporting Standard - NAS 16 (Property, Plant and Equipment) in accounting for these assets. Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably.

Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of an item of property, plant & equipment. The

cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of computer equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Cost Model

Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met.

Revaluation Model

The Bank has not applied the revaluation model to any class of freehold land and buildings or other assets.

Subsequent Cost

The subsequent cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within that part will flow to the Bank and it can be reliably measured. The cost of day to day servicing of property, plant and equipment are charged to the Statement of Profit or Loss as incurred.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of an item of property, plant and equipment is included in the Statement of Profit or Loss when the item is derecognized. When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognized. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost of inspections is derecognized.

Depreciation

The depreciable amount of an item of property, plant and equipment is allocated on systematic basis over its useful life

and is depreciated as follows:

Class of Asset	Depreciation Basis
Building	50 years SLM
Furniture	10 years SLM
Office Equipment	7 years SLM
Vehicles	7 years SLM
Computers	5 years SLM
Plant and Machinery	10 years SLM
Leasehold Assets	15 Years or Lease period whichever is less

Depreciation on assets acquired during the year is computed on a proportionate basis from the next month of date of purchase or date of put to use, whichever is earlier.

Changes in Estimates

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. The Bank has not revised its estimates during the year.

Capital Work in Progress

These are expenses of capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalization. Capital work-in-progress would be transferred to the relevant asset when it is ready for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Capital work-in-progress is stated at cost less any accumulated impairment losses.

3.8 Intangible Assets

Recognition

An intangible asset is an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost. Expenditure incurred on an intangible item that was initially recognized as an expense by the Bank in prior period Financial Statements are not recognized as part of the cost of an intangible asset at a later date.

Computer Software

Cost of purchased licenses and all computer software costs incurred, licensed for use by the Bank, which is not integrally related to the associated hardware, which can be clearly identified, reliably measured, and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category 'Intangible Assets' and carried at cost less accumulated amortization and any accumulated impairment losses.

Goodwill

The Bank did not have any business combination during the year and goodwill, if any, for business combination has not been recognized.

Subsequent Expenditure

Expenditure incurred on software is capitalized only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

Amortization of Intangible Assets

Intangible Assets, except for goodwill, are amortized on a straight-line basis in the Statement of Profit or Loss from the date when the asset is available for use, over the best of its useful economic life based on a pattern in which the asset's economic benefits are consumed by the bank. Amortization methods, useful lives, residual values are reviewed at each financial year end and adjusted if appropriate. The Bank assumes that there is no residual value for its intangible assets.

Acquired computer software licenses are capitalized on the basis of cost incurred to acquire and bring to use the specific software and are amortized over their useful life estimated as 5 years from the next month of date of acquisition or over the period of the license, whichever is less.

Derecognition of Intangible Assets

The carrying amount of an item of intangible asset is derecognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising on derecognition of an item of intangible assets is included in the Statement of Profit or Loss when the item is derecognized.

3.9 Investment Property

Properties held to earn rental and or capital appropriation are recognized as investment property. Non-Banking assets acquired by the Bank in the course of recovery of loans and advances to borrowers that have turned into chronic defaulters are also classified as investment property. The Bank has measured investment property at fair value.

3.10 Income Tax

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

Current Tax

Current tax comprises the amount of income taxes payable (or recoverable) in respect of the taxable profit (or tax loss) for the reporting period, using the tax rates and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years.

Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences except:

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

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credits and unused tax losses (if any), to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, carried forward unused tax credits and unused tax

losses can be utilized except:

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

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

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

Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority.

3.11 Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities have been measured at amortized cost. Debt securities issue expenses have been considered in the computation of fair value of debt securities.

3.12 Provisions, Commitments and Contingencies

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking in to account the risks and uncertainties surrounding the obligation at that date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value

of those cash flows. A provision for onerous contracts is recognized when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured as the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Before a provision is established, the Bank recognizes any impairment loss on the assets associated with that contract. The expense relating to any provision is presented in the Statement of Profit or Loss net off any reimbursement.

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the Statement of Financial Position but are disclosed unless they are remote.

3.13 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Interest Income

For all financial instruments measured at amortized cost, interest income or expense is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest income' for financial assets and 'Interest and similar expense' for financial liabilities. However, for a reclassified financial asset for which the bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of

those cash receipts, the effect of that increase is recognized as an adjustment to the EIR from the date of the change in estimate.

The Bank has a policy to treat loan administration fees up to 0.75% of loan amount as immaterial. Considering loan administration and other fees as immaterial and impracticable to determine reliably, the same has not been included in the computation of effective interest rate as per Carve-out (optional) pronounced on 18th July 2022.

Accrued interest income of 16th July 2023 which has been realized till 31st July 2023 has been factored in computation in Regulatory Reserve in line with the regulator's guidelines.

Accrued interest income of non-performing loans has been recognized as per Guideline on Recognition of Interest Income 2019 which is in accordance with NFRS 9 on Impairment that suggests to recognize interest income of Stage 3 loans and advances on net recoverable basis. Consistently with the basis the bank has not recognized interest income of those loans which are classified under the "loss" category (i.e. whose repayment is due for more than a year). Unrecognized Interest Income on Loss Loans amounts to NPR 122.71 million as on 16th July 2023 (NPR 13.42 million as on 16th July 2022).

Fee and Commission Income

Fees earned for the provision of services over a period of time are accrued over the period, which include service fees and commission income. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognized as an adjustment to the EIR on the loan.

Dividend Income

Dividend income is recognized when the right to receive payment is established.

Net Trading Income

Net Trading Income includes all gains and losses from changes in fair value and related capital gain/loss and dividend from financial assets Held for Trading. The Bank also presents foreign exchange trading gains or losses arising on foreign exchange buy and sell transactions under trading income.

Other Operating Income

The Bank presents income other than those presented under interest income, fees and commission income and trading

income under this heading. Income recognized here includes items such as foreign exchange revaluation gain or loss; dividend on equity investments that are measured at FVTOCI; dividend from subsidiary and associates; gain or loss on disposal of property and equipment; gain and loss on disposal of investment property; and gain or loss on disposal of investment securities except for equity investments measured at FVTOCI.

3.14 Interest expense

For all financial liabilities measured at amortized cost, interest expense is recognized using the EIR. EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liabilities or a shorter period, where appropriate, to the net carrying amount of the financial liability.

3.15 Employee Benefits

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Bank makes fixed contribution into a separate Bank account (a fund) and will have no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods as defined in Nepal Accounting Standards – NAS 19 (Employee Benefits).

The contribution payable by the employer to a defined contribution plan in proportion to the services rendered to the Bank by the employees and is recorded as an expense under 'Personnel Expense' as and when they become due. Unpaid contribution is recorded as a liability under 'Other Liabilities' in Notes 4.23.

The Bank contributes 10% of the salary of each employee to the Employees' Provident Fund. The above expenses are identified as contributions to 'Defined Contribution Plans' as defined in Nepal Accounting Standards – NAS 19 (Employee Benefits).

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Accordingly, staff gratuity and leave encashment has been considered as defined benefit plans as per Nepal Accounting Standards – NAS 19 (Employee Benefits).

(a) Gratuity

An actuarial valuation is carried out every year to ascertain the full liability under gratuity.

The Bank's obligation in respect of defined benefit obligation is calculated by estimating the amount of future benefit that employees have earned for their service in the current and prior periods and discounting that benefit to determine its present value, then deducting the fair value of any plan assets to determine the net amount to be shown in the Statement of Financial Position. The value of a defined benefit asset is restricted to the present value of any economic benefits available in the form of refunds from the plan or reduction on future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirement that applies to any plan in the Bank. An economic benefit is available to Bank if it is realizable during the life of the plan, or on settlement of the plan liabilities.

The Bank determines the interest expense on the defined benefit liability by applying the discount rate used to measure the defined benefit liability at the beginning of the annual period. The discount rate is the average yield on corporate bonds issued during the period having maturity of five years or more.

The increase in gratuity liabilities attributable to the services provided by employees during the year ended 16th July, 2023 (current service cost) has been recognized in the Statement of Profit or Loss under 'Personnel Expenses' together with the net interest expense. The Bank recognizes the total actuarial gain/(loss) that arises in computing the Bank's obligation in respect of gratuity in other comprehensive income during the period in which it occurs.

The demographic assumptions underlying the valuation are retirement age (58 years), early withdrawal from service and retirement on medical grounds.

(b) Unutilized Accumulated Leave

The Bank's liability towards the accumulated leave which is expected to be utilized beyond one year from the end of the reporting period is treated as other long term employee benefits. The Bank's net obligation towards unutilized accumulated leave is calculated by discounting the amount of future benefit that employees have earned in return for their service in the current and prior periods to determine the present value of such benefits. The discount rate is the average yield on corporate bonds issued during the period having maturity of five years or more. The calculation is performed using the Projected Unit Credit method. Net change in liability for unutilized accumulated leave including any actuarial gain and loss are recognized in the Statement of Profit or Loss under 'Personnel Expenses' in the period in which they arise.

Employee Bonus

Employee bonus is calculated at the rate of 10% of Net Profit as per Bonus Act, 1974 and shown under Personnel Expenses.

3.16 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The bank recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) which are recognized as expenses in PL. Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date, the amount expected to be payable by the lessee under residual value guarantees, the exercise price of purchase options if the lessee is reasonably certain to exercise the options, payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The Bank has measured the right of use of asset applying a cost model, depreciation expenses of NPR 155.66 million is recognized as 'depreciation & amortization' which was NPR 141.25 million in the previous year and finance charges of NPR 90.65 million is recognized as 'Interest expenses' which was NPR 72.45 million in the previous year. Lease liability is amortized over the period of the lease based on the lessee's incremental borrowing rate so as to give a constant rate of interest on the remaining balance of the liability. The leased assets of NPR 1.06 billion are recognized and included in 'Other Assets' and the corresponding liability of NPR 1.16 billion to the lessor is included in 'Other Liabilities'.

3.17 Foreign currency translation

All foreign currency transactions are translated into the functional currency, which is Nepalese Rupees, using the exchange rates prevailing at the dates when the transactions were affected.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Nepalese Rupees using the spot foreign exchange rate ruling at that date and all differences arising on non-trading activities are taken to 'Other Operating Income' in the Statement of Profit or Loss. The foreign currency gains or losses on monetary items is the difference between amortized cost in the functional

currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the rates of exchange prevailing at the end of the reporting period.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items in foreign currency measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange differences arising on the settlement or reporting of monetary items at rates different from those which were initially recorded are dealt with in the Statement of Profit or Loss.

3.18 Financial guarantee and loan commitments

Contingent Liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured as defined in the Nepal Accounting Standard- NAS 37 (Provisions, Contingent Liabilities and Contingent Assets).

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other undrawn commitments to lend. Letters of credit, guarantees and acceptances commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. They carry a similar credit risk to loans. Operating lease commitments of the Bank (as a lessor and as a lessee) and pending legal claims against the Bank too form part of the commitments of the Bank. Contingent liabilities are not recognized in the Statement of Financial Position but are disclosed unless they are remote. But these contingent liabilities do contain credit risk and therefore form part of the overall risk of the Bank.

Financial guarantees are initially recognized in the Statement of Financial Position (within 'other liabilities') at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the Statement of Profit or Loss, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to the financial guarantees is recorded in the Statement of Profit or Loss under 'Impairment

Charges for Loans & other losses'. The premium received is recognized in the Statement of Profit or Loss under 'Net fees and commission income' on a straight-line basis over the life of the guarantee.

3.19 Share capital and reserves

Ordinary shares have been treated as equity instruments as per NAS 32 representing the net assets of the entity. The Bank has a policy to treat share issue expenses up to 1% of the issue amount as immaterial. Thus, same has not been deducted from capital and has been charged to the profit or loss of the relevant period.

✓ General Reserve

The Bank is required to appropriate a minimum 20% of the current year's net profit into this reserve heading each year until it becomes double of paid up capital and thereafter a minimum 10% of profit each year as per the Bank and Financial Institution Act, 2017. This reserve is not available for distribution to shareholders in any form and requires specific approval of the central bank for any transfers from this heading.

✓ Exchange Equalization Reserve

25% of the revaluation gain is set aside every year to the exchange equalization reserve as per the Bank and Financial Institution Act, 2017.

✓ Corporate Social Responsibility Reserve

The fund created for the purpose of corporate social responsibility by allocating 1% of Net profit as per NRB

Directive is presented under this head. Amount spent on CSR activity is charged to this reserve.

✓ Debenture Redemption Reserve

The debenture redemption reserve represents the amount allocated every year as per NRB Directive to redeem debentures until the debentures are fully settled. However, as per NRB Directive if the Bank issues bonus shares equivalent to the amount to be transferred to debenture redemption reserve in respect of debenture having a remaining maturity of more than 5 fiscal years, it is not required to create a debenture redemption reserve. The Bank has issued "10% Sanima Debenture 2085" of NPR 1,354,712,000, "8.50% Sanima Debenture 2087" of NPR 3,052,404,000 counted as capital fund and "10.25% Sanima Debenture 2089" of NPR 5,000,000,000 for resource purpose. The bank has not created debenture redemption reserve for the mentioned debentures following the provisions of NRB Directive and terms of approval granted by NRB.

✓ Regulatory Reserve

The amount is allocated from retained earnings of the Bank to this reserve as per the Directive of NRB for the purpose of implementation of NFRS and shall not be regarded as free for distribution of dividend (cash as well as bonus shares). The amount allocated to this reserve shall include interest income recognized but not received in cash, difference of loan loss provision as per NRB directive and impairment on loan and advance as per NFRS (in case lower impairment is recognized under NFRS), deferred tax income charged to Statement of Profit or Loss, Fair value gain on equity measured through profit or loss etc. The net effect of bonus and tax is considered as per Nepal Rastra Bank's Directive.

FY	Interest receivable	Short LLP	Short prov. NBA	Deferred Tax Assets	Actuarial Loss Recognized	Fair Value Loss Recognized in OCI	Other (MTM Gain)	Total
2017/18	217,301,008	-	-	50,151,213	62,478,491	5,714,127	-	335,644,839
2018/19	87,474,238	-	-	(35,376,642)	(62,478,491)	1,884,282	-	(8,496,613)
2019/20	174,397,904	-	-	10,790,539	35,505,061	(6,241,685)	3,656,856	218,108,675
2020/21	11,451,022	-	-	(25,565,110)	(20,494,030)	(1,356,724)	11,001,607	(24,963,234)
2021/22	181,463,071	-	45,947,345	138,046,795	19,269,818	-	(14,658,463)	370,068,566
2022/23	135,188,236	-	73,862,513	41,859,600	19,425,501	-	-	270,335,849
Total	807,275,479	-	119,809,858	179,906,394	53,706,350	-	-	1,160,698,082

✓ **Investment Adjustment Reserve**

It is a reserve created where investment is made in unlisted equity shares and the same are not listed even within 3 years of the investment date. The Bank has created the reserve for its investment in equity shares of Mathillo Mailun Khola Jalbidhyut Ltd. and MDX Nepal. Investment adjustment reserve of Rs. 50 million created for investment in equity shares of Sanima Middle Tamor Hydro Power Ltd. has been transferred to retained earnings following the listing of its shares.

Particulars	Amount In '000
Matthiloo Mailun Khola Jalbidhyut Ltd.	37,500
MDX Nepal	375
Total	37,875

✓ **Fair Value Reserve**

Any increase or decrease in the fair value of investments measured at FVTOCI is charged under this head. Any realized fair value changes upon disposal of the re-valued asset are reclassified from this reserve heading to retained earnings. Details are disclosed in Note 4.8.3 of the financial statements.

✓ **Actuarial Gain/(Loss) Reserve**

Actuarial Gain or Loss arising on defined benefit plan and charged to other comprehensive income is allocated under this head as per Nepal Rastra Bank's Directive.

✓ **Employees training and capacity development fund**

The Bank is required to incur expenses towards employee training and development for an amount that is equivalent to at least 3% of the preceding year's total salary and allowances. Any shortfall amount in meeting this mandatory expense requirement in the current year will have to be transferred to this reserve fund through appropriation of net profit and the amount shall accumulate in the fund available for related expenses in the subsequent year. Balance in this fund is directly reclassified to retained earnings in the subsequent year to the extent of expenses made for employees training related activities.

✓ **Other reserve**

The Bank is required to appropriate an amount equivalent to 100% of the capitalized portion of interest income on borrowing accounts where the credit facility was rescheduled or restructured resultant of the earthquake in April 2015 specified as per NRB circular 12/072/73. Fund in this account

can be reclassified to retained earnings upon full and final repayment of the credit facility:

Particulars	Amount In Rs '000
Capital Adjustment Reserve	
Annapurna Sugar and General Industries Pvt. Ltd.	2,143
Mount Kailash Energy Company Pvt. Ltd.	8,265
Total	10,408

3.20 Earnings per share including diluted

The Bank presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary equity holders of Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting both the profit and loss attributable to the ordinary equity holders and the weighted average number of ordinary shares outstanding, for the effects of dilutive potential ordinary shares, if any.

3.21 Segment Reporting

The Bank has identified its geographical segments on the basis of business activities in 7 different provinces of the country. Further, bank classifies banking, treasury, card and remittance as the major segments on a sectorial basis for decision making. Detail of segment related information is disclosed in note 5.4.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently from operating profits or losses in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

3.22 Dividend on Ordinary Shares

Dividend on ordinary shares are recognized as liability and deducted from equity when they are approved by the Annual General Meeting of shareholders. Dividend proposed for the year after reporting date and before the authorization of financial statements has been disclosed in notes as non-adjusting event.

3.23 Statement of Cash Flows

The statement of cash flows has been prepared using 'The Direct Method', where gross cash receipts and gross cash payments of operating activities, finance activities and investing activities have been recognized.

3.24 NRB's provision related to Covid-19 impact

The Bank has complied all directives/ guidelines issued by NRB and has provided below mentioned facilities in line with said guidelines:

Particulars	As of 16 th July 2023	
	No. of Customers	Amount (Rs.)
Accrued Interest Received after 16 th July 2023 till 31 st July 2023	1043	126,570,918
Additional 0.30% Loan Loss Provision created on Pass Loan Portfolio	NA	421,334,191
Extension of moratorium period of loan provided to Industry or Project under construction	-	-
Restructured/Rescheduled Loan with 5% Loan Loss Provision	48	2,704,615,280
Restructured/Rescheduled Loan with 1.30% Loan Loss Provision	61	1,229,030,229
Enhancement of Working Capital Loan by 20% to COVID affected borrowers*	1	2,687,000
Enhancement of Term Loan by 10% to COVID affected borrowers	-	-
Expiry Date of Additional 20% Working Capital Loan (COVID Loan) extended for upto 1 year with 5% provisioning	1	2,687,000
Expiry Date of Additional 10% Term Loan (COVID Loan) extended for upto 1 year with 5% provisioning	-	-
Time Extension provided for repayment of Principal and Interest for upto two years as per clause 41 of NRB Directives 2	-	-

*on enhanced loan limit/outstanding as on 16th July 2023

4.1 Cash and cash equivalent

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Cash in hand	2,134,268,112	2,249,170,309	2,134,268,112	2,249,170,309
Balances with B/FIs	2,316,343,834	1,196,503,725	2,312,555,035	1,185,386,654
Money at call and short notice	525,988,411	-	525,988,411	-
Other	372,780,375	1,885,159,282	317,780,375	1,790,159,282
Total	5,349,380,732	5,330,833,316	5,290,591,934	5,224,716,246

Cash and cash equivalent- Other				
T-Bills	-	999,441,153	-	999,441,153
Placement with maturity upto 3 months				
Commerz Bank Frankfurt	-	128,015,643	-	128,015,643
Nepal Investment Bank Limited	-	125,147,206	-	125,147,206
ST.CH.Bank Singapore	317,780,375	537,555,280	317,780,375	537,555,280
Garima Bikas Bank Ltd.	10,000,000	10,000,000	-	-
Jyoti Bikas Bank Ltd.	-	10,000,000	-	-
Shangrila Development Bank Ltd.	20,000,000	20,000,000	-	-
Muktinath Bikas Bank Ltd.	10,000,000	25,000,000	-	-
Lumbini Bikas Bank Ltd.	-	10,000,000	-	-
Goodwill Finance Ltd.	10,000,000	10,000,000	-	-
Kamana Sewa Bikas Bank Ltd.	-	10,000,000	-	-
Mahalaxmi Bikas Bank Ltd.	5,000,000	-	-	-
Total	372,780,375	1,885,159,282	317,780,375	1,790,159,282

4.2 Due from Nepal Rastra Bank

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Statutory balances with NRB	5,771,864,295	11,317,592,491	5,771,864,295	11,317,592,491
Securities purchased under resale agreement	-	-	-	-
Other deposit and receivable from NRB	4,596,232,061	2,198,547,126	4,596,232,061	2,198,547,126
Total	10,368,096,356	13,516,139,617	10,368,096,356	13,516,139,617

4.3 Placements with Bank and Financial Institutions

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Placement with domestic B/FIs	81,464,750	30,000,000	21,464,750	-
Placement with foreign B/FIs	1,035,106,783	371,162,744	1,035,106,783	371,162,744
Less: Allowances for impairment	-	-	-	-
Total	1,116,571,534	401,162,744	1,056,571,534	371,162,744

4.4 Derivative financial instruments

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Held for trading				
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Others	-	-	-	-
Held for risk management				
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

4.5 Other trading assets

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Treasury bills	-	-	-	-
Government bonds	218,381,063	332,343,710	218,381,063	332,343,710
NRB Bonds	-	-	-	-
Domestic Corporate bonds	10,449,588	3,080,229	-	-
Equities	297,655,477	278,994,039	196,457,455	168,405,723
Other	-	-	-	-
Total	526,486,128	614,417,978	414,838,518	500,749,432
Pledged	-	-	-	-
Non-pledged	526,486,128	614,417,978	414,838,518	500,749,432

Government bonds includes interest receivable amount on Citizen Saving Bonds and Foreign Employment Savings Bonds amounting NPR 4,991,063 at current year and NPR 4,813,710 at previous year end. Domestic corporate bonds are the investment made by Sanima Capital in debentures issued by BFIs.

Information relating to investment in equities

	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Investment in quoted equity								
Nabil Balanced Fund-2 617162 units of Rs. 10 each (Bank)	6,575,498	5,431,026	6,575,498	6,653,006	6,575,498	5,431,026	6,575,498	6,653,006
Nabil Balance Fund 3 16670 units of Rs. 10 each (Bank)	166,700	126,192	166,700	157,198	166,700	126,192	166,700	157,198
RBB Mutual Fund 1 4032372 units of Rs. 10 each (Bank)	40,232,346	32,581,566	39,920,870	37,006,646	40,232,346	32,581,566	39,920,870	37,006,646
Gurans Life Insurance (Bank)	-	-	3,254,732	2,309,570	-	-	3,254,732	2,309,570
Arun Kabeli Hydro Power 2510 Shares of Rs. 100 each (Bank)	707,243	588,595	707,243	1,152,090	707,243	588,595	707,243	1,152,090
Siddhartha Premier Insurance 5939 Shares of Rs. 100 each (Bank)	5,019,560	4,623,512	5,734,434	2,994,048	5,019,560	4,623,512	5,734,434	2,994,048
Shivam Cements 3890 Shares of Rs. 100 each (Bank)	5,650,420	2,534,335	5,650,420	2,956,400	5,650,420	2,534,335	5,650,420	2,956,400
Himalayan Distillery 11 Shares of Rs. 100 each (Bank)	27,255	24,728	8,671,915	11,935,000	27,255	24,728	8,671,915	11,935,000
Neco Insurance Company Limited 7589 Shares of Rs. 100 each (Bank)	7,694,500	6,762,558	7,694,500	4,579,706	7,694,500	6,762,558	7,694,500	4,579,706
Nirdhan Uthan Microfinance (Bank)	-	-	-	2,641,996	-	-	-	2,641,996
Prabhu Insurance 10010 Shares of Rs. 100 each (Bank)	8,174,818	7,477,470	7,364,481	4,015,496	8,174,818	7,477,470	7,364,481	4,015,496
Prime Life Insurance (Bank)	-	-	1,395,644	1,144,828	-	-	1,395,644	1,144,828
NIC Aia Growth Fund 65000 units of Rs. 10 each (Bank)	686,329	668,850	308,500	278,750	686,329	668,850	308,500	278,750
Siddhartha Equity Fund 268500 units of Rs. 10 each (Bank)	2,719,965	2,531,955	2,719,965	2,652,780	2,719,965	2,531,955	2,719,965	2,652,780
Global IME Sammunat Scheme 1 735565 units of Rs. 10 each (Bank)	9,665,324	7,083,491	9,665,324	7,355,650	9,665,324	7,083,491	9,665,324	7,355,650
Citizen Mutual Fund-1 460360 units of Rs. 10 each (Bank)	4,553,316	4,318,177	4,481,068	3,963,168	4,553,316	4,318,177	4,481,068	3,963,168
Nabil Equity Fund 1107152 units of Rs. 10 each (Bank)	11,325,926	10,639,731	11,325,926	11,071,520	11,325,926	10,639,731	11,325,926	11,071,520
Laxmi Equity Fund 381865 units of Rs. 10 each (Bank)	3,874,275	3,662,085	3,581,188	3,423,074	3,874,275	3,662,085	3,581,188	3,423,074
Citizen Mutual Fund 2 952400 units of Rs. 10 each (Bank)	10,038,703	9,895,436	9,957,148	9,537,088	10,038,703	9,895,436	9,957,148	9,537,088
Sunrise First Mutual Fund 930440 units of Rs. 10 each (Bank)	10,774,465	10,309,275	9,765,974	9,584,560	10,774,465	10,309,275	9,765,974	9,584,560
Kumari Equity Fund 1155816 units of Rs. 10 each (Bank)	11,424,722	11,754,649	11,344,424	11,538,367	11,424,722	11,754,649	11,344,424	11,538,367
Laxmi Unnat Kosh 580790 units of Rs. 10 each (Bank)	5,830,895	5,453,618	5,552,940	5,226,356	5,830,895	5,453,618	5,552,940	5,226,356
NMB 50 Mutual Fund 525400 units of Rs. 10 each (Bank)	6,457,709	5,516,700	6,148,750	6,345,510	6,457,709	5,516,700	6,148,750	6,345,510
NIBL Sambridhi Fund 2 1000000 units of Rs. 10 each (Bank)	10,000,000	9,110,000	10,000,000	8,670,000	10,000,000	9,110,000	10,000,000	8,670,000
Sunrise Bluechip Fund 250000 units of Rs. 10 each (Bank)	2,500,000	1,962,500	2,500,000	2,185,000	2,500,000	1,962,500	2,500,000	2,185,000
Prabhu Select Fund 250000 units of Rs. 10 each (Bank)	2,500,000	2,212,500	2,500,000	2,402,500	2,500,000	2,212,500	2,500,000	2,402,500
Nepal Re Insurance 2813 Shares of Rs. 100 each (Bank)	3,187,474	2,081,620	3,187,474	1,969,065	3,187,474	2,081,620	3,187,474	1,969,065
Himalayan Life Insurance Limited 7390 shares of Rs. 100 each (Bank)	4,650,376	3,746,730	-	-	4,650,376	3,746,730	-	-
NMB Hybrid Fund L-1 112469 units of Rs. 10 each (Bank)	1,306,890	1,213,541	1,306,890	1,259,653	1,306,890	1,213,541	1,306,890	1,259,653
NIBL Pragati Fund 252596 units of Rs. 10 each (Bank)	2,658,738	2,452,707	2,498,081	2,330,612	2,658,738	2,452,707	2,498,081	2,330,612
Mithila Laghubitta Bittiya Sasnhan Limited 1 share of Rs. 100 each (Bank)	-	1,044	-	-	-	1,044	-	-
NIC Asia Balanced Fund 110000 units of Rs. 10 each (Bank)	978,162	1,026,300	-	-	978,162	1,026,300	-	-
Kumari Dhanbridhi Yajana 1001650 units of Rs.10 each (Bank)	10,013,719	10,056,566	-	-	10,013,719	10,056,566	-	-
NMB Sulav Investment Fund -II 500000 units of Rs. 10 each (Bank)	5,000,000	4,995,000	-	-	5,000,000	4,995,000	-	-
NIBL Growth Fund 1000000 units of Rs. 10 each (Bank)	10,000,000	10,640,000	-	-	10,000,000	10,640,000	-	-
Prabhu Smart Fund 250000 units of Rs. 10 each (Bank)	2,500,000	2,475,000	-	-	2,500,000	2,475,000	-	-

	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	Cost	Fair Value						
Siddhartha Investment Growth Scheme-3 500000 units of Rs. 10 each (Bank)	5,000,000	5,000,000	-	-	5,000,000	5,000,000	-	-
Citizen Super 30 Mutual Fund 250000 units of Rs. 10 each (Bank)	2,500,000	2,500,000	-	-	2,500,000	2,500,000	-	-
RBB Mutual Fund 2 500000 units of Rs. 10 each (Bank)	5,000,000	5,000,000	-	-	5,000,000	5,000,000	-	-
Forward Community Microfinance 230 shares of Rs. 100 each (Group)	164,111	302,463	159,511	439,250	-	-	-	2,385
Chimek Microfinance 3874 Shares of Rs. 100 each (Group)	1,960,275	3,856,567	1,890,375	4,540,484	-	-	-	1,063,700
Sana Kisan Bikas Bank Ltd 8695 shares of Rs. 100 each (Group)	5,576,323	7,781,629	5,396,923	7,316,492	-	-	-	-
Agriculture Development Bank 1224 Shares of Rs. 100 each (Group)	379,463	285,005	377,063	395,413	-	-	-	-
Century Commercial Bank Ltd. (Group)	-	-	651,310	715,589	-	-	-	-
Nepal Bank Ltd. 221922 Shares of Rs. 100 each (Group)	48,864,165	55,009,914	48,647,252	64,835,121	-	-	-	-
NMB Bank Ltd. 1212 Shares of Rs. 100 each (Group)	353,602	272,679	353,602	314,909	-	-	-	-
Api Power Company Ltd. 9641 shares of Rs.100 each (Group)	3,371,181	2,246,070	3,303,981	2,183,052	-	-	-	-
Bank of Kathmandu Ltd. (Group)	-	-	2,468,025	2,118,803	-	-	-	-
Citizen Bank International Limited 18630 shares of Rs. 100 each (Group)	6,199,895	3,210,341	6,199,895	3,755,598	-	-	-	-
Nepal Life Insurance Co. Ltd. 1885 shares of Rs. 100 each (Group)	873,114	1,396,129	873,114	1,401,759	-	-	-	-
Nirdhan Utthan Bank Limited 3397 shares of Rs. 100 each (Group)	2,819,034	2,587,011	252,853	399,330	-	-	-	-
First Micro Finance Development Bank Ltd. 952 shares of Rs. 100 each (Group)	570,555	697,803	379,336	541,522	-	-	-	-
Nabil Bank Limited 1584 shares of Rs. 100 each (Group)	866,110	944,862	841,310	1,095,910	-	-	-	-
Swabalamban Laghubitta Bittiya Sanstha Limited 2127 shares of Rs. 100 each (Group)	1,305,935	1,906,956	999,144	1,569,885	-	-	-	-
Life Insurance Co. Nepal 383 shares of Rs. 100 each (Group)	338,669	592,885	338,669	539,506	-	-	-	-
Global IME Bank Limited 14060 shares of Rs.100 each (Group)	3,587,296	2,603,392	1,050,972	1,002,326	-	-	-	-
Machhapuchhre Bank Limited 7779 shares of Rs.100 each (Group)	1,531,499	1,795,058	1,531,499	1,966,975	-	-	-	-
Muktinath Bikas Bank Ltd. (Group)	-	-	1,604,675	1,029,989	-	-	-	-
NIC Asia Bank Ltd. 11000 shares of Rs.100 each (Group)	6,715,200	8,692,507	6,715,200	7,621,548	-	-	-	-
Prime Commercial Bank Ltd. 1387 shares of Rs.100 each (Group)	311,782	269,248	306,482	351,919	-	-	-	-
Prabhu Bank Limited 5886 shares of Rs.100 each (Group)	1,077,757	952,757	927,963	923,187	-	-	-	-
Laxmi Bank Ltd 4320 shares of Rs.100 each (Group)	972,333	743,997	972,333	855,811	-	-	-	-
Nepal Investment Mega Bank Ltd 2871 shares of Rs.100 each (Group)	822,042	496,734	809,742	690,023	-	-	-	-
HIDCL Promoter (44500 shares of Rs 100 each) (Group)	4,482,210	4,554,014	5,050,000	5,050,000	-	-	-	-
Total	312,537,874	297,655,477	276,081,313	278,994,039	219,395,325	196,457,455	183,980,087	168,405,723

4.6 Loan and advances to B/FIs

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Loans to microfinance institutions	4,502,910,767	5,235,086,041	4,502,910,767	5,235,086,041
Other	-	-		
Less: Allowances for impairment	57,749,795	67,220,332	57,749,795	67,220,332
Total	4,445,160,972	5,167,865,708	4,445,160,972	5,167,865,708
Product				
Deprived sector loans	4,442,291,909	5,170,794,802	4,442,291,909	5,170,794,802
Sub total	4,442,291,909	5,170,794,802	4,442,291,909	5,170,794,802
Interest receivable	60,618,858	64,291,239	60,618,858	64,291,239
Grand total	4,502,910,767	5,235,086,041	4,502,910,767	5,235,086,041
4.6.1: Allowances for impairment				
Opening Balance	67,220,332	53,490,237	67,220,332	53,490,237
Impairment loss for the year:	-	-		
Charge for the year	-	13,730,096		13,730,096
Recoveries/reversal	9,470,538	-	9,470,538	-
Amount written off	-	-	-	-
Closing Balance	57,749,795	67,220,332	57,749,795	67,220,332

4.7 Loans and advances to customers

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Loan and advances measured at amortized cost	148,707,631,752	138,758,350,470	148,707,316,689	138,758,026,808
Less: Impairment allowances				
Collective impairment	1,740,799,145	1,621,249,067	1,740,799,145	1,621,249,067
Individual impairment	1,541,578,089	618,739,811	1,541,578,089	618,739,811
Net amount	145,425,254,517	136,518,361,592	145,424,939,454	136,518,037,930
Loan and advances measured at FVTPL	-	-	-	-
Total	145,425,254,517	136,518,361,592	145,424,939,454	136,518,037,930

4.7.1: Analysis of loan and advances - By Product

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Product				
Long Term loans				
Personal	22,675,551,812	21,041,971,844	22,675,551,812	21,041,971,844
Business	37,879,798,872	34,597,814,202	37,879,798,872	34,597,814,202
Working Capital	9,971,548,539	-	9,971,548,539	-
Overdraft (Personal)	781,398,870	2,483,201,585	781,398,870	2,483,201,585
Cash Credit Loan	25,228,360,996	-	25,228,360,996	-
Trust receipt/Import loans	2,028,594,871	1,945,974,231	2,028,594,871	1,945,974,231
Short Term WC/Demand Loan	17,661,824,799	48,095,171,721	17,661,824,799	48,095,171,721
Personal residential loans	6,881,639,937	6,158,297,701	6,881,639,937	6,158,297,701
Real estate loans	6,556,622,104	6,666,591,012	6,556,622,104	6,666,591,012
Margin lending loans	1,314,986,172	1,757,696,741	1,314,986,172	1,757,696,741
Hire purchase loans	5,057,018,074	6,011,212,927	5,057,018,074	6,011,212,927
Deprived sector loans	3,595,259,074	3,741,472,639	3,595,259,074	3,741,472,639
Bills purchased	705,899,071	105,164,868	705,899,071	105,164,868
Staff loans	1,880,633,464	2,065,023,680	1,880,318,401	2,064,700,018
Other	5,267,724,305	3,054,080,433	5,267,724,305	3,054,080,433
Sub total	147,486,860,961	137,723,673,584	147,486,545,898	137,723,349,922
Interest receivable	1,220,770,791	1,034,676,886	1,220,770,791	1,034,676,886
Grand total	148,707,631,752	138,758,350,470	148,707,316,689	138,758,026,808

4.7.2: Analysis of loan and advances - By Currency

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Nepalese rupee	146,819,268,547	136,841,869,369	146,818,953,484	136,841,545,707
Indian rupee	-	-	-	-
United State dollar	1,888,363,204	1,916,481,101	1,888,363,204	1,916,481,101
Great Britain pound	-	-	-	-
Euro	-	-	-	-
Japanese yen	-	-	-	-
Chinese yuan	-	-	-	-
Other	-	-	-	-
Total	148,707,631,752	138,758,350,470	148,707,316,689	138,758,026,808

4.7.3: Analysis of loan and advances - By Collateral

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Secured				
Movable/immovable assets	143,364,004,398	133,899,415,703	143,364,004,398	133,899,415,703
Gold and silver	1,976,477	12,329,361	1,976,477	12,329,361
Guarantee of domestic B/FIs	355,461,309	40,000,000	355,461,309	40,000,000
Government guarantee	-	-	-	-
Guarantee of international rated bank	-	-	-	-
Collateral of export document	-	-	-	-
Collateral of fixed deposit receipt	2,321,777,291	1,955,992,001	2,321,777,291	1,955,992,001
Collateral of Government securities	-	-	-	-
Counter guarantee	-	-	-	-
Personal guarantee	23,221,161	14,145,573	23,221,161	14,145,573
Other collateral	1,420,420,324	1,801,790,946	1,420,105,261	1,801,467,284
Interest Receivable	1,220,770,791	1,034,676,886	1,220,770,791	1,034,676,886
Subtotal	148,707,631,752	138,758,350,470	148,707,316,689	138,758,026,808
Unsecured				
Grand total	148,707,631,752	138,758,350,470	148,707,316,689	138,758,026,808

4.7.4: Allowances for impairment

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Specific allowances for impairment				
Opening Balance	618,739,811	519,359,689	618,739,811	519,359,689
Impairment loss for the year:	-	-		
Charge/(reversal) for the year	922,838,279	99,380,122	922,838,279	99,380,122
Write-offs	-	-		-
Exchange rate variance on foreign currency impairment	-	-		-
Other movement	-	-		-
Closing Balance	1,541,578,089	618,739,811	1,541,578,089	618,739,811
Collective allowances for impairment				
Opening Balance	1,621,249,067	1,508,566,930	1,621,249,067	1,508,566,930
Impairment loss for the year:	-	-		-
Charge/(reversal) for the year	119,550,078	112,682,138	119,550,078	112,682,138
Exchange rate variance on foreign currency impairment	-	-		-
Other movement	-	-		-
Closing Balance	1,740,799,145	1,621,249,067	1,740,799,145	1,621,249,067
Total allowances for impairment	3,282,377,235	2,239,988,878	3,282,377,235	2,239,988,878

4.8 Investment securities

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Investment securities measured at amortized cost	39,904,818,070	25,338,981,427	39,904,818,070	25,338,981,427
Investment in equity measured at FVTOCI	2,172,464,825	1,213,722,698	2,075,399,701	1,129,414,028
Total	42,077,282,895	26,552,704,125	41,980,217,771	26,468,395,455

4.8.1: Investment securities measured at amortized cost

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Debt securities	99,002,263	83,581,658	99,002,263	83,581,658
Government bonds	28,996,949,164	19,502,106,171	28,996,949,164	19,502,106,171
Government treasury bills	10,450,956,487	5,424,691,341	10,450,956,487	5,424,691,341
Nepal Rastra Bank bonds	-	-	-	-
Nepal Rastra Bank deposits instruments	-	-	-	-
Other	715,820,312	657,204,513	715,820,312	657,204,513
Less: specific allowances for impairment	(357,910,156)	(328,602,256)	(357,910,156)	(328,602,256)
Total	39,904,818,070	25,338,981,427	39,904,818,070	25,338,981,427

Above securities includes total interest receivable amounting NPR 761.93 Million at current year and NPR 373.69 Million at previous year end.

Other' indicates investment in Srilankan Bond and specific allowances for impairment has been provided for the same.

4.8.2: Investment in equity measured at fair value through other comprehensive income

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Equity instruments				
Quoted equity securities	1,265,246,602	913,352,111	1,168,181,478	829,043,441
Unquoted equity securities	907,218,223	300,370,588	907,218,223	300,370,588
Total	2,172,464,825	1,213,722,698	2,075,399,701	1,129,414,028

4.8.3: Information relating to investment in equities

	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Investment in quoted equity								
Sanima Equity Fund 16900000 units of Rs. 10 each (Bank) 20292680 units of Rs. 10 each (Group)	202,926,800	239,453,624	202,926,800	258,731,670	169,000,000	199,420,000	169,000,000	215,475,000
Sanima Large Cap Fund 16988940 units of Rs. 10 each (Bank) 19388940 units of Rs. 10 each (Group)	193,889,400	172,949,345	193,889,400	180,704,921	169,889,400	151,541,345	169,889,400	158,336,921
Sanima Growth Fund 15600000 units of Rs. 10 each (Bank) 18000000 units of Rs. 10 each (Group)	180,000,000	179,820,000	-	-	156,000,000	155,844,000	-	-
Sanima GIC Insurance Limited 1000000 Shares of Rs. 100 each (Bank)	100,000,000	123,040,000	100,000,000	111,830,000	100,000,000	123,040,000	100,000,000	111,830,000
Sanima Reliance Life Insurance Co. Ltd. 2917600 shares of Rs. 100 each (Bank)	280,000,000	343,401,520	280,000,000	343,401,520	280,000,000	343,401,520	280,000,000	343,401,520
Swabalamban Laghubitta Bittiya Sanstha Limited 3450 shares of Rs.100 each (Group)	1,673,943	2,697,900	-	-	-	-	-	-
Meromicrofinance Laghubitta Bittiya Sanstha Limited 36000 Units of Rs 100 each (Group)	13,869,441	8,949,600	13,869,441	18,684,000	-	-	-	-
Swet Ganga Hydropower and Construction Ltd. 500000 shares of Rs. 100 each (Bank)	50,000,000	46,095,907	-	-	50,000,000	46,095,907	-	-
Sanima Middle Tamor Hydro Power Ltd. 1110833 shares of Rs. 100 each (Bank)	111,083,300	109,341,556	-	-	111,083,300	109,341,556	-	-
Himalayan Hydropower Limited 566999 shares of Rs. 100 each (Bank)	56,699,900	39,497,150	-	-	56,699,900	39,497,150	-	-
Sub-Total	1,190,142,783	1,265,246,602	790,685,641	913,352,111	1,092,672,600	1,168,181,478	718,889,400	829,043,441
Investment in unquoted equity								
Nepal Clearing House Company Ltd. 120253 shares of Rs. 100 each (Bank)	2,302,600	30,664,515	2,302,600	23,367,462	2,302,600	30,664,515	2,302,600	23,367,462
Swet Ganga Hydropower and Construction Ltd. 500000 shares of Rs. 100 each (Bank)	-	-	50,000,000	44,940,000	-	-	50,000,000	44,940,000
Sanima Middle Tamor Hydro Power Ltd. 1110833 shares of Rs. 100 each (Bank)	-	-	111,083,300	111,805,341	-	-	111,083,300	111,805,341
Mathillo Mailun Khola Jalvidhyut Ltd 375000 shares of Rs. 100 each (Bank)	37,500,000	36,053,708	37,500,000	36,603,750	37,500,000	36,053,708	37,500,000	36,603,750
MDX Nepal Ltd. 5000 shares of Rs. 100 each (Bank)	500,000	500,000	375,000	375,000	500,000	500,000	375,000	375,000

	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	Cost	Fair Value						
Himalayan Hydropower Limited 566999 shares of Rs. 100 each (Bank)	-	-	56,699,900	43,279,034	-	-	56,699,900	43,279,034
Avasar Equity Limited 300000 shares of Rs. 100 each (Bank)	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Kumari Dhanbridhi Yojana 100000 units of Rs. 10 each (Bank)	-	-	10,000,000	10,000,000	-	-	10,000,000	10,000,000
National Fund Management Ltd. 600000 shares of Rs. 100 each (Bank)	60,000,000	60,000,000	-	-	60,000,000	60,000,000	-	-
Avasar Equity Diversified Fund 750000 units of Rs. 1000 each (Bank)	750,000,000	750,000,000	-	-	750,000,000	750,000,000	-	-
Sub-Total	880,302,600	907,218,223	297,960,800	300,370,588	880,302,600	907,218,223	297,960,800	300,370,588
Total	2,070,445,383	2,172,464,825	1,088,646,441	1,213,722,698	1,972,975,200	2,075,399,701	1,016,850,200	1,129,414,028

4.9 Current tax assets

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Current tax assets				
Current year income tax assets	1,220,628,457	986,695,376	1,198,933,754	963,164,077
Tax assets of prior periods	3,955,116	11,087,659	-	-
Current tax liabilities				
Current year income tax liabilities	1,170,133,360	1,037,121,015	1,144,398,091	998,386,161
Tax liabilities of prior periods	-	-	-	-
Total	54,450,213	(39,337,981)	54,535,662	(35,222,084)

4.10 Investment in subsidiaries

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Investment in quoted subsidiaries	-	-	-	-
Investment in unquoted subsidiaries	-	-	450,000,000	250,000,000
Total investment	-	-	450,000,000	250,000,000
Less: Impairment allowances	-	-	-	-
Net carrying amount	-	-	450,000,000	250,000,000

4.10.1: Investment in quoted subsidiaries

	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
.....Ltd.shares of Rs.each								
.....Ltd.shares of Rs.each								
Total								

4.10.2: Investment in unquoted subsidiaries

	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Sanima Capital .Ltd. 2,500,000 shares of Rs.100.each					250,000,000	250,000,000	250,000,000	250,000,000
Sanima Securities Ltd. 2,000,000 shares of Rs. 100.each					200,000,000	200,000,000	-	-
Total					450,000,000	450,000,000	250,000,000	250,000,000

4.10.3: Information relating to subsidiaries of the Bank

	Group			Bank	
	Percentage of ownership held			Percentage of ownership held by the Bank	
	Current Year	Previous Year		Current Year	Previous Year
Sanima Capital Ltd.				100%	100%
Sanima Securities Ltd.				100%	-

4.10.4 Non controlling interest of the subsidiaries

	Group				Bank			
	Current Year				Current Year			
	...Ltd	...Ltd.	...Ltd	...Ltd.	...Ltd	...Ltd.	...Ltd	...Ltd.
Equity interest held by NCI (%)								
Profit/(loss) allocated during the year								
Accumulated balances of NCI as on Ashad end.....								
Dividend paid to NCI								
Previous Year				Previous Year				
	...Ltd	...Ltd.	...Ltd	...Ltd.	...Ltd	...Ltd.	...Ltd	...Ltd.
Equity interest held by NCI (%)								
Profit/(loss) allocated during the year								
Accumulated balances of NCI as on Ashad end.....								
Dividend paid to NCI								

4.11 Investment in associates

	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Investment in quoted associates								
Investment in unquoted associates								
Total investment								
Less: Impairment allowances								
Net carrying amount	-	-	-	-	-	-	-	-

4.11.1 Investment in quoted associates

	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
.....Ltd.shares of Rs.each								
Total		-		-		-		-

4.11.2 Investment in unquoted associates

	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
.....Ltd.shares of Rs.each								
Total								

4.11.3 Information Relating to Associates of the Bank

	Group		Bank	
	Percentage of ownership held		Percentage of ownership held	
	Current Year	Previous Year	Current Year	Previous Year
.....Ltd.				
.....				

4.11.4 Equity Value of Associates

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
.....Ltd.				
.....				

4.12 Investment properties

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Investment properties measured at fair value				
Opening Balance	-	-	-	-
Addition/disposal during the year	-	-	-	-
Net changes in fair value during the year	-	-	-	-
Adjustment/transfer	-	-	-	-
Net amount	-	-	-	-
Investment properties measured at cost				
Opening Balance	72,932,294	-	72,932,294	-
Addition/disposal during the year	117,242,085	72,932,294	117,242,085	72,932,294
Adjustment/transfer	-	-	-	-
Accumulated depreciation	-	-	-	-
Accumulated impairment loss	-	-	-	-
Net amount	190,174,378	72,932,294	190,174,378	72,932,294
Total	190,174,378	72,932,294	190,174,378	72,932,294

4.13 Property and Equipment

Particulars	Group									Total
	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others		
Cost										
As on 16th July, 2021	429,327,170	185,424,891	294,185,395	251,856,358	308,789,981	151,670,966	132,364,873	223,395,653	1,977,015,286	
Addition during the Year										
Acquisition	-	-	-	-	-	-	-	-	-	
Capitalization	-	-	97,600,219	65,189,378	105,791,120	32,624,903	22,257,014	68,512,469	391,975,103	
Disposal during the year	-	-	(15,031,962)	(439,144)	(56,028,786)	(2,865,533)	(143,302)	(2,395,829)	(76,904,556)	
Adjustment/Revaluation	-	-	(224,364)	-	-	(14,762)	-	-	(239,127)	
Balance as on 16th July, 2022	429,327,170	185,424,891	376,529,287	316,606,592	358,552,315	181,415,573	154,478,585	289,512,293	2,291,846,707	
Addition during the Year										
Acquisition	-	-	-	-	-	-	-	-	-	
Capitalization	-	789,491	35,767,221	28,266,572	60,158,700	16,039,702	14,630,460	58,564,107	214,216,252	
Disposal during the year	-	-	(6,530,365)	(812,673)	(21,074,854)	(1,950,232)	-	(2,899,030)	(33,267,153)	
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	
Balance as on 16th July, 2023	429,327,170	186,214,381	405,766,144	344,060,491	397,636,162	195,505,042	169,109,045	345,177,370	2,472,795,806	
Depreciation and Impairment										
As on 16th July, 2021	-	55,182,783	123,268,950	150,411,700	155,395,574	103,485,988	68,812,329	137,778,389	794,335,712	
Depreciation charge for the Year	-	2,991,845	28,141,537	55,955,797	47,908,276	10,219,405	15,505,444	28,001,156	188,723,459	
Impairment for the year	-	-	-	-	-	-	-	-	-	
Disposals	-	-	(9,976,451)	(406,572)	(38,883,568)	(2,495,437)	(120,846)	(2,135,779)	(54,018,653)	
Adjustment	-	-	-	-	-	-	-	-	-	
As on 16th July, 2022	-	58,174,627	141,434,036	205,960,925	164,420,282	111,209,955	84,196,926	163,643,766	929,040,518	
Impairment for the year	-	-	-	-	-	-	-	-	-	
Depreciation charge for the Year	-	2,998,658	35,542,002	40,690,460	47,709,039	10,580,016	13,307,344	31,265,883	182,093,402	
Disposals	-	-	(4,131,451)	(796,525)	(15,629,659)	(1,363,244)	-	(2,218,351)	(24,139,229)	
Adjustment	-	-	-	-	-	-	-	-	-	
As on 16th July, 2023	-	61,173,286	172,844,587	245,854,861	196,499,662	120,426,728	97,504,270	192,691,298	1,086,994,691	
Capital Work in Progress 2021		24,138,753								24,138,753
Capital Work in Progress 2022										
Capital Work in Progress 2023										
Net Book Value										
As on 15th July, 2021	429,327,170	154,380,861	170,916,445	101,444,658	153,394,408	48,184,978	63,552,544	85,617,263	1,206,818,327	
As on 16th July, 2022	429,327,170	127,250,263	235,095,252	110,645,666	194,132,033	70,205,618	70,281,659	125,868,527	1,362,806,189	
As on 16th July, 2023	429,327,170	125,041,096	232,921,557	98,205,630	201,136,500	75,078,314	71,604,776	152,486,072	1,385,801,115	

	Bank								
Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total
Cost									
As on 16th July, 2021	429,327,170	185,424,891	292,499,360	249,479,092	298,114,481	150,937,416	132,364,873	222,292,901	1,960,440,183
Addition during the Year									-
Acquisition									-
Capitalization		-	93,580,553	64,100,368	102,991,120	31,179,965	22,257,014	65,822,766	379,931,785
Disposal during the year			(15,031,962)	(439,144)	(52,204,786)	(2,865,533)	(143,302)	(2,395,829)	(73,080,556)
Adjustment/Revaluation			(224,364)			(14,762)			(239,127)
Balance as on 16th July, 2022	429,327,170	185,424,891	370,823,586	313,140,316	348,900,815	179,237,086	154,478,585	285,719,838	2,267,052,286
Addition during the Year									
Acquisition									-
Capitalization		789,491	34,187,161	26,695,577	59,894,800	15,453,407	14,630,460	57,958,089	209,608,985
Disposal during the year			(4,844,329)	(689,673)	(21,074,854)	(1,216,683)	-	(1,857,035)	(29,682,573)
Adjustment/Revaluation									-
Balance as on 16th July, 2023	429,327,170	186,214,381	400,166,417	339,146,220	387,720,762	193,473,810	169,109,045	341,820,892	2,446,978,698
Depreciation and Impairment									
As on 16th July, 2021	-	55,182,783	122,578,765	149,132,227	152,008,078	103,176,773	68,812,329	137,299,442	788,190,397
Depreciation charge for the Year		2,991,845	27,620,869	55,535,854	46,290,279	10,020,540	15,505,444	27,663,421	185,628,251
Impairment for the year									-
Disposals			(9,976,451)	(406,572)	(36,238,086)	(2,495,437)	(120,846)	(2,135,779)	(51,373,171)
Adjustment									-
As on 16th July, 2022	-	58,174,627	140,223,183	204,261,510	162,060,272	110,701,875	84,196,926	162,827,084	922,445,478
Impairment for the year									-
Depreciation charge for the Year		2,998,658	34,835,080	40,068,967	46,205,047	10,152,312	13,307,344	30,554,728	178,122,136
Disposals			(3,077,512)	(689,662)	(15,629,659)	(947,938)	-	(1,628,798)	(21,973,569)
Adjustment									-
As on 16th July, 2023	-	61,173,286	171,980,751	243,640,815	192,635,660	119,906,249	97,504,270	191,753,014	1,078,594,045
Capital Work in Progress 2021	-	24,138,753	-	-	-	-	-	-	24,138,753
Capital Work in Progress 2022	-	-	-	-	-	-	-	-	-
Capital Work in Progress 2023	-	-	-	-	-	-	-	-	-
Net Book Value									
As on 15th July, 2021	429,327,170	154,380,861	169,920,595	100,346,865	146,106,403	47,760,643	63,552,544	84,993,459	1,196,388,539
As on 16th July, 2022	429,327,170	127,250,263	230,600,403	108,878,806	186,840,543	68,535,210	70,281,659	122,892,754	1,344,606,808
As on 16th July, 2023	429,327,170	125,041,096	228,185,666	95,505,405	195,085,102	73,567,561	71,604,776	150,067,878	1,368,384,653

4.14 Goodwill and Intangible Assets

Particulars	Goodwill	Group			Other	Total		
		Software		Developed				
		Purchased	Developed					
Cost								
As on 16th July, 2021	-	107,017,148	-	-	-	107,017,148		
Addition during the Year						-		
Acquisition	-	-	-	-	-	-		
Capitalization	-	26,945,353	-	-	-	26,945,353		
Disposal during the year	-	-	-	-	-	-		
Adjustment/Revaluation	-	-	-	-	-	-		
Balance as on 16th July, 2022	-	133,962,502	-	-	-	133,962,502		
Addition during the Year						-		
Acquisition	-	-	-	-	-	-		
Capitalization	-	67,783,099	-	-	-	67,783,099		
Disposal during the year	-	-	-	-	-	-		
Adjustment/Revaluation	-	-	-	-	-	-		
Balance as on 16th July, 2023	-	201,745,600	-	-	-	201,745,600		
Amortization and Impairment								
As on 16th July, 2021	-	58,604,670	-	-	-	58,604,670		
Amortization charge for the Year	-	19,279,367	-	-	-	19,279,367		
Impairment for the year	-	-	-	-	-	-		
Disposals	-	-	-	-	-	-		
Adjustment	-	-	-	-	-	-		
As on 16th July, 2022	-	77,884,038	-	-	-	77,884,038		
Amortization charge for the Year	-	28,028,706	-	-	-	28,028,706		
Impairment for the year	-	-	-	-	-	-		
Disposals	-	-	-	-	-	-		
Adjustment	-	-	-	-	-	-		
As on 16th July, 2023	-	105,912,743	-	-	-	105,912,743		
Capital Work in Progress 2021	-	-	-	-	-	-		
Capital Work in Progress 2022	-	32,265,194	-	-	-	32,265,194		
Capital Work in Progress 2023	-	250,000	-	-	-	250,000		
Net Book Value								
As on 15th July, 2021	-	48,412,478	-	-	-	48,412,478		
As on 16th July, 2022	-	88,343,658	-	-	-	88,343,658		
As on 16th July, 2023	-	96,082,857	-	-	-	96,082,857		

Bank					
Particulars	Goodwill	Software		Other	Total
		Purchased	Developed		
Cost					
As on 16th July, 2021		104,960,548			104,960,548
Addition during the Year					-
Acquisition					-
Capitalization		26,945,353			26,945,353
Disposal during the year					-
Adjustment/Revaluation					-
Balance as on 16th July, 2022	-	131,905,902		-	131,905,902
Addition during the Year					
Acquisition					-
Capitalization		67,783,099			67,783,099
Disposal during the year			-		-
Adjustment/Revaluation					-
Balance as on 16th July, 2023	-	199,689,000		-	199,689,000
Amortization and Impairment					
As on 16th July, 2021		56,877,609			56,877,609
Amortization charge for the Year		19,025,657			19,025,657
Impairment for the year					-
Disposals					-
Adjustment					-
As on 16th July, 2022	-	75,903,265		-	75,903,265
Amortization charge for the Year		27,952,878			27,952,878
Impairment for the year					-
Disposals					-
Adjustment					-
As on 16th July, 2023	-	103,856,143		-	103,856,143
Capital Work in Progress 2021	-	-		-	-
Capital Work in Progress 2022	-	32,265,194		-	32,265,194
Capital Work in Progress 2023	-	250,000		-	250,000
Net Book Value					
As on 15th July, 2021	-	48,082,940		-	48,082,940
As on 16th July, 2022	-	88,267,830		-	88,267,830
As on 16th July, 2023	-	96,082,857		-	96,082,857

4.15 Deferred Tax

	Group			Bank		
	Current Year			Current Year		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
Deferred tax on temporary differences on following items						
Loan and Advance to B/FIs	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Investment securities	116,861,424	59,134,740	57,726,684	116,861,424	56,747,268	60,114,156
Property & equipment	-	11,716,501	(11,716,501)	-	11,186,060	(11,186,060)
Employees' defined benefit plan	93,557,515	-	93,557,515	93,115,894	-	93,115,894
Lease liabilities	26,613,018	-	26,613,018	26,218,236	-	26,218,236
Provisions	-	-	-	-	-	-
Other temporary differences	1,584,383	-	1,584,383	1,515,000	-	1,515,000
Deferred tax on temporary differences	238,616,340	70,851,240	167,765,100	237,710,554	67,933,328	169,777,226
Deferred tax on carry forward of unused tax losses			-			-
Deferred tax due to changes in tax rate			-			-
Net Deferred tax asset/(liabilities) as on 16th July, 2023			167,765,100			169,777,226
Recognised in profit or loss			177,772,749			179,906,394
Recognised in other comprehensive income			(10,007,650)			(10,129,168)
Recognised directly in equity			-			-
Deferred tax asset/(liabilities) as on 17th July, 2022			128,626,744			138,046,795
Origination/(Reversal) during the year			39,138,356			31,730,432
Deferred tax expense/(income) recognized in profit or loss			(23,896,097)			(20,363,419)
Deferred tax expense/(income) recognized in other comprehensive income			(15,242,260)			(11,367,013)
Deferred tax expense/(income) recognized in directly in equity			-			-
<hr/>						
	Previous Year			Previous Year		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
Deferred tax on temporary differences on following items						
Loan and Advance to B/FIs	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Investment securities	122,770,688	68,528,926	54,241,761	122,770,688	59,212,748	63,557,939
Property & equipment	-	5,554,329	(5,554,329)	-	4,959,050	(4,959,050)
Employees' defined benefit plan	69,716,489	-	69,716,489	69,326,619	-	69,326,619
Lease liabilities	9,862,822	-	9,862,822	9,761,286	-	9,761,286
Provisions	-	-	-	-	-	-
Other temporary differences	360,000	-	360,000	360,000	-	360,000
Deferred tax on temporary differences	202,709,999	74,083,255	128,626,744	202,218,593	64,171,798	138,046,795
Deferred tax on carry forward of unused tax losses			-			-
Deferred tax due to changes in tax rate			-			-
Net Deferred tax asset/(liabilities) as on 16th July, 2022			128,626,744			138,046,795
Recognised in profit or loss			153,876,653			159,542,975
Recognised in other comprehensive income			(25,249,909)			(21,496,181)
Recognised directly in equity			-			-
Deferred tax asset/(liabilities) as on 16th July, 2021			(72,760,678)			(42,066,575)
Origination/(Reversal) during the year			201,387,422			180,113,370
Deferred tax expense/(income) recognized in profit or loss			(173,212,121)			(155,455,229)
Deferred tax expense/(income) recognized in other comprehensive income			(28,175,301)			(24,658,141)
Deferred tax expense/(income) recognized in directly in equity			-			-

4.16 Other assets

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Assets held for sale	-	-	-	-
Other non banking assets	-	-	-	-
Bills receivable	-	-	-	-
Accounts receivable	409,719,263	61,370,757	462,814,801	135,285,551
Accrued income	19,492,941	23,174,087	-	-
Prepayments and deposit	119,810,327	73,169,995	117,913,970	72,622,874
Income tax deposit	26,881,006	18,324,085	26,881,006	18,324,085
Deferred employee expenditure	1,931,162,492	1,388,746,351	1,931,162,492	1,388,746,351
Right of use assets	1,071,172,037	1,030,169,647	1,055,713,313	1,011,812,412
Other	739,131,469	223,533,413	739,131,471	223,380,593
Total	4,317,369,535	2,818,488,336	4,333,617,053	2,850,171,866

4.17 Due to Bank and Financial Institutions

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Money market deposits	-	-	-	-
Interbank borrowing	1,700,000,000	1,250,000,000	1,700,000,000	1,250,000,000
Other deposits from BFIs	3,100,368,202	1,364,422,138	3,100,368,202	1,364,422,138
Settlement and clearing accounts	-	-	-	-
Other	290,939,711	-	290,939,711	-
Total	5,091,307,913	2,614,422,138	5,091,307,913	2,614,422,138

4.18 Due to Nepal Rastra Bank

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Refinance from NRB	-	3,938,393,575	-	3,938,393,575
Standing Liquidity Facility	-	-	-	-
Lender of last resort facility from NRB	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Other payable to NRB	72,086,097	158,257,200	72,086,097	158,257,200
Total	72,086,097	4,096,650,775	72,086,097	4,096,650,775

4.19 Derivative financial instruments

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Held for trading				
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Others	-	-	-	-
Held for risk management	-	-	-	-
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	6,045,373	52,394,722	6,045,373	52,394,722
Other	-	-	-	-
Total	6,045,373	52,394,722	6,045,373	52,394,722

4.20 Deposits from customers

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Institutions customers:				
Term deposits	35,678,182,334	26,726,999,583	35,848,182,334	26,899,871,775
Call deposits	8,532,654,172	16,384,455,239	8,727,639,021	16,384,455,239
Current deposits	8,537,956,678	9,450,820,267	8,545,542,046	9,450,820,267
Other	1,670,913,573	1,879,115,234	1,670,913,573	1,879,115,234
Individual customers:				
Term deposits	73,810,583,046	60,238,677,928	73,810,583,046	60,238,677,928
Saving deposits	45,607,057,907	42,008,551,798	45,607,057,907	42,008,551,798
Current deposits	1,477,430,158	620,147,185	1,477,430,158	620,147,185
Other	57,901,369	36,895,813	57,901,369	36,895,813
Total	175,372,679,238	157,345,663,047	175,745,249,454	157,518,535,239

4.20.1: Currency wise analysis of deposit from customers

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Nepalese rupee	170,888,836,057	153,461,022,212	171,261,406,274	153,633,894,404
Indian rupee	-	-	-	-
United State dollar	4,169,131,100	3,638,532,387	4,169,131,100	3,638,532,387
Great Britain pound	188,451,199	180,019,932	188,451,199	180,019,932
Euro	72,133,910	62,365,573	72,133,910	62,365,573
Japanese yen	2,318	-	2,318	-
Chinese yuan	366	-	366	-
Other	54,124,288	3,722,943	54,124,288	3,722,943
Total	175,372,679,238	157,345,663,047	175,745,249,454	157,518,535,239

4.21 Borrowing

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Domestic Borrowing				
Nepal Government	-	-	-	-
Other Institutions	-	-	-	-
Other	-	-	-	-
Sub total	-	-	-	-
Foreign Borrowing				
Foreign Bank and Financial Institutions	2,629,000,000	1,279,000,000	2,629,000,000	1,279,000,000
Multilateral Development Banks	-	-	-	-
Other Institutions	-	-	-	-
Sub total	2,629,000,000	1,279,000,000	2,629,000,000	1,279,000,000
Total	2,629,000,000	1,279,000,000	2,629,000,000	1,279,000,000

4.22 Provisions

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Provisions for redundancy	-	-	-	-
Provision for restructuring	-	-	-	-
Pending legal issues and tax litigation	-	-	-	-
Onerous contracts	-	-	-	-
Other	34,263,966	44,769,659	34,263,966	44,769,659
Total	34,263,966	44,769,659	34,263,966	44,769,659

4.22.1: Movement in provision

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Opening Balance	44,769,659	31,374,632	44,769,659	31,374,632
Provisions made during the year	28,538,156	30,038,658	28,538,156	30,038,658
Provisions used during the year	(27,338,226)	(14,503,679)	(27,338,226)	(14,503,679)
Provisions reversed during the year	(11,705,623)	(2,139,952)	(11,705,623)	(2,139,952)
Unwind of discount	-	-	-	-
Closing Balance	34,263,966	44,769,659	34,263,966	44,769,659

4.23 Other liabilities

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Liability for employees defined benefit obligations	(13,272,680)	(9,845,172)	(13,272,680)	(9,845,172)
Liability for long-service leave	130,217,528	112,181,639	128,758,309	111,094,563
Short-term employee benefits	195,907	229,809	-	17,320
Bills payable	35,828,089	67,354,570	35,828,089	67,354,570
Creditors and accruals	55,321,194	185,378,363	49,009,256	164,228,045
Interest payable on deposit	60,573,311	42,763,817	60,573,311	42,763,817
Interest payable on borrowing	116,008,518	4,861,151	116,008,518	4,861,151
Liabilities on deferred grant income	-	-	-	-
Unpaid Dividend	53,697,885	74,805,927	53,697,885	74,805,927
Liabilities under Finance Lease	-	-	-	-
Employee bonus payable	421,995,978	335,857,130	414,395,553	327,645,680
Lease liability	1,181,606,972	1,084,770,596	1,164,832,307	1,066,074,907
Other	1,403,395,672	1,369,785,945	1,302,106,268	1,297,610,889
Total	3,445,568,374	3,268,143,776	3,311,936,817	3,146,611,698

Unpaid Dividend

Details of dividends unpaid as on balance sheet date have been presented as under:

Dividend Payable of FY	Current Year (Rs.)	Previous Year (Rs.)	Remarks
2013/2014	-	239,030	Bagamati Development Bank
2012/2013	6,990	6,990	
2021/2022	3,802,814	-	
2020/2021	8	8	
2019/2020	9,183,094	14,406,878	
2018/2019	20,236,243	29,669,486	
2017/2018	20,131,528	30,146,326	
2011/2012	139,926	139,926	
2010/2011	140,630	140,630	
2009/2010	56,652	56,652	
Total	53,697,885	74,805,927	

4.23.1: Defined benefit obligations

The amounts recognised in the statement of financial position are as follows:

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Present value of unfunded obligations	-	-	-	-
Present value of funded obligations	423,799,940	324,509,903	423,799,940	324,509,903
Total present value of obligations	423,799,940	324,509,903	423,799,940	324,509,903
Fair value of plan assets	437,072,620	334,355,075	437,072,620	334,355,075
Present value of net obligations	(13,272,680)	(9,845,172)	(13,272,680)	(9,845,172)
Recognized liability for defined benefit obligations	423,799,940	324,509,903	423,799,940	324,509,903

4.23.2: Plan assets

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Plan assets comprise				
Equity securities	-	-	-	-
Government bonds	-	-	-	-
Bank deposit	-	-	-	-
Other	437,072,620	334,355,075	437,072,620	334,355,075
Total	437,072,620	334,355,075	437,072,620	334,355,075
Actual return on plan assets	-	-	-	-

4.23.3: Movement in the present value of defined benefit obligations

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Defined benefit obligations (Opening Balance)	324,509,903	259,028,744	324,509,903	259,028,744
Actuarial losses	21,022,659	(1,457,678)	21,022,659	(1,457,678)
Benefits paid by the plan	(15,654,052)	(13,018,364)	(15,654,052)	(13,018,364)
Current service costs and interest	93,921,430	79,957,201	93,921,430	79,957,201
Defined benefit obligations (Closing Balance)	423,799,940	324,509,903	423,799,940	324,509,903

4.23.4: Movement in the fair value of plan assets

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Fair value of plan assets (Opening Balance)	334,355,075	252,421,905	334,355,075	252,421,905
Opening balance adjustment	49,608,987	14,286,145	49,608,987	14,286,145
Contributions paid into the plan	65,061,345	75,904,864	65,061,345	75,904,864
Benefits paid during the year	(11,952,787)	(8,257,839)	(11,952,787)	(8,257,839)
Actuarial (losses) gains	-	-	-	-
Expected return on plan assets	-	-	-	-
Fair value of plan assets (Closing Balance)	437,072,620	334,355,075	437,072,620	334,355,075

4.23.5: Amount recognised in profit or loss

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Current service costs	65,059,805	66,423,465	63,810,744	65,068,923
Interest on obligation	4,968,076	3,068,824	4,870,986	2,983,377
Actuarial (gain)/loss	5,055,435	(5,031,936)	5,018,528	(4,479,888)
Expected return on plan assets	-	-	-	-
Total	75,083,316	64,460,353	73,700,258	63,572,412

4.23.6: Amount recognised in other comprehensive income

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Actuarial (gain)/loss	27,750,715	27,528,311	27,750,715	27,528,311
Total	27,750,715	27,528,311	27,750,715	27,528,311

Actuarial gain or loss represents adjustments to actuarial assumptions used to value the bank's defined benefit obligations. As expected return on Plan assets is nil, no actuary gain/loss is recognised on Plan assets as per NAS 19.

4.23.7: Actuarial assumptions

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Discount rate	10%/10%	10%/10%	10%	10%
Expected return on plan asset	0%/0%	0%/0%	0%	0%
Future salary increase	10.5%/10.5%	10.5%/10.5%	10.50%	10.50%
Withdrawal rate (on the basis of past service)				
0 to 4 years	15.05%/28.21%	23.2%/12.9%	15.05%	23.20%
4 to 8 years	4.59%/0%	3.7%/0%	4.59%	3.70%
8 to 12 years	6.61%/0%	5.77%/0%	6.61%	5.77%
more than 12	0%/0%	1.25%/0%	0%	1.25%

Assumptions of Bank and Sanima Capital has been separately disclosed in Group section.

4.24 Debt securities issued

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Debt securities issued designated as at fair value through profit or loss	-	-	-	-
Debt securities issued at amortized cost	9,373,666,000	6,812,316,000	9,373,666,000	6,812,316,000
Total	9,373,666,000	6,812,316,000	9,373,666,000	6,812,316,000

The bank has issued 1,354,712 units of debentures with Rs. 1000 unit price on 13th January 2019 having maturity period of 10 years, 3,052,404 units of debentures with Rs. 1000 unit price on 11th January 2021 having maturity period of 10 years and 5,000,000 units of debentures with Rs. 1000 unit price on 13th July 2022 having maturity period of 10 years. The bank has redeemed 370,000 units of debentures with Rs. 1000 unit price during the year.

4.25 Subordinated Liabilities

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Redeemable preference shares	-	-	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

4.26 Share capital

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Ordinary shares	12,460,115,059	11,327,377,326	12,460,115,059	11,327,377,326
Convertible preference shares (equity component only)	-	-	-	-
Irredeemable preference shares (equity component only)	-	-	-	-
Perpetual debt (equity component only)	-	-	-	-
Total	12,460,115,059	11,327,377,326	12,460,115,059	11,327,377,326

4.26.1: Ordinary shares

	Bank	
	Current Year	Previous Year
Authorized Capital		
150,000,000 Ordinary shares of Rs. 100 each (120,000,000 Ordinary shares of Rs. 100 each in PY)	15,000,000,000	12,000,000,000
Issued capital		
124,601,150.59 Ordinary shares of Rs. 100 each (113,273,773.26 Ordinary shares of Rs. 100 each in PY)	12,460,115,059	11,327,377,326
Subscribed and paid up capital		
124,601,150.59 Ordinary shares of Rs. 100 each (113,273,773.26 Ordinary shares of Rs. 100 each in PY)	12,460,115,059	11,327,377,326
Total	12,460,115,059	11,327,377,326

4.26.2: Ordinary share ownership

	Bank			
	Current Year		Previous Year	
	Percent	Amount	Percent	Amount
Domestic ownership				
Nepal Government	-	-	-	-
"A" class licensed institutions	-	-	-	-
Other licensed institutions	-	-	-	-
Other institutions	17.98	2,240,096,600	12.55	1,421,903,800
Public	82.02	10,220,018,459	87.45	9,905,473,526
Other	-	-	-	-
Foreign ownership	-	-	-	-
Total	100	12,460,115,059	100	11,327,377,326

Details of shareholders holding 0.50% or more shares:

Name of Shareholder	No. of Shares	Holding %
ARUN KUMAR OJHA	9,891,323	7.94
TEK RAJ NIRaula	8,483,550	6.81
JIBANATH LAMICHHANE	6,867,294	5.51
SUN NEPAL LIFE INSURANCE COMPANY LIMITED	5,610,000	4.50
BINAYA KUMAR SHRESTHA	5,460,609	4.38
EMPLOYEES PROVIDENT FUND	5,333,960	4.28
AMALA INVESTMENT PVT. LTD	4,947,323	3.97
GHANASHYAM THAPA	4,357,176	3.50
KHEM RAJ LAMICHHANE	4,356,265	3.50
RAMKRISHNA SHAH	3,105,827	2.49
JAY GANESH INVESTMENT CO PVT. LTD	1,187,173	0.95
DILIP SHRESTHA	945,645	0.76
SHAMBA LAMA	885,637	0.71
GEETA CHHETRI	781,635	0.63

4.27 Reserves

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Statutory General Reserve	3,382,259,000	2,861,100,000	3,382,259,000	2,861,100,000
Exchange Equalization Reserve	33,468,992	24,121,418	33,468,992	24,121,418
Corporate Social Responsibility Fund	39,568,621	28,846,297	37,594,009	27,347,380
Capital Redemption Reserve	-	-	-	-
Regulatory Reserve	1,160,698,082	890,362,233	1,160,698,082	890,362,233
Investment Adjustment Reserve	37,875,000	87,500,000	37,875,000	87,500,000
Capital Reserve	-	-	-	-
Assets Revaluation Reserve	-	-	-	-
Fair Value Reserve	71,413,609	87,553,379	71,697,151	78,794,680
Dividend Equalization Reserve	-	-	-	-
Debenture Redemption Reserve	-	370,000,000	-	370,000,000
Actuarial Gain/(Loss) Reserve	(53,706,350)	(34,280,849)	(53,706,350)	(34,280,849)
Employee Training Fund	23,985,119	23,985,119	23,985,119	23,985,119
Other Reserve				
Capital Adjustment Reserve	10,407,985	10,407,985	10,407,985	10,407,985
Other Reserve	23,565,998	18,001,904	-	-
Total	4,729,536,055	4,367,597,484	4,704,278,987	4,339,337,965

4.28 Contingent liabilities and commitments

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Contingent liabilities	16,432,683,605	14,795,287,428	15,383,618,485	14,672,162,428
Undrawn and undisbursed facilities	11,440,558,494	8,536,983,007	11,440,558,494	8,536,983,007
Capital commitment	21,490,181	94,037,799	21,490,181	94,037,799
Lease Commitment	-	-	-	-
Litigation	-	-	-	-
Total	27,894,732,280	23,426,308,234	26,845,667,160	23,303,183,234

4.28.1: Contingent liabilities

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Acceptance and documentary credit	5,276,518,548	5,245,281,860	5,276,518,548	5,245,281,860
Bills for collection	511,205,651	190,319,889	511,205,651	190,319,889
Forward exchange contracts	-	-	-	-
Guarantees	8,935,867,287	9,171,048,774	8,935,867,287	9,171,048,774
Underwriting commitment	1,049,065,120	123,125,000	-	-
Other commitments	660,027,000	65,511,904	660,027,000	65,511,904
Total	16,432,683,605	14,795,287,428	15,383,618,485	14,672,162,428

4.28.2: Undrawn and undisbursed facilities

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Undisbursed amount of loans	6,381,847,915	3,851,241,318	6,381,847,915	3,851,241,318
Undrawn limits of overdrafts	4,443,431,364	4,268,980,181	4,443,431,364	4,268,980,181
Undrawn limits of credit cards	615,279,214	416,761,509	615,279,214	416,761,509
Undrawn limits of letter of credit	-	-	-	-
Undrawn limits of guarantee	-	-	-	-
Total	11,440,558,494	8,536,983,007	11,440,558,494	8,536,983,007

4.28.3: Capital commitments

Capital expenditure approved by relevant authority of the bank but provision has not been made in financial statements

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Capital commitments in relation to Property and Equipment				
Approved and contracted for	5,989,133	8,384,151	5,989,133	8,384,151
Approved but not contracted for	-	-	-	-
Sub total	5,989,133	8,384,151	5,989,133	8,384,151
Capital commitments in relation to Intangible assets				
Approved and contracted for	15,501,048	85,653,648	15,501,048	85,653,648
Approved but not contracted for	-	-	-	-
Sub total	15,501,048	85,653,648	15,501,048	85,653,648
Total	21,490,181	94,037,799	21,490,181	94,037,799

4.28.4: Lease commitments

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Operating lease commitments				
Future minimum lease payments under non cancellable operating lease, where the bank is lessee				
Not later than 1 year				
Later than 1 year but not later than 5 years				
Later than 5 years				
Sub total	-	-	-	-
Finance lease commitments				
Future minimum lease payments under non cancellable operating lease, where the bank is lessee				
Not later than 1 year				
Later than 1 year but not later than 5 years				
Later than 5 years				
Sub total	-	-	-	-
Grand total	-	-	-	-

4.28.5: Litigation

None

4.29 Interest income

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Cash and cash equivalent	148,501,444	164,310,924	136,077,392	152,001,341
Due from Nepal Rastra Bank	380,903,564	304,112,423	380,903,564	304,112,423
Placement with bank and financial institutions	9,315,378	15,253,024	7,344,022	14,457,818
Loan and advances to bank and financial institutions	577,616,814	483,464,900	577,616,814	483,464,900
Loans and advances to customers	17,962,471,826	12,395,496,844	17,962,471,826	12,395,496,844
Investment securities	2,371,873,183	1,333,426,092	2,371,873,183	1,333,426,092
Loan and advances to staff	170,913,252	167,283,895	170,879,132	167,257,494
Other	778,295	303,575	-	-
Total interest income	21,622,373,757	14,863,651,678	21,607,165,934	14,850,216,913

4.30 Interest expense

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Due to bank and financial institutions	73,513,168	27,561,872	73,513,168	27,561,872
Due to Nepal Rastra Bank	98,591,095	213,132,550	98,591,095	213,132,550
Deposits from customers	13,641,658,446	9,389,914,866	13,669,242,948	9,404,697,413
Borrowing	290,805,610	56,746,672	290,805,610	56,746,672
Debt securities issued	905,742,543	423,789,788	905,742,543	423,789,788
Subordinated liabilities	-	-	-	-
Other	92,092,132	73,172,026	90,653,157	72,525,912
Total interest expense	15,102,402,993	10,184,317,773	15,128,548,520	10,198,454,206

4.31 Fees and Commission Income

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Loan administration fees	270,403,125	325,764,789	270,403,125	325,764,789
Service fees	8,042,188	8,692,239	-	-
Consortium fees	35,487,142	22,366,633	35,487,142	22,366,633
Commitment fees	2,665,508	1,793,653	2,665,508	1,793,653
DD/TT/Swift fees	34,055,104	32,858,585	34,055,104	32,858,585
Credit card/ATM issuance and renewal fees	197,136,067	170,942,053	197,136,067	170,942,053
Prepayment and swap fees	11,254,941	9,606,934	11,254,941	9,606,934
Investment banking fees	-	-	-	-
Asset management fees	54,153,703	58,853,030	-	-
Brokerage fees	-	-	-	-
Remittance fees	25,878,373	22,755,422	25,878,373	22,755,422
Commission on letter of credit	91,920,919	75,850,533	91,920,919	75,850,533
Commission on guarantee contracts issued	114,018,157	108,792,444	114,018,157	108,792,444
Commission on share underwriting/issue	246,250	1,655,965	-	-
Locker rental	13,819,262	11,026,617	13,819,262	11,026,617
Other fees and commission income	281,790,027	247,006,389	243,223,704	214,155,975
Total Fees and Commission Income	1,140,870,767	1,097,965,286	1,039,862,304	995,913,637

4.32 Fees and commission expense

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
ATM management fees	1,308,569	4,110,936	1,308,569	4,110,936
VISA/Master card fees	138,087,825	115,090,623	138,087,825	115,090,623
Guarantee commission	-	-	-	-
Brokerage	-	-	-	-
DD/TT/Swift fees	7,769,208	5,961,724	7,769,208	5,961,724
Remittance fees and commission	7,171,713	5,622,710	7,171,713	5,622,710
Other fees and commission expense	89,811,314	19,831,982	87,823,545	17,575,769
Total Fees and Commission Expense	244,148,629	150,617,975	242,160,860	148,361,763

4.33 Net trading income

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Changes in fair value of trading assets	(9,575,934)	(75,342,960)	(288,146)	(39,285,552)
Gain/loss on disposal of trading assets	2,029,685	23,855,762	1,587,711	15,889,110
Interest income on trading assets	32,151,895	23,476,759	32,151,895	23,476,759
Dividend income on trading assets	6,926,068	16,661,905	4,115,103	16,164,013
Gain/loss foreign exchange transaction	179,706,011	361,434,636	179,706,011	361,434,636
Other	-	-	-	-
Net trading income	211,237,725	350,086,103	217,272,574	377,678,967

Interest income from Citizen Saving Bonds and Foreign Employment Savings Bonds of Rs. 32.15 million is presented as net trading income.

Difference in fair value of trading assets as compared to previous year's value is recognized as net trading income. Fair value of trading equities as at 16th July 2023 is Rs. 196.46 Million whose cost is Rs. 219.40 Million and as at 16th July 2022 fair value is Rs. 168.41 Million whose cost is Rs. 183.98 Million.

4.34 Other operating income

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Foreign exchange revaluation gain	37,390,298	16,644,624	37,390,298	16,644,624
Gain/loss on sale of investment securities	36,860,100	-	36,860,100	-
Fair value gain/loss on investment properties	-	-	-	-
Dividend on equity instruments	44,661,387	74,721,420	74,680,000	121,986,261
Gain/loss on sale of property and equipment	9,291,516	15,269,488	9,282,653	14,077,451
Gain/loss on sale of investment property	-	-	-	-
Operating lease income	-	-	-	-
Gain/loss on sale of gold and silver	-	-	-	-
Locker rent	-	-	-	-
Other	-	-	-	-
Total	128,203,302	106,635,532	158,213,052	152,708,336

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

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Impairment charge/(reversal) on loan and advances to B/FIs	(9,470,538)	13,730,096	(9,470,538)	13,730,096
Impairment charge/(reversal) on loan and advances to customer	1,042,388,357	212,062,260	1,042,388,357	212,062,260
Impairment charge/(reversal) on financial investment	20,187,195	328,602,256	20,187,195	328,602,256
Impairment charge/(reversal) on placement with banks and financial institutions	-	-	-	-
Impairment charge/(reversal) on property and equipment	-	-	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-	-	-
Impairment charge/(reversal) on investment properties	-	-	-	-
Total	1,053,105,015	554,394,612	1,053,105,015	554,394,612

4.36 Personnel Expense

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Salary	557,749,497	502,414,200	547,504,162	494,239,726
Allowances	543,124,667	495,538,691	533,573,038	487,946,014
Gratuity expense	38,361,915	37,365,667	37,584,721	36,684,734
Provident fund	55,601,948	50,305,724	54,577,415	49,488,277
Uniform	-	471,171	-	471,171
Training & development expense	34,688,725	5,500,671	34,574,560	5,295,503
Leave encashment	36,721,401	27,094,686	36,115,537	26,887,678
Medical	2,927,484	1,969,769	2,926,085	1,968,534
Insurance	10,946,605	10,049,591	10,543,562	9,824,154
Employees incentive	-	-	-	-
Cash-settled share-based payments	-	-	-	-
Pension expense	-	-	-	-
Finance expense under NFRS	41,606,361	64,314,915	41,593,300	64,309,594
Other expenses related to staff	49,399,341	45,393,451	48,563,709	44,648,400
Subtotal	1,371,127,944	1,240,418,536	1,347,556,088	1,221,763,783
Employees bonus	421,995,978	335,857,130	414,395,553	327,645,680
Grand total	1,793,123,922	1,576,275,665	1,761,951,641	1,549,409,462

4.37 Other operating expense

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Directors' fee	3,986,000	3,886,000	3,601,000	3,578,000
Directors' expense	1,937,345	2,353,440	1,591,019	2,063,891
Auditors' remuneration	2,531,200	2,429,500	2,316,500	2,260,000
Other audit related expense	-	-	-	-
Professional and legal expense	6,455,080	4,425,462	6,213,919	4,392,887
Office administration expense	659,490,948	598,706,745	658,225,750	601,054,582
Operating lease expense	8,385,516	7,494,270	8,055,689	6,597,726
Operating expense of investment properties	-	-	-	-
Corporate social responsibility expense	15,811,308	-	15,811,308	-
Onerous lease provisions	-	-	-	-
Other	31,910,611	13,205,395	8,866,726	5,482,586
Total	730,508,008	632,500,812	704,681,912	625,429,672

4.37.1: Office administration expense

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Water and electricity	35,556,954	33,457,463	34,981,513	33,171,389
Repair and maintenance	56,579,645	50,273,223	56,211,094	50,137,296
a) Building	1,099,974	1,005,635	1,099,974	1,005,635
b) Vehicle	7,406,100	6,498,314	7,338,155	6,402,712
c) Computer and accessories	15,117,949	12,539,024	14,896,529	12,522,606
d) Office equipment and furniture	8,916,985	7,262,936	8,884,635	7,248,246
e) Other	24,038,637	22,967,314	23,991,801	22,958,098
Insurance	13,706,667	10,649,081	13,561,389	10,519,789
Postage, telex, telephone, fax	11,721,913	12,835,201	11,524,784	12,641,696
Printing and stationery	25,599,443	27,550,882	25,304,211	27,417,492
Newspaper, books and journals	154,591	198,574	142,719	186,641
Advertisement	74,054,596	66,005,666	73,963,681	65,702,081
Donation	-	-	-	-
Security expense	130,788,046	135,064,829	130,788,046	135,064,829
Deposit and loan guarantee premium	59,749,349	44,230,253	59,749,349	44,230,253
Travel allowance and expense	10,982,348	7,333,710	10,474,032	7,123,287
Entertainment	19,282,224	11,130,025	19,281,194	11,130,025
Annual/special general meeting expense	574,882	369,594	497,925	315,079
Other	220,740,290	199,608,245	221,745,813	203,414,726
a) Outsource expense	78,646,708	73,889,531	76,862,577	72,422,226
b) Branch connectivity and SMS service charge	52,980,149	48,828,456	52,980,149	48,828,456
c) Fuel expense	29,729,479	23,366,998	29,125,962	22,947,118
d) Rate and tax	12,835,025	10,225,638	12,727,025	10,122,088
e) Office equipment (non-capitalized)	1,974,896	7,681,410	1,934,266	7,600,065
f) Membership and renewal fees	19,976,637	13,886,199	19,926,637	13,886,199
g) Other	24,597,396	21,730,013	28,189,198	27,608,574
Total	659,490,948	598,706,745	658,225,750	601,054,582

4.38 Depreciation & Amortization

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Depreciation on property and equipment	182,093,403	188,723,459	178,122,136	185,628,251
Depreciation on investment property	-	-	-	-
Depreciation on right of use assets	158,562,539	143,185,380	155,664,029	141,253,039
Amortization of intangible assets	28,028,706	19,279,367	27,952,878	19,025,657
Total	368,684,648	351,188,206	361,739,042	345,906,947

4.39 Non operating income

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Recovery of loan written off	1,315,375	351,080	1,315,375	351,080
Other income	12,903,015	5,934,658	12,903,015	5,934,658
Total	14,218,389	6,285,738	14,218,389	6,285,738

4.40 Non operating expense

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Loan written off	50,881,540	6,175,110	50,881,540	6,175,110
Redundancy provision	-	-	-	-
Expense of restructuring	-	-	-	-
Other expense	4,103,749	5,860,701	4,103,749	5,860,701
Total	54,985,289	12,035,811	54,985,289	12,035,811

4.41 Income tax expense

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Current tax expense				
Current year	1,170,133,360	1,037,121,015	1,144,398,091	998,386,161
Adjustments for prior years	(268,362)	12,764,356	(268,362)	12,764,356
Deferred tax expense				
Origination and reversal of temporary differences	(23,854,172)	(173,212,121)	(20,363,419)	(155,455,229)
Changes in tax rate	-	-	-	-
Recognition of previously unrecognized tax losses	-	-	-	-
Total income tax expense	1,146,010,827	876,673,251	1,123,766,311	855,695,289

4.41.1: Reconciliation of tax expense and accounting profit

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Profit before tax	3,807,445,436	3,022,714,167	3,729,559,974	2,948,811,118
Tax amount at tax rate of 30%	1,142,233,631	906,814,250	1,118,867,992	884,643,335
Add: Tax effect of expenses that are not deductible for tax purpose	175,039,735	228,322,990	174,891,969	228,301,035
Less: Tax effect on exempt income	(150,210,407)	(114,707,577)	(149,361,870)	(114,558,209)
Add/less: Tax effect on other items	(21,052,132)	(143,756,412)	(20,631,781)	(142,690,872)
Total income tax expense	1,146,010,827	876,673,251	1,123,766,311	855,695,289
Effective tax rate	30.1%	29.0%	30.1%	29.0%

Statement of Distributable Profit or Loss

For the year ended 16th July 2023

(As per NRB Regulation)

	Bank	
	Current Year	Previous Year
Net profit or (loss) as per statement of profit or loss	2,605,793,663	2,093,115,828
Appropriations:		
a. General reserve	(521,159,000)	(418,624,000)
b. Foreign exchange fluctuation fund	(9,347,575)	(4,161,156)
c. Capital redemption reserve	-	(52,857,142)
d. Corporate social responsibility fund	(26,057,937)	(20,931,158)
e. Employees' training fund	-	(23,985,119)
f. Investment Adjustment Reserve	(375,000)	(15,000,000)
g. Other	-	52,249,107
Profit or (loss) before regulatory adjustment	2,048,854,152	1,609,806,360
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(135,188,236)	(181,463,071)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(73,862,513)	(45,947,345)
e. Deferred tax assets recognized (-)/ reversal (+)	(41,859,600)	(138,046,795)
f. Goodwill recognized (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognized (-)/reversal (+)	-	-
h. Actuarial loss recognized (-)/reversal (+)	(19,425,501)	(19,269,818)
i. Other (+/-)	-	14,658,463
Net Profit for the year ended 16th July, 2023 available for distribution	1,778,518,303	1,239,737,794
Opening balance of retained earnings	1,244,455,120	1,737,199,687
Transfer from debenture redemption reserve	370,000,000	-
Transfer from investment adjustment reserve	50,000,000	-
Transfer from corporate social responsibility fund	15,811,308	-
Distribution		
Bonus Share issued	(1,132,737,733)	(1,645,858,244)
Cash Dividend Paid	(111,008,298)	(86,624,118)
Total Distributable profit or (loss) as on year end date	2,215,038,700	1,244,455,120
Annualized Distributable Profit/Loss per share	17.78	10.99

Sanima Bank Ltd

5. Disclosures & Additional Information

For the year ended 16th July 2023

5.1. RISK MANAGEMENT

Introduction and Overview

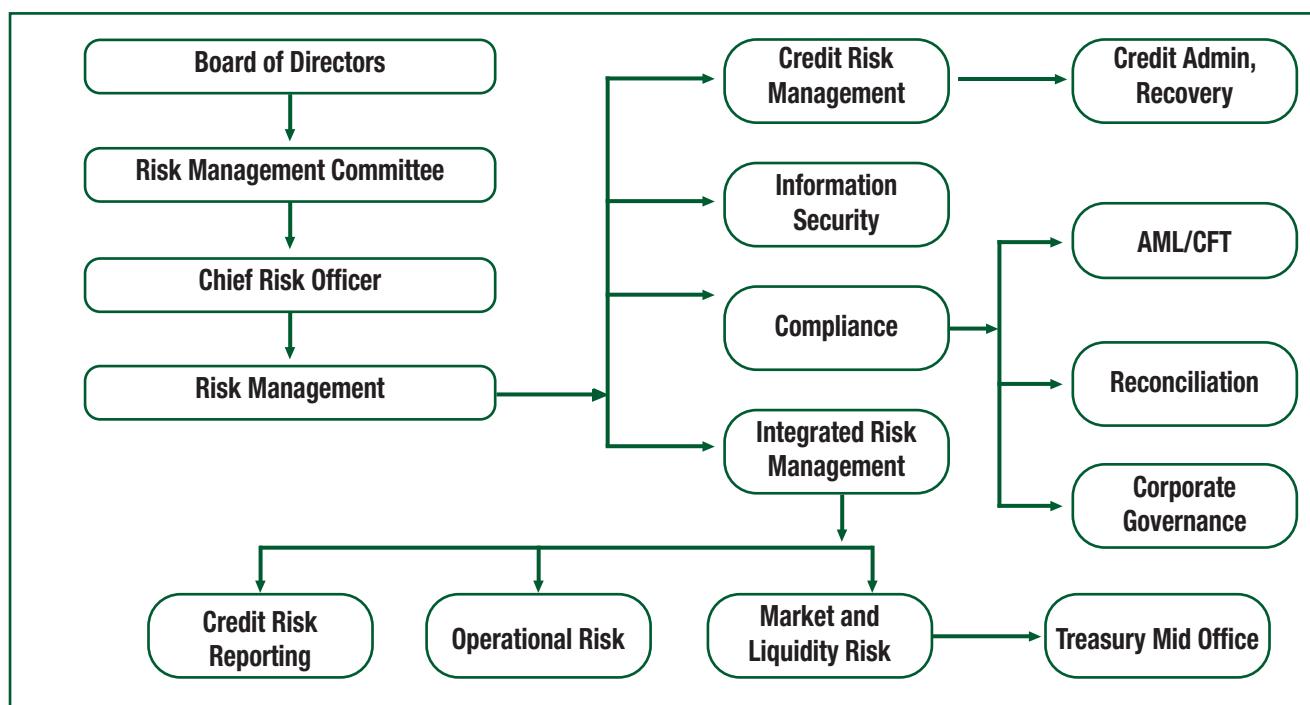
Risk is inherent in the Bank's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for risk exposures relating to his or her responsibilities. The Bank is mainly exposed to:

1. Credit Risk
2. Liquidity Risk
3. Market Risk
4. Operational Risk

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management

framework. Chief Risk Officer (CRO), along with his/her team, is responsible for overall risk management of the Bank, which includes managing, assessing, identifying, monitoring and reducing pertinent global, macro and micro-economic level business risks that could interfere with Banks objectives and goals and whether the Bank is in substantial compliance with its internal operating policies and other applicable regulations and procedures, external, legal, regulatory or contractual requirements on a continuous basis. Further, CRO ensures integration of all major risk in the capital assessment process. The Bank's risk management policies are established to identify and analyse risks faced by the Bank, to set appropriate risk limits and controls, and to monitor adherence to established limits. Risk management policies and systems are reviewed annually to reflect changes in market conditions, products and services offered. The Bank , through its training and management standards and procedures, continuously updates and maintains a disciplined and constructive control environment, in which all employees are assigned and made to understand their respective roles and responsibilities. Risk Management structure is depicted below:



5.1.1. Credit Risk

Risk is an inherent feature of any business and it drives an entity towards income generation. Likewise, Risk management objective of the Bank is to strike a balance between risk and return, and ensure optimum Risk-adjusted return on capital. A reasonable level of return is essential for sustainability of the business. However, taking higher risk in search of higher earnings may have chances to result in failure of business. Thus, effective risk management is a must for business success. Towards this end, Sanima Bank has implemented robust risk management architecture as well as policies and processes approved by the Board of Directors. These encompass independent identification, measurement and management of risks across various facets of banking operation.

Board level risk management committee has been set up as under NRB Directive for ensuring/reviewing that bank's risk appetite are in line with policies and CRO acts as member secretary in the same committee. CRO closely monitors and reports on credit related risks in RMC meetings.

Credit Risk Mitigation (CRM)

The Bank has extensive policy and guidelines to mitigate credit risks. The Bank's credit policy has strengthened, thus minimizing credit risk and has provided support to make qualitative analysis based on sound credit principles and procedures. Bank has a policy to consider as security for pledge, hypothecated or mortgage which have value considering physical control and legal title. Bank has considered eligible CRM as prescribed by Capital Adequacy Framework. Collateral taken as Deposit with own Bank, Deposit with other BFIs, National Saving & Development Bonds, and Gold & Silver have been considered as CRM and adjusted on overall risk weighted exposure on credit risk in line with the Framework.

The Bank has developed a risk assessment culture and has in place the required reports for assessing concentration of risks. Periodic performance reporting, in line with capital strength, to the Board is also in place. These reports are periodically put up to the board. Board also reviews the same and issues instructions, as appropriate, to the Bank's management.

Amount In Rs.

	Current Year	Previous Year
Deposits with own bank	3,442,488,695	3,112,035,126
Deposit with other banks and financial institutions	-	-
Securities issued by Nepal Government and Nepal Rastra Bank	-	-
Gold & Silver	1,976,477	12,329,361
Total	3,444,465,172	3,124,364,487

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The general creditworthiness of customers tends to be the most relevant indicator of credit quality of a loan. However, collateral provides additional security and the Bank generally requests large borrowers to provide the same. The Bank may take collateral in the form of a first charge over real estate and residential properties, floating charges over all corporate assets and other liens and guarantees. The Bank's policy is to pursue timely realisation of the collateral in an orderly manner. The proceeds are used to reduce or repay the outstanding claim.

Definition of Past Due

Bank considers that any amount uncollected one day or more beyond their contractual due date are 'past due'.

Past due but not impaired loans

Past due but not impaired loans are those for which contractual interest or principal payments are past due, but the Bank believes that impairment is not appropriate on the basis of the stage of collection of amounts owed to the Bank.

5.1.2. Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, commodity prices and equity prices. The bank classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately. The bank has separate market risk management policy in place as a guiding document.

Market Risks are discussed at Asset Liability Management Committee (ALCO) of the Bank and even discussed at respective division level on open position on daily basis. The limits for open position are controlled, level wise which ensures in-depth knowledge of the market and movement before taking decision (by choice). The monthly reports on such aspects are well discussed and dealt in ALCO. The committee ensures functioning of the jobs in line with the policies and procedures and suggests/recommends for necessary steps collectively to address the risk on interest rate movement, exchange rate movement and equity price changes. Most of the market operations (investments) are done from the Treasury Front Office (TFO) which reports to the Chief Financial Officer or

equivalent and exposure accounting including booking of income/expense is done from Treasury Back Office which reports to the Chief Operating Officer. The Bank assesses the open position on daily basis and calculates risk exposure for allocation of required capital in line with Basel provisions. Likely impact on earnings due to change in the market condition and change in the standing of the counterparty are well assessed periodically and necessary actions are taken as appropriate. TFO is equipped with advanced dealing platform for timely and effectively concluding the deals. Similarly the unit is equipped with modern and advanced information system on global news, market movements and any incidents so that bank can manage and maintain the position favorably.

5.1.3. Liquidity Risk & Funding management

Liquidity risk is the risk that the Bank will encounter difficulties in meeting its financial commitments that are settled by delivering cash or another financial asset. Hence the bank may be unable to meet its payment obligations when they fall due under both normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, and adopted a policy of continuously managing assets with liquidity in mind and of monitoring future cash flows and liquidity on a daily basis. The bank has formulated separate liquidity risk management policy and developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Bank maintains a portfolio of highly marketable and diverse assets assumed to be easily liquidated in the event of an unforeseen interruption of expected cash flow. The Bank also has committed lines of credit that could be utilized to meet liquidity needs. Further, the Bank maintains a statutory deposit with the Nepal Rastra Bank equal to approx. 3.31% of local currency deposits. In accordance with the bank's policy, the liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specific to the Bank. The most important of these is to maintain the required ratio of liquid assets to liabilities, to meet the regulatory requirement. Liquid assets consist of cash, short-term bank deposits and liquid debt securities available for immediate sale. Further the Statutory Liquidity Ratio of the Bank for the month ending on 16th July, 2023 is as follows.

Statutory Liquidity Ratio	
For the month ended on 16th July 2023	28.24%

Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Bank's financial assets and liabilities as at 16th July 2023. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date it could be required to pay and the table does not reflect the expected cash flows indicated by its deposit retention history.

Contractual maturities & undiscounted cashflows of financial assets & liabilities:

16 July 2023	On Demand	Up to 3 months	3 to 12 months	More than 1 year	Total	Amount In Rs.
Financial Assets						
Cash & Cash Equivalent	2,134,268,112	3,156,323,822	-	-	5,290,591,934	
Due from NRB	10,073,806,207	294,290,149	-	-	10,368,096,356	
Placement with Bank and Financial Institutions	-	-	1,056,571,534	-	1,056,571,534	
Derivative Financial Assets	-	-	-	-	-	-
Loans & Advances (Net)	-	15,912,218,113	43,924,618,239	90,033,264,075	149,870,100,426	
Other Trading Assets and Investment Securities	-	1,803,065,297	11,606,322,722	28,985,668,270	42,395,056,289	
Investment in subsidiaries	-	-	-	450,000,000	450,000,000	
Other Financial Assets		66,394,385		396,420,416	462,814,801	
Total Undiscounted Assets	12,208,074,319	21,232,291,764	56,587,512,494	119,865,352,761	209,893,231,339	

16 July 2023	On Demand	Up to 3 months	3 to 12 months	More than 1 year	Total
Financial Liabilities					
Due to Bank and Financial Institutions	3,082,418,202	1,990,939,711	17,950,000	-	5,091,307,913
Due to NRB	-	-	72,086,097		72,086,097
Derivative financial instruments		6,045,373			6,045,373
Due to Customers	7,604,750,666	16,312,647,190	70,606,813,244	81,221,038,354	175,745,249,454
Debts Securities Issued & Other Borrowings	525,800,000	-	1,051,600,000	10,425,266,000	12,002,666,000
Other Financial Liabilities	53,697,885	1,977,920,995	-	115,485,629	2,147,104,510
Total Undiscounted Liabilities	11,266,666,753	20,287,553,270	71,748,449,341	91,761,789,983	195,064,459,348
Net Financial Assets/(Liabilities)	941,407,566	944,738,494	(15,160,936,847)	28,103,562,778	14,828,771,991

5.1.4. Fair value of Financial Instruments

Financial instruments are recorded at fair value. The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the bank's estimate of assumptions that a market participant would make when valuing the instruments.

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the Bank uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable. Financial assets measured at fair value (either through PL or OCI), primarily consisting of quoted equities and quoted mutual fund units, are valued using the quoted market price in active markets as at the reporting date. If unquoted, those are carried at fair value determined using the Bank's best estimate of the most appropriate model assumptions.

Financial investments – Measured through OCI

Financial assets measured through OCI, primarily consist of quoted equities and quoted mutual fund units, are valued using the quoted market price in active markets as at the reporting date. For unquoted securities those are carried at fair value determined using the Bank's best estimate of the most appropriate model assumptions. Level 1 and Level 3 Valuation has been used for Fair Valuation of Financial Assets through Other Comprehensive Income (OCI), the details of which are mentioned below:

Particulars	Amount (NPR)	Valuation Basis
Level 1		
Sanima Equity Fund	199,420,000	Quoted Market Price on secondary Market
Sanima Large Cap Fund	151,541,345	Quoted Market Price on secondary Market
Sanima Growth Fund	155,844,000	Quoted Market Price on secondary Market
Subtotal (L1)	506,805,345	
Level 3		
Sanima GIC Insurance	123,040,000	Book Value Per Share
Sanima Reliance Life insurance	343,401,520	Book Value Per Share
NCHL Clearing	30,664,515	Book Value Per Share

Particulars	Amount (NPR)	Valuation Basis
Swet Ganga Hydropower and Construction Ltd.	46,095,907	Book Value Per Share
Matthiloo Mailun	36,053,708	Book Value Per Share
Sanima Middle Tamor	109,341,556	Book Value Per Share
Himalayan Hydropower Limited	39,497,150	Book Value Per Share
MDX Nepal	500,000	Initial recognition at cost
Avasar Equity Limited	30,000,000	Initial recognition at cost
National Fund Management	60,000,000	Initial recognition at cost
Avasar Equity Diversified Fund	750,000,000	Initial recognition at cost
Subtotal (L2)	1,568,594,356	
Total (L1+L3)	2,075,399,701	

5.1.5. Operational Risk

Operational risk is the risk of losses arising from failed internal processes, systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. Strategic and Reputational Risks are not covered in Operational Risk.

Effective operational risk management systems aims at minimizing losses and customer dissatisfaction due to failure in processes, focusing on flows in products and their design that can expose the Bank to losses due to fraud, analyzing the impact of failures in technology / system, developing plans to meet external shocks that can adversely impact continuity in the Bank's operations. Bank has introduced a "comprehensive operational risk monitoring and reporting framework" as well as "output checking" at all branches covering all transactions on daily basis to minimize operational risk.

One of the growing risks among others these days is Operations Risk that arises out of inefficient processes and people inside and outside the Bank. Asset Liability Management Committee (Alco) is the management committee where operating risk, market risk and other risks are discussed, in line with ALM Policy. Banking System (BS) is another area of concern where it has witnessed growing threat from outside. Information and Technology Division and Information Security Officer in the Bank reviews and checks the security aspects in line with IT Policy of the Bank. Bank has conducted an IS Audit of the Bank's system and suggestions given by the audit with respect to safety and security standards are being put in place.

Bank has separate division under Integrated Risk Management department to oversee operational risk . The division is headed by senior level staff with adequate access to daily reports, operational processes and right to recommend changes in the system and procedures. The head of Integrated Risk

Management Department directly reports to the Chief Risk Officer. Bank has SIMs (Standing Instruction Manuals) for all businesses of the Bank. All activities are undertaken in line with the set criteria in the Standing Instruction Manual, policies and guidelines including Directives and circulars from central bank (the regulatory authority). Similarly daily functions at operations are reported independently through a separate reporting line other than business generation and credit risk where independence of checking and control is complied with.

Processes are reviewed periodically so that their perfection can be weighed and any shortcoming can be addressed. Most of the functions like loan approval, bill payment, loan disbursement are centralized which controls activities that can cause mistake due to inadequate knowledge on the part of staff. Similarly awareness to the public is made on our services and products periodically by placing the notices in the website of the Bank, or in branches or publishing notices as appropriate. Staffs are given orientation on the job including that of system of the Bank before they are placed for the job and are guided to follow the SIMs for the job. Any staff for the first time in any job is put under the supervision of an experienced staff and is allowed to work independently after attaining required skills.

Bank has Whistle Blowing Policy to report to senior or management directly on anyone's suspicious conduct outside and inside the Bank. Skill development and skill enhancement programs are conducted on periodic basis and staffs identified for the program get the opportunity for training, seminar and workshop. Adequate numbers of trainings are conducted and staffs requiring training are given the opportunity for skill enhancement. Knowledge sharing is one of the core methods of skill development. If a staff gets any training, s/he is encouraged to share the same among the peers in the division/branch.

In operations, the Bank has put in place a maker and checker concept in which a transaction has to compulsorily go

through two individuals from a control standpoint with proper transaction right to capture deviations, if any. Similarly MIS Reports are generated to check correctness of transactions and any mistakes are promptly addressed and rectified. The activities of a personnel and division / branch can be viewed and monitored centrally through an integrated system, which helps in minimizing the risk of misconduct, if any. The Bank has an on-line replication Disaster Recovery Site (DRS) which captures the record of each transaction that takes place at the Production Server. Both the sites (Production Server and Disaster Recovery – Back up site) are housed in well-conditioned and high shock resistant buildings and are at different seismic zone, far from each other. DRS is outsourced to a professionally managed company having expertise in the sector. Drill is being done periodically and is being tested occasionally to assess the functioning of DRS.

Each desktop is implemented with Active Directory System (ADS) which does not allow user to take away the data in devices like data traveler (pen drive) or bring in data for processing or any other purposes posing threat to the repository. Similarly individual data in desk are also stored and backed up in periodic interval at data center so that any loss of data in desktop can be retrieved from data center.

The Bank has a separate Legal division which has an adequate number of qualified and experienced staff. All legal agreements, deeds and documents including claims and charges are thoroughly studied prior to making any decision involving such documents. Compliance with existing rules and regulations and business practices globally and locally are taken into account before arriving at the decision. The cases where the Bank needs expert's opinion on any issues, the same is done through the expert in the respective field.

5.1.6. Currency Risk

Currency risk arises as a result of fluctuations in the value of a financial instruments due to changes in foreign exchange rates. The Bank's Board has set limits on positions by currency in line with NRB directives (maximum position for all currency excluding INR is 30% of core capital). In accordance with the bank's policy, positions are monitored on a daily basis and also reviewed in ALCO meeting and hedging strategies are used to ensure positions are maintained within established limits. Market risk management policy and Treasury Manual of the bank are guiding documents for the management and mitigation of currency risk.

The table below indicates the currencies to which the bank had significant exposures as at 16 July 2023 and the effect to the Gain/Loss in case of a market exchange rates up/drop by 5

%. The analysis calculates the effect of a reasonably possible movement of the currency rate against the NPR, with all other variables held constant, on the income statement (due to the fair value of currency sensitive non-trading monetary assets and liabilities) and equity (due to the change in fair value of currency swaps and forward foreign exchange contracts used as cash flow hedges). A negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase. An equivalent decrease in each of the below currencies against NPR would have resulted in an equivalent but opposite impact.

Currency Code	Net Open Position	Effect on the exchange gain/(loss)
All Currencies (In '000)	100,091	5,005

5.2. CAPITAL MANAGEMENT

The Bank's capital management policies and practices support its business strategy and ensure that it is adequately capitalised to withstand even in severe macroeconomic downturns. Sanima Bank is a licensed institution that provides financial services. Therefore it must comply with capital requirement of central bank which is Nepal Rastra Bank.

The Bank's capital consists of Tier I capital and Tier II capital.

5.2.1. Qualitative disclosures

Nepal Rastra Bank has directed the Banks to develop own internal policy, procedures and structures to manage all material risk inherent in business for assessing capital adequacy in relation to the risk profiles as well as strategies for maintaining capital levels. This includes basic requirements of having good governance, efficient process of managing all material risks and an effective regime for assessing and maintaining adequate capital. The Bank has various BODs approved risk management policies for good governance. The Bank has developed a comprehensive ICAAP document which is subject to review every year. The ICAAP has two major components; first is an internal process to identify, measure, manage and report risks to which the bank is exposed or could be exposed in the future; and second is an internal process to plan and manage a bank's capital so as to ensure adequate capital. The Bank prepares the ICAAP report annually complying with the NRB requirement. The report is reviewed and analyzed by Risk Management Committee and Board. The report is prepared as per BASEL III norms considering various adverse scenarios. The Bank also conducts the stress testing on thirty two different unfavorable scenarios on quarterly basis and is reviewed by senior management, Risk Management

Committee and Board. The Bank in line with BASEL provisions and ICAAP document assesses risk exposures and allocated sufficient capital/cushion for perceived risks. The adequacy of capital is one of the major agenda of ALCO, Man-Com and Board meetings.

5.2.2. Quaantitative disclosures

1 Capital structure and capital adequacy

- Tier 1 Capital and a breakdown of its Components:**

Particulars	Amount (Rs.)
Paid up Equity Share Capital	12,460,115,059
Share Premium	-
Proposed Bonus Equity Shares	-
Statutory General Reserves	3,382,259,000
Retained Earnings	2,215,038,700
Un-audited current year cumulative profit	-
Capital Redemption Reserves	-
Capital Adjustment Reserves	10,407,985
Debenture Redemption Reserve	-
Dividend Equalization Reserves	-
Deferred Tax Reserve	-
Less: Goodwill	-
Less: Intangible Assets	95,832,854
Less: Fictitious Assets	-
Less: Deferred Tax Assets	-
Less: Investment in equity of licensed Financial Institutions	-
Less: Investment in equity of institutions with financial interests	540,000,000
Less: Investment in equity of institutions in excess of limits	-
Less: Investments arising out of underwriting commitments	-
Less: Purchase of Land & Building in excess of limit & utilized	-
Less: Reciprocal crossholdings	-
Less: Other Deductions	-
Total Tier 1 Capital	17,431,987,890

- Tier 2 Capital and Breakdown of its Components:**

Particulars	Amount (Rs.)
Cumulative and/or Redeemable Preference Share	-
Subordinated Term Debt	4,407,116,000
Hybrid Capital Instruments	-
Stock Premium	-
General loan loss provision	2,316,510,843
Exchange Equalization Reserves	33,468,992
Investments Adjustment Reserves	37,875,000

Particulars	Amount (Rs.)
Assets Revaluation Reserves	-
Special Reserve Fund	-
Total Tier 2 Capital	6,794,970,835

- Details of Subordinated Term Debt:**

The Bank issued "10% Sanima Debenture 2085" of face value NPR 1,000 per unit of NPR 1,354,712,000 on 14th January 2019, "8.50% Sanima Debenture 2087" of face value NPR 1,000 per unit of NPR 3,052,404,000 on 11th January 2021 and "10.25% Sanima Debenture 2089" of face value NPR 1000 per unit of NPR 5,000,000,000 on 13th July 2022 for resource purpose. The bank has created debenture redemption reserve as per the requirement of NRB, wherever applicable. As at the year end, the outstanding amount of debenture is NPR 9,407,116,000 out of which NPR 4,407,116,000 is only eligible to be recognized as supplementary Capital (Tier II).

- Deductions from Capital:**

The Bank has invested Rs. 250,000,000 in its merchant banking subsidiary 'Sanima Capital Ltd.', Rs. 200,000,000 in Sanima Securities Ltd., Rs. 30,000,000 in Avasar Equity Limited and Rs. 60,000,000 in National Fund Management Ltd. which has been deducted from Core Capital. Similarly, intangible assets having carrying value of Rs. 95,832,854 has also been deducted from Core Capital.

- Total Qualifying Capital:**

Particulars	Amount (Rs.)
Core Capital (Tier 1)	17,431,987,890
Supplementary Capital (Tier 2)	6,794,970,835
Total Capital Fund	24,226,958,725

- Capital Adequacy Ratio:**

The capital adequacy ratio of the bank as on 16th July, 2023 is 14.42%.

- Summary of the bank's internal approach to assess the adequacy of its capital to support current and future activities, if applicable:**

Sanima Bank adopts healthy risk management framework. The bank follows Internal Capital Adequacy Assessment Process (ICAAP) and Risk Management Guideline while taking decision on any business. It has always taken note of ICAAP and has taken steps accordingly in ensuring soundness of capital position and sustainability of the business. The bank's policies and procedures are approved by the Board of Directors and these documents provide guidance on independent identification, measurement and management of

risks across various businesses. Bank's different committees like Audit Committee, Risk Management Committee review the business and risks periodically and take account of stress test results, scenario analysis so as to align risk, return and capital in sustainable manner.

The bank also defines risk aspects, considering domestic economic scenario, and puts in place the system to minimize and remove such risk. The risk appetite and approach towards risk taking is well discussed in management level and board level. It is always aligned with the business, its return and capital. Basel disclosures have been complied with, addressing the risks and adopting measures to minimize their impact. Increasing complexities in risks, weakness of businesses and fast changing world with intense competition pose a threat to sustainability.

Capital planning is an integral part of the bank's medium term strategic planning and annual budget formulation process. Total risk weighted exposures for the projected level of business operations is calculated, the required capital level is projected, and a plan is formulated to retain the required capital. The bank is well capitalized and able to maintain the required capital through internal generation, and equally through capital markets if needed.

- Summary of terms, conditions and main feature of all capital instrument, especially in case of subordinated term debts including hybrid capital instrument:**

The Bank has issued "10% Sanima Debenture 2085" of face value NRs 1000 per unit on 14th January 2019 for Rs. 1,354,712,000 and "8.50% Sanima Debenture 2087" of face value NRs 1000 per unit on 11th January 2021 for Rs. 3,052,404,000. The main features of these capital instruments are as follows:

Instrument: 10% Sanima Debenture 2085

Interest Rate: 10%

Maturity period: 10 Years

Interest Payment Frequency: Half yearly

Instrument: 8.50% Sanima Debenture 2087

Interest Rate: 8.50%

Maturity period: 10 Years

Interest Payment Frequency: Half yearly

2 Risk exposures

- Risk weighted exposures for credit Risk, Market Risk and Operational Risk:**

RISK WEIGHTED EXPOSURES	Amount (Rs.)
Risk Weighted Exposure for Credit Risk	154,974,863,070
Risk Weighted Exposure for Operational Risk	7,807,525,393

RISK WEIGHTED EXPOSURES	Amount (Rs.)
Risk Weighted Exposure for Market Risk	872,292,600
Total Risk Weighted Exposures (Before Bank's adjustment of Pillar II)	163,654,681,063

- Risk Weighted exposures under each 11 categories of Credit Risk:**

Categories	Amount (Rs.)
Claims on Government and Central Bank	522,157,209
Claims on Other Financial Entities	-
Claims on Banks	1,748,406,265
Claims on Domestic Corporate and Securities Firms	82,713,768,708
Claims on Regulatory Retail Portfolio & Other Retail Portfolio	24,337,333,975
Claims secured by residential properties	5,830,464,529
Claims secured by Commercial real estate	1,262,212,578
Past due claims	4,913,339,719
High Risk claims	19,387,501,282
Other Assets	6,844,021,789
Off Balance Sheet Items	7,415,657,015
Total	154,974,863,070

- Total Risk Weight Exposures calculation Table:**

RISK WEIGHTED EXPOSURES	Amount (Rs.)
Risk Weighted Exposure for Credit Risk	154,974,863,070
Risk Weighted Exposure for Operational Risk	7,807,525,393
Risk Weighted Exposure for Market Risk	872,292,600
Add: RWE equivalent to reciprocal of capital charge of 2% of Gross Income	1,111,525,200
Add: 2% of the total RWE added by Supervisory Review	3,273,093,621
Total Risk Weighted Exposures (After Bank's adjustment of Pillar II)	168,039,299,884
Total Core Capital	17,431,987,890
Total Capital	24,226,958,725

- Amount of Non-Performing Assets (both Gross and Net):**

In Rs.

Particulars	Gross Amount	Loan Loss Provision	Net NPL
Restructured	-	-	-
Sub-Standard	818,218,272	207,684,568	610,533,704
Doubtful	669,470,353	334,735,176	334,735,176
Loss	480,666,040	480,666,040	-
Total	1,968,354,664	1,023,085,784	945,268,880

5.2.3. Compliance with external requirement

The bank, at all times, has complied the externally imposed capital requirements. In the capital adequacy calculation of 16th July 2023 (presented above), the bank has added 2% of total risk weighted exposures to its risk weighted exposures as per the direction from Nepal Rastra Bank as part of supervisory review.

5.3. Classification of financial assets and financial liabilities

Analysis of financial instruments by measurement basis- as at 16 July 2023

Financial instruments are measured on an ongoing basis either at fair value or at amortized cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognized. The following table shows the analysis of the carrying amounts of the financial assets and liabilities by category as defined in NFRS 9 :

				Current Year (Amount In Rs.)
	Fair Value through PL	Amortized Cost	Fair Value through OCI	Total
Financial Assets				
Cash & Cash Equivalents	-	5,290,591,934	-	5,290,591,934
Due from Nepal Rastra Bank	-	10,368,096,356	-	10,368,096,356
Placement with Bank and Financial Institutions	-	1,056,571,534	-	1,056,571,534
Derivative Financial Assets	-	-	-	-
Loan and Advances to B/FIs	-	4,445,160,972	-	4,445,160,972
Loans & Advances to Customers	-	145,424,939,454	-	145,424,939,454
Other Trading Assets	414,838,518	-	-	414,838,518
Investment Securities	-	39,904,818,070	2,075,399,701	41,980,217,771
Investment in subsidiaries	-	450,000,000	-	450,000,000
Other Financial Assets	-	462,814,801	-	462,814,801
Total Financial Assets	414,838,518	207,402,993,120	2,075,399,701	209,893,231,339
Financial Liabilities				
Due to Bank and Financial Institutions	-	5,091,307,913	-	5,091,307,913
Due to Nepal Rastra Bank	-	72,086,097	-	72,086,097
Derivative financial instruments	6,045,373	-	-	6,045,373
Deposits from customers	-	175,745,249,454	-	175,745,249,454
Borrowing	-	2,629,000,000	-	2,629,000,000
Debt securities issued	-	9,373,666,000	-	9,373,666,000
Other Financial Liabilities	-	2,147,104,510	-	2,147,104,510
Total Financial Liabilities	6,045,373	195,058,413,975	-	195,064,459,348

Previous Year (Amount In Rs.)

	Fair Value through PL	Amortized Cost	Fair Value through OCI	Total
Financial Assets				
Cash & Cash Equivalents	-	5,224,716,246	-	5,224,716,246
Due from Nepal Rastra Bank	-	13,516,139,617	-	13,516,139,617
Placement with Bank and Financial Institutions	-	371,162,744	-	371,162,744
Derivative Financial Assets	-	-	-	-
Loan and Advances to B/FIs	-	5,167,865,708	-	5,167,865,708

	Fair Value through PL	Amortized Cost	Fair Value through OCI	Total
Loans & Advances to Customers	-	136,518,037,930	-	136,518,037,930
Other Trading Assets	500,749,432	-	-	500,749,432
Investment Securities	-	25,338,981,427	1,129,414,028	26,468,395,455
Investment in subsidiaries	-	250,000,000	-	250,000,000
Other Financial Assets	-	-	-	-
Total Financial Assets	500,749,432	186,386,903,673	1,129,414,028	188,017,067,133
Financial Liabilities				
Due to Bank and Financial Institutions	-	2,614,422,138	-	2,614,422,138
Due to Nepal Rastra Bank	-	4,096,650,775	-	4,096,650,775
Derivative financial instruments	52,394,722	-	-	52,394,722
Deposits from customers	-	157,518,535,239	-	157,518,535,239
Borrowing	-	1,279,000,000	-	1,279,000,000
Debt securities issued	-	6,812,316,000	-	6,812,316,000
Other Financial Liabilities	-	455,280,222	-	455,280,222
Total Financial Liabilities	52,394,722	172,776,204,374	-	172,828,599,096

5.4. Segment wise information

- 1 The bank has identified its four segments (banking, treasury, card and remittance) based on the business activities that each unit is engaged for the purpose of reviewing the operating result as well as to intervene business strategies. Management monitors the operating results of its business units independently for the purpose of making decisions about resource allocations and performance assessment. Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently as presented in financial statements. The bank has used Fund Transfer Pricing (FTP) method to recognize income/expense for inter segment transactions. The segmental financial information has been summarized below:

- 2 The segmental information about profit or loss, assets and liabilities is presented below:

In Rs. '000'

Particular		Banking	Treasury	Card	Remittance	Total
a	Revenues from external customers	19,937,404	2,745,420	328,030	25,878	23,036,732
b	Intersegment revenues	7,746	(96,897)	(3,656)	92,807	-
c	Net Revenue	19,945,150	2,648,523	324,374	118,685	23,036,732
d	Interest Revenue	19,217,997	2,379,217	9,952	-	21,607,166
e	Interest Expense	13,690,474	1,368,652	1,839	67,583	15,128,549
f	Net interest revenue (b)	5,527,522	1,010,565	8,113	(67,583)	6,478,617
g	Depreciation and amortisation	321,948	7,235	28,939	3,617	361,739
h	Segment profit/(loss)	1,733,156	757,377	92,996	22,265	2,605,794
i	Entity's interest in the profit or loss of associates accounted for using equity method	-	-	-	-	-
j	Other material non-cash items	-	-	-	-	-
k	Impairment of assets	3,340,127	-	-	-	3,340,127
l	Segment assets	157,198,801	58,108,724	322,189	13,274	215,642,988
m	Segment liabilities	193,990,664	2,069,071	203,821	-	196,263,556

3 Measurement of operating segment profit or loss, assets and liabilities

- (a) The bank has used Fund Transfer Pricing (FTP) method to recognise income/expense for any transactions between reportable segments.
- (b) Reportable segment's profit or loss and the entity's profit or loss before income tax has been computed on similar basis.
- (c) Reportable segment's assets and the entity's assets has been measured on similar basis.

4 Reconciliation of reportable segment revenues, profit or loss, assets and liabilities:

(a)	Revenue	
	Total revenues for reportable segments	23,036,732
	Other revenues	-
	Elimination of intersegment revenues	-
	Entity's revenue	23,036,732
(b)	Profit or Loss	
	Total profit or loss for reportable segments	2,613,540
	Other Profit or loss	-
	Elimination of intersegment Profit	(7,746)
	Unallocated amounts:	-
	Entity's profit	2,605,794
(c)	Assets	
	Total Assets for reportable segments	215,642,988
	Other assets	-
	Unallocated amounts:	-
	Entity's Assets	215,642,988
(d)	Liabilities	
	Total Liabilities for reportable segments	196,263,556
	Other Liabilities	-
	Unallocated amounts:	-
	Entity's Liabilities	196,263,556

5 Information about products and services

Revenue from each type of product and services:

a	Treasury	2,745,420
b	Card	328,030
c	Remittance	25,878
d	Banking	19,937,404
	Total Revenue	23,036,732

6 INFORMATION ABOUT GEOGRAPHICAL AREAS

REVENUE FROM FOLLOWING GEOGRAPHICAL AREAS

a	Domestic	23,036,732
	Koshi Province	2,020,884
	Madhesh Province	1,026,037
	Bagmati Province	17,748,536
	Gandaki Province	670,321
	Lumbini Province	820,490
	Karnali Province	192,434
	Sudurpaschim Province	558,031
b	Foreign	-
	Total	23,036,732

7 Information about major customers

Revenue from any customers does not amounts to 10 percent or more of the entity's revenue.

5.5. Share options and share based payments

The bank has no share options and share based payments.

5.6. Contingent liabilities and commitment

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for adverse effects which the claims may have on its financial standing. There were no pending litigation against the Bank as at 16th July 2023 which would have material impact on the Financial Statements.

5.7. Related Party Disclosures

The Bank has carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with parties who are defined as related parties as per the Nepal Accounting Standard - NAS 24 - 'Related Party Disclosures', except for the transactions that Key Management Personnel (KMPs) have availed under schemes uniformly applicable to all staff at concessionary rates. Those transactions include lending activities, acceptance of deposits, Off-Balance Sheet transactions and provision of other banking and financial services.

5.7.1. Parent and Ultimate Controlling Party

The Bank does not have an identifiable parent of its own.

5.7.2. Transactions with Key Managerial Personnel (KMPs)

As per NAS 24 – Related Party Disclosures, Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity. According to the definition a person cannot be considered as a KMP unless such person have both the authority and responsibility to carry out all the three activities mentioned in the above definition, (i.e. planning, directing and controlling the activities of the entity).

Accordingly the Board of Directors of the Bank and Management Committee are considered as KMP of the Bank.

5.7.3. Compensations of KMP

	Amount In Rs. '000	
	Current Year	Previous Year
To Directors:		
Sitting fees & expenses	5,192	5,642
Total	5,192	5,642
To CEO:		
Short term employee benefits	9,600	10,882
Festival Allowance and payment against annual leave	800	1,451
Post-employment benefits	1,056	9,073
Other Allowances	-	-
Share Based Payment	-	-
Total	11,456	21,406
To Other Senior Management Personnel:		
Short term employee benefits	40,175	26,605
Festival Allowance and payment against annual leave	6,624	4,596
Post-employment benefits	8,349	11,487
Other Allowances	2,189	3,412
Share Based Payment	-	-
Total	57,337	46,101
Grand Total	73,985	73,149

In addition to the above, the Bank has also provided non-cash benefits such as fuel, medical benefits to KMP who are employees of the Bank in line with the approved benefit plans of the Bank. Employee Bonus has been provided as per prevailing laws.

5.7.4. Transactions, Arrangements and Agreements involving KMPs and Close Family Members (CFM)

CFMs of the KMP are those family members who may be expected to influence, or to be influenced by, that individual

in their dealings with the entity. They may include individual's domestic partner and children, children of the individual's domestic partner and dependents of the individual or the individual's domestic partner.

5.7.5. Loans & receivables to KMPs and their CFMs:

	Amount In Rs. '000			
	Current Year		Previous Year	
	Limit	Closing Balance	Limit	Closing Balance
Loans and Receivables	316,915	269,538	149,783	138,069
Credit Cards	2,463	287	1,133	7
	319,379	269,825	150,916	138,076

5.7.6. Deposits and Investments from KMPs and their CFMs:

	Amount In Rs. '000	
	Current Year	Previous Year
Deposits & Investments	119,433	6,378
	119,433	6,378

5.7.7. Transactions, Arrangements and Agreements involving Related Party Entities

	Amount In Rs. '000			
Related Party	Nature of Relation	Nature of Transaction	Current Year	Previous Year
Sanima Capital Ltd. (100% holding)	Subsidiary	SLA Income	1,944	1,830
		RTS Expense	800	700
		PMS Expense	1,000	3,476
		Investment in Shares	250,000	250,000
		Deposit	167,721	172,872
Sanima Securities Ltd. (100% holding)	Subsidiary	SLA Income	73	-
		Investment in Shares	200,000	-
		Deposit	204,849	-

The Bank has entered into Service Level Agreements with Sanima Capital to: (a) manage securities portfolio on behalf of the Bank for a fee of Rs. 1 million per annum plus 15% of gain and (b) to provide operational and technical assistance for a fee of Rs. 1.94 million for the year 2022-23. The Bank has also entered into Service Level Agreements with Sanima Securities to provide operational and technical assistance from which Bank has earned Rs. 0.073 million during year 2022-23.

5.7.8. Interest Expense to KMP and their CFMs and Entities which are controlled and / or jointly controlled by the KMPs or their CFMs

Amount In Rs. '000

	Current Year	Previous Year
Interest Income	10,542	4,815
Interest Expenses	12,381	615

5.7.9 Investment in mutual fund

Bank has sponsored sanima equity fund by initial investment of NPR 169 million (13%) in which including its subsidiary (Sanima Capital) has total investment of NPR 202.93 million (15.61%). Similarly, Bank has sponsored sanima large cap fund by initial investment of NPR 169.89 million (14.157%) in which including its subsidiary (Sanima Capital) has total investment of NPR 193.89 million (16.157%). Bank has also sponsored sanima growth fund by initial investment of NPR 156 million (23.20%) in which including its subsidiary (Sanima Capital) has total investment of NPR 180 million (26.76 %).

Further, Sanima Bank as sponsor has appointed Sanima Capital as a fund manager of each mutual fund with annual fee 1.50% p.a. of net assets value (NAV) managed and depository with an annual fee 0.20% p.a. of NAV.

5.8. Merger & Accquisition

No mergers and acquisitions have taken place during the year.

5.11. Comparison-Unaudited and Audited Financial Statements of FY 2022/23

In NPR '000

Statement of Financial Position	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
Cash and cash equivalent	5,290,592	5,290,592	-	-	
Due from Nepal Rastra Bank	10,368,096	10,368,096	-	-	
Placement with Bank and Financial Institutions	1,056,572	1,056,572	-	-	
Derivative financial instruments	-	-	-	-	
Other trading assets	414,839	414,839	-	-	
Loan and advances to B/FIs	4,445,161	4,445,161	-	-	
Loans and advances to customers	145,397,937	145,424,939	27,003	0.02	Due to change in fair value of staff loans and impairment loss
Investment securities	41,980,218	41,980,218	-	-	
Current tax assets	55,588	54,536	(1,053)	-	
Investment in subsidiaries	450,000	450,000	-	-	
Investment in associates	-	-	-	-	
Investment property	190,174	190,174	-	-	
Property and equipment	1,368,635	1,368,385	(250)	(0.02)	Reclassification
Goodwill and Intangible assets	95,833	96,083	250	0.26	
Deferred tax assets	169,785	169,777	(7)	(0.00)	
Other assets	4,357,940	4,333,617	(24,323)	(0.56)	Due to change in fair value of staff loans
Total Assets	215,641,368	215,642,988	1,620	0.00	
Liabilities					
Due to Bank and Financial Institutions	5,193,511	5,091,308	(102,203)	(1.97)	Reclassification
Due to Nepal Rastra Bank	72,086	72,086	-	-	

5.9. Additional disclosures of non consolidated entities

Financial statements of all subsidiaries have been consolidated by the Bank. The Bank has no substantial interest in other investees.

5.10. Events after the reporting date

The Bank actively monitors and evaluates events that could potentially qualify as either adjusting or non-adjusting events following the end of the reporting period. Adjusting events are incorporated into the financial statements, accompanied by additional disclosures. Non-adjusting events are duly disclosed in the notes, along with any possible identifiable financial impacts.

As per NRB Directive 4(3), the Bank should transfer any unrealized amount beyond 15 days after the fiscal year end to the Regulatory Reserve from the Retained Earnings. This transfer is calculated based on the Interest Receivable recorded on an accrual basis at year-end, net of applicable income tax and staff bonuses. Interest amount Rs. 126.57 Million recovered between 17th July to 31st July 2023 has been considered as an adjusting event for the purpose of computation of amount to be transferred to regulatory reserve. Accordingly, impairment loss on loans and advances as per NRB directive has been reassessed considering the overdue interest recovered till 31st July 2023 and principal recovered after year end, from internal source of fund of borrowers.

Statement of Financial Position	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
Derivative financial instruments	6,045	6,045	-	-	
Deposits from customers	175,643,047	175,745,249	102,203	0.06	Reclassification
Borrowing	2,629,000	2,629,000	-	-	
Current Tax Liabilities	-	-	-	-	
Provisions	35,004	34,264	(740)	(2.11)	Due to reversal of provisions
Deferred tax liabilities	-	-	-	-	
Other liabilities	3,311,965	3,311,937	(28)	(0.00)	
Debt securities issued	9,373,666	9,373,666	-	-	
Subordinated Liabilities	-	-	-	-	
Total liabilities	196,264,324	196,263,556	(768)	(0.00)	
Equity					
Share capital	12,460,115	12,460,115	-	-	
Share premium	-	-	-	-	
Retained earnings	2,209,675	2,215,039	5,364	0.24	Due to change in profit and other adjustments
Reserves	4,707,255	4,704,279	(2,976)	(0.06)	
Total equity attributable to equity holders	19,377,044	19,379,433	2,388	0.01	
Non-controlling interest	-	-	-	-	
Total equity	19,377,044	19,379,433	2,388	0.01	
Total Liabilities and Equity	215,641,368	215,642,988	1,620	0.00	

Statement of Profit or Loss and Other Comprehensive Income	As per unaudited Financial Statement	As per Audited Financial Statement	Variance In Amount	In %	Reasons for Variance
Interest income	21,617,858	21,607,166	(10,693)	(0.05)	Due to change in fair value of staff loans
Interest expense	15,128,549	15,128,549	-	-	
Net interest income	6,489,310	6,478,617	(10,693)	(0.16)	
Fee and commission income	1,039,664	1,039,862	198	0.02	
Fee and commission expense	260,862	242,161	(18,702)	(7.17)	Reclassification of expenses
Net fee and commission income	778,802	797,701	18,900	2.43	
Net interest, fee and commission income	7,268,112	7,276,319	8,207	0.11	
Net trading income	254,453	217,273	(37,180)	(14.61)	Reclassification
Other operating income	121,033	158,213	37,180	30.72	
Total operating income	7,643,597	7,651,804	8,207	0.11	
Impairment charge/(reversal) for loans and other losses	1,056,071	1,053,105	(2,966)	(0.28)	Due to change in impairment loss
Net operating income	6,587,526	6,598,699	11,174	0.17	
Operating expense					
Personnel expenses	1,773,942	1,761,952	(11,990)	(0.68)	Due to change in fair value of staff loans
Other operating expenses	671,189	704,682	33,493	4.99	
Depreciation & Amortization	361,739	361,739	0	0.00	
Operating profit	3,780,656	3,770,327	(10,329)	(0.27)	
Non operating income	14,218	14,218	-	-	
Non operating expense	52,952	54,985	2,034	3.84	Additional expenses
Profit before income tax	3,741,923	3,729,560	(12,363)	(0.33)	
Income tax expense					
Current Tax	1,143,077	1,144,130	1,053	0.09	Due to change in profit
Deferred Tax	(20,371)	(20,363)	(7)	(0.04)	
Profit / (loss) for the period	2,619,217	2,605,794	(13,423)	(0.51)	
Other comprehensive income	(26,523)	(26,523)	-	-	
Total comprehensive income	2,592,694	2,579,271	(13,423)	(0.52)	
Distributable Profit					
Net profit/(loss) as per profit or loss	2,619,217	2,605,794	(13,423)	(0.51)	
Appropriations:					
Profit required to be appropriated to statutory reserves	(559,908)	(556,940)	(2,968)	(0.53)	Due to change in profit
Profit required to be (transferred to)/reversed from Regulatory Reserve	(270,343)	(270,336)	(7)	(0.00)	
Profit/(loss) after Regulatory adjustments	1,788,966	1,778,518	(10,447)	(0.58)	
Opening retained earnings	1,244,455	1,244,455	-	-	
Transfer from/to various reserves	420,000	435,811	15,811	3.76	Due to change in presentation of CSR expenses
Dividend paid	(1,243,746)	(1,243,746)	-	-	
Total Distributable profit or (loss)	2,209,675	2,215,039	5,364	0.24	

5.12. Earnings Per Ordinary Share

Earnings Per Share- Basic (Rs.)

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, as per the NAS 33 - Earnings per Share.

	Current Year	Previous Year
Profit Attributable to Ordinary Shareholders	2,605,793,663	2,093,115,828
Weighted average number of Ordinary Shares	124,601,151	113,273,773
Basic Earnings per Ordinary Share (Rs.)	20.91	18.48

Weighted average number of Ordinary Shares	Current Year		Previous Year	
	Outstanding	Weighted Average	Outstanding	Weighted Average
Weighted average number of ordinary shares for Basic EPS				
Number of Shares held at the beginning of the year	113,273,773	113,273,773	96,815,191	96,815,191
Add: Number of bonus shares issued during the year	11,327,377	11,327,377	16,458,582	16,458,582
Add: Number of right shares issued during the year	-	-	-	-
Add: Due to Business Combination during the year	-	-	-	-
Number of Shares held as at the end of the year	124,601,151	124,601,151	113,273,773	113,273,773

Earnings Per Share- Diluted (Rs.)

The calculation of Diluted Earnings Per Share as at reporting date is based on sum of profit attributable to equity holders of the Bank plus notional earnings from the possible dilution divided by the weighted average number of ordinary shares outstanding during the year, after adjustment for the effects of all potentially dilutive weighted average number of ordinary shares.

	Current Year	Previous Year
Profit Attributable to ordinary Shareholders	2,605,793,663	2,093,115,828
Notional Earnings	-	-
Total Earnings Attributable to ordinary Shareholders	2,605,793,663	2,093,115,828
Weighted average number of Ordinary Shares used for Basic EPS	124,601,151	113,273,773
Weighted average number of potential ordinary shares outstanding	-	-
Weighted average number of ordinary shares used for Diluted EPS	124,601,151	113,273,773
Diluted Earnings per Ordinary Share (Rs.)	20.91	18.48

5.13 Dividend

The Board of Directors of the Bank, vide board resolution dated September 14, 2023, has recommended the distribution of 9% of Paid up Capital as Stock dividend amounting to Rs. 1,121,410,355.31 and 5.70% of Paid up Capital as Cash dividend (including tax on dividend) amounting to Rs. 710,226,558.36 from the retained earnings at the end of the year 2022/23 which equates to a distribution of 14.70% dividend amounting to Rs. 1,831,636,913.67. During the FY 2022/23, Bank paid 10% of paid up capital as Stock dividend amounting to Rs. 1,132,737,732.64 and 0.98% of Paid up Capital as Cash dividend (including tax on dividend)

amounting to Rs. 111,008,297.80 from the retained earnings at the end of the year 2021/22 which equates to a distribution of 10.98% dividend amounting to Rs. 1,243,746,030.44.

5.14. Interest Capitalization

Following are the loans, on which interest is capitalized to recognize income in accordance with NRB approval/guidelines. These loans are the project loans, interest on which was capitalized for the moratorium period. Detail of such loans and interest recognized in FY 2022/23 is as follows:

Amount in NPR

S. N.	Name of Borrower	Capitalized Interest	NRB Approval Date
1	AARYA HOTEL & SPA PVT.LTD.	8,695,554	2021/04/21
2	APEX MAKALU HYDROPOWER LIMITED	7,860,151	2023/01/13
3	K.B.N.R ISUWA POWER LIMITED	36,171,745	2022/10/16
4	MAKAR JITUMAYA SURI HYDROPOWER PUBLIC LIMITED	29,297,829	2022/07/28
5	MEWA DEVELOPERS PVT. LTD.	57,368,366	2021/06/21
6	OMEGA ENERGY DEVELOPER PVT. LTD.	3,841,020	2022/10/17
7	PEOPLES ENERGY PUBLIC LTD	21,753,432	2023/01/12
8	PEOPLES HYDROPOWER COMPANY P LTD	64,735,634	2021/03/09
9	THE METROPOLITAN HOTEL PVT LTD	5,603,104	2021/07/15
Total Interest Capitalization		235,326,835	

5.15. Summary of Loans and Advances

Movement of loans and advances during the year is given below:

Particulars	No. of Borrower Accounts	Amount In Million
Opening Loans and Advances	33,824	140,829
Addition during the year (net)	15	9,220
Closing Loans and Advances	33,839	150,049

5.16. Summary of Concentration of Exposure

No exposure has been highly concentrated to a single person, firm, organization or to a particular sector. Detail of the highest exposure to a single person or organization is as follows:

Amount In '000

Particulars	Total Exposure	Maximum concentration to a single customer	
		Amount	%
Loans & Advances	150,048,519	1,862,614	1.24
Deposit	178,845,618	4,016,359	2.25

5.17. Refinance, Subsidy and Business Continuity Loan

Borrowers are availing below mentioned facilities from the Bank:

Particulars	As of 16 th July 2023	
	No. of customers	Amount (NPR)
Refinance Loan	-	-
Subsidized loan	5,009	7,103,345,191
Business Continuity Loan	7	71,484,437

5.18. Reconciliation Status

The Bank reconciles inter branch transactions and other agency accounts regularly. The difference has been identified, reviewed and adjusted as per the defined policy of the Bank.

5.19. Debenture Issued

During the fiscal year the Bank has not issued any new debenture. Bank has however redeemed face value of NPR 370,000,000 of 7% Sanima Debenture 2079.

5.20. Movement in Share Capital

The details of the movement in the capital is given in the table below:

Particulars	Amount (NPR)	Remarks
Initial Share Capital	224,000,000	FY 2004/05
Public Issue	96,000,000	
Right Issue	4,779,505,700	Right and Bonus issue in multiple years
Bonus Issue	7,333,733,859	
Merger/ Acquisition	26,875,500	Bagmati Development Bank
Share Capital as on 16th July 2023	12,460,115,059	

Principal Indicators

	Particulars	Indicators	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
1	Percent of Net Profit/Gross Income	Percent	18.86	14.04	19.13	12.79	11.34
2	Earning Per Share	Rs.	28.22	20.18	23.94	18.48	20.91
3	Market Value Per Share	Rs.	348.00	330.00	485.00	276.00	260.50
4	Price Earning Ratio	Times	12.33	16.35	20.26	14.94	12.46
5	Dividend (Including Bonus)	Percent	21.05	13.60	17.8947	10.98	14.70
6	Cash Dividend	Percent	11.05	3.60	0.8947	0.98	5.70
7	Interest Income/Loan & Advances	Percent	12.89	12.24	8.74	10.48	14.42
8	Staff Expenses/Total Operating Expenses	Percent	63.38	60.48	62.05	58.05	57.38
9	Interest Expenses / Total Deposit and Borrowing	Percent	6.96	6.58	4.49	6.16	8.26
10	Exchange Gain/Total Income	Percent	3.12	3.17	2.68	2.31	0.94
11	Staff Bonus/Total Staff Expenses	Percent	28.40	22.77	25.55	21.15	23.52
12	Net Profit/Loan and Advances	Percent	2.71	1.90	1.88	1.48	1.74
13	Net Profit/Total Assets	Percent	2.07	1.41	1.44	1.09	1.21
14	Total Credit/Deposit	Percent	90.42	85.10	94.10	89.18	83.80
15	Total Operating Expenses/Total Assets	Percent	1.82	1.62	1.44	1.39	1.42
16	Adequacy of Capital Fund on Risk Weighted Assets						
a)	Core Capital	Percent	10.63	10.37	9.29	9.52	10.37
b)	Supplementary Capital	Percent	2.56	2.63	4.28	4.14	4.05
c)	Total Capital Fund	Percent	13.19	13.00	13.57	13.66	14.42
17	Liquidity	Percent	22.87	24.01	22.15	27.07	30.01
18	Non-Performing Loan/Total Credit	Percent	0.08	0.45	0.12	0.33	1.31
19	Weighted Average Interest Rate Spread	Percent	4.35	3.47	3.73	3.86	4.00
20	Book Net-Worth	Rs.	11,989,548,059	12,818,604,934	14,923,413,378	16,911,170,411	19,379,432,746
21	Total Number of Shares	Nos.	80,012,554	88,013,810	96,815,191	113,273,773	124,601,151
22	Total Staff	Nos.	962	1,072	1,113	1,270	1,301
23	No. of Branches (including Head Office)	Nos.	78	79	86	99	104
24	Base Rate	Percent	9.45	8.62	6.34	9.71	10.15
25	Return on Equity	Percent	23.20	16.09	18.57	14.13	15.54
26	Return on Assets	Percent	2.07	1.41	1.44	1.09	1.21
27	Total Assets to Shareholders Fund	Times	9.10	9.85	10.77	11.38	11.13

Deviation in the Bank's audited financials in comparison to financial projected in prospectus

Details of deviation in audited financials and the projected financial statement published in prospectus issued by the bank for issuance of "8.50% Sanima Debenture 2087" subordinated debenture of Rs. 1000 each amounting to Rs. 3,052,404,000: NPR In '000

Particulars	As on 16th July 2023			
	Actual	Projected	Difference (%)	Reason for deviation above 15%
Assets				
Cash and cash equivalent	5,290,592	7,535,341	(29.8)	
Due from Nepal Rastra Bank	10,368,096	6,698,081	54.8	
Placement with Bank and Financial Institutions	1,056,572	3,369,520	(68.6)	
Derivative financial instruments	-	95,689	(100.0)	
Other trading assets	414,839	544,909	(23.9)	Lower investment made in government securities than projected
Loans and advances	149,870,100	159,106,298	(5.8)	
Investment securities	41,980,218	20,723,932	102.6	Due to higher investable fund
Current tax assets	54,536	-		Taxable profit estimated for advance tax payment was higher than actual profit
Investment in subsidiaries	450,000	250,000	80.0	Additional investment made in Sanima Securities
Investment in associates	-	-		
Investment property	190,174	-		Non banking assets booked at the time of recovery of loans which was not projected
Property and equipment	1,368,385	1,949,327	(29.8)	Less assets purchased than projected
Goodwill and Intangible assets	96,083	89,818	7.0	
Deferred tax assets	169,777	27,928	507.9	Creation of deferred tax assets due to impairment charge in investment and gain on actuarial valuation of defined employee benefit plan
Other assets	4,333,617	2,483,005	74.5	Due to change in lease accounting policy and creation of more assets due to regular banking transactions
Total Assets	215,642,988	202,873,847	6.3	
Liabilities				
Due to Bank and Financial Institutions	5,091,308	3,792,350	34.3	Due to more deposit collection and borrowing than projected
Due to Nepal Rastra Bank	72,086	1,633,881	(95.6)	Repayment of refinance facility as per NRB norms and no additional refinance has been availed
Derivative financial instruments	6,045	-		Due to regular banking transactions
Deposits from customers	175,745,249	171,254,166	2.6	
Borrowing	2,629,000	-		Borrowing of fund as per business needs
Current Tax Liabilities	-	27,865	(100.0)	Taxable profit estimated for advance tax payment was higher than actual profit
Provisions	34,264	34,414	(0.4)	
Deferred tax liabilities	-	-		
Other liabilities	3,311,937	945,662	250.2	Due to change in lease accounting policy and regular banking transactions
Debt securities issued	9,373,666	5,354,712	75.1	Issued "10.25% Sanima Debenture 2089" which was not projected
Subordinated Liabilities	-	-		
Total Liabilities	196,263,556	183,043,050	7.2	
Equity				
Share capital	12,460,115	12,198,714	2.1	
Share premium	-	-		
Retained earnings	2,215,039	2,453,670	(9.7)	
Reserves	4,704,279	5,178,412	(9.2)	
Total equity attributable to equity holders	19,379,433	19,830,797	(2.3)	
Non-controlling interest	-	-		
Total Equity	19,379,433	19,830,797	(2.3)	
Total Liabilities and Equity	215,642,988	202,873,847	6.3	

Particulars	For the year ended 16th July 2023			
	Actual	Projected	Difference (%)	Reason for deviation above 15%
Interest income	21,607,166	16,604,261	30.1	Due to higher investment and yield in loans and government securities
Interest expense	15,128,549	10,118,384	49.5	Due to increase in deposit liability, cost of deposit and change in lease accounting policy
Net interest income	6,478,617	6,485,878	(0.1)	
Fee and commission income	1,039,862	1,020,068	1.9	
Fee and commission expense	242,161	114,242	112.0	Due to increase in digital banking transactions and other expense incurred which was not projected
Net fee and commission income	797,701	905,826	(11.9)	
Net interest, fee and commission income	7,276,319	7,391,703	(1.6)	
Net trading income	217,273	571,254	(62.0)	Lower earning from trading assets
Other operating income	158,213	51,639	206.4	Higher dividend income than projected and sale of investment securities at gain
Total operating income	7,651,804	8,014,596	(4.5)	
Impairment charge/(reversal) for loans and other losses	1,053,105	460,000	128.9	Higher impairment charge than projected due to increase in non performing loans
Net operating income	6,598,699	7,554,596	(12.7)	
Operating expense				
Personnel expenses	1,761,952	1,793,577	(1.8)	
Other operating expenses	704,682	787,961	(10.6)	
Depreciation & Amortization	361,739	236,424	53.0	Change in depreciation & amortization method and lease accounting policy
Operating Profit	3,770,327	4,736,633	(20.4)	
Non operating income	14,218	-		Write off of unsettled liabilities
Non operating expense	54,985	-		Write off of loans and advances
Profit before income tax	3,729,560	4,736,633	(21.3)	Due to deviations mentioned above
Income tax expense	1,123,766	1,408,990	(20.2)	
Current Tax	1,144,130	1,408,990	(18.8)	Income tax impact of above mentioned deviations
Deferred Tax	(20,363)	-		Due to creation of deferred tax assets
Profit for the year	2,605,794	3,327,643	(21.7)	Lower net profit than projected due to above mentioned deviations

Deviation in the Bank's audited financials in comparison to financial projected in prospectus

Details of deviation in audited financials and the projected financial statement published in prospectus issued by the bank for issuance of "10.25% Sanima Debenture 2089" subordinated debenture of Rs. 1000 each amounting to Rs. 5,000,000,000: NPR In '000

Particulars	As on 16th July 2023			
	Actual	Projected	Difference (%)	Reason for deviation above 15%
Assets				
Cash and cash equivalent	5,290,592	6,739,304	(21.5)	
Due from Nepal Rastra Bank	10,368,096	8,813,712	17.6	
Placement with Bank and Financial Institutions	1,056,572	2,378,515	(55.6)	Due to regular banking transactions
Derivative financial instruments	-	54,167	(100.0)	
Other trading assets	414,839	281,499	47.4	Higher investment made in government securities than projected
Loans and advances	149,870,100	169,086,430	(11.4)	
Investment securities	41,980,218	26,715,950	57.1	Due to higher investable fund
Current tax assets	54,536	-		Taxable profit estimated for advance tax payment was higher than actual profit
Investment in subsidiaries	450,000	250,000	80.0	Additional investment made in Sanima Securities
Investment in associates	-	-		
Investment property	190,174	72,932	160.8	Non banking assets booked at the time of recovery of loans which was not projected
Property and equipment	1,368,385	1,623,499	(15.7)	Less assets purchased than projected
Goodwill and Intangible assets	96,083	65,249	47.3	Reclassification of heading of fixed assets
Deferred tax assets	169,777	-		Creation of deferred tax assets due to impairment charge in investment and gain on actuarial valuation of defined employee benefit plan
Other assets	4,333,617	3,259,802	32.9	Due to change in lease accounting policy and creation of more assets due to regular banking transactions
Total Assets	215,642,988	219,341,057	(1.7)	
Liabilities				
Due to Bank and Financial Institutions	5,091,308	2,623,139	94.1	Due to more deposit collection and borrowing than projected
Due to Nepal Rastra Bank	72,086	500,000	(85.6)	Repayment of refinance facility as per NRB norms and no additional refinance has been availed
Derivative financial instruments	6,045	-		Due to regular banking transactions
Deposits from customers	175,745,249	180,568,730	(2.7)	
Borrowing	2,629,000	3,786,750	(30.6)	Borrowing of fund as per business needs
Current Tax Liabilities	-	124,186	(100.0)	Taxable profit estimated for advance tax payment was higher than actual profit
Provisions	34,264	32,642	5.0	
Deferred tax liabilities	-	49,029		Creation of deferred tax assets due to impairment charge in investment and gain on actuarial valuation of defined employee benefit plan
Other liabilities	3,311,937	2,016,878	64.2	Due to change in lease accounting policy and regular banking transactions
Debt securities issued	9,373,666	9,401,716	(0.3)	
Subordinated Liabilities	-	-		
Total Liabilities	196,263,556	199,103,070	(1.4)	
Equity				
Share capital	12,460,115	12,573,389	-	
Share premium	-	-		
Retained earnings	2,215,039	2,271,789	(2.5)	
Reserves	4,704,279	5,392,810	(12.8)	
Total equity attributable to equity holders	19,379,433	20,237,987	(4.2)	
Non-controlling interest				
Total Equity	19,379,433	20,237,987	(4.2)	
Total Liabilities and Equity	215,642,988	219,341,057	(1.7)	

Particulars	For the year ended 16th July 2023			
	Actual	Projected	Difference (%)	Reason for deviation above 15%
Interest income	21,607,166	19,614,000	10.2	
Interest expense	15,128,549	13,546,428	11.7	
Net interest income	6,478,617	6,067,572	6.8	
Fee and commission income	1,039,862	1,135,902	(8.5)	
Fee and commission expense	242,161	161,233	50.2	Due to increase in digital banking transactions and other expense incurred which was not projected
Net fee and commission income	797,701	974,669	(18.2)	Due to deviation mentioned above
Net interest, fee and commission income	7,276,319	7,042,241	3.3	
Net trading income	217,273	505,473	(57.0)	Lower earning from trading assets
Other operating income	158,213	104,622	51.2	Higher dividend income than projected and investment securities sale on gain
Total operating income	7,651,804	7,652,336	(0.0)	
Impairment charge/(reversal) for loans and other losses	1,053,105	425,132	147.7	Higher impairment charge than projected due to increase in non performing loans
Net operating income	6,598,699	7,227,205	(8.7)	
Operating expense				
Personnel expenses	1,761,952	1,926,622	(8.5)	
Other operating expenses	704,682	913,607	(22.9)	Change in depreciation & amortization method and lease accounting policy
Depreciation & Amortization	361,739	247,446	46.2	
Operating Profit	3,770,327	4,139,529	(8.9)	
Non operating income	14,218	1,638	768.0	Write off of unsettled liabilities
Non operating expense	54,985	1,644	3,243.8	Write off of loans and advances
Profit before income tax	3,729,560	4,139,523	(9.9)	
Income tax expense	1,123,766	1,241,857	(9.5)	
Current Tax	1,144,130	1,241,857	(7.9)	
Deferred Tax	(20,363)	-		Due to creation of deferred tax assets
Profit for the year	2,605,794	2,897,666	(10.1)	

Capital Adequacy Table

As on 16th July 2023

*Form No. 1
(Rs. in million)*

<i>Particulars</i>		Current Year	Previous Year
a	Common Equity Tier 1 Capital	17,431.99	14,986.25
b	Tier 1 Capital	17,431.99	14,986.25
c	Tier 2 Capital	6,794.97	6,516.69
d	Total Capital	24,226.96	21,502.94
e	Risk Weighted Exposures	168,039.30	157,459.10
<i>Regulatory Ratios</i>			
a	Leverage Ratio (Regulatory Requirement >= 4%)	7.47	7.15
b	Common Equity Tier 1 to Risk Weighted Exposure Ratios	10.37	9.52
c	Tier 1 to Risk Weighted Exposure Ratios	10.37	9.52
d	Total Capital to Risk Weighted Exposure Ratio	14.42	13.66

Capital Adequacy Table

As on 16th July 2023

Form No. 1A
(Rs. in million)

1.1 RISK WEIGHTED EXPOSURES		Current Year	Previous Year
a	Risk Weighted Exposure for Credit Risk	154,974.86	145,882.38
b	Risk Weighted Exposure for Operational Risk	7,807.53	7,413.34
c	Risk Weighted Exposure for Market Risk	872.29	45.21
Total Risk Weighted Exposures (Before adjustments of Pillar II)		163,654.68	153,340.93
<i>Adjustments under Pillar II</i>			
SRP 6.4a (5)	<i>Adjustment as per SRP 6.4a (5)</i>	-	-
SRP 6.4a (6)	<i>Adjustment as per SRP 6.4a (6)</i>	-	-
SRP 6.4a (7)	<i>Adjustment as per SRP 6.4a (7)</i>	1,111.53	1,051.35
SRP 6.4a (9)	<i>Adjustment as per SRP 6.4a (9)</i>	3,273.09	3,066.82
SRP 6.4a (10)	<i>Adjustment as per SRP 6.4a (10)</i>	-	-
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)		168,039.30	157,459.10
1.2 CAPITAL		Current Year	Previous Year
(A) Tier 1 Capital [Core Capital (CET 1 + AT 1)]		17,431.99	14,986.25
	Common Equity Tier 1 (CET 1)	17,431.99	14,986.25
a	Paid up Equity Share Capital	12,460.12	11,327.38
b	Equity Share Premium		
c	Proposed Bonus Equity Shares		
d	Statutory General Reserves	3,382.26	2,861.10
e	Retained Earnings	2,215.04	1,244.46
f	Unaudited current year cumulative profit/(loss)	-	-
g	Capital Redemption Reserve		
h	Capital Adjustment Reserve	10.41	10.41
i	Debenture Redemption Reserve	-	370.00
j	Dividend Equalization Reserves		
K	Bargain Purchase Gain		
l	Other Free Reserve		
m	Less: Goodwill		
n	Less: Intangible Assets	95.83	56.00
o	Less: Fictitious Assets		
p	Less: Investment in equity in licensed Financial Institutions		
q	Less: Investment in equity of institutions with financial interests	540.00	771.08
r	Less: Investment in equity of institutions in excess of limits		
s	Less: Investments arising out of underwriting commitments		
t	Less: Reciprocal crossholdings		
u	Less: Purchase of land & building in excess of limit and unutilized		
v	Less: Cash Flow Hedge		
w	Less: Defined Benefits Pension Assets		
x	Less: Unrecognized Defined Benefit Pension Liabilities		
y	Less: Negative Balances of reserve accounts		
z	Less: Other Deductions		

Adjustments under Pillar II			
SRP 6.4a(1)	Less:Shortfall in Provision(6.4 a 1)	-	
SRP 6.4a(2)	Less: Loans and Facilities extended to related parties and restricted lending	-	
Additional Tier 1 (AT 1)		-	-
a	Perpetual Non Cumulative Preference Share Capital		
b	Perpetual Debt Instruments		
c	Stock Premium		
(B) Supplementary Capital (Tier 2)		6,794.97	6,516.69
a	Cumulative and/or Redeemable Preference Share		
b	Subordinated Term Debt	4,407.12	4,407.12
c	Hybrid Capital Instruments		
d	Stock Premium		
e	General LLP	2,316.51	2,085.45
f	Exchange Equalization Reserve	33.47	24.12
g	Investment Adjustment Reserve	37.88	-
h	Assets Revaluation Reserve		
i	Other Reserves		
Total Capital Fund (Tier I and Tier II)		24,226.96	21,502.94
1.3 CAPITAL ADEQUACY RATIOS		Current Year	Previous Year
Common Equity Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)		10.37%	9.52%
Tier 1 Capital to Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)		10.37%	9.52%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)		14.42%	13.66%

Risk Weighted Exposure for Credit Risk

As on 16th July 2023

Form No. 2
(Rs. in million)

A. Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Previous Year
	a	b	c	d=a-b-c	e	f=d*e	
Cash Balance	2,134.27			2,134.27	0%	-	-
Balance With Nepal Rastra Bank	10,073.81			10,073.81	0%	-	-
Gold				-	0%	-	-
Investment in Nepalese Government Securities	38,921.07			38,921.07	0%	-	-
All Claims on Government of Nepal	321.20			321.20	0%	-	-
Investment in Nepal Rastra Bank securities				-	0%	-	-
All claims on Nepal Rastra Bank				-	0%	-	-
Claims on Foreign Government and Central Bank (ECA 0-1)				-	0%	-	-
Claims on Foreign Government and Central Bank (ECA -2)			-	-	20%	-	-
Claims on Foreign Government and Central Bank (ECA -3)			-	-	50%	-	-
Claims on Foreign Government and Central Bank (ECA-4-6)			-	-	100%	-	-
Claims on Foreign Government and Central Bank (ECA -7)	696.21	348.10	-	348.10	150%	522.16	479.63
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework				-	0%	-	-
Claims on Other Multilateral Development Banks			-	-	100%	-	-
Claims on Domestic Public Sector Entities			-	-	100%	-	-
Claims on Public Sector Entity (ECA 0-1)			-	-	20%	-	-
Claims on Public Sector Entity (ECA 2)			-	-	50%	-	-
Claims on Public Sector Entity (ECA 3-6)			-	-	100%	-	-
Claims on Public Sector Entity (ECA 7)			-	-	150%	-	-
Claims on domestic banks that meet capital adequacy requirements	5,166.66		-	5,166.66	20%	1,033.33	1,068.35
Claims on domestic banks that do not meet capital adequacy requirements	-		-	-	100%	-	-
Claims on foreign bank (ECA Rating 0-1)	3,521.56		-	3,521.56	20%	704.31	351.49
Claims on foreign bank (ECA Rating 2)	-		-	-	50%	-	-
Claims on foreign bank (ECA Rating 3-6)	-		-	-	100%	-	-
Claims on foreign bank (ECA Rating 7)	-		-	-	150%	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	53.82		-	53.82	20%	10.76	83.61
Claims on Domestic Corporates (Credit rating score equivalent to AAA)	-		-	-	50%	-	-
Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)	503.12		-	503.12	70%	352.19	430.94
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)	-		-	-	80%	-	-
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)	34,654.17		-	34,654.17	100%	34,654.17	21,092.64
Claims on Domestic Corporates (Unrated)	47,855.85		148.44	47,707.41	100%	47,707.41	56,268.81
Claims on Foreign Corporates (ECA 0-1)			-	-	20%	-	-
Claims on Foreign Corporates (ECA 2)	-		-	-	50%	-	-
Claims on Foreign Corporates (ECA 3-6)			-	-	100%	-	-
Claims on Foreign Corporates (ECA 7)			-	-	150%	-	-
Regulatory Retail Portfolio (Not Overdue)	33,440.73		990.95	32,449.78	75%	24,337.33	20,872.50
Claims fulfilling all criterion of regularity retail except granularity			-	-	100%	-	-
Claims secured by residential properties	9,408.40		-	9,408.40	60%	5,645.04	5,187.06
Claims not fully secured by residential properties			-	-	150%	-	-
Claims secured by residential properties (Overdue)	208.59	23.16	-	185.43	100%	185.43	-
Claims secured by Commercial real estate	1,262.21		-	1,262.21	100%	1,262.21	1,500.02
Past due claims (except for claims secured by residential properties)	4,273.49	997.93	-	3,275.56	150%	4,913.34	1,351.39
High Risk claims	14,058.56	2.53	1,171.33	12,884.70	150%	19,327.05	23,435.86
Lending against securities (bonds)			-	-	100%	-	-
Lending against Shares(upto Rs.2.5 Million)	141.55		-	141.55	100%	141.55	-
Trust Receipt Loans for Trading Firms	522.65		13.03	509.62	120%	611.54	1,157.64
Investments in equity and other capital instruments of institutions listed in stock exchange	1,364.64	75.51	-	1,289.13	100%	1,289.13	507.27
Investments in equity and other capital instruments of institutions not listed in the stock exchange	67.22	26.92	-	40.30	150%	60.45	226.93
Staff loan secured by residential property	3,085.32			3,085.32	50%	1,542.66	1,432.82
Interest Receivable/claim on government securities	745.22			745.22	0%	-	-
Cash in transit and other cash items in the process of collection				-	20%	-	-
Other Assets	7,051.91	3,792.77	-	3,259.14	100%	3,259.14	2,671.33
TOTAL (A)	219,532.21	5,266.92	2,323.75	211,941.54		147,559.21	138,118.28

B. Off Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Previous Year
Revocable Commitments				-	0%	-	-
Bills Under Collection	511.21			511.21	0%	-	-
Forward Exchange Contract Liabilities			-	-	10%	-	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty	1,843.03		132.32	1,710.71	20%	342.14	392.99
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-	-
Foreign counterparty (ECA Rating 2)			-	-	50%	-	-
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-	-
Foreign counterparty (ECA Rating 7)			-	-	150%	-	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	1,646.38		182.64	1,463.75	50%	731.87	459.08
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-	-
Foreign counterparty (ECA Rating 2)			-	-	50%	-	-
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-	-
Foreign counterparty (ECA Rating 7)			-	-	150%	-	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	7,301.14	920.15	799.38	5,581.61	40%	2,232.64	2,434.90
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-	-
Foreign counterparty (ECA Rating 2)			-	-	50%	-	-
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-	-
Foreign counterparty (ECA Rating 7)			-	-	150%	-	-
Underwriting commitments			-	-	50%	-	-
Lending of Bank's Securities or Posting of Securities as collateral			-	-	100%	-	-
Repurchase Agreements, Assets sale with recourse			-	-	100%	-	-
Advance Payment Guarantee	971.26		6.37	964.89	100%	964.89	1,659.85
Financial Guarantee			-	-	100%	-	-
Acceptances and Endorsements	1,787.10		-	1,787.10	100%	1,787.10	1,699.34
Unpaid portion of Partly paid shares and Securities			-	-	100%	-	-
Irrevocable Credit commitments (short term)	4,443.43		-	4,443.43	20%	888.69	853.80
Irrevocable Credit commitments (long term)			-	-	50%	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	1,210.37			1,210.37	20%	242.07	-
Other Contingent Liabilities	-		-	-	100%	-	65.51
Unpaid Guarantee Claims	113.12		-	113.12	200%	226.25	198.63
TOTAL (B)	19,827.05	920.15	1,120.71	17,786.19		7,415.66	7,764.10
Total RWE for credit Risk Before Adjustment (A) +(B)	239,359.26	6,187.07	3,444.47	229,727.73		154,974.86	145,882.38
<i>Adjustments under Pillar II</i>							
SRP 6.4a(3) - Add 10% of the loans & facilities in excess of Single Obligor Limits to RWE							-
SRP 6.4a(4) - Add 1% of the contract (sale) value in case of the sale of credit with recourse to RWE							-
Total RWE for Credit Risk after Bank's adjustments under Pillar II	239,359.26	6,187.07	3,444.47	229,727.73		154,974.86	145,882.38

Eligible Credit Risk Mitigants

As on 16th July 2023

Form No. 3
(Rs. in million)

Credit exposures	Deposits with Bank	Deposits with other banks/FI	Gold	Govt.& NRB Securities	G'tee of Govt. of Nepal	Sec/G'tee of Other Sovereigns	G'tee of domestic banks	G'tee of MDBs	Sec/G'tee of Foreign Banks	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
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 Domestic Public Sector Entities										-
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 (Credit rating score equivalent to AAA)										-
Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)										-
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)										-
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)										-
Claims on Domestic Corporates (Unrated)	148.44		-							148.44
Claims on Foreign Corporates (ECA 0-1)										-
Claims on Foreign Corporates (ECA 2)										-
Claims on Foreign Corporates (ECA 3-6)										-
Claims on Foreign Corporates (ECA 7)										-
Regulatory Retail Portfolio (Not Overdue)	988.97		1.98							990.95
Claims fulfilling all criterion of regularity 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 claims secured by residential properties)	-		-							-
High Risk claims	1,171.33		-							1,171.33
Lending against securities (bonds)										-
Lending against Shares(upto Rs.2.5 Million)	-									-
Trust Receipt Loans for Trading Firms	13.03									13.03
Investments in equity and other capital instruments of institutions listed in stock exchange										-
Investments in equity and other capital instruments of institutions not listed in the stock exchange										-
Other Assets (as per attachment)										-
Total	2,321.78	-	1.98	-	-	-	-	-	-	2,323.75
Off Balance Sheet Exposures										
Forward Exchange Contract Liabilities										-
LC Commitments With Original Maturity Upto 6 months domestic counterparty	132.32									132.32
Foreign counterparty (ECA Rating 0-1)										-
Foreign counterparty (ECA Rating 2)										-
Foreign counterparty (ECA Rating 3-6)										-
Foreign counterparty (ECA Rating 7)										-
LC Commitments With Original Maturity Over 6 months domestic counterparty	182.64									182.64
Foreign counterparty (ECA Rating 0-1)										-
Foreign counterparty (ECA Rating 2)										-
Foreign counterparty (ECA Rating 3-6)										-
Foreign counterparty (ECA Rating 7)										-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	799.38									799.38
Foreign counterparty (ECA Rating 0-1)										-
Foreign counterparty (ECA Rating 2)										-
Foreign counterparty (ECA Rating 3-6)										-
Foreign counterparty (ECA Rating 7)										-
Underwriting commitments										-
Lending of Bank's Securities or Posting of Securities as collateral										-
Repurchase Agreements, Assets sale with recourse										-
Advance Payment Guarantee	6.37		-							6.37
Financial Guarantee										-
Acceptances and Endorsements										-
Unpaid portion of Partly paid shares and Securities										-
Irrevocable Credit commitments (short term)										-
Irrevocable Credit commitments (long term)										-
Other Contingent Liabilities										-
Unpaid Guarantee Claims										-
Total	1,120.71	-	-	-	-	-	-	-	-	1,120.71
Grand Total	3,442.49	-	1.98	-	-	-	-	-	-	3,444.47

Risk Weighted Exposure for Operational Risk

As on 16th July 2023

Form No. 6
(Rs. in million)

S.N.	Particulars	Fiscal Year			Previous Year
		2019/20	2020/21	2021/22	
1	Net Interest Income	4,102.85	4,429.50	4,587.45	
2	Commission and Discount Income	698.26	875.12	995.91	
3	Other Operating Income	80.02	154.23	152.31	
4	Exchange Fluctuation Income	400.37	324.17	378.08	
5	Addition/Deduction in Interest Suspense during the period				
6	Gross income (a)	5,281.49	5,783.03	6,113.75	
7	Alfa (b)	15%	15%	15%	
8	Fixed Percentage of Gross Income [c=(a×b)]	792.22	867.45	917.06	
9	Capital Requirement for operational risk (d) (average of c)	858.91			815.55
10	Risk Weight (reciprocal of capital requirement of 11%) in times (e)	9.09			9.09
11	Equivalent Risk Weight Exposure [f=(d×e)]	7,807.53			7,413.34

SRP 6.4a (8) Adjustments under Pillar II (If Gross Income for the last three years is negative)

1	Total Credit and Investment (net of Specific Provision) of related month	-			-
2	Capital Requirement for Operational Risk (5% of net credit and investment)	-			-
3	Risk Weight (reciprocal of capital requirement of 11%) in times	9.09			9.09
4	Equivalent Risk Weight Exposure (g)	-			-
5	Equivalent Risk Weight Exposure [h=f+g]	7,807.53			7,413.34

Risk Weighted Exposure for Market Risk

As on 16th July 2023

*Form No. 7
Rs. (In full figure)*

S.No.	Currency	Open Position (FCY)	Exchange Rate	Open Position (NPR)	Relevant Open Position	Previous Year
1	INR	1,136,432,472	1.60	1,819,144,279	1,819,144,279	78,557,240
2	USD	278,048	131.45	36,549,344	36,549,344	771,234
3	GBP	(87,728)	172.43	(15,126,488)	15,126,488	398,827
4	EUR	(22,366)	147.54	(3,299,824)	3,299,824	3,426,296
5	THB	65,170	3.81	248,298	248,298	30,536
6	CHF	5,860	151.77	889,343	889,343	273,252
7	AUD	125,341	90.87	11,389,706	11,389,706	358,266
8	CAD	104,023	99.74	10,374,768	10,374,768	254,441
9	SGD	64,804	99.51	6,448,362	6,448,362	1,077,656
10	JPY	(1,379,250)	0.95	(1,313,046)	1,313,046	497,742
11	HKD	147,050	16.76	2,464,558	2,464,558	214,705
12	DKK	18,650	19.87	370,576	370,576	726,337
13	SEK	28,160	12.83	361,152	361,152	340,173
14	SAR	49,587	35.14	1,742,239	1,742,239	1,201,234
15	QAR	47,679	36.19	1,725,503	1,725,503	929,823
16	AED	28,037	35.89	1,006,099	1,006,099	7,970,399
17	MYR	26,896	29.15	783,884	783,884	240,625
18	KRW	(5,540,300)	0.10	(575,637)	575,637	154,000
19	CNY	221,620	18.29	4,053,437	4,053,437	1,355,726
20	KWD	2,553	429.74	1,097,234	1,097,234	433,847
21	BHD	779	349.00	271,867	271,867	266,129
22				-	-	-
23				-	-	-
(a) Total Open Position				1,878,605,652	1,919,235,643	99,478,489
(b) Fixed Percentage					5%	5%
(c) Capital Charge for Market Risk (=a×b)					95,961,782	4,973,924
(d) Risk Weight (reciprocal of capital requirement of 11%) in times					9.09	9.09
(e) Equivalent Risk Weight Exposure (=c×d)					872,292,600	45,212,973

Compliance Statement as per Section 20(4) of Corporate Governance Guidelines, 2018 issued by Securities Board of Nepal for Listed Body Corporate

The bank has adhered to all the provisions related to Incorporation, Board Committee and Chief Executive Officer, Securities Transactions, Capital Adequacy and Liquid Assets, Banking and Financial Transactions, Credit Disbursement and Recovery, Accounting Principles, Record Keeping, Reporting and other relevant provisions as prescribed under Banks and Financial Institutions Act, 2017. The bank has also complied relevant provisions prescribed under The Companies Act, 2006 and Securities Act, 2007. Further, the bank has been providing financial services in adherence to Nepal Rastra Bank's directives issued in 2023. Accordingly, the bank is committed for compliance of all relevant provisions prescribed under prevailing laws, acts and directives. Similarly, the bank has complied all terms and conditions prescribed by regulators at the time of providing approval for incorporation of bank and at the time of approval of merger and acquisition with banks and financial institutions. The Bank is continuously adhering to all directions and recommendations in regulators inspection report and internal/ external auditor's report. Further, the management of the bank is cautious that such observations are not repeated and banking transactions are carried out efficiently ensuring strong corporate governance.

Sustainability Initiatives from Sanima Bank

Brief Background

Sustainable development requires an integrated approach that takes into consideration environmental concerns along with economic development. It entails meeting the needs of the “present generation without compromising the ability of future generations to meet their own needs”. The United Nations (UNs) in 2015 agreed on a set of 17 goals known as Sustainable Development Goals (SDGs) which recognizes that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests. Nepal has prepared Sustainable Development Goals: Status and Roadmap 2016-30 to accelerate the implementation of SDGs. The 15th periodic plan of Nepal has also incorporated SDG goals for implementation.

Paris Agreement on Climate Change was another landmark agreement reached in 2015 at Conference of Parties (COP21) agreement of United Nation Framework Convention on Climate Change (UNFCCC). The Paris Agreement aims to hold global average temperature increase to well “below 2°C above preindustrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels”. As part of the Paris Agreement, signatories are required to prepare Nationally Determined Contributions (NDCs) that outline their climate actions. Nepal has already prepared Second Nationally Determined Contribution Report (NDCs).

Sanima Bank Ltd is well aware of the importance of sustainable development and has focused on 3Ps- People, Planet and Profit of sustainability. The Bank is continuously striving to align its business model to the principle of sustainability. The bank is proactively helping national and international communities in achieving goals of sustainability.

Environment and Social Risk Management

The Bank has formulated a Environmental and Social Risk Management (ESRM) Guideline which is being strictly followed in making lending decisions, thereby ensuring sustainability remains one of the core values of the Bank. Any retail micro/agricultural, SME/ Midsized Business, Corporate/project loans needs to be first screened against the exclusion list and other additional requirement. Any lending that falls under the Exclusion List is rejected by the Bank. For others, the Bank applies ESRM before making lending decisions. The bank has designated a focal person who updates high risk accounts under Environment and Social Risk on a monthly basis to senior management.

Sustainable Development Goals (SDGs)

Sustainable Development Goals (SDGs) is a set of 17 international

development goals agreed by the Members of the United Nations in September 2015. The SDGs goals are set to be achieved by 2030. Sanima Bank Ltd is committed to help achieve these goals. Highlighted below are some initiations from Sanima Bank Ltd. in this regard:

1. Collaboration with International Finance Corporation (IFC) for Micro, Small and Medium-sized Enterprises (MSMEs) Promotion

Sanima Bank Ltd. borrowed USD 20 Million under External Commercial Borrowing (ECB) from IFC in order to promote SME lending of the bank. SMEs lending of the bank has been contributing towards employment generation, sustainability, inclusivity, climate actions, among others. As of Mid-July, 2023, MSMEs account for 31.74% of total portfolio of the Bank.

Making Impact to SDGs Goal Number....

- *Goal 8: Decent Work and Economic Growth*
- *Goal 9: Industry, Innovation and Infrastructure*
- *Goal 10: Reduced Inequality*
- *Goal 17: Partnership for the goals*

2. Cooperation between Sanima Bank Ltd. and USAID Trade and Competitiveness Activity

The Bank has signed a letter of cooperation with USAID Trade and Competitiveness Activity. USAID Trade and Competitiveness supports broad-based, market-driven growth for Nepal's economy. Working with both the private and public sectors, this activity advances micro-, small-, and medium-sized enterprise development, establishes new trade opportunities, and unlocks Nepal's investment potential. The agreement has played an important role in further strengthening its initiatives in better serving Micro Small Medium Sized Enterprises (MSME's) through increased access to sustainable financial products and services.

Making Impact to SDGs Goal Number....

- *Goals 1 and 2: No Poverty and Zero Hunger*
- *Goal 8: Decent Work and Economic Growth*
- *Goal 9: Industry, Innovation and Infrastructure*
- *Goal 10: Reduced Inequality*
- *Goal 17: Partnership for the goals*

Lending to Deprived Sector and Priority Sector

Sanima Bank Ltd. has been lending to Deprived Sector and Priority

Sector and contributing to Sustainable Development Goals (SDGs). Products like Sanima Small Business Growth Loan and Sanima Sana Kisan Karja, Sanima Microfinance Wholesale Loan ensures access of fund to small business and marginal communities. This has helped in fostering entrepreneurship and to promote local business thereby contributing toward sustainable development.

Making Impact to SDGs Goal Number....

- *Goal 1 and 2: No Poverty and Zero Hunger*
- *Goal 8: Decent Work and Economic Growth*
- *Goal 9: Industry, Innovation and Infrastructure*
- *Goal 10: Reduced Inequality*

Sustainable Energy Financing

Renewal sources of energy are in high demand in developed and developing countries. With the aim to reach net-zero emission by 2050 as agreed under the Paris Agreement, countries around the world are focusing on renewal sources of energy with low emission. As such, Sanima Bank Ltd. is focusing its lending under energy segment in sustainable energy with low emissions. As of mid July 2023, the Bank's lending in Hydropower sector is about 10% of the total lending.

Making Impact to SDGs Goal Number....

- *Goal 7: Affordable and Clean Energy*
- *Goal 13: Climate Action*

Sustainable Portfolio

Sanima Bank Ltd. continually endeavors to promote conservation of natural resources, environmental protection and mobilization of finances for the upliftment of marginalized communities. The Bank aims to ensure a holistic commitment to sustainable finance and to create stakeholder value and trust through innovative business solutions. Sanima bank is already facilitating various target groups with sustainable finance under various asset classes. The EU taxonomy on sustainable finance which is also a precursor of various other regional taxonomies, gives a broad categorization to financing activities which support sustainable development goals (SDGs). Sanima Bank has already facilitated various target groups with asset classes classifiable as sustainable finance as per globally accepted standards. As on mid July 2023 approximately 17.9% of Sanima Bank's total portfolio has been directed towards sustainable sectors.

Carbon Savings

The vast majority of the electricity produced in Nepal is generated through hydropower. During dry months Nepal also relies on imported power from India, which is mostly generated through coal fired power plants. Sanima Bank is currently involved in financing of multiple hydropower projects where the Bank has financed 19 hydropower projects in the capacity of lead, 1 hydropower project as co-lead and 5 hydropower projects in the capacity of member bank and 2 sole financing with combined total capacity of 683.57 MW.

The Intergovernmental Panel on Climate Change (IPCC), the United Nations body for assessing the science related to climate change postulates that hydropower projects have lifecycle emissions (including albedo effect) of only 24 gCO₂eq/kWh. The same emission value for coal fired thermal power plants is 820 gCO₂eq/ kWh. Hence, by the promotion of hydropower projects we are able to save significant CO₂eq emissions.

In line with IPCC standards and the assumption of 50% plant efficiency, hydropower projects financed by Sanima Bank would be in the position to save approximately 1.8 million tonnes of CO₂eq emissions annually in comparison to available alternatives such as coal based thermal power plants, considering full capacity of the hydropower projects in the calculation.

Partnership for Carbon Accounting Financial (PCAF)

The Partnership for Carbon Accounting Financials (PCAF) is an industry-led initiative created in 2015 and helps financial institutions assess and disclose the Greenhouse Gas Emissions (GHG) from their loans and investments through GHG accounting. Responding to industry demand for a global, standardized GHG accounting approach, PCAF developed the Global GHG Accounting and Reporting Standard for the Financial Industry. Sanima Bank joined PCAF on September 2022 and is committed towards measuring and disclosing its GHG emissions associated with its portfolio of loans and investments. The bank is currently working on to disclose its GHG emission of its lending activities as per the standards of PCAF.



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SANIMA CAPITAL LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sanima Capital Limited (referred to as the "Company"), which comprises the statement of financial position as at 31 Ashad 2080 (16 July 2023), the statement of profit or loss, statement of other comprehensive income, statement of cash flows, statement of changes in equity for the year then ended and notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 Ashad 2080 (16 July 2023), its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ICAN's Handbook of Code of Ethics for Professional Accountants, together with the ethical requirements that are relevant to our audit of financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

a) Information Technology ('IT') systems and controls impacting financial reporting in relation to the Company

Key Audit Matter	How our audit addressed the key audit matter
<p>The IT environment of the Company is complex and involves a large number of independent and interdependent IT systems used in the operations of the Company for processing and recording a large volume of transactions at numerous locations.</p> <p>The accuracy and reliability of the financial reporting process depend on the IT systems and the related control environment, including:</p> <ul style="list-style-type: none"> ▪ IT general controls over user access management and change management across 	<p>In assessing the integrity of the IT systems relevant to financial reporting, our team obtained an understanding of the IT infrastructure and IT systems relevant to the Company's financial reporting process for evaluation and testing of relevant IT general controls and IT application controls.</p> <p>We gathered a comprehensive understanding of the IT applications landscape implemented at the Company. It was followed by process understanding, mapping of applications to the</p>

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<p>applications, networks, databases, and operating systems;</p> <ul style="list-style-type: none"> ▪ IT application controls. <p>Due to the pervasive nature, complexity, and importance of the impact of the IT systems and related control environment on the Company's financial reporting process, we have identified testing of such IT systems and related control environment as a Key Audit Matter for the current year audit.</p>	<p>same, and understanding financial risks posed by people-process and technology.</p> <p>We also assessed the operating effectiveness of controls over granting, removal and periodical review of access rights. We further tested the segregation of duties, including preventive controls to ensure that access to change applications, the operating system, or databases in the production environment was granted only to authorized personnel.</p> <p>Other areas that were assessed under the IT control environment were whether requests for access to systems were appropriately logged, reviewed and authorized. Entity level controls pertaining to policy and procedure were also part of our audit procedure.</p> <p>Where deficiencies were identified, we tested compensating controls or performed alternate procedures.</p>
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b) Investments

(Refer to Note 4.3, 4.5, 4.8, and Note 3.4 of Note 3 to the financial statements)

Key Audit Matter	How our audit addressed the key audit matter
<p>The Company's investment portfolio consists of quoted marketable equity shares in a variety of companies, fixed deposits across diverse banking and financial institutions, initial investment in a mutual fund serving as seed capital, investment in a marketable mutual fund, involvement in private equity endeavors, and holdings in debentures. The assessment of the investments is carried out in accordance with the guidelines set forth by Nepal Financial Reporting Standards (NFRS) – 9: Financial Instruments. Marketable equity securities and investments in domestic corporate bonds are valued based on their fair value, recognized through the profit and loss statement (FVTPL). Conversely, fixed deposits held with various banks and financial institutions are valued at amortized cost. Further, mutual fund holding and promoter shareholding are recognized through other comprehensive income (FVTOCI).</p> <p>Given the significance of the investment amount in the financial statements, the valuation process demands special attention. Furthermore, considering the materiality of these investments on the financial statements, they are classified as a key audit matter in our audit process.</p>	<p>Our key procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> ▪ Tested the implementation of design and the effectiveness of operational controls governing the valuation process for investments. ▪ Evaluated the appropriateness of valuation methodologies, taking into consideration NFRS 9 – Financial Instruments, in conjunction with the company's internal valuation policy. ▪ Sampled a representative subset of year-end investment holdings for evaluating against external valuations and custody sources, thus verifying both the valuation accuracy and the existence of these investments. ▪ Obtained comprehension of the price verification control mechanism, designed to review the appropriateness of valuation methodologies employed to derive model inputs. ▪ Based on the audit procedures, the conclusion of the appropriateness of valuation of Level 1 and Level 3 Financial Instruments is fitting and in accordance with standards or not.



c) Revenue Recognition

(Refer Note 4.29, 4.31, 4.33, and Note 3.10 of Note 3 to the financial statements)

Key Audit Matter

Revenue comprises earnings arising from issues and sales management, underwriting service, share registrar services, portfolio management services, corporate advisory services, fund management fees and depository fee from mutual fund, DP income, form collection fee, and other operating incomes.

Furthermore, the Company recognizes net changes resulting in gains/(losses) on financial assets and liabilities under the category of Financial Assets at Fair Value through Profit or Loss (FVTPL), thus being a part of revenue in its financial statements.

Since the management considers revenue as a key measure of evaluation of performance, there is a risk of revenue being recorded before service is rendered and is not recognized in the correct period on accrual basis.

How our audit addressed the key audit matter

Our key procedures included, but were not limited to, the following:

- Reviewed the Company's revenue accounting policy, in accordance with the stipulations set forth by NFRS 15 – Revenue from Contracts with Customers.
- Tested the arrangement, execution, and operational efficacy of key controls governing the generation and recognition of revenue.
- Understood procedures of the operation and income generation from mutual funds and portfolio management services, aligning with the directives issued by the Securities Board of Nepal (SEBON), and tested the revenue recognition process.
- Tested a sample of a representative subset of recorded revenue entries, ensuring that recognition aligns with the establishment of the right to receive and that management's certainty of receiving it.
- Verified on a sample basis the related documents including portfolio management service income calculations and mutual fund management fee income therein as per regulatory requirements and internal policies of the Company so as to ascertain the correctness of the period of revenue recognition.
- Based on our audit procedures performed, the conclusion of revenue from merchant banking operation recognition is appropriate or not.

Other Matters

The financial statements of the Company for the year ended 32 Ashad 2079 (16 July 2022), were audited by another auditor who expressed an unmodified opinion on those statements on 12 September 2022.

Information other than the Financial Statements and Auditor's Report thereon

The Board of Directors is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors, but does not include the financial statements and our auditor's report which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with NFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Other Legal and Regulatory Requirements

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the statement of financial position as at 31 Ashad 2080 (16 July 2023), statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows, have been prepared in accordance with the requirements of the Companies Act, 2063 and are in agreement with the books of account maintained by the Company; and proper books of account as required by law maintained by the Company including relevant records relating to preparation of the aforesaid financial statements have been kept so far as it appears from our examination of those books and records of the Company.

To the best of our information and according to explanations given to us and so far appeared from our examination of the books of account of the Company on a sample basis for the purpose of our audit, we have not come across cases where the Board of Directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or acted in a manner to jeopardize the interest and security of the Company, its clients and investors.



Shashi Satyal
Partner

PKF T R Upadhyay & Co.
Chartered Accountants

124 Lal Colony Marg, Lal Durbar, Kathmandu, Nepal
Date: 13 September 2023

UDIN No: 230914CA00008AbPm6

Sanima Capital Limited

Statement of Financial Position

as on 16th July, 2023

Amount in Rs.

Particulars	Current Year	Previous Year
Assets		
Cash and cash equivalent	226,509,830	278,989,262
Due from Nepal Rastra Bank	-	-
Placement with Bank and Financial Institutions	60,000,000	30,000,000
Derivative financial instruments	-	-
Other trading assets	111,647,610	113,668,546
Loan and advances to B/FIs	-	-
Loans and advances to Staff	315,063	323,662
Investment securities	97,065,124	84,308,670
Current tax assets	-	-
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	-	-
Property and equipment	15,666,200	18,199,381
Goodwill and Intangible assets	-	75,828
Deferred tax assets	-	-
Other assets	37,097,019	42,539,159
Total Assets	548,300,846	568,104,508
Liabilities		
Due to Bank and Financial Institutions	-	-
Due to Nepal Rastra Bank	-	-
Derivative financial instruments	-	-
Deposits from customers	-	-
Borrowing	-	-
Current Tax Liabilities	290,733	4,115,896
Provisions	-	-
Deferred tax liabilities	2,057,336	9,420,051
Other liabilities	186,663,315	195,754,768
Debt securities issued	-	-
Subordinated Liabilities	-	-
Total liabilities	189,011,384	209,290,715
Equity		
Share capital	250,000,000	250,000,000
Share premium	-	-
Retained earnings	84,695,893	80,554,272
Reserves	24,593,569	28,259,521
Total equity attributable to equity holders	359,289,462	358,813,793
Non-controlling interest	-	-
Total equity	359,289,462	358,813,793
Total liabilities and equity	548,300,846	568,104,508
Contingent liabilities and commitments	1,049,065,120	123,125,000

As per our report on even date

Bhism Raj Chalise
Chief Executive Officer

Tej Bahadur Chand
Chairman

Shashi Satyal, FCA
Partner

Krishna Raj Shrestha
Head- Accounts & Finance

Directors
Pawan Kumar Acharya
Bobby Singh Gadtaula

PKF T R Upadhyा & Co.
Chartered Accountants

Date: September 13, 2023
Place: Kathmandu

Professional Independent Director
Sunil Udash
Shiva Ram Timilsina

Sanima Capital Limited

Statement of Profit or Loss

for the period from 17th July, 2022 to 16th July, 2023

Amount in Rs.

Particulars	Current Year	Previous Year
Interest income	30,390,867	28,217,312
Interest expense	1,438,975	646,114
Net interest income	28,951,891	27,571,198
Fee and commission income	104,825,303	108,057,499
Fee and commission expense	1,987,769	2,256,213
Net fee and commission income	102,837,534	105,801,286
Net interest, fee and commission income	131,789,425	133,372,484
Net trading income	(6,034,849)	(27,592,864)
Other operating income	7,490,250	13,347,881
Total operating income	133,244,826	119,127,501
Impairment charge/(reversal) for loans and other losses	-	-
Net operating income	133,244,826	119,127,501
Operating expense		
Personnel expenses	29,319,571	26,866,203
Other operating expenses	28,619,070	13,076,990
Depreciation & Amortisation	6,902,359	5,281,259
Operating Profit	68,403,826	73,903,049
Non operating income	-	-
Non operating expense	-	-
Profit before income tax	68,403,826	73,903,049
Income tax expense		
Current Tax	22,885,334	38,734,854
Deferred Tax	(3,487,468)	(17,756,892)
Profit for the period	49,005,961	52,925,087
Basic earnings per share	19.60	21.17
Diluted earnings per share	19.60	21.17

As per our report on even date

Bhism Raj Chalise
Chief Executive Officer

Tej Bahadur Chand
Chairman

Shashi Satyal, FCA
Partner

Krishna Raj Shrestha
Head- Accounts & Finance

Directors
Pawan Kumar Acharya
Bobby Singh Gadtaula

PKF T R Upadhyा & Co.
Chartered Accountants

Date: September 13, 2023
Place: Kathmandu

Professional Independent Director
Sunil Udash
Shiva Ram Timilsina

Sanima Capital Limited

Statement of Other Comprehensive Income

for the period from 17th July, 2022 to 16th July, 2023

Amount in Rs.

Particulars	Current Year	Previous Year
Profit for the period	49,005,961	52,925,087
Other comprehensive income, net of income tax		
a) Items that will not be reclassified to profit or loss		
Gains/(losses) from investments in equity instruments measured at fair value	(12,917,489)	(11,723,868)
Gain/(losses) on revaluation	-	-
Actuarial gains/(losses) on defined benefit plans	-	-
Income tax relating to above items	3,875,247	3,517,160
Net other comprehensive income that will not be reclassified to profit or loss	(9,042,242)	(8,206,707)
b) Items that are or may be reclassified to profit or loss		
Gains/(losses) on cash flow hedge	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-
Income tax relating to above items	-	-
Reclassify to profit or loss		
Net other comprehensive income that are or may be reclassified to profit or loss	-	-
c) Share of other comprehensive income of associate accounted as per equity method	-	-
Other comprehensive income for the period, net of income tax	(9,042,242)	(8,206,707)
Total comprehensive income for the period	39,963,719	44,718,380

As per our report on even date

Bhism Raj Chalise
Chief Executive Officer

Tej Bahadur Chand
Chairman

Shashi Satyal, FCA
Partner

Krishna Raj Shrestha
Head- Accounts & Finance

Directors
Pawan Kumar Acharya
Bobby Singh Gadtaula

PKF T R Upadhyा & Co.
Chartered Accountants

Date: September 13, 2023
Place: Kathmandu

Professional Independent Director
Sunil Udash
Shiva Ram Timilsina

Sanima Capital Limited Statement of Cash Flows

for the period from 17th July, 2022 to 16th July, 2023

Amount in Rs.

Particulars	Current Year	Previous Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	30,215,874	28,604,143
Fees and other income received	112,641,526	109,072,273
Dividend received	2,810,965	497,892
Receipts from other operating activities	441,975	7,966,652
Interest paid	(1,438,975)	(646,114)
Commission and fees paid	(2,008,146)	(2,461,845)
Cash payment to employees	(29,723,970)	(34,991,370)
Other expense paid	(32,071,970)	(9,521,159)
Operating cash flows before changes in operating assets and liabilities	80,867,278	98,520,473
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	(30,000,000)	41,000,000
Other trading assets	(7,266,852)	21,058,535
Loan and advances to bank and financial institutions	-	-
Loans and advances to Staff	8,599	45,869
Other assets	(1,137,517)	(583,473)
Increase/(Decrease) in operating liabilities		
Due to bank and financial institutions	-	-
Due to Nepal Rastra Bank	-	-
Deposit from customers	-	-
Borrowings	-	-
Other liabilities	(9,173,861)	(20,603,610)
Net cash flow from operating activities before tax paid	33,297,646	139,437,794
Income taxes paid	(26,710,497)	(23,927,188)
Net cash flow from operating activities	6,587,149	115,510,607
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(25,673,943)	(13,869,441)
Receipts from sale of investment securities	-	-
Purchase of property and equipment	(2,813,759)	(12,043,318)
Receipt from the sale of property and equipment	1,427,782	2,370,555
Purchase of intangible assets	-	-
Receipt from the sale of intangible assets	-	-
Purchase of investment properties	-	-
Receipt from the sale of investment properties	-	-
Interest received	-	-
Dividend received	7,481,387	12,155,844
Net cash used in investing activities	(19,578,532)	(11,386,360)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of debt securities	-	-
Repayment of debt securities	-	-
Receipt from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities	-	-
Receipt from issue of shares	-	-
Dividends paid	(39,473,684)	(62,500,000)
Interest paid	-	-
Other receipt/payment	(14,365)	(45,060)
Net cash from financing activities	(39,488,049)	(62,545,060)
Net increase (decrease) in cash and cash equivalents	(52,479,432)	41,579,187
Cash and cash equivalents (Opening Balance)	278,989,262	237,410,075
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-
Cash and cash equivalents (Closing Balance)	226,509,830	278,989,262

As per our report on even date

Bhism Raj Chalise
Chief Executive Officer

Tej Bahadur Chand
Chairman

Shashi Satyal, FCA
Partner

PKF T R Upadhyा & Co.
Chartered Accountants

Krishna Raj Shrestha
Head- Accounts & Finance

Directors
Pawan Kumar Acharya
Bobby Singh Gadtaula

Date: September 13, 2023
Place: Kathmandu

Professional Independent Director
Sunil Udash
Shiva Ram Timilsina

Sanima Capital Limited

Statement of Changes in Equity

for the period from 17th July, 2022 to 16th July, 2023

Amount in Rs.

	Attributable to equity holders of the Capital									
	Share Capital	Share Premium	General Reserve	Exchange Equalisation Reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total
Balance at 16th July, 2021	250,000,000	-	-	-	-	16,965,408	-	95,950,945	13,724,120	376,640,473
Profit for the year	-	-	-	-	-		-	52,925,087	-	52,925,087
Other comprehensive income, net of tax	-	-	-	-	-	(8,206,707)	-	-	-	(8,206,707)
Total comprehensive income for the year	-	-	-	-	-	(8,206,707)	-	52,925,087	-	44,718,380
Transfer to reserve during the period	-	-	-	-	-	-	-	-	-	-
Reserve required by MB Regulations						-	-	(5,292,509)	5,292,509	
Corporate Social Responsibility Reserve						-	-	(529,251)	529,251	
Transfer from reserve during the year period	-	-	-	-	-	-	-	-	(45,060)	(45,060)
Contributions from and distributions to owners										-
Share issued	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders										-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(62,500,000)	-	(62,500,000)
Other	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	-	-	-	-	-	(8,206,707)	-	(15,396,673)	5,776,700	(17,826,680)
Balance at 16th July, 2022	250,000,000	-	-	-	-	8,758,701	-	80,554,272	19,500,820	358,813,793
Balance at 17th July, 2022	250,000,000	-	-	-	-	8,758,701	-	80,554,272	19,500,820	358,813,793
Profit for the period ending on 16th July, 2023	-	-	-	-	-		-	49,005,961	-	49,005,961
Other comprehensive income, net of tax	-	-	-	-	-	(9,042,242)	-	-	-	(9,042,242)
Total comprehensive income for the year	-	-	-	-	-	(9,042,242)	-	49,005,961	-	39,963,719
Transfer to reserve during the period	-	-	-	-	-	-	-	-	-	-
Reserve required by MB Regulations						-	-	(4,900,596)	4,900,596	-
Corporate Social Responsibility Reserve						-	-	(490,060)	490,060	-
Transfer from reserve during the year period	-	-	-	-	-	-	-	-	(14,365)	(14,365)
Contributions from and distributions to owners										-
Share issued	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders										-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-
Cash dividend paid/ declared	-	-	-	-	-	-	-	(39,473,684)	-	(39,473,684)
Other	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	-	-	-	-	-	(9,042,242)	-	4,141,621	5,376,291	475,670
Balance at 16th July, 2023	250,000,000	-	-	-	-	(283,542)	-	84,695,893	24,877,111	359,289,462

As per our report on even date

Bhism Raj Chalise
Chief Executive Officer

Tej Bahadur Chand
Chairman

Shashi Satyal, FCA
Partner

Krishna Raj Shrestha
Head- Accounts & Finance

Directors
Pawan Kumar Acharya
Bobby Singh Gadtaula

PKF T R Upadhyा & Co.
Chartered Accountants

Date: September 13, 2023
Place: Kathmandu

Professional Independent Director
Sunil Udash
Shiva Ram Timilsina



PKF T. R. Upadhyा & Co.
124 Lal Colony Marg, Lal Durbar
Kathmandu, Nepal

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SANIMA SECURITIES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sanima Securities Limited, which comprise the statement of financial position as at 16 July 2023 (Ashad 31, 2080), and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 6 December 2022 to 16 July 2023 (Ashadh 31, 2080) and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 16 July 2023, and its financial performance and its cash flows for the period then ended in accordance with Nepal Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other Matters

The financial statements of the Company for the year ended 16 July 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 27 September 2022.

Information other than the financial statements and auditors' report thereon

The management is responsible for the other information. The other information comprises the information included in the annual report, including the report of the Board of Directors, but does not include the financial statements and our auditor's report which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether

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the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with NFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the statement of financial position as at 16 July 2023 (Ashad 31, 2080), the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period ended on 16 July 2023 (Ashad 31, 2080) have been prepared in accordance with the requirements of the Companies Act, 2063, Securities Act, 2063, Securities Trader (Securities Broker and Securities Dealer) Regulations, 2064 and are in agreement with the books of account of the Company; and proper books of account as required by law have been kept by the Company.

To the best of our information and according to explanations given to us and so far, appeared from our examination of the books of account of the Company necessary for the purpose of our audit, we have not come across cases where management or any employees of the Company have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Company relating to the accounts in the Company.


Shashi Satyal
Partner

PKF T R Upadhyay & Co.
Chartered Accountants

Kathmandu
Date: 13 September 2023

UDIN: 230914CA000085j85f

Sanima Securities Limited

Statement of Financial Position

As at 16th July, 2023

Amount in Rs.

Particulars	As at 16th July, 2023	As at 16th July, 2022
Assets		
Non-Current Assets		
Property, Plant and Equipment	1,750,261	-
Capital WIP	-	-
Financial Assets		
Investment securities	-	-
Total Non- Current Assets	1,750,261	-
Current Assets		
Current tax assets	205,284	-
Deferred tax assets	45,209	41,925
Other assets	9,143	-
Financial Assets		
Cash and cash equivalent	49,849,185	-
Investment in Money Market	155,000,000	-
Total Current Assets	205,108,821	41,925
Total Assets	206,859,082	41,925
Equity & Liabilities		
Equity		
Equity	200,000,000	-
Reserve (Statutory Reserve)	663,499	-
Retained earnings	5,873,662	(97,825)
Total Equity	206,537,161	(97,825)
Non-Current Liabilities		
Borrowings	-	-
Total Non-Current Liabilities	-	-
Current Liabilities		
Other liabilities	321,921	139,750
Deferred tax liabilities	-	-
Total Current Liabilities	321,921	139,750
Total Liabilities	321,921	139,750
Total Equity and Liabilities	206,859,082	41,925

As per our report on even date

Sanjiv Poudel
General Manager

Bahrat Bahadur Thapa
Chairman

Shashi Satyal, FCA
Partner

PKF T R Upadhyay & Co.
Chartered Accountants

Date: September 13, 2023
Place: Kathmandu

Directors
Ashok Gurung
Bhupesh Raj Bhandari
Pradhumna Nepal

Sanima Securities Limited

Statement of Profit or Loss and Other Comprehensive Income

for the year ending 16th July, 2023

Amount in Rs.

Particulars	Current Year	Previous Year
Revenue		
Revenue from Operations	-	-
Finance Income	12,401,459	-
Other Income	-	-
Total	12,401,459	-
Expenses		
Employee Benefit Expenses	1,852,710	-
General & Administrative expenses	1,023,866	22,600
Depreciation & Amortization	43,247	-
Finance Costs	-	-
Total	2,919,823	22,600
Profit Before Tax	9,481,636	(22,600)
Income tax		
Current Tax	2,849,935	-
Deferred Tax	(3,284)	(6,780)
Profit for the Period	6,634,985	(15,820)
Gains/ (Losses) on revaluation	-	-
Gains/ (Losses) on equity measured at fair value	-	-
Income Tax relating to above items	-	-
Other Comprehensive Income, Net of Tax	-	-
Total Comprehensive Income for the period	6,634,985	(15,820)
Earnings Per Share	3.32	

As per our report on even date

Sanjiv Poudel
General Manager

Bahrat Bahadur Thapa
Chairman

Shashi Satyal, FCA

Partner

PKF T R Upadhy & Co.
Chartered Accountants

Date: September 13, 2023
Place: Kathmandu

Directors
Ashok Gurung
Bhupesh Raj Bhandari
Pradhumna Nepal

Sanima Securities Limited Statement of Cash Flows

for the year ending 16th July, 2023

Amount in Rs.

Particulars	Current Year	Previous Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	12,401,459	-
Fees and other income received	-	-
Dividend received	-	-
Receipts from other operating activities	-	-
Commission and fees paid	(392,205)	-
Other expense paid	(2,303,017)	-
Other Income	-	-
Operating cash flows before changes in operating assets and liabilities	9,706,237	-
(Increase)/Decrease in operating assets		
Placement with bank and financial institutions	(155,000,000)	-
Other trading assets	-	-
Increase/(Decrease) in operating liabilities		
Due to bank and financial institutions	-	-
Borrowings	-	-
Other liabilities	(8,325)	-
Net cash flow from operating activities before tax paid	(145,302,088)	-
Income taxes paid	(3,055,219)	-
Net cash flow from operating activities	(148,357,307)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	-	-
Receipts from sale of investment securities	-	-
Purchase of property and equipment	(1,793,508)	-
Receipt from the sale of property and equipment	-	-
Purchase of intangible assets	-	-
Receipt from the sale of intangible assets	-	-
Purchase of investment properties	-	-
Receipt from the sale of investment properties	-	-
Net cash used in investing activities	(1,793,508)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of shares	200,000,000	-
Dividends paid	-	-
Interest paid	-	-
Other receipt/payment	-	-
Net cash from financing activities	200,000,000	-
Net increase (decrease) in cash and cash equivalents	49,849,185	-
Cash and cash equivalents (Opening Balance)	-	-
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-
Cash and cash equivalents (Closing Balance)	49,849,185	-

As per our report on even date

Sanjiv Poudel
General Manager

Bahrat Bahadur Thapa
Chairman

Shashi Satyal, FCA
Partner

PKF T R Upadhyay & Co.
Chartered Accountants

Date: September 13, 2023
Place: Kathmandu

Directors
Ashok Gurung
Bhupesh Raj Bhandari
Pradhumna Nepal

Sanima Securities Limited Statement of Changes in Equity

for the year ending 16th July, 2023

Amount in Rs.

	Attributable to equity holders of the Sanima Securities Limited				
	Share Capital	Statutory reserve	Revaluation Reserve	Retained earning	Total
Balance at 16th July, 2022	-	-	-	(97,825)	(97,825)
Profit for the year				6,634,985	6,634,985
Other comprehensive income, net of tax		-		-	-
Total comprehensive income for the year	-	-	-	6,634,985	6,634,985
Transfer to reserve during the period		663,499		(663,499)	-
Transfer from reserve during the year period	-	-	-	-	-
Contributions from and distributions to owners					
Share issued	200,000,000	-	-	-	200,000,000
Share based payments	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-
Bonus shares issued	-	-	-	-	-
Cash dividend paid	-	-	-	-	-
Other					-
Total contributions by and distributions	200,000,000	663,499	-	5,971,487	206,634,986
Balance at 16th July, 2023	200,000,000	663,499	-	5,873,662	206,537,161

As per our report on even date

Sanjiv Poudel
General Manager

Bahrat Bahadur Thapa
Chairman

Shashi Satyal, FCA

Partner

PKF T R Upadhy & Co.
Chartered Accountants

Date: September 13, 2023
Place: Kathmandu

Directors

Ashok Gurung
Bhupesh Raj Bhandari
Pradhumna Nepal

Dynamic Team

Driving Towards Financial Success!





Scaling New Heights

Touching the summit of success !



CORPORATE SOCIAL RESPONSIBILITY

Sanima Bank has provided Scholarship to underprivileged and diligent students from outside valley branches to Grade 11 and 12. Bank has provided Scholarship to 116 students from 59 branches for Grade 11 and 103 students from 52 branches for Grade 12 in FY 2022-23.

**Sanima
Scholarship**



Sanima Bank has organized financial literacy program from all branches targeting the students, women, business persons and job holders.



Financial support provided for “Clean Mountain Campaign 2023”. The support has been provided to clean four mountains of Nepal namely Mt. Everest, Mt. Lhotse, Mt. Annapurna and Mt. Barutse.

Conducted Digital Banking Promotion Program at Naxal Tarkari Bazar in presence of NRB Governor Mr. Maha Prasad Adhikari.



MANAGEMENT COMMITTEE

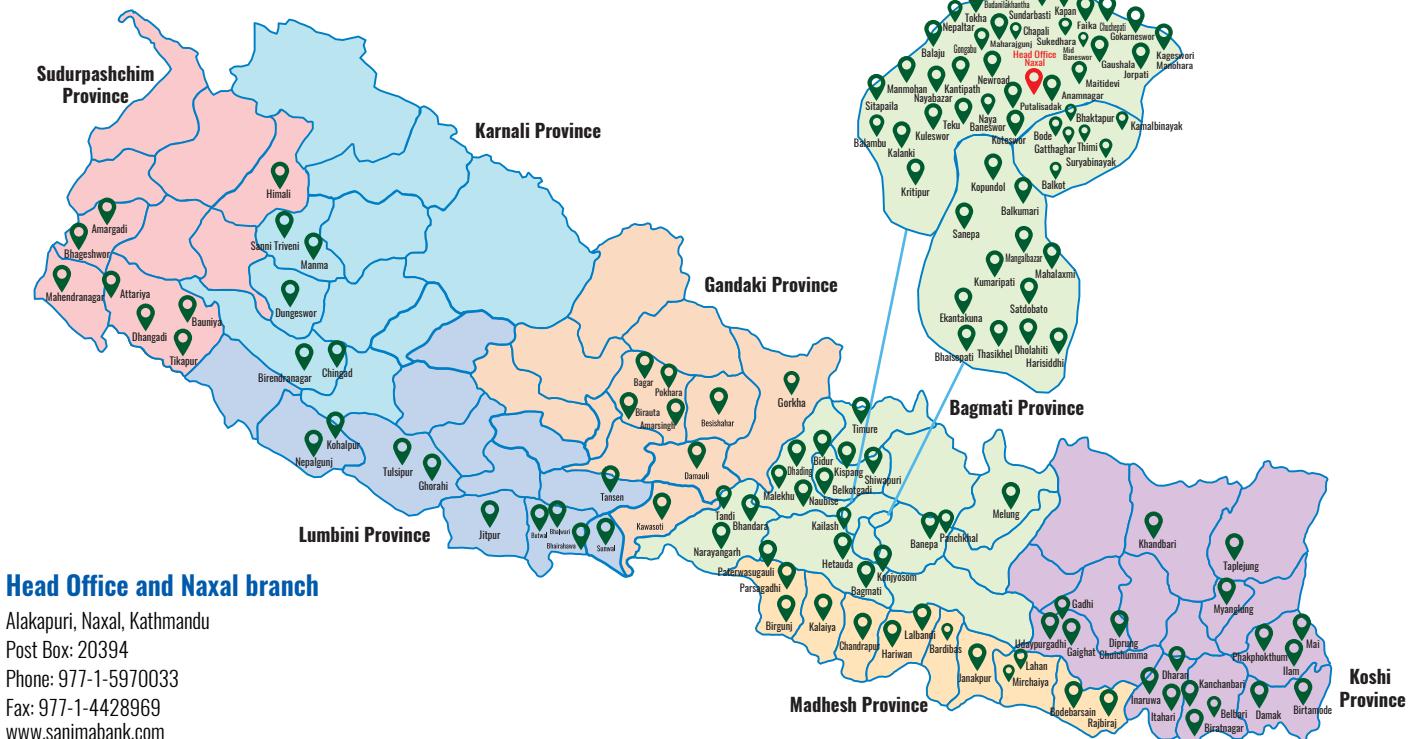
Sushil Raj Shrestha Head Bagmati Province	Bhism Raj Chalise Deputed to Sanima Capital Limited as Chief Executive Officer	Sudip Kumar Halwai Head SME/Midsize Business and Deputy Chief Lending Officer	Sushil Ratna Bajracharya Deputy Chief Information Officer	Tanka Mani Baral Deputy Chief Operating Officer
Niraj Dhakal Head Internal Audit	Ram Chandra Poudyal Head Technical Innovation	Subas Chandra Khanal Information Security Officer	Bishal Dahal Head Retail Lending	Kabindra Pal Head Corporate Lending
Rabindra Tuladhar Head Project Finance	Bhabuk Tandukar Head Deposit Management Retail and Manager Transaction Banking	Prakash Karki Cluster Head 2, Bagmati Province	Bikram Shrestha Head Digital Banking	Bimal Pratap Singh Head Legal and Compliance
Bimal Bastola Head Credit Retail	Rama Khadka Assistant Chief Risk Officer	Ramila Shrestha Head Deposit Management Institutional	Sabina Shrestha Head Operations Country	Satya Devi Niraula (KC) Cluster Head 1, Bagmati Province
Phanindra Dahal Head Koshi Province	Ankit Khanal Head Lumbini Province	Niraj Simkhada Cluster Head 3, Bagmati Province	Manoj Bhattarai Head Credit Business	Rameshwari Khatiwada Head Gandaki Province
Dipesh Singh Thakuri Head Madhesh Province	Rudra Banjara Company Secretary	Meghraj Paudel Head Card IT	Binod Thapa Head CLAD	Prabha Acharya Deputy Head Finance and Planning
Pujan Baidhya Head Credit Admin and Recovery	Bhasker Pakhrin Deputy Head Technical Innovation	Bishal Dhakal Head Small Enterprises	Lok Bahadur Timalsina Deputy Head Retail Lending	Ranjan Mainali Manager Credit Risk
Megh Raj Khadka Head Sudurpaschim Province	Siddartha Mainali Head Research and Development/ Head Integrated Risk Management	Anuja Regmi Head Trade Finance	Bimba Bhandari Relationship Manager - SME/Midsize Business	Binay Basnet Deputy Head Treasury Front Office
Dinesh Bhandari Head Central Account Operations Unit	Nimesh Shrestha Head Remittance	Sabeeta Dhakal Deputy Head Internal Audit	Punit Bikram Rana Relationship Manager - Deposit Management Unit	Seema Thoker In-charge Digital Banking Operations
Suman Hamal Head Karnali Province	Ambika Khatiwada In-charge General Service	Niraj Raj Shrestha Digital Banking Business		Situ Shrestha Head Payment

MANAGER (INSIDE VALLEY)

Dilip Khatiwada Anannagar	Ramhari Adhikari Balaju	Dilip Kumar Rana Balambu	Bishow Kandel Balkot	Rabindra Maharjan Balkumari	Kabita Silwal Acharya Bhainsepatti
Prabin Jonchhe Bhaktapur	Rabindra Munikar Bode	Ajita Adhikari Budanilkantha	Nilesh Shrestha Chapali	Dinesh Gautam Chuchchepe	Beekina Maharjan Dholahiti
Madhu Prakash Khatiwada Ekantakuna	Dolma Lama Faika	Tannavi Rani Gatthaghar	Pradeep Kumar Chalise Gausaha	Arogya Guragain Gokarneshwor	Sangeeta Rana Gongabu
Lil Bahadur KC Harisiddhi	Hemanta Shrestha Jorpati	Pragati Ghimire Kageshwori	Shandeshwor Lal Shrestha Kalanki	Swornim Karki Kamalbinayak	Basanta Chapagai Kantipath
Medan Basnet Kapan	Seema Maharjan Kirtipur	Robika Shrestha Koteshwor	Sujan Shrestha Kuleshwor	Romila Koirala Kumaripati	Ramesh Man Maharjan Kupondole
Mamita Maharjan Mahalaxmi	Bhola Raj Pant Maharajgunj	Prabin KC Maitidevi	Anish Shrestha Mangalbazar	Radhika Karki Manmohan	Deepika Thapa Mid-Baneshwor
Priti Kumari Singh Naxal	Ashish Prasad Amatyia Nayabazar	Neelu Shelalik Sthapit Nepalbari	Aayush Aryal New Baneshwor	Samik Dhungana New Road	Suvash Dhungana Putalisadak
Namrata Malakar Sanepa	Pooja Rajbhandari Satdobato	Krishna Hari Bhandari Sitapaila	Ashmita Singh Sukedhara	Resha Ghimire Sundarbasti	Prabin Jonchhe Suryabinayak
Kishan Khadka Teku	Ramesh Shrestha Thasikhel	Nani Ram Kafle Thimi	Rosha Wagle Dhakal Tokha		

MANAGER (OUTSIDE VALLEY)

Chandra Prakash Chataut Amargadhi	Birendra Lal Shrestha Amarsingh	Dinesh Singh Kathayat Attariya	Balaram KC Bagar	Deepa Subedi Bagmati - Makwanpur	Sanjaya Sapkota Banepa
Kiran Khatiwada Bardibas	Dinesh Raj Pandeya Bauniya	Bhusan Khatry Belbari	Binup Raj Khanal Belkotgadhi	Navin Bikram Rayamajhi Besishahar	Jagadish Raj Bist Bhageshwor
Surya Prasad Dahal Bhairahawa	Resham Lal Kharel Bhalwari	Sarita Gyawali Bhandara	Prasanna Sedhain Bidur	Mahesh Kumar Niraula Biratnagar	Basanta Pandey Birauta
Ambika Pokhrel Birendranagar	Raj Kumar Sodari Birgunj	Madhav Prasad Wagle Birtamod	Rishikesh Dutta Bodebarsain	Ana Narayan Shrestha Butwal	Nabin Koirala Chandrapur
Jaga Bhandary Chingaad	Ajay Kumar Yadav Damak	Suresh Parajuli Damauli	Subodh Amatyia Dhadingbesi	Lokmani Thapa Dhangadhi	Sumita Bajracharya Dharan
Suraj Limbu Diprungh Chuichumma	Ganesh Kumar Gaire Dungeshwor	Manoj Thapa Gadhi	Lil Bahadur Magar Gaighat	Yogesh Malla Ghorahi	Ganesh Kumar Malla Gorkha
Kendra Prasad Adhikari Hariwon	Roshan Malla Hetauda	Ganesh Paudel Himali	Samita Basnet Ilam	Raju Maharjan Inaruwa	Bishow Nath Karki Itahari
Keshab Shrestha Janakpur	Surya Prasad Khanal Jitpur	Kiran Mahat Kailash	Umesh Chaurasiya Kalaia	Prashanna Gajurel Kanchanbari	Aashis Dhakal Kawasoti
Laxman Bishankhe Khandbari	Prakash Rimal Kispang	Santosh Kumar Gurung Kohalpur	Saroj Timalsina Konijosom	Lok Nath Adhikari Lahan	Pritam Tripathi Lalbandi
Mahendra Chand Mahendranagar	Sharada Gautam Mai	Ramesh Pandit Malekhu	Machhindra Kumar Bhandari Manma	Bishnu Thapa Melung	Narottam Thakur Mirchayia
Hem Prasad Dhungana Myanglung	Buddhi Sagar Subedi Narayangarh	Sadeep Bikram Shah Naubise	Mausam K.C. Nepalgunj	Hari Prasad Aryal Newroad-Pokhara	Nabindra Raj Bajracharya Panchkhal
Mandira Shrestha Parsagadhi	Amit Kumar Chaudhary Paterwasugauli	Buddha Raj Rai Phakphothum	Gobinda Shrestha Rajbiraj	Narendra Bahadur Bam Sannitiveni	Sujan Paudel Shivapuri
Bishnu Prasad Pokhrel Sunwal	Govinda Lal Shrestha Tandi	Niroj Pradhan Tansen	Binod Ojha Taplejung	Keshav Datt Pant Tikapur	Nirajan Shrestha Timure
Pranil Bhusal Tulsipur	Shankar Khadka Udayapurgadhi				



Inside Valley

Ananmagar, Kathmandu	Chapali, Kathmandu	Harisiddhi, Lalitpur	Kuleshwor, Kathmandu	MidBaneshwor, Kathmandu	Sundarbasti, Kathmandu
01-5705391	01-5901903	01-5912418	01-5376476	01-5901742	01-4371534
Balaju, Kathmandu	Chuchepati, Kathmandu	Jorpati, Kathmandu	Kumaripati, Lalitpur	Nayabazar, Kathmandu	Suryabinayak, Bhaktapur
01-4951267	01-5210441	01-4914741	01-5528307	01-4988321	01-6614515
Balambu, Kathmandu	Dholahiti, Lalitpur	Kageshwori Manohara, Ktm	Mahalaxmi, Lalitpur	Nepaltar, Kathmandu	Teku, Kathmandu
01-5910313	01-5573201	01-5902371	01-5709367	01-4950490	01-5319568
Balkot, Kathmandu	Ekantakuna, Lalitpur	Kalanki, Kathmandu	Maharajgunj, Kathmandu	NewBaneshwor, Kathmandu	Thasikhel, Lalitpur
01-5907645	01-5420967	01-5235051	01-4371428	01-4795285	01-5193231
Balkumari, Lalitpur	Faika, Kathmandu	Kamalbinayak, Bhaktapur	Maitidevi, Kathmandu	New Road, Kathmandu	Thimi, Kathmandu
01-5186634	01-4813418	01-6620169	01-5902101	01-5333668	01-5913371
Bhainsepati, Lalitpur	Gatthaghari, Bhaktapur	Kantipath, Kathmandu	Mangalbazar, Lalitpur	Putalisadak, Kathmandu	Tokha, Kathmandu
01-5908516	01-6636485	01-5364737	01-5524727	01-4260377	01-5159258
Bhaktapur, Bhaktapur	Gaushala, Kathmandu	Kirtipur, Kathmandu	Manmohan Memorial College And Teaching Hospital, Kathmandu	Sanepa, Lalitpur	Kapan, Kathmandu
01-6614515	01-5970233	01-5908945	01-5247379	01-5900831	01-4164189
Bode, Bhaktapur	Gokarneshwor, Kathmandu	Kopundole, Lalitpur		Satdobato, Lalitpur	
01-6637745	01-5901536	01-5909012		01-5917425	
Budhanilkantha, Kathmandu	Gongabu, Kathmandu	Koteshwor, Kathmandu		01-5313295	
01-4370106	01-4989378	01-4610692			
				01-5901752	

Outside Valley

Amargadhi, Dadeldhura	Bhandara, Chitwan	Dhangadhi, Kailali	Janakpur, Dhanusa	Maleku, Dhading	Sannitriveni, Kalikot
096-410286	056-550656	091-416481	041-590472	010-400181	9744354310
Amarsingh, Kaski	Bidur, Nuwakot	Dharan, Sunsari	Jitpur, Kapilbastu	Manma, Kalikot	Shivapuri, Nuwakot
061-435225	010-561913	025-520254	076-550365	087-440126	9849820797
Attariya, Kailali	Biratnagar, Morang	Diprung Chuichumma, Khotang	Kailash, Makwanpur	Melung, Dolakha	Sunwal, Nawalparasi
091-590236	021-511901	971648033	9742826797	9741472041	01-5970033
Bagar, Kaski	Birauta, Kaski	Dungeswor, Dailekh	Kalaiya, Bara	Mirchhaiya, Siraha	Tandi, Chitwan
061-553635	061-457640	9858061910	053-551942	033-550584	056-490670
Bagmati, Makwanpur	Birendranagar, Surkhet	Gadhi, Udayapur	Kanchanbari, Morang	Myanglung, Terhathum	Tansen, Palpa
9845471781	083-525346	9862671360	021-511451	026-460734	075-522808
Banepa, Kavrepalanchwok	Birgunj, Parsa	Gaighat, Udayapur	Kawasoti, Nawalpur	Narayangarh, Chitwan	Taplejung, Taplejung
011-664051	051-529185	035-423849	078-541005	056-589858	024-461062
Bardibas, Mahottari	Birtamod, Jhapa	Ghorahi, Dang	Khandbari, Sankhuwasabha	Naubise, Dhading	Tikapur, Kailali
044-550539	023-534505	082-561930	029-562986	010-401014	091-561000
Bauniya, Kailali	Bodebarsain, Saptari	Gorkha, Gorkha	Kispong, Nuwakot	Nepalgunj, Banke	Timure, Rasuwa
091-404153	031-446090	064-590005	9818818850	081-415057	010-543070
Belbari, Morang	Butwal, Rupandehi	Hariwani, Sarlahi	Kohalpur, Banke	Panchkhali, Kavrepalanchwok	Tulsipur, Dang
021-434323	071-535497	046-530508	081-542151	011-499337	082-523416
Belktogdahi, Nuwakot	Chandrapur, Rautahat	Hetauda, Makawanpur	9851352441	Parsagadhi, Parsa	Udayapurgadhi, Udayapur
9851194320	055-540516	057-527373	9855083713	09855083714	9852835700
Besisahar, Lamjung	Chingaad, Surkhet	Himali, Bajura	Lahan, Siraha	Paterwasugauli, Parsa	
9856076444	9758060702	9858080378	033-565406	9855083714	
Bhageshwor, Dadeldhura	Damak, Jhapa	Ilam, Ilam	Lalbandi, Sarlahi	Phakphokthum, Ilam	
9847146433	023-575161	027-520955	046-501590	9741492381	
Bhairahawa, Rupandehi	Damauli, Tanahun	Inaruwa, Sunsari	Mahendranagar, Kanchanpur	Pokhara, Kaski	
071-571881	065-565581	025-566747	099-521249	061-575042	
Bhalwari, Rupandehi	Dhadingbesi, Dhading	Itahari, Sunsari	Mai, Ilam	Rajbiraj, Saptari	
071-562050	010-520967	025-587571	027-412204	031-533108	



SanimaBank

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