



कुमारी बैंक लिमिटेड
KUMARI BANK LIMITED
सदैका लागि, सधैका लागि



SUSTAINABLE BANKING FOR PROSPERITY

23rd Annual Report
FY 2079/80



हाम्रो आँखा - सधैं देखोस् नयाँ बिहानी त्यो
नवीनता, उत्कृष्टता

हाम्रो भावना - आतिथ्यमा रमोस् सधैं जसो
साथमा, सधैं साथमा

हामी हाँस्न सकौं, अनि हँसाउन सकौं
हामी अघि बढौं, अघि बढाउन सकौं

सुख - समृद्धि हर घरको बनोस्
साथ सधैं - सधैं जीवन भरको रहोस्

हामी देखौं यस्तो व्यवहार
सुरु गरौं यस्तो संस्कार

जसले ल्याउँछ हामीलाई नजिक
शुभ कार्यको संस्कारमा - कुमारी बैंक

Kumari Culture embraces everyone with a smile to welcome, help, and appreciate them. In every path, every way, we strive to be better and never give up. Each day, we live and breathe this culture, and imbibe it in our minds and our hearts.

We take every step together – for happiness and for success. Moving forward everyday – we hold it as an anthem that drives us forward.

We move forward in unison to create a new world, a world of our culture, - where everyone is engulfed in a comfortable space of their own.
Welcome to Kumari Culture!

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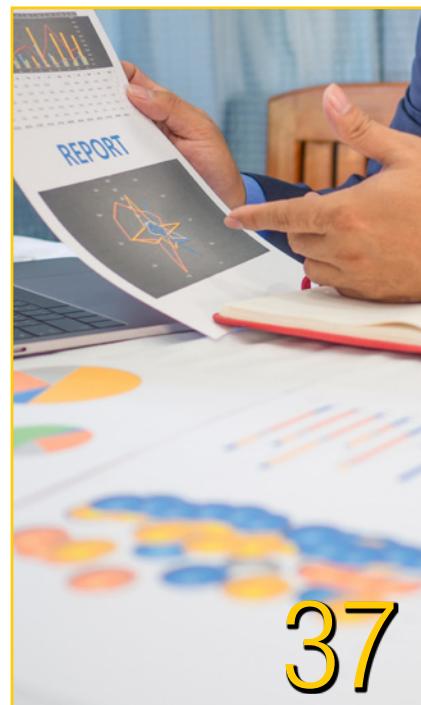
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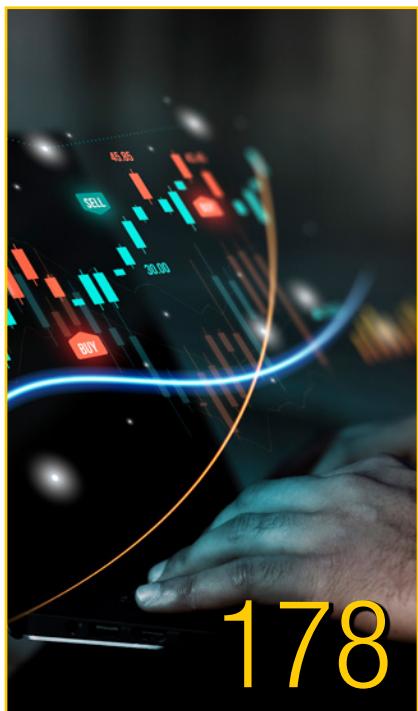
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KBL SUBSIDIARIES



MILESTONES, CSR & ACHIEVEMENTS



KBL NETWORK



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KUMARI BANK AT A GLANCE

Kumari Bank Limited came into existence as the fifteenth commercial bank of Nepal, starting its banking operations from Chaitra 21, 2057 B.S (April 03, 2001) with an objective of providing competitive modern banking services in the Nepalese financial market. The Bank has a paid-up capital of NPR 26.23 billion. Kumari Bank Limited provides a wide-range of modern banking services through 418 points of representation located in various urban, semi-urban and rural parts of the country, with 302 branches, 49 extension counters and 67 Branchless Banking Units.

The Bank has pioneered in providing modern banking services like Internet Banking and Mobile Banking. With the implementation of Core Banking Software, FINACLE (Version 10.2.25), the Bank is confident that it will provide a robust, ultra-modern banking platform for all customers throughout the country. The Bank has been offering both Domestic and International Visa Debit and Credit Card, accessible in all VISA linked ATMs in Nepal and India. It serves through 314 ATMs and - POS terminals across the country. Along with this, the Bank offers latest digital banking services such as Mobile banking, Viber banking, Omni Channel and QR payments.

The Bank is recognized as an innovative and fast growing institution that always strives towards customer satisfaction. It has transparent business practices, professional management, corporate governance, and Total Quality Management as the organizational mission.

The Bank acquired Kasthamandap Development Bank Ltd., Paschimanchal Finance Co. Ltd., Mahakali Bikash Bank Ltd. and Kankrebihar Bikash Bank Ltd. on June, 2017; with an objective to fulfill the directive forwarded by Nepal Rastra Bank to attain the paid-up capital of NPR 8 billion. Further to that, the Bank acquired Deva Bikas Bank Limited and joint operation was started from July 12, 2020. On January 01, 2023, Nepal Credit and Commerce Bank Limited has been merged with Kumari Bank Limited to jointly operate in the name of Kumari Bank Limited.

MISSION AND VISION

MISSION

Our mission is to deliver innovative products and services to our customers, use these innovative products to achieve financial inclusion, and do so by exemplifying good corporate governance, proactive risk management practices, and superior corporate social responsibility.

VISION

Our vision is to be the preferred financial partner to our customers, a center of career growth to our employees, and to maximize our shareholder's value, while contributing to our nation's financial sector and to its economic welfare.



CHAIRMAN'S STATEMENT

Dear Stakeholders,

It is with great pleasure and a sense of responsibility that I address you as the Chairman of Kumari Bank Limited. As we embark on a new chapter in our journey, I am honored to lead this esteemed institution towards continued growth, innovation, and prosperity.

In today's dynamic and ever-evolving financial landscape, adaptability and foresight are imperative. At Kumari Bank Limited, we recognize the significance of these qualities, and we remain committed to staying ahead of the curve. Our unwavering dedication to excellence, coupled with our customer-centric approach, has been instrumental in our success thus far.

As we look towards the future, we are cognizant of the challenges and opportunities that lie ahead. In an increasingly digital world, technological advancements are reshaping the way we conduct business. Therefore, we are investing heavily in

digital infrastructure and innovation to enhance our service offerings and provide our customers with unparalleled convenience and efficiency.

Moreover, we understand the importance of sustainability and corporate social responsibility. Guided by ethical principles and a commitment to making a positive impact on society, we strive to conduct our business in a manner that promotes environmental stewardship, social equity, and economic development.

It is with great pleasure and anticipation that I extend a warm welcome to our newly appointed members of the board. Our commitment to excellence and dedication to the organization's mission and vision will undoubtedly contribute to our collective success and prove to be an invaluable asset.

As we embark on this journey together, I am confident that our diverse backgrounds, expertise, and perspectives will enrich our discussions and



In today's dynamic and ever-evolving financial landscape, adaptability and foresight are imperative, and we remain committed to staying ahead of the curve.



decisions, driving innovation and sustainable growth. Together, we shall navigate the opportunities and challenges that lie ahead, always mindful of our responsibility to our stakeholders and communities.

Our 23rd Annual General Meeting marks not only a moment of transition but also an opportunity for reflection and celebration of our achievements. As stewards of this organization, we honor its legacy while embracing the opportunities of tomorrow with enthusiasm and determination by fostering a culture of transparency, accountability, and integrity that upholds the highest standards of governance.

I would also like to take this opportunity to express my gratitude to our shareholders, whose unwavering support and confidence have been the cornerstone of our success. I would also like to extend my appreciation to our customers, whose loyalty and trust inspire us to raise the bar higher with each passing day.

I am excited about the journey that lies ahead for Kumari Bank Limited. With the dedication and expertise of our team, the support of our stakeholders, and the trust of our customers, I am confident that we will continue to achieve new heights of success and make a meaningful difference in the lives of those we serve.

Thank you all for your resilience and continued faith in our vision, which has fueled our continued and sustainable growth. I, along with my colleagues on the board, see and truly appreciate your support and I have utmost faith that you will welcome the amalgamated team with open arms and extend your utmost solidarity for the continued success of the Bank.

Sincerely,

Amir Pratap JB Rana
Chairman



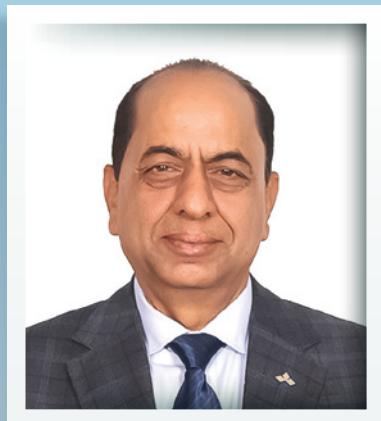
BOARD OF DIRECTORS



Mr. Amir Pratap J.B. Rana
Chairman



Mr. Pashupati Murarka
Director



Mr. Mahesh Prasad Pokhrel
Director



Mr. Bijay Kumar Shrestha
Director



Mr. Rajaram Khadka
Director



Mr. Bijay Sthapit
Independent Director



Ms. Simran Agrawal
Director

SENIOR MANAGEMENT

Ram Chandra Khanal
Chief Executive Officer

Kshitij Khadka
Chief Business Officer

Bikas Khanal
Chief Risk Officer

Anish Tamrakar
Chief Digital Banking Officer

Rohit Singh
Chief Human Resources
& Support Officer

Arpan Pokhrel
Chief Regional Credit
Officer - A

Rajesh Raj Dhungel
Chief Regional Credit
Officer - C

Arjun Jung Siwal
Chief Regional Credit
Officer - B

Prabin Jha
Chief Regional Credit
Officer - D

Chandan Karki
Chief Investment &
Marketing Officer

CEO'S MESSAGE

Dear All,

I am honored to address you as the CEO of Kumari Bank Limited, a steadfast institution committed to serving our customers, shareholders, and communities with unwavering dedication.

In a world of dynamic challenges and evolving financial landscapes, Kumari Bank remains resolute in its mission to provide innovative banking solutions while upholding the highest standards of integrity and ethics. Our journey has been one marked by growth, resilience, and a steadfast commitment to excellence.

Despite the unprecedented challenges posed by global events, our team at Kumari Bank has demonstrated remarkable adaptability and perseverance. Through strategic initiatives and prudent risk management, we have not only weathered the storms but emerged stronger, more resilient, and more agile.

Our success is a testament to the collective efforts of our talented workforce, whose dedication, expertise, and passion drive our organization forward. As we navigate the ever-changing dynamics of the banking industry, we remain steadfast in our commitment to fostering a culture of innovation, inclusivity, and continuous improvement.

To our valued customers, thank you for entrusting us with your financial needs. Your loyalty and support inspire us to continually raise the bar and exceed your expectations.

To our esteemed shareholders, thank you for your continued confidence in Kumari Bank. Your investment fuels our growth and empowers us to pursue our strategic objectives with confidence and conviction.

To our communities, thank you for your trust and partnership. We remain deeply committed to supporting initiatives that create positive social impact and drive sustainable development.

As we look ahead, I am filled with optimism and excitement for the future of Kumari Bank. Together, we will continue to innovate, collaborate, and lead with integrity, ensuring that Kumari Bank remains a trusted partner and a beacon of stability in an ever-changing world.

Thank you for your ongoing support and commitment to Kumari Bank Limited.

Warm regards,
Ram Chandra Khanal
Chief Executive Officer

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Through strategic initiatives and prudent risk management, we have not only weathered the storms but emerged stronger, more resilient, and more agile.





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PERFORMANCE REVIEW FINANCIAL YEAR 2079-80

Merger with Nepal Credit and Commerce Bank

Kumari Bank Limited has merged NCC Bank Limited at a swap ratio of 1:1 and started the joint operation from January 01, 2023. The following financial data of Nepal Credit and Commerce Bank Limited as of 31 December 2023 has been consolidated with Kumari Bank Limited.

Particulars	Amount/Number
Paid up Capital	11.51 Billion
Deposits	126.16 Billion
Loan and Advances	119.48 Billion
Investment	12.42 Billion
Total Assets	154.57 Billion
Number of Saving Accounts	855,745
Number of Branches	156
ATMs	145
Number of Employees	1,577

Deposit

Financial Year (FY) 2079-80 remained a year with a huge growth in terms of business volume compared to previous year, with addition of deposit through merger. Deposits of NPR 143.32 billion was increased bringing the total to NPR 326.28 billion. An amount of NPR 126.16 was addition from merger on Poush 16, 2080. Due to increase in remittance inflow and decrease in import in the overall economy in the country, there is surplus in deposit within the Banks and Financial Institutions (BFIs). The uptrend was supported by increased Saving Deposits, followed by Term deposits. The resulted increase is due to the attractive interest rates offered, effective marketing and promotional strategies, other facilities extended, unique blend of deposit schemes, and other successful promotional campaigns.

However, the current and call deposits varied than expected; as Nepalese deposit market is highly interest sensitive; due to which in the given period, most of the saving deposits turned to term-deposits with short-term maturities. Although, we were able to grow the number of saving accounts to 2,240,950; which was 1,113,988 at the end of last fiscal year with a growth in number of 1,126,962 (this includes addition from merger of 855,745).

Figures in Million

Particulars	Actual		Variance	Variance %
	FY 2079-80	FY 2078-79		
Term	216,706	118,548	98,158	83%
Saving	66,055	34,892	31,163	89%
Call	21,572	14,716	6,857	47%
Current	21,950	14,807	7,143	48%
Total	326,283	182,962	143,321	78%

Loan and Advances

We were able to extend total loans of NPR 289.38 billion this year which is increased by NPR 129.94 billion than previous year. An amount NPR 119.48 billion was addition from merger on Poush 16, 2080. With effective business, marketing and promotional strategies, attractive interest rates and other services offered, loyal customer base, and so on has helped the bank to increase the portfolio as compared to previous year. However, due to sharp increase in the interest suspense the stress is witnessed in the capital adequacy of the bank, which pulled the level of business expansion to a great extent. Although, the challenge to improve the mix towards retail and SME segment remained at stand still. With addition of similar portfolio and need to improve the asset quality was ardent, where the bank had concentrated on the improvement of the asset quality in the current fiscal year. Now gradually, we are looking into the aspect of mix improvement to support low level of delinquencies and improved spread with low level of default.

Particulars	Actual		Variance	Variance %
	FY 2079-80	FY 2078-79		
Corporate	143,717	84,362	59,355	70%
SME	65,986	30,062	35,924	119%
Retail	65,440	36,598	28,841	79%
Deprived	14,245	8,421	5,824	69%
Total Loan	289,388	159,444	129,943	81%

Profit & Loss

With an increased loan-volume than previous year during the year in review, the resultant increase in volume contributed towards an excess interest income than previous year. Similarly, the surge in bank interest rates and the increase in deposit funds than previous year were the cause of the increased interest expenditure.

As for fee based income (along with non-funded business as LC, guarantees), it is witnessed good level of increment, which shall further support going forward with the increased business volume. The forex/treasury related income showed lower than that of previous year, the main cause behind being not able to hit the profit due to regulatory constraint in the equity trading business which was major chunk of income in the last fiscal year, although this shall be properly addressed in coming years with appropriate strategies to enhance the forex base along with added investments through merger, from which proper proceeds can be attained staying within regulatory framework.

In the current fiscal year, almost half year was operated prior merger and half year post merger, given this backdrop also the increment in the HR-related costs only accounted for 9% which showed proper and well planned cost control approach adopted by the bank. As there was cost associated with voluntary retirement scheme launched by the bank, and added cost burden to the bank with adjusting and streamlining the differences in the policies adopted by merged entities prior merger. Eventually, the cost shall come down with proper human resource planning, with placement of right person at right role bring operating efficiency to support the business expansion.

Further, with addition of branches through merger, it required high level of renovation cost to streamline the bank branch as per the brand and image. Although, numerous cost reduction practices were adopted in terms of rental costs, and other avoidable costs, but the unavoidable cost post-merger played role to large extent which propelled the operating expenses of the bank by 45% from the last fiscal year cost. High level of cost have already been incurred, and planned reduction in the cost is being implemented, thus in days ahead the operating cost shall slowly decline or shall remain at constant level which shall balance the ever so increasing effect of inflation in the market.

Impairment cost relating to loans and advances increased significantly due to the current stressful scenario where although there is some liquid fund but the recoveries are hard to bring down to a respectable level. As per prudent practice, bank had charged huge level of impairment in the current fiscal year, which shall support profitability in coming days with signs of recoveries the added provision shall be written back and profit shall be attained. In line with proper risk-management in disbursed loans bank had provided additional provision charges under watch-list based on qualitative asset as well. Such cushion provision shall provide more control over risk-factors associated with Bank lending.

The bottom line, i.e. profit, remained lower than previous year i.e. almost by 80%, which was NPR 2,580 million in previous year, now it is at NPR 518 million mainly due to staggering level loan loss provision created to cover the expected risk associated with the risk assets of the bank which rose by almost 899% than that of last fiscal year.

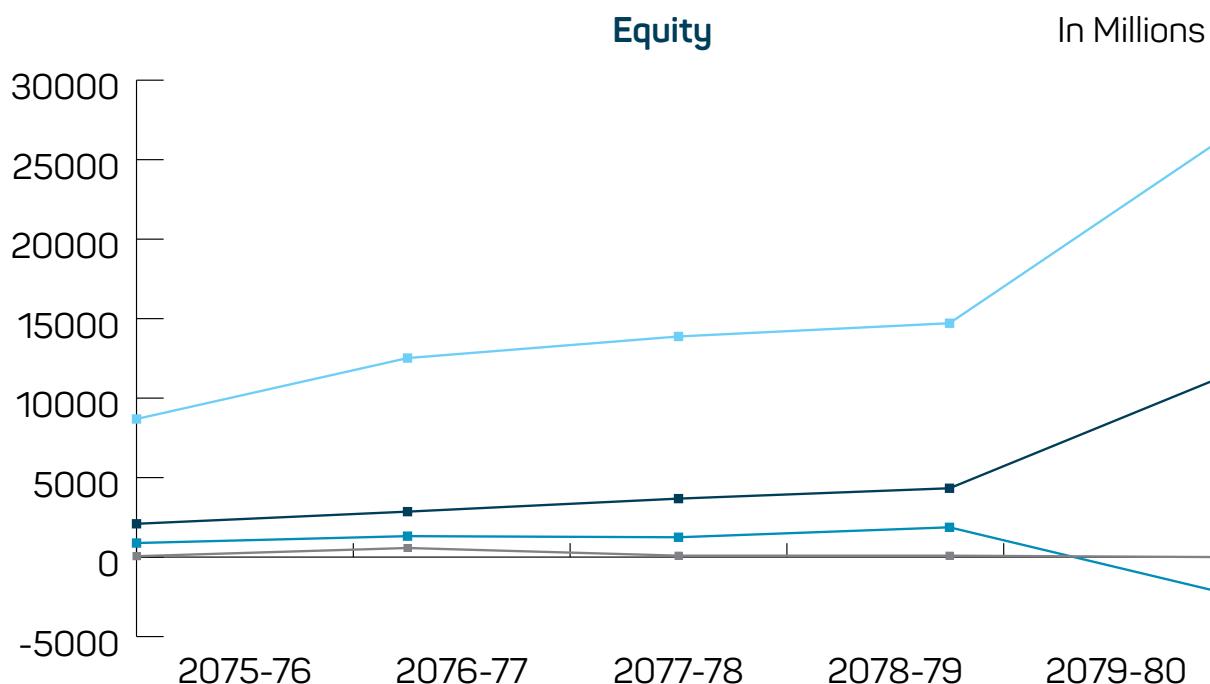
Particulars	Actual		Variance	Variance %
	FY 2079-80	FY 2078-79		
Interest income	34,112	18,355	15,757	86%
Interest expense	23,046	12,138	10,908	90%
Net interest income	11,066	6,217	4,849	78%
Net Fee and Commission Income	1,513	818	695	85%
Other Operating and trading income	478	906	(428)	-47%
Total Operating Income	13,058	7,941	5,117	64%
Human Resource Expense	2,099	1,934	165	9%
Operating Expense	1,770	1,219	552	45%
Operating profit before LLP	9,189	4,789	4,400	92%
Loan Loss Provision (LLP)	8,116	812	7,304	899%
Non operating income	40	16	24	145%
Profit before bonus	1,113	3,993	(2,880)	-72%
Provision for staff bonus	111	399	(288)	-72%
Provision for tax	484	1,014	(530)	-52%
Net profit	518	2,580	(2,062)	-80%

FINANCIAL POSITION INDICATORS

Equity

Equity is the value of the business left to owners paying off the liabilities. Total equity is the residual interest of the owners towards the asset after subtracting the value of all the liabilities. The amount accumulated in equity can be from the money originally invested and all the other investments that are made in the company after the initial payment and through the earnings that Bank had retained over a period of time through its operations.

With the part of time & growth of business, need of capital is further assessed. Bank has been able to increase equity through issue of shares (bonus or right) and on the other hand, also retained the amount for further investment. As prescribed by Nepal Rastra Bank, Banks are required to maintain mandatory as well as other reserves. In addition to capital contributed by the equity holders, the amount set aside from the profit or surpluses to reserve belongs to the owners that helps in further strengthening the financial position of the Bank. Therefore, accumulated profit every year is transferred to such reserves which further increase the equity of the Bank.



Particulars	2075-76	2076-77	2077-78	2078-79	2079-80
◆ Reserves	2,095	2,859	3,678	4,330	11,292
◆ Retained Earnings	884	1,318	1,247	1,873	(2,203)
◆ Share Premium	55	572	89	89	-
◆ Share Capital	8,686	12,520	13,878	14,711	26,226

Looking five years back at its equity history; the Bank has gradually increased its equity size. From NPR 11.72 billion in FY 2075/76, the equity base is NPR 35.31 billion in FY 2079-80, i.e. increase in equity-base is aiding the Bank's business expansion (201.32% of growth within a five-year period). The increase in equity in FY 2076-77 is due to acquisition of Deva Bikas Bank Limited and in FY 2079-80 is due to merger with Nepal Credit and Commerce Bank Limited for an amount of NPR 11.51 Billion.

Paid up capital

Paid up capital of bank is NPR 26.22 billion on FY 2079-80. With the merger of the bank with erstwhile NCC Bank, the bank's paid-up capital, which is also seen as a gauge of its stability and strength, had increased. Over the period, Bank has been issuing bonus and right shares and has also been able to meet the minimum paid-up capital threshold previously prescribed by Nepal Rastra Bank.

	(in Million)
2075-76	8,686
2076-77	12,520
2077-78	13,878
2078-79	14,711
2079-80	26,226

Total Shares

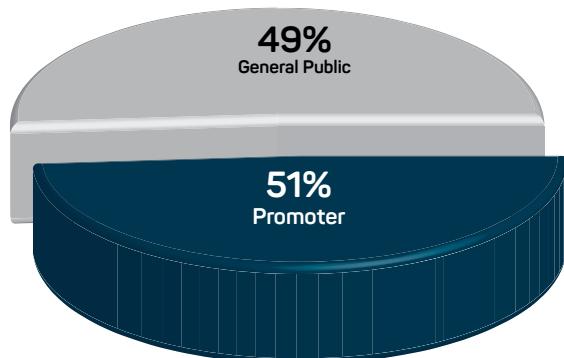
Total number of shares remained 262.26 million as on FY 2079-80, in which in Financial Year 2079-80 bank has merged with erstwhile NCC Bank Limited, which enhanced the number of shares by 115.14 million.

	(in Million)
2075-76	86.86
2076-77	125.2
2077-78	138.78
2078-79	147.11
2079-80	262.26

Public and Promoter Shares

As on Asadh end 2080, Bank has a total share capital of NPR 26.22 billion, ownership of which rests with Promoter and Public shareholders. Ownership of NPR 12.84 billion rests with the public shareholders and NPR 13.38 billion with the promoters.

Particulars	No. of Shares	Amount in '000
General Public	1,285,067	12,850,672
Promoters	1,337,519	13,375,189
Total	2,622,586	26,225,861



Reserve and Surplus

They are the appropriation of profit or other surplus to further financially strengthen the financial position of the Bank for any unforeseen losses/claims that may arise in future. Bank has reserve and surplus of NPR 11.29 billion as on FY 2079-80. The Reserves, except reserves as per regulatory requirement after complying the requirements can be utilized for distribution of dividend.



Deposit

Bank has managed to maintain a deposit of NPR 325.90 billion in FY 2079-80 with a growth of 78.13%, compared to NPR 182.96 billion in FY 2078-79. An amount of NPR 126.16 billion has been added from merger on Poush 16, 2079. Deposit mix as of FY 2079-80 constituted NPR 219.88 billion (67.47%) as fixed deposit, NPR 62.87 billion (19.29%) as saving deposit, NPR 21.87 billion (6.71%) as call deposit and NPR 21.22 billion (6.53%) as current deposits. It is on an increasing trend over the years with increasing business volume. Deposit alone contributes to the highest portion of the Bank's liability i.e. 94.41% of total liability of the Bank comprises of deposit liability as on FY 2079-80.



Loan and Advance

Bank holds a total loan portfolio of NPR 289.38 billion on FY 2079-80 with 81.50% growth achievement, compared to NPR 159.44 billion in the previous year. An amount NPR 119.48 billion was addition from merger on Poush 16, 2080. Segment-wise loan and advance as of Ashad end 2080 constitute NPR 143.71 billion (49.66%) towards corporate loan, NPR 65.43 billion (22.61%) as retail loan, NPR 65.98 billion (22.80%) as SME loan and NPR 14.24 billion (4.92%) as deprived sector loan.



Investment

Another important business segment of banking is the treasury. Investment of bank in FY 2079-80 totaled NPR 44.48 billion. An amount for NPR 12.42 billion has been added in investment from merger as on Poush 16, 2079. There has been a growth of 89.93% compared to the previous year of investment of NPR 23.42 billion.

	(in Million)
2075-76	9,341
2076-77	13,108
2077-78	23,073
2078-79	23,420
2079-80	44,482

Total Assets

Total Assets includes every current and non-current asset having an economic value, which provides economic benefits to the bank. Total Assets has increased from NPR 213.15 billion to NPR 380.52 billion in FY 2079-80 depicting the total increase in size of 78.52%. The major proportion of total assets is constituted by loan and advance worth NPR 289.38 billion (76.05% of total assets).

	(in Million)
2075-76	105,311
2076-77	153,342
2077-78	189,783
2078-79	213,155.82
2079-80	380,524.79

FINANCIAL PERFORMANCE INDICATORS

Net Interest Income (NII)

Net interest income is a financial performance measure that reflects the difference between the revenue generated from a bank's interest-bearing assets and expenses associated with paying off its interest-bearing liabilities. During FY 2079-80, NII amounted to NPR 11.06 billion, which was NPR 6.21 billion during previous year with a growth of 77.99%.



Other Operating Income

Other operating income of the bank reached a total of NPR 2,263.12 million with a growth of 21.11%, compared to NPR 1,868.67 million in the previous year. It includes fee and commission income of 1,784.92 million (78.87%), trading income of 363.03 million (16.04%) and other operating income of 115.15 million (5.09%). Out of fee and commission income, loan administration fee alone covers 52.45% of the fee-based income. Similarly, trading gain and loss on foreign exchange transaction is included under the trading gain. Likewise, other operating income constitutes majorly of the, dividend, gold and silver related income, foreign exchange revaluation gain and other operating income of the Bank.



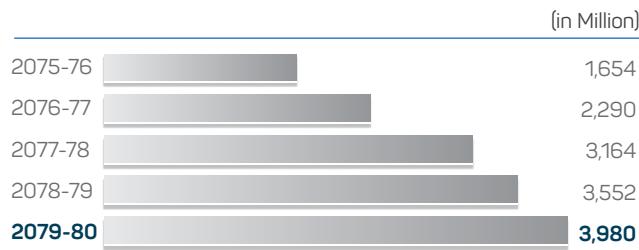
Net Profit

Bank has managed to earn a net profit of NPR 517.92 million during FY 2079-80. In the previous year, Bank's net profit was NPR 2,579.80 million. The decline in profit is to a large extent due to increment in impairment charge for loan and advances by 7,303.70 million as compared to previous year.



Operating expense

Operating expense has reached NPR 3.98 billion in FY 2079-80 with a growth of 12.07%, compared to the previous year. With the increased number of staff branches due to merger with erstwhile NCC Bank Limited and relocation of branches, the overall operational expenses have also increased. Total operating expenses of NPR 3.98 billion constitutes the personnel expense of NPR 2.21 billion (56%), other operating expense of NPR 1.02 billion (26%) and NPR 0.75 billion (19%) of depreciation and amortization expense.



Earning Per Share (EPS)

EPS depicts per rupee earning that can be made from each of its stock. An important financial measure that indicates the profitability of the bank, it is obtained by dividing the company's net income by the total number of outstanding shares. EPS of the bank since the last five years hovers around 12.12% on average. Substantial fluctuations in EPS were noticed due to decrease of profit of the bank.



Market Value Per Share (MPS)

Market Value Per Share denotes the price that a stock can be readily bought for or sold in the current market place. Often denoted by "going price", it reached NPR 165 during the end of FY 2079-80, which was NPR 191 at the end of FY 2078-79, depicting a 13.61% decline in the share price on year to year closing price basis. Contrary to the rise in price during FY 2077-78 of our bank, the overall share market has been experiencing a rough time and the price has been in a declining trend over the years. Overall market has been demonstrating its volatile nature to the utmost. The "bullish" (appreciating) trend share market in Nepal has become "bearish" (depreciating) these days. Reaching over 3198.60 points at its peak, it has now plummeted to around 1818 points. One of the reasons could be the inability to meet the desired developmental works by government (slow spending), increasing imports, and stringent monetary policy with regards to Margin Lending.



Price Earning Ratio (P/E Ratio)

The P/E ratio helps investors determine the market value of a stock as compared to the company's earnings. A high P/E could mean that a stock is priced high relative to its earnings and is possibly overvalued. Conversely, a low P/E might indicate that the current stock is priced low relative to its earnings. Bank has the P/E ratio of 83.55 as on FY 2079-80 with 10.89 on FY 2078-79, which is now increased due to decline in the profit of the bank although with market sentiment the price decline was to the extent of decline in the profit of the bank.



Dividend

With the increased number of shares through the issuance of right and bonus shares, the outstanding share capital tends to change, due to which the dividend pattern of the Bank also changes. The timing and effect of capitalization of such bonus and right shares tend to affect the dividend distributed, due to which we have experienced a fluctuating trend on dividend. Due to negative distributable profit, the bank was unable to declare dividend for Fiscal Year 2079-80.



Interest Income/ Loans and advances

The ratio depicts yield on loans and advances i.e. interest income earning on loan and advances. The ratio is in an increasing trend and has reached 11.79 % in FY 2079-80 from 11.51% in FY 2078-79 with a growth of 2.40%. The possible increase is due to the increase in the interest rates along with growth of the Bank's business volume.



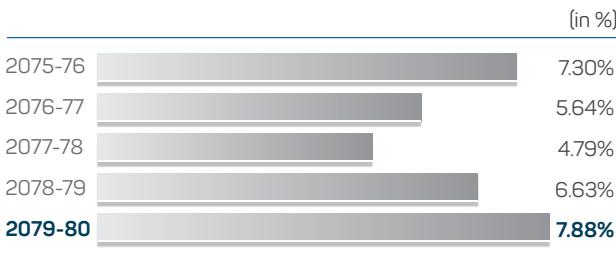
Employee expense/ Total operating expense

The ratio indicates the employee cost contribution to the total operating expense. There is a detrimental trend in the ratio due to increments in other operating costs at a higher rate than that of employee expense increment. The ratio is 52.72% in FY 2079-80, which was 54.45% during previous year with a decline of 3.16%. With the increased number of branches and provincial offices, and relocation of branches, the overall operational expenses is in an increasing trend with comparatively lower increments in personnel expenses. This is also due to increase in the renovation and repair cost of the merged branches in the current fiscal year.



Interest Expense/Total Deposit and Borrowings

The ratio indicates the total interest expense incurred by the Bank for obtaining funds through deposits and borrowings. Higher rate indicates higher interest offered to the accountholders and borrowers for collection of fund. Due to the liquidity crisis faced during the year, higher interest rates (up to 13%) were offered to customers, due to which cost of fund increased during the year. The Interest Expense to Total Deposit and Borrowings reached 7.88% during FY 2079-80 which was 6.63% in FY 2078-79.



Exchange Fluctuation Gain/Total Operating Income

This ratio indicates the contribution of exchange income on total operating income of the Bank. With the increase in investment (treasury business), the trading and revaluation gain has been increasing. During FY 2079-80, such exchange gain contribution to total income amounted to 2.88 % with 5.07 % contribution during FY 2078-79, signaling a 43.25 % negative growth compared to the previous year.



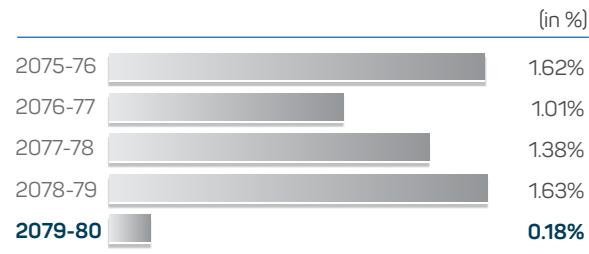
Staff Bonus/ Total Employee Expenses

The ratio explains the percentage of employee expense that is provided as bonus to employees. The percentage is 5.30% in FY 2079-80 which was 20.65 % in FY 2078-2079, the decline in the ratio is due to decrease in profit of the bank.



Net Profit/Loans & Advances

The ratio depicts the net profit earned on loans and advances granted to customer. The ratio is 0.18 % during FY 2079-80 as compared to 1.63% during FY 2078-79. The fluctuation is due to disproportional changes in net profit in response to change in loans and advances.



Net Profit/ Total Assets

The ratio depicts the net profit earned on loans and advances granted. The ratio is 0.14% during FY 2079-80 as compared to 1.22 % during FY 2078/79. The fluctuation is due to disproportional changes in net profit in response to change in Total Asset.



Capital Adequacy Ratio

Capital adequacy ratio (CAR) is a measurement of a Bank's available capital expressed as a percentage of a Bank's risk-weighted credit exposures. Adequate capital fund protects depositors and promotes stability and efficiency of financial systems. The Tier 1 capital can absorb losses without a Bank being required to cease trading, and Tier 2 Capital can absorb losses in the event of a wind-up. Bank has maintained the CAR as prescribed by Nepal Rastra Bank. As on FY 2079-80, bank has total CAR of 12.11%. The ratio is in a fluctuating trend due to change in the Capital fund compared to the change in RWE (major on loan and advance).

	(in %)
2075-76	11.75%
2076-77	15.35%
2077-78	13.71%
2078-79	12.63%
2079-80	12.11%

Non-Performing Loans/Total Loans

A Non-Performing Asset (NPA) includes the portfolio in respect of which the interest and/or installment of principal has remained due for a specified period of time and considered NPA as prescribed by the regulatory authority. Bank has streamlined its NPL ratio through continuous monitoring and several recovery options in place, as per the Recovery Guideline.

	(in %)
2075-76	1.01%
2076-77	1.39%
2077-78	0.96%
2078-79	1.11%
2079-80	4.97%

Non-Performing Loan (NPL) of the Bank

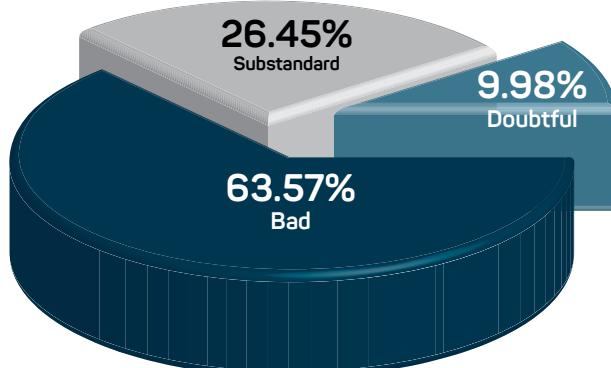
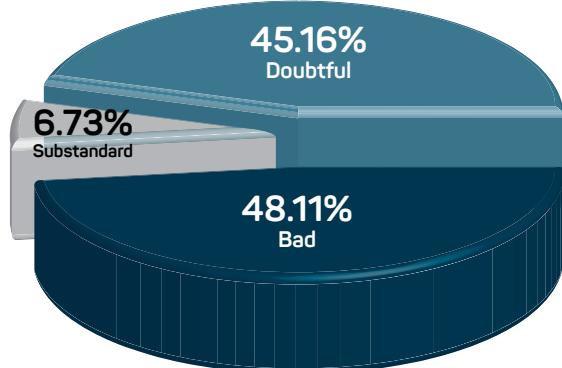
Total Non-Performing loans increased from 1.11% to 4.96% during FY 2079-80. With a proper recovery plan, we shall further reduce the NPL level of the Bank. Similarly volume of lending has increased by 81.50%. The net NPL of the bank stands at 1.36% showing high level of provision created by the bank covering large extent of risk exposure.

FY 2079-80

Particulars	Amount Outstanding (Million)	Percent
Substandard	967	6.73%
Doubtful	6,486	45.16%
Bad	6,909	48.11%
Grand Total	14,362	
NPL Percentage	4.96%	

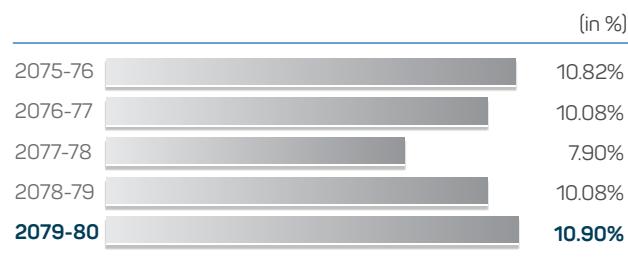
FY 2078-79

Particulars	Amount Outstanding (Million)	Percent
Substandard	466	26.45%
Doubtful	176	9.98%
Bad	1,121	63.57%
Grand Total	1,763	
NPL Percentage	1.11%	



Base Rate

Base rate constitutes all cost of funds, cost of liquidity (CRR and SLR) and operating costs. It is the minimum rate Banks have to charge their customers seeking loanable fund. Banks add a premium to the base rate to derive the total rate of interest on a particular type of loan facility. During FY 2079-80, base rate was increased from 10.08% to 10.90%.



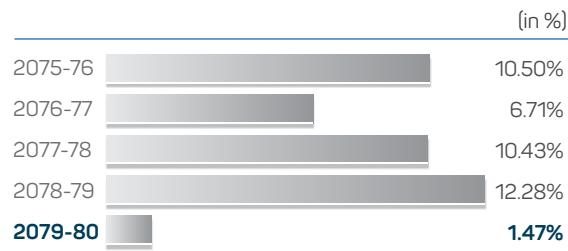
Return on Assets

Return on assets (ROA) is a financial ratio that shows the percentage of profit a company earns in relation to its overall resources that is commonly defined as net income divided by total assets. Bank has the ROA ratio of 0.14 % as on FY 2079-80, compared to 1.22% in FY 2078-79 with decrease of 88.81 % during the year.



Return on Equity (ROE)

Return on Equity (ROE) signifies how good the company is in generating returns on the investment it has received from its shareholders. Bank has the ROE of 1.47 % as on FY 2079-80 end, compared to 12.28% in FY 2078-79 with a decrease of 88.06 % during the year.



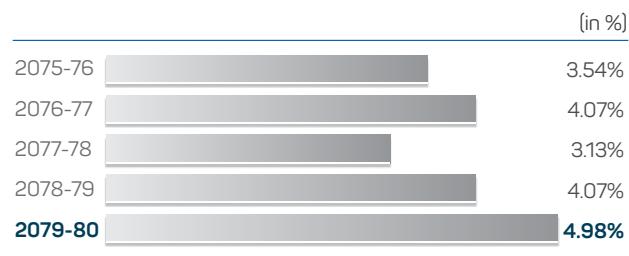
Credit to Deposit Ratio

This ratio is about how much a bank lends out of the deposits it has maintained. Higher ratio indicates effective utilization of core funds on lending, however, it could also indicate a higher reliance on deposits for lending and vice-versa. The ratio is 86.03% as on Ashad 2080 which is in a decreasing trend. This signifies utmost utilization of the collects deposits.



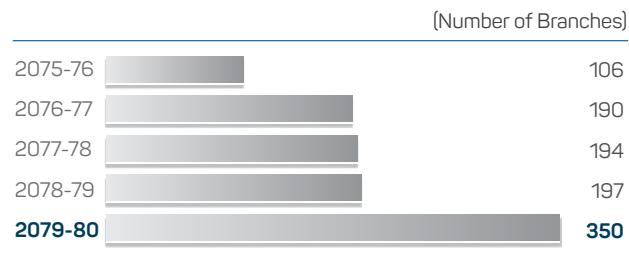
Spread Rate

Interest rate spread is what the bank charges on a loan compared to its cost of fund. As on FY 2079-80, interest spread remained 4.98%, which is 22% higher than that of FY 2078-79 of 4.07%. The reasons for higher rate is due to the increase in interest rates charged and increment on business volume of the Bank.



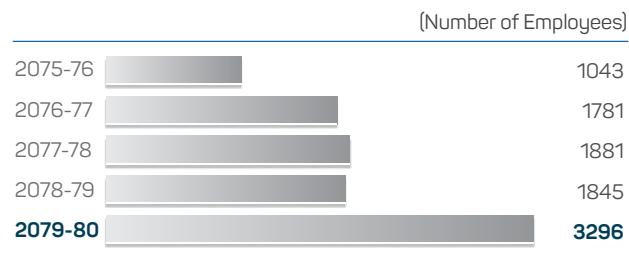
Number of branches

With the business growth, expansion and merger, bank has expanded its branch-network to 350 as on FY 2079-80. A further expansion has led the branch-network count to reach 353 till the reporting period.



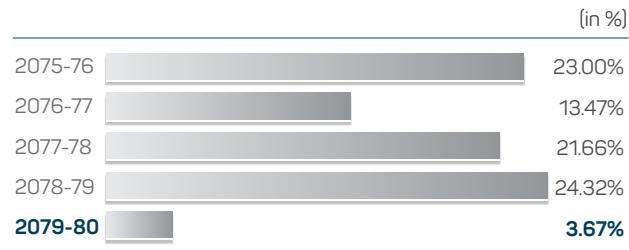
Total employees

With the increased number of branches and provincial offices, total human strength of bank increased from 1845 last year to 3296 this year, along with addition of 1577 from merger.



Operating Profit to Paid up Capital Ratio:

Operating profit to Paid-up Capital ratio, commonly known as, Return on Capital Employed, signifies how good the company is in generating returns on the investment it received from its shareholders as capital. On an average 3.67 % of return is being generated through deployment of capital fund.



HORIZONTAL AND VERTICAL ANALYSIS

Statement of Financial Position Horizontal and Vertical Analysis

Particulars	Ashad end 2080	Ashad end 2079	Horizontal Analysis Variance	Vertical Analysis Variance 2079/80
Assets				
Cash and cash equivalent	19,921,482,766	17,609,892,390	13%	5.24%
Due from Nepal Rastra Bank	13,460,944,529	5,475,310,681	146%	3.54%
Placement with Bank and Financial Institutions	7,771,445,793	1,949,476,858	299%	2.04%
Derivative financial instruments	184,833,644	1,047,386,218	-	-
Other trading assets	-	-	-	-
Loan and advances to B/FIs	9,754,306,459	5,846,262,217	67%	2.56%
Loans and advances to customers	270,937,308,309	152,562,929,780	78%	71.20%
Investment securities	42,696,595,042	22,815,085,582	87%	11.22%
Current tax assets	1,389,772,126	454,701,291	206%	0.37%
Investment in subsidiaries	600,000,000	420,000,000	43%	0.16%
Investment in associates	1,185,017,596	185,017,596	540%	0.31%
Investment property	1,263,212,752	144,491,993	774%	0.33%
Property and equipment	2,515,854,002	1,179,754,478	113%	0.66%
Goodwill and Intangible assets	188,670,058	161,441,291	17%	0.05%
Deferred tax assets	63,033,289	-	-	-
Other assets	8,592,310,273	3,304,074,229	160%	2.26%
Total Assets	380,524,786,643	213,155,824,611		100.00%
Liabilities				
Due to Bank and Financial Institutions	9,233,574,989	6,194,529,106	49%	2.43%
Due to Nepal Rastra Bank	1,496,500,000	1,345,585,620	11%	0.39%
Derivative financial instruments	170,104,982	1,086,720,414	-84%	0.04%
Deposits from customers	316,047,054,527	176,767,665,556	79%	83.06%
Borrowing	2,645,517,880	-	-	0.70%
Current Tax Liabilities	-	-	-	0.00%
Provisions	3,000,000	2,500,000	20%	0.00%
Deferred tax liabilities	-	75,208,206	-100%	0.00%
Other liabilities	6,626,257,729	3,685,702,222	80%	1.74%
Debt securities issued	8987974650	2995797489	200%	2.36%
Subordinated Liabilities	-	-	-	0.00%
Total Liabilities	345,209,984,757	192,153,708,614	-	90.72%
Equity				
Share capital	26,225,861,340	14,711,183,326	78%	6.89%
Share premium	-	-	-	0.00%
Retained earnings	-2,202,909,147	1,872,567,427	-218%	-0.58%
Reserves	11,291,849,693	4,418,365,244	156%	2.97%
Non-controlling interest	-	-	-	-
Total equity	35,314,801,886	21,002,115,997	-	9.28%
Total liabilities and equity	380,524,786,643	213,155,824,611	-	100%

Horizontal Analysis:

A reasonable growth rate of 77.19 % was achieved with regard to loan and advance (to customers and B/FIs) during FY 2079-80 due to addition from merger and business growth. Placement made during the year were normally less than 3 months and therefore categorized under cash and cash equivalents; resulting increment in cash and cash equivalent by 13%. Current tax asset this year impacted from higher provision for tax and addition from merger. Increase of Intangible Asset is due to the addition from merger, with no such significant procurement on software and other intangible assets this year. Deferred Tax Liabilities decreased with the increase in various deductible temporary differences under tax and accounting; the deductible being on higher side than taxable temporary differences resulted increase in deferred tax asset significantly.

Deposit in total have increased by 79 % during this year is bifurcated under Deposit from Customers, due to BFI, due to Nepal Rastra Bank. Increase in share capital is due to merger with erstwhile NCC Bank. Reserve has increased with the increase in different reserves; general reserve, exchange equalization reserve, regulatory and other reserves mainly from addition from merger. With the distribution of dividends of previous fiscal year and huge amount transferred to regulatory reserve for compliance of directives issued by NRB, retained earnings declined to huge extent. The substantial difference under Derivative liabilities is due to netting off the derivative asset and liability previous year which has been grossed up this year and also due to addition from merger.

Vertical Analysis:

73.76% of total assets has been composed by loan and advances, followed by investment securities contributing 11.22%; cash and cash equivalent 5.24 % on total assets of bank. Due from Nepal Rastra Bank comprising 3.54 % of total assets of bank. Other remaining assets collectively contributing 8.8 % of total assets of bank.

Statement of Financial Performance Horizontal and Vertical Analysis

Particulars	FY 2079-80	FY 2078-79	Horizontal Analysis Variance	Vertical Analysis Variance 2079/80
Interest income	34,112,242,309	18,355,159,241	86%	100.00%
Interest expense	23,046,063,629	12,137,993,244	90%	67.56%
Net interest income	11,066,178,679	6,217,165,997	78%	32.44%
Fee and commission income	1,784,927,771	962,856,296	85%	5.23%
Fee and commission expense	271,621,272	144,683,738	88%	0.80%
Net fee and commission income	1,513,306,498	818,172,558	85%	4.44%
Net interest, fee and commission income	12,579,485,178	7,035,338,555	79%	36.88%
Net trading income	363,035,269	377,867,068	-4%	1.06%
Other operating income	115,156,582	527,950,068	-78%	0.34%
Total operating income	13,057,677,029	7,941,155,691	64%	38.28%
Impairment charge/(reversal) for loans and other losses	8,115,800,765	812,100,287	899%	23.79%
Net operating income	4,941,876,264	7,129,055,404	-31%	14.49%
Operating expense				
Personnel expenses	2,209,820,636	2,332,987,934	-5%	6.48%
Other operating expenses	1,019,946,662	683,386,361	49%	2.99%
Depreciation & Amortisation	750,458,982	535,205,469	40%	2.20%
Operating Profit	961,649,985	3,577,475,641	-73%	2.82%
Non operating income	53,751,493	18,320,846	193%	0.16%
Non operating expense	13,756,009	1,981,949	594%	0.04%
Profit before income tax	1,001,645,469	3,593,814,538	-72%	2.94%
Income tax expense	483,723,858	1,014,004,706	-52%	1.42%
Current Tax	479,498,570	1,029,422,733	-53%	1.41%
Deferred Tax	4,225,288	-15,418,027	-127%	0.01%
Profit for the year	517,921,611	2,579,809,832	-80%	1.52%

Horizontal Analysis:

With the increase in loan and advance and deposits, Interest income and expense increased by 86% and 90% respectively during FY 2079-80. Fee and Commission income and expense increased proportionately with 85% and 88% respectively. Mainly due to decline in home currency, forex income decreased with a negative growth of 4% reflected under trading income. Although total personnel expenses (including staff bonus) decreased by 5% due to the impact of decline in employees bonus, the personnel expenses before employees bonus increased by 8.53 % mainly due to increase in number of employees during the period from merger. With the expansion of business volume and number of branches (addition due to merger), operation cost and depreciation grew over by 45% during the year. To sum up, profit decreased by 80 % during the year from 2,579 million to 517 million.

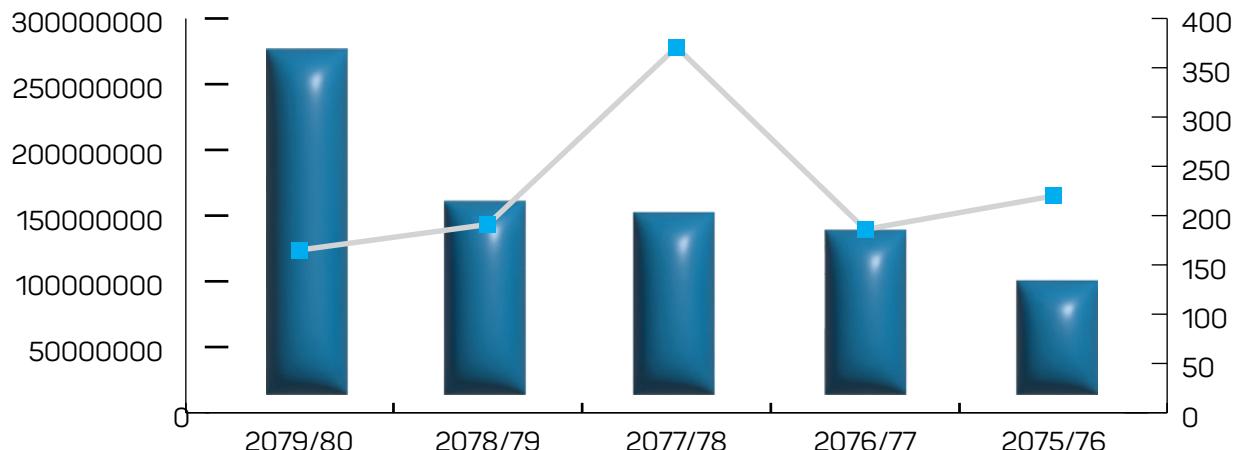
Vertical Analysis:

Assuming the principal revenue for banks, interest income has been considered a base value for vertical analysis of income and expenses part. Fee and commission income comprise 5%, net trading income 1%, and non-operating income comprising 0.16% of total interest income. Observing on the expense part, highest contributor is the interest expense covering 67.56% of the total interest income, followed by 6.48 % of personnel expense, 2.99 % of operating expense, and 1.42% of tax expense.

MARKET CAPITALIZATION

With the expansion of business, as a part of capital requirement and equity maintenance, we have been issuing bonus and right shares in addition to the initial share capital issue through IPO (Initial Public Offering) at the time of establishment of bank. Depending on the share price and number of shares, market capitalization of bank shows an increasing trend. As on FY 2079-80, total market value reached NPR 43.27 billion. Market price has been fluctuating with ups and downs trend depending on the market scenario.

Year	No. Of Listed Share	Closing Price	Market Capitalization
2079/80	262,258,613	165	43,272
2078/79	147,111,833	191	28,098
2077/78	138,784,748	371	51,489
2076/77	125,200,495	186	23,287
2075/76	86,855,731	220	19,108

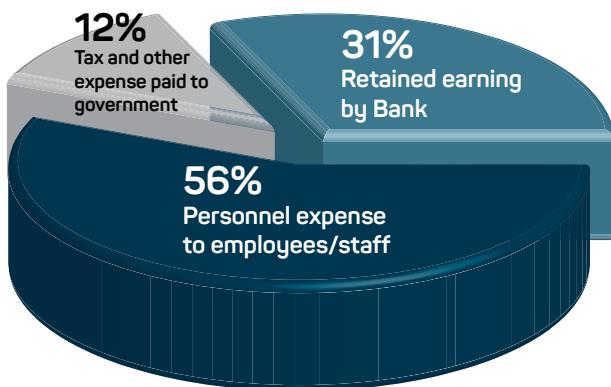


Market Price reached NPR 165 on end of FY 2079-80 which was NPR 191 on end of FY 2078-79 which depicts 13.61 % decline in the share price. As per the regulatory requirement, bank was able to attain the paid-up capital of NPR 8 billion; through acquisitions; issuance of right-shares and bonus shares. This increase in number of shares along with positive perception of the people towards the bank in the market; Due to slowdown in economic activities, soaring interest rates on banks' lending, dwindling confidence of majority of investors towards the market and persistent liquidity crunch; the country's stock exchange market is also going through a bearish trend during the FY 2079-80. The market capitalization increased by NPR 15.17 billion in FY 2079/80, which is a growth of 54% than that of FY 2078-79.

VALUE ADDED STATEMENT

Value Added Statement is a financial statement that depicts wealth created by an organization and how the wealth is distributed among various stakeholders. Various stakeholders comprise of the employee, shareholders, government, creditors and the wealth retained in the business. It is the profit then generated by the collective efforts of management, employees, capital and the utilization of its capacity that is distributed amongst its various stakeholders. Organization can survive without earning profits, but cannot survive without adding value. Therefore, the optimized profit is less important than the optimized added value of an organization. This value added is the reward for employees and as well as the creditors (providers of capital) of an organization.

Particulars	Amount
Net Interest income	11,066
Non-interest income	2,263
Cost of services (excluding personnel and depreciation & amortisation expenses)	1,292
Total value Added	12,038
Less: Provision and Allowance	8,116
Net Value Added	3,922
Personnel expense to employees/staff	2,210
Tax and other expense paid to government	484
Dividend to shareholders	-
Retained earning by Bank	1,228
Number of shares	262
Value Added Per share	14.95
Number of Employees (in actual figures)	3,296
Value added per Employee (in actual figures)	1.19
Number of branches (in actual figure)	350
Value added per branch	11.21



Net Value addition creation during the year amounted to NPR 3,922 million. 56% of the value was applied towards the employees. Furthermore, 12% of value creation has been paid as tax and other charges and 31 % has been retained by Bank for reinvestment.

Market Value Added

Particulars	Amount
Total number of shares	262
Market Price per share (Ashad end closing price)	165
Total Market Value	43,273
Total Book Value	35,315
Market Value Added	7,958

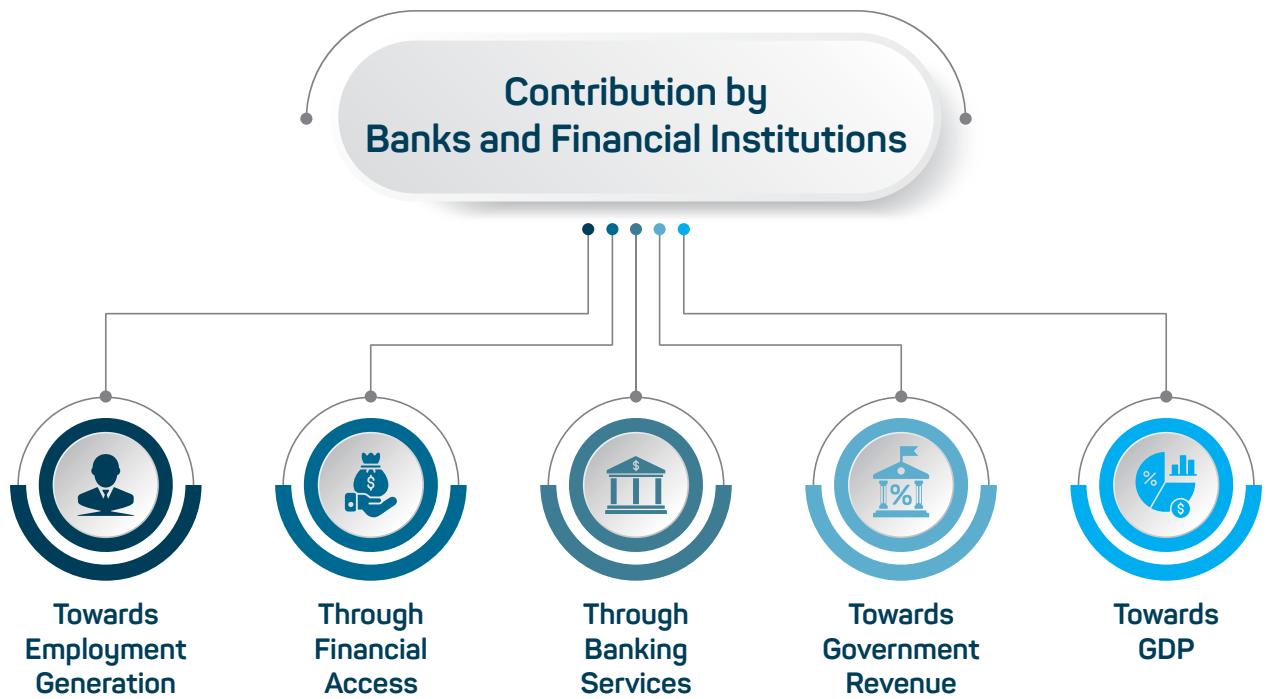
Economic Value Added

Particulars	Amount
Net Profit	517.92
Total Shareholder Fund	26,225.86
Cost of Equity	10%
Cost of Capital	2,622.59
Economic Value Added	-2,105

CONTRIBUTION TOWARDS NEPALESE ECONOMY

Contribution of Banking to Economy

Banking and related financial activities make a significant contribution to the overall economy of a country. Banks play pivotal role in creation of deposit funds by enhancing saving habit and ease in the transaction of business. Thus created deposit fund are used for credit disbursement for growth of the economy. It facilitates new investments, which contribute to further economic growth. Banking sector one of the major contributor in the entire GDP of the nation. Not only deposit creation and mobilization; banks have a large stake in society as they play important role in employment market, infrastructure development; social as well as economic growth of the people. Various banking services through expanded reach of banks and financial institutions in every nooks and corners have made financial access to people from different regions easily accessible. Also, in addition to such services, banking sector plays a major role in providing employment opportunities.



CONTRIBUTION OF KUMARI BANK TO ECONOMY

Contribution to National GDP

Apart from service contribution to the national economy; the banking sector one of the major contributor in the entire GDP of the nation. In the fiscal year 2079/80, Commercial banks earned a total of Rs. 70 Arba (as per unaudited interim reports published by commercial banks). The profit earned by 20 commercial banks is 1.30% of the entire GDP of Nepal. 2.79% of the total profit of the commercial banks of Nepal is earned by Kumari Bank; thereby Kumari Bank contributes through profit by almost 0.04% in the entire GDP of Nepal, which is a significant contribution to the national economy.

Contribution towards Government Revenue

The Profit of the bank is derived after deduction of income tax, at present the tax rate is at 30%. Taxation, being one of the major source of government revenue, banks contribute to the revenue through direct taxation on income source. Advance tax is paid on installment basis by banks as prescribed by Income Tax Act. During the fiscal year 2079/80 alone, the Bank contributed NPR. 774 million as income tax payment to the Government of Nepal. Apart from income tax from profit, the bank also abides by taxation rules and regulation of the nation, whereby in the fiscal year 2079/80 alone, Bank deposited NPR. 2,139 million as its tax-liability through Tax Deduction at Source (TDS), reverse VAT and other taxes to the central government. Apart from central level taxes, the Bank has also paid NPR. 125 lacs to local level government of Nepal through various registration and taxes.

Figures in Million

Fiscal Year	Income Tax	Tax Deduction At Sources and Reverse Vat
2079/80	774	2,139
2078/79	1,029	1,124
2077/78	929	874
2076/77	560	761
2075/76	621	629

Contribution through Financial Access

Kumari Bank, since its inception in 2001, had been striving to enhance its market presence and visibility. It has expanded its branch network to 350 location all over Nepal with some at remote locations as well. The following tabulated information depicts coverage of the bank through financial access contributing towards overall economy of Nepal.

(based on NRB monthly statistical data of Mid July 2023)

Particulars	Commercial Banks	Total BFIs	Kumari Bank Limited	Coverage Commercial Banks	Coverage (Total BFIs)
No. of Branches	5,049	6,461	350	6.93%	5.42%
No. of Deposit Accounts	43,981,888	51,177,923	2,240,950	5.10%	4.38%
No. of Loan Accounts	1,512,193	1,845,213	79,916	5.28%	4.33%
No. of Branchless Banking Centers	1,298	1,319	63	4.85%	4.78%
No. of Mobile Banking Customers	18,438,455	21,363,989	1,397,986	7.58%	6.54%
No. of Internet Banking Customers	1,347,970	1,856,195	53,606	3.98%	2.89%
No. of ATMs	4,465	4,855	307	6.88%	6.32%
No. of Debit Cards	11,358,426	12,245,485	462,373	4.07%	3.78%
No. of Credit Cards	283,126	283,772	22,974	8.11%	8.10%
No. of Prepaid Cards	135,626	137,120	375	0.28%	0.27%

Contribution through Employment-Generation

Kumari Bank, since its inception in 2001, has generated ample working opportunities to qualified and dedicated Nepalese citizens. At present, the Bank has employed 3,296 employees in its various service points. Apart from direct employment generation, the Bank has been creating employment opportunities indirectly through requisition of required goods and services, to the extent possible, with first priority to the domestic vendors, thereby enhancing the economic growth of the society at large.

Contribution via Banking and financial services

Kumari Bank, which has been in service since 2001, is the first bank to provide electronic Banking solution in the domestic banking sector. It gave rise to the beginning of a new era in the Nepalese Banking industry. It has been rendering innovative, modern Banking services to its customers via its extensive branch and ATM locations throughout the country in the form of mobile Banking, Viber Banking, Missed Call Service, ABBS, etc.

Besides these direct contributions, we have also been rigorously involved in Corporate Social Responsibility. Such contributions generally include philanthropy, volunteer efforts and contributions to projects and activities that benefit certain section of the society; especially the underprivileged and marginalized sections of our society, with the prime intent to enhance the overall economic, social or environmental standing of the society/community, we operate in.



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ANNUAL REPORT OF BOARD OF DIRECTORS

23rd ANNUAL GENERAL MEETING

Dear Shareholders,

We would like to cordially welcome all shareholders, invited representatives, auditors, journalists, and staff on behalf of the Board of Directors present here today at the 23rd Annual General Meeting (AGM) of Kumari Bank Ltd.

In this 23rd Annual General Meeting (AGM) of the Bank, we would like to present you with the financial statement for the FY 2079/80. Together with the annual report, we shall make here a brief presentation on the achievements of this Bank in the current FY and the plans for the future. Upon learning the mixed experiences of the past, we have completed 23 years of our inception by employing the challenges and opportunities in the Bank's favor as the time demands. We always nurture the objectives to render quality services to our customers, to give optimum returns to the investors, to maintain good governance and moral conduct within the institution, and to fully comply with the laws and rules put in place by the nation. We extend our sincerest thanks to those who have helped and wished our best, directly or indirectly, in the successful realization of these goals. This Bank has succeeded in becoming a successful and strong institution due to the invaluable support and partnership of people like you. We express our trust that even in the days to come; you will be equally contributing towards the progress of the Bank.

1) Review of International and National Economy:

a. International Economy

The war between Russia and Ukraine, rise in fuel prices, and disruption in supply chain have contributed in high inflation and rise in the interest rates, which have been dragging down global economic growth. According to IMF projections, the global economy's growth rate, as well as that of developed and emerging nations, will remain at lower pace 2024 in line with what was recorded in 2023, with only slight improvement is anticipated.

As per the April 2023 the International Monetary Fund prediction, the global economy which grew by 3.4 percent in 2022, is expected to grow by 2.8 percent in 2023 and 3.0 percent in 2024. While in terms of developed economies which grew by 2.7% in 2022, is expected to grow by 1.3% in 2023, and 1.4% in 2024. Similarly in terms of the economies of emerging and developing nations which grew by 4.0 percent in 2022, is expected to grow by 3.9 percent in 2023, and 4.2 percent in 2024.

The economies of China and India, two neighboring countries, grew by 3.0 and 6.8 percent, respectively, in 2022 and is expected to grow by 5.2 percent and 5.9 percent, respectively, in 2023. Further in 2024, China's economy is expected grow by 4.5 percent and that of India by 6.3 percent.

The global economy's high inflation scenario is progressively becoming better. Although, due to the unpredictability condition in oil prices, the ongoing conflict between Russia and Ukraine, crisis between Israel and Palestine, have contributed towards the risk of rise in inflation. The global inflation rate was at 8.7 percent in 2022, which is projected to drop to 7.0 percent in 2023 and to 4.9 percent in 2024. In 2022, the rate of inflation in developed and developing nations was at 7.3% and 9.8%, respectively. By 2023, it is expected to drop to 4.7% and 8.6%, respectively and again drop to 2.6% and 6.5%, respectively by 2024.

Since the start of 2022, the majority of central banks throughout the world continue to adhere to tight monetary policies. From March 2022 to May 3, 2023, the US Federal Reserve steadily increased the Federal Funds Rate from 0-0.25 percent to 5-5.25 percent, which is now kept at constant level from June 14, 2023. In anticipation to control the expected high inflation rate, and to avoid any negative impact in the financial market of the developing countries due to tight monetary policies adopted by the developed countries; the developing countries also have prolonged and have maintained tight monetary policies.

Following the Russia-Ukraine war, the prices of food, industrial items, and petroleum products which had increased now are at slightly stable position or the prices are at downward trend. As a result, most of the countries are now experiencing decline in inflation. However, the inflation rate is still above the expected level and there are still risks associated with increase in petroleum products and overall consumer products due to

ongoing geopolitical tensions; with which it appears that countries will continue to adhere tight monetary policy in 2024 as well.

To address the difficulties in the global economy, the most of the countries have implemented strict monetary policies. Although there is unpredictable economic scenario developed due to post Covid-19 pandemic scenario and conflict between Russia and Ukraine, most of the countries have put effort towards implementation of recourse measures that will promote overall economic growth.

It is evident that the aforementioned scenario observed in the global economy also have impact on the bank's business.

b. National Economy

As per National Statistical Office, Gross Domestic Product increment is expected to be at 1.86 percent for the FY 2079/ 80, where, the industrial sector is predicted to grow by 0.59 percent, the service sector by 2.33 percent, and the agricultural sector by 2.73 percent. Where contribution towards the gross domestic product by agriculture, industry, and services is 24.12%, 13.45%, and 62.43 percent, respectively, in the fiscal year 2079/80. The gross domestic savings to gross domestic product ratio for the fiscal year 2079/80 is at 6.41 percent. Total national savings and total fixed capital formation as a percentage of GDP are, respectively, 31.66 and 25.21 percent.

The average annual consumer inflation rate for the fiscal year 2079/ 80 is 7.74 percent. Such inflation was 6.32 percent in the preceding fiscal year. In the fiscal year 2079/80, prices increased by 14.42 percent for restaurants and hotels under the food and beverage group, 12.50 percent for marmalade, 10.70 percent for food and food products, 9.88 percent for tobacco products, and 9.23 percent for dairy products and eggs.

The total value of goods exported in the fiscal year 2079/80 decreased by 21.4 percent to Rs. 157 billion 140 million. These exports rose by 41.7 percent in the previous year.

Except the Customs Offices at Bhairahawa, Dry Port, Jaleshwar, Krishnanagar, Mechi, Rasuwa, Tatopani, and Tribhuvan Airport, other major dry ports have witnessed decline in exports. Except for Rasuwa Customs Office, imports from the other main ports have decreased.

Payment in foreign exchange was made for the import of goods worth Rs. 154 billion 420 million from India during the review year. Such imports amounted to Rs. 213 billion 530 million in the previous year.

By the end of 2080, the value of the Nepalese rupee in relation to the US dollar had decreased by 2.79 percent in comparison to that from the end of 2079. Nepalese Rupee value was dropped by 6.64 percent in the previous year. By the end of 2080, one USD exchange to NPR is Rs.131.17. At the close of 2079, the value of one USD exchange to NPR was Rs.127.51.

In the fiscal year 2079/80, the net service income is at a deficit of Rs. 83 billion 850 million. In the previous year, the net service income was at a deficit of Rs. 108 billion 120 million. In the year under review, the travel related collection under the service account increased by 89.6 percent and reached to Rs. 61 billion 520 million. Last year such collection was Rs.32 billion 450 million. In the year under review, travel related payments under the service account increased by 48.4 percent and reached to Rs. 144 billion 460 million. Out of this, the payments related to education was Rs. 1 billion 420 million. In the previous year, the travel related payments was Rs. 97 billion 320 million, while the payments related to education was Rs. 67 billion 700 million.

The entire merchandise trade deficit in the year under review dropped by 15.5 percent to Rs. 1,454 billion 590 million. This deficit had gone up by 23.0 percent immediate previous year. The export-import ratio for the year was 9.7%, the same was 10.4% in immediate previous year.

Remittance inflow surged by 21.2% to Rs. 1,220 billion 560 million in the fiscal year 2079/80. The remittance inflow surged by 4.8 percent in the immediate previous year. Remittances in terms of US dollars reached \$9 billion 330 million, an increase of 12.1%, the same was 2.2% in immediate previous year.

The current account has a deficit of Rs. 72 billion 160 million for the fiscal year 2079/80. The current account

deficit for the previous year was Rs. 623 billion 380 million. The current account deficit for the year under review in terms of US dollars was 557 million, the same was 5 billion 700 million in previous year. Net foreign direct investment stayed at Rs. 5 billion 960 million during the review year, with a decline in capital transfer by 24.5 % to Rs. 7 billion 540 million. In previous year, there was Rs. 18 billion 560 million of net foreign direct investment and capital transfer of Rs. 9 billion 990 million.

The total foreign exchange reserves, which stood at Rs. 1,215 billion 800 million at the end of 2079, grew by 26.6 % by the end of 2080, reached to Rs. 1,539 billion 360 million. In terms of US dollar, the foreign exchange reserve had grown from 9 billion 540 million at the end of 2079 to 11 billion 740 million at the end of 2080, with an increase of 23.1%.

Out of the total foreign exchange reserve, amount held at Nepal Rastra Bank's foreign exchange reserve stood at Rs. 1,056 billion 390 million at the end of Asadh 2079, which increased by 27.4% to Rs. 1,345 billion 780 million at the end of Asadh 2080. Foreign exchange reserve with BFIs (except amount held at Nepal Rastra Bank) amounts to Rs. 159 billion 410 million at the end of Asadh 2079, which increased by 21.4 % to Rs. 193 billion 590 million, at the end of Asadh 2080. At the end of Asadh 2080, out of the total foreign exchange reserve portion of Indian currency counts to 22.5%.

Based on the import data for the fiscal year 2079/80, the banking sector's foreign exchange reserves will be sufficient to cover imports of goods for 11.7 months, if services also included then the same shall be sufficient to cover 10 months imports. By the end of Asadh 2080, the proportions of foreign exchange reserves to GDP, total imports, and broad money supply stood at 28.6%, 83%, and 25.1% respectively. These ratios were 24.6%, 57.8%, and 22.1% respectively, at the end of Asadh 2079.

As per the Comptroller General's Office, Ministry of Finance, report; the Government of Nepal spent a total of Rs. 1,429 billion 560 million in the fiscal year 2079/80 which includes Rs. 105 billion 760 million for current expenditure, Rs. 233 billion 700 million for capital expenditures, and Rs. 190 billion 110 million for financial arrangements. The total expenditure for the fiscal year 2078/79 was Rs. 1,296 billion 240 million.

In the fiscal year 2079/80, the revenue collection (including the amount distributed to the state level and local level governments) is Rs. 957 billion 150 million. In the same period of the previous year, the total revenue collection was Rs. 1,067 billion 960 million. In the fiscal year 2079/80, including collection from other headings as well, the government of Nepal mobilized resources of Rs. 1,010 billion 390 million.

The government of Nepal has collected Rs. 256 billion from domestic debt and repaid principal for an amount of Rs. 115 billion 900 million during the fiscal year 2079/80. Consequently, a net domestic debt of Rs. 140 billion 900 million has been mobilized during this time which is 2.6% of the GDP. During the period the government has utilized foreign loans totaling to Rs. 102 billion 120 million.

By the end of 2080, the Nepal government's outstanding debt totaled to Rs. 2,218 billion 540 million. Out of which, Rs. 1,093 billion 350 million is of foreign debts, and Rs. 1,125 billion 190 million is domestic debt. The ratio of the total public debt to the gross domestic product was 41.2% in the fiscal year 2079/80. This ratio was 40.7 percent the previous year.

c. State of Financial sector

In the year under review, the deposits of banks and financial institutions increased by 12.3%. In the previous year, deposits increased by 9%.

The percentages of current, savings, and fixed deposits in total bank and financial institution deposits at the end of Asadh 2080 were 7.7%, 26.6 %, and 58.9 %, respectively. This percentage were 8.9%, 27.6% and 55.8% of the total last year.

By the end of Asadh 2080, institutional deposits accounted for 36.6% of all bank and financial institution deposits, the same was 38.3% of deposits in last fiscal year.

Bank and financial institution loans to the private sector increased by 3.8 percent during the review year, which was increased by 13.1% in the previous year.

The proportion of loans from banks and financial institutions to the private sector that go to non-financial institutions accounts to 62.7%, while the proportion that go to individuals and households accounts to 37.3% in the review year. Similarly the proportion was 63.3% towards non-financial institutions and 36.7% towards individuals and households in the last year.

Among the loans to the private sector, commercial banks loan amount increased by 3.5%, development banks loan amount increased by 7.6% and finance companies loan amount increased by 0.6%.

In the financial year 2079/80, Rs.4 trillion 14.47 billion through repo, Rs.89 billion 70 million through outright purchase, Rs.27 trillion 27.11 billion through standing liquidity facility and Rs.22 trillion 86.9 billion through overnight liquidity facility making a total of Rs. 55 trillion 18.19 billion (based on transaction) liquidity has been flushed in the market, while the total liquidity of Rs. 1 trillion 8 billion 20 million has been mopped up from the market, out of which Rs. 88 billion 20 million through reverse repo and Rs. 20 billion through deposit collection. In the same period of the previous year, a net liquidity of Rs. 96 trillion 42 billion 41 million was flushed in the market through various instruments.

In the year under review, Nepal Rastra Bank had purchased USD 5.45 billion from commercial banks and provided Rs. 7 trillion 12.5 billion liquidity in the market. In the previous year, 2 billion 91 million US dollars were bought from commercial banks and Rs. 3 trillion 55 billion 57 million liquidity was placed in the market.

In the financial year 2079/80, total inter-bank transaction amounting to Rs. 39 trillion 42 billion 15 million between commercial banks and Rs. 3 trillion 52 billion 7 million between other financial institutions (except commercial banks), these totaled to Rs. 42 trillion 94 billion 22 million. Similarly in previous year, total inter-bank transaction amounted to Rs. 27 trillion 84 billion 10 million between commercial banks and Rs. 3 trillion 16 billion 25 million between other financial institutions (except commercial banks), these totaled to Rs. 31 trillion 35 million.

In Asadh 2079, the weighted average interest rate of 91-day treasury bills was 10.66 percent, which in Asadh 2080, came down to 6.35 percent. The weighted average interest rate of inter-bank transactions between commercial banks was 6.99 percent in Asadh 2079, which declined to 2.98 percent in Asadh 2080. The average inter-bank interest rate which is considered as prime rate of in determination of monetary policy is 3.14 percent in Asadh 2080.

The average base rate of commercial banks was 9.54 percent in Asadh 2079, which increased to 10.03 percent in Asadh 2080. In Asadh 2080, the weighted average interest rate of deposits of commercial banks was 7.86 percent and the weighted average interest rate of loans was 12.30 percent. The same in previous year, were 7.41 percent and 11.62 percent respectively.

In the financial year 2079/80, 12 commercial banks had undergone in the merger/acquisition process resulting to 6 commercial banks, similarly 16 microfinance institutions had undergone in the process of merger/acquisition resulting to 8 microfinance institutions.

The number of licensed banks and financial institutions is 112 at the end of Asadh 2080. Among them are 20 commercial banks, 17 development banks, 17 finance companies, 57 microfinance financial institutions and 1 infrastructure development bank. Financial access has increased with the expansion of branches of banks and financial institutions. The number of branches of banks and financial institutions increased from 10,528 at the end of Ashadh 2079 to 11,589 at the end of Ashadh 2080. Similarly, the population per bank branch decreased from 2,532 at Asadh 2079 to 2,517 at Asadh 2080.

d. Capital Market

The NEPSE index, which stood at 2009.5 at the end of Ashadh 2079, has remained at 2097.1 at the end of Ashadh 2080.

Similarly, at the end of Ashadh 2080, the market capitalization was Rs. 3,082 billion 520 million; the same was Rs. 2,869 billion 340 million at the end of Asadh 2079.

As on Ashad 2080 the listed companies in Nepal Stock Exchange Limited totaled to 254 companies which

consists of 136 BFIs and Insurance Companies, 79 Hydropower Companies, 19 Manufacturing and reprocessing companies, 7 hotels, 6 investment companies, 4 trading companies and 3 other sector companies. Total listed companies in Nepal Stock Exchange Limited as on Asadh 2079 was 234 companies.

Of the listed companies, the proportion of market capitalization BFIs and Insurance Companies accounts to 63%, 13.2% by Hydropower Companies, 7.1% by investment companies, 4.4% by Manufacturing and reprocessing companies, 3.4% by hotels, 0.5% by trading companies and 8.4% by other sector companies.

Out of the total listed shares of 7 billion 390 million as of Asadh 2080, the paid up capital amounts to Rs. 7 trillion 28 billion 950 million.

In the review period, Securities Board of Nepal had granted permission for the public issue of ordinary share worth Rs. 22 billion 380 million, mutual funds worth Rs. 16 billion 150 million, rights shares worth Rs. 15 billion 980 million, and debenture worth Rs. 11 billion 600 million totaling to total permission granted for issuance amounted to Rs. 66 billion 110 million.

2. Review of the Financial Indicators of previous years

Table 1: Financial Synopsis of the Bank in the past 5 years.

Particulars	FY 2075/76	FY 2076/77	FY 2077/78	FY 2078/79	FY 2079/80	Amount in Million
Paid-up Capital	8,685.57	12,520.04	13,878.47	14,711.18	26,225.86	
Deposits	84,403.34	124,220.03	157,177.86	182,962.19	325,280.63	
Loans and Advances	76,584.77	115,133.98	143,772.00	159,444.13	289,387.60	
Investments	9,341.56	17,660.63	23,072.96	23,420.09	44,481.61	
Fixed Assets (Net)	759.49	1,590.90	1,456.13	1,341.19	2,704.52	
Total Assets	105,311.48	145,971.94	189,792.40	212,108.43	380,524.79	
Net Interest Income	2,869.95	3,573.19	5,077.51	6,217.16	11,066.18	
Other Income	809.81	900.08	1,633.78	1,723.98	1,991.50	
Operating Expenses	1,653.64	2,289.58	3,191.38	3,551.56	3,980.23	
Operating Profit/(Loss) before Loan Loss Provision	1,994.26	2,147.86	3,481.07	4,369.57	9,117.45	
Net Profit	1,230.37	1,158.50	1,970.73	2,579.80	517.92	
Non-Performing Loan Ratio (%)	1.01	1.39	0.96	1.11	4.96	

The Bank's financial indicators of the past years have been positive, systematic, and progress-oriented. In recent years due to current market scenario, where the recoveries are difficult to realize, the non-performing assets have increased significantly, with merger with erstwhile NCC bank limited, the bank's business activities are noted significant growth but in generic term we have witness growth at only on limited rate with proper assessment of risk. Due to the unpredictable ups and downs of Nepal's financial market, political environment, industry, etc., we have always been making the concept that we should have balanced and sustainable growth in our business.

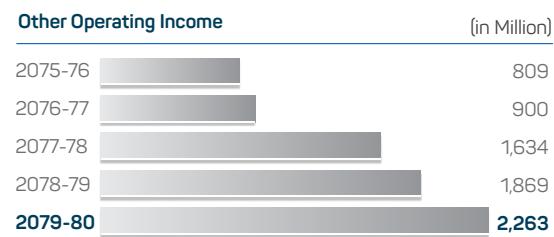
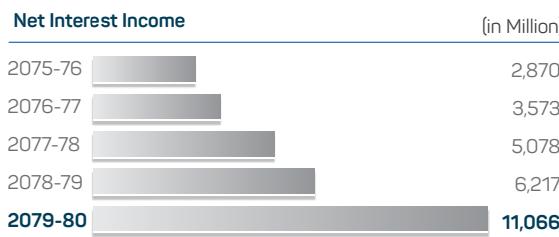
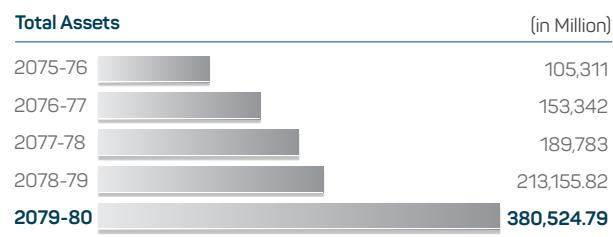
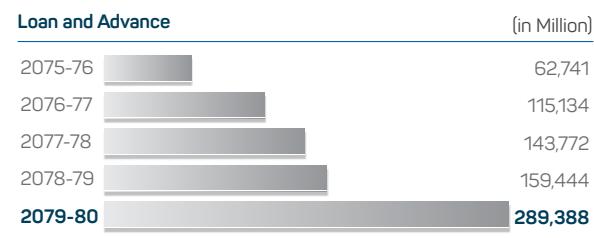
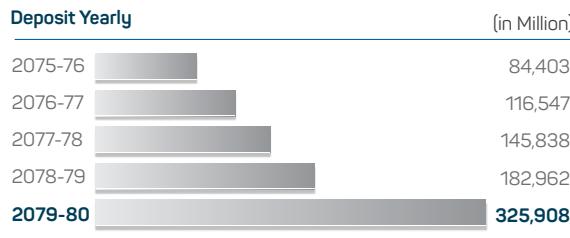
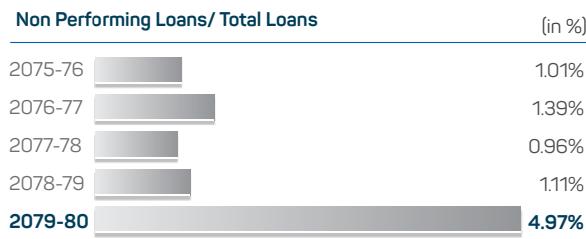
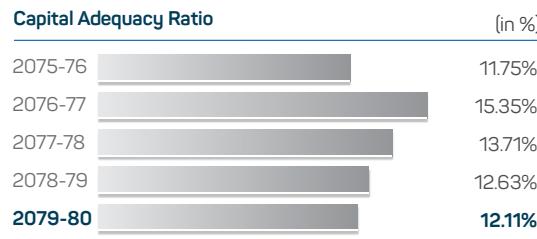
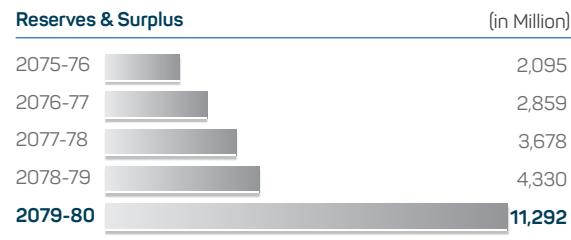
During the fiscal year 2079-80 Kumari Bank Limited and erstwhile NCC Bank Limited merged and start the joint operation from January 1, 2023. From the merger below stated assets and liabilities have been integrated:

Particulars	2079-09-17
Share Capital	11,514,678,014
Deposit	126,161,126,121
Loan and Advances	119,480,440,099
Investment	12,420,685,793
Total Assets	154,572,660,996
Number of Branches	156
Number of ATMs	145
Number of Employees	1,577

Compared to 2078/79, loans, deposits, and investments have increased by 81.50 %, 77.79 %, and 89.93 % respectively in FY 2079/80 and those figures have reached Rs. 289 billion, Rs. 325 billion and Rs 44 billion respectively. Likewise, the net interest income increased by 77.99 % to Rs. 11 billion while operating expenses increased by 12.07 % to Rs 3.98 billion. In FY 2079/80, operating profit before loan loss provisions increased by 108.66 % to Rs. 9.12 billion. In exception, in FY 2078/79, Net profit was Rs. 2.58 billion, which in FY 2079/80, decreased by 79.92 % and reached Rs. 517 million.

Here are charts of some key financial indicators of the bank for the last five years.

Amount in Million



Operating Expense	(in Million)	Operating Profit/(Loss) before Loan Loss Provision	(in Million)
2075-76	1,654	2075-76	1,994
2076-77	2,290	2076-77	2,148
2077-78	3,164	2077-78	3,481
2078-79	3,552	2078-79	4,370
2079-80	3,980	2079-80	9,117

Net Profit	(in Million)
2075-76	1,230
2076-77	1,159
2077-78	1,971
2078-79	2,580
2079-80	518

3. Review of the Performance of the Bank for the FY 2079/80 and Plans for Future Actions:

Analyzing the financial statements of the review period, it is clear that the bank's business is continuously increasing in a balanced manner. Due to the increase in transactions volume and addition of business from merger with erstwhile NCC Bank, the size of the bank's balance sheet last year, had increased by 78.52 % compared to previous financial year and reached to Rs. 380 billion 524 million 786 thousand. Although there is balanced growth in capital, deposit, investment and lending, but the sharp increase in the loan loss provision amount as well as non-performing asset level had increased due to which the net profit of the bank had declined than that of last fiscal year.

Particulars	Unit	2078/79	2079/80	Change	(Amount in Million) Change %
Share capital	Rs.	14,711.18	26,225.86	11,514.68	78.27
Deposits	Rs.	182,962.19	325,280.63	142,318.44	77.79
Loans and advances	Rs.	159,444.13	289,387.60	129,943.47	81.50
Investment	Rs.	23,420.09	44,481.61	21,061.52	89.93
Net Profit	Rs.	2,579.80	517.92	(2,061.88)	-79.92
Non-Performing Loans/Total Loans	%	1.11	4.96	3.85	346.85
Number of Branches (including extension counter)	Number	221	350	129	58.37
Branchless Banking	Number	48	63	15	31.25
ATM	Number	191	307	116	60.73
Debit card	Number	217,487	462,673	245,186	112.74
Credit Card	Number	7,808	22,974	15,166	194.24
Mobile Banking Service	Number	772,091	1,397,986	625,895	81.06
POS Machine	Number	771	1,168	397	51.49
QR	Number	31,282	51,357	20,075	64.17
Saving Accounts	Number	1,113,988	2,240,950	1,126,962	101.16
Capital Adequacy Ratio	%	12.63	12.11	(0.52)	-4.12

A. Capital Management:

The current paid-up capital of the bank is Rs.26 billion 225 million. 51% of the paid-up capital of the bank is governed by promoter shareholders' holding and rest 49% holding is of public shareholders. In the review period at the end of Asadh 2080, number of promoter shareholders are 3132 and 294371 are public shareholders.

Structure of Shareholders (As on Ashad 2080)

Shares	Number of Shareholder	Share Ownership (Number)	% of Paid Up Capital
1-500	255,568	17,364,286.97	6.62%
501-1000	16,871	11,815,716.71	4.51%
1001-1500	7,048	8,453,319.91	3.22%
1501-2000	3,493	6,075,128.94	2.32%
2001-5000	6,790	20,703,997.07	7.89%
5001-10000	2,618	17,920,831.57	6.83%
10001-50000	4,564	39,518,354.87	15.07%
50,001 & Above	551	140,406,977.86	53.54%
Total	297,503	262,258,613.90	100.00%

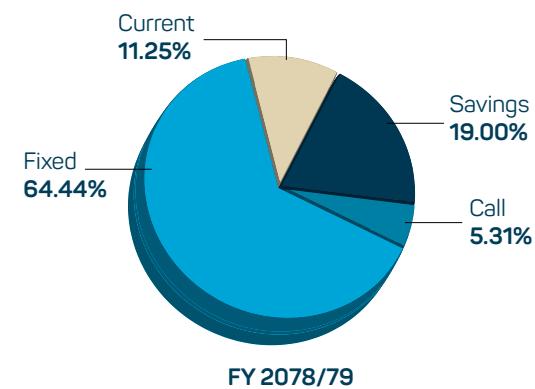
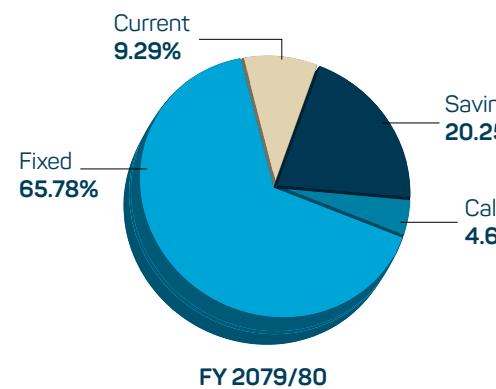
	Shares	Number of Shareholder	Share Ownership (Number)	% of Paid Up Capital
Promoter	Promoter Shareholder- Individual	3,064	103,661,104.28	39.50%
Promoter	Promoter Shareholder- Institution	68	30,237,929.98	11.50%
	Total Promoter Shareholder	3,132	133,899,034.26	51.00%
Public	Public Shareholder- Individual	293,349	119,075,101.40	45.40%
Public	Public Shareholder- Institution	1,022	9,284,478.24	3.60%
	Total Public Shareholder	294,371	128,359,579.64	49.00%
	Grand Total	297,503	262,258,613.90	100.00%

B. Deposits:

Deposits have increased by 77.79 % during the review period compared to the previous FY. At the end of Asadh 2080, the total deposit of the bank stands at Rs. 325 billion 280 million 630 thousand.

Comparative position of bank deposits.

Deposits	FY 2079/80	Percent of Total Deposits (%)	FY 2078/79	Percent of Total Deposits (%)	Amount in Million	
					Increased Amount	Increase in Percent
Current	30,220	9.29	20,586	11.25	9,634	46.80
Savings	65,875	20.25	34,760	19.00	31,115	89.51
Call	15,226	4.68	9,722	5.31	5,504	56.62
Fixed	213,961	65.78	117,895	64.44	96,066	81.48
Total	325,281	100	182,962	100	142,318	77.79



C. Loans, Advances, and Overdrafts:

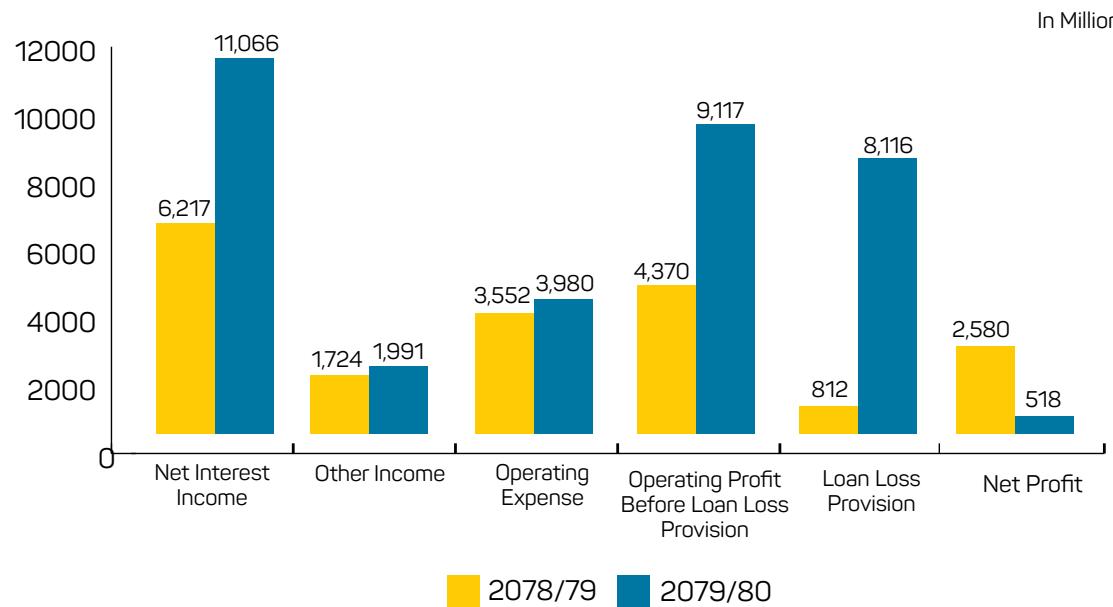
At the end of FY 2078/79, the total loan was Rs. 159 billion 444 million which increased by 81.50 % and had reached to Rs. 289 billion 387 million at the end of Asadh 2080. The bank has been diversifying its loans portfolio by providing various types of personal loans, educational loans, SME loans, agricultural, productive-sector loans, deprived sector loans, corporate loans, and project financing loans. During the review period, the ratio of non-performing loans to the total loans of the bank increased to 4.96%. Bank is proactively working on to control the growth in the level of non-performing loans, in which bank is being able to contain the intensity of increment where bringing down the NPA level is a huge challenge which the bank is working on.

D. Investment:

With primary objective of the bank is to earn optimum level of returns while maintaining appropriate level of liquidity position. In line with the same adherent policy, bank had continued in investment in risk-free assets (treasury bills, development bonds, etc.) issued by the Government of Nepal and Nepal Rastra Bank. The bank has been cautiously investing in local and international currency markets, investment in shares and bonds issued by various institutions. Bank had investment outstanding of Rs. 14.53 billion in Treasury Bills of the Government of Nepal and Rs. 25.68 billion in development bonds, with which the total investment of the bank outstanding at the end of FY 2079/80 equates to an approximate figure of Rs. 44 billion 481 million 610 thousand.

E. Profit:

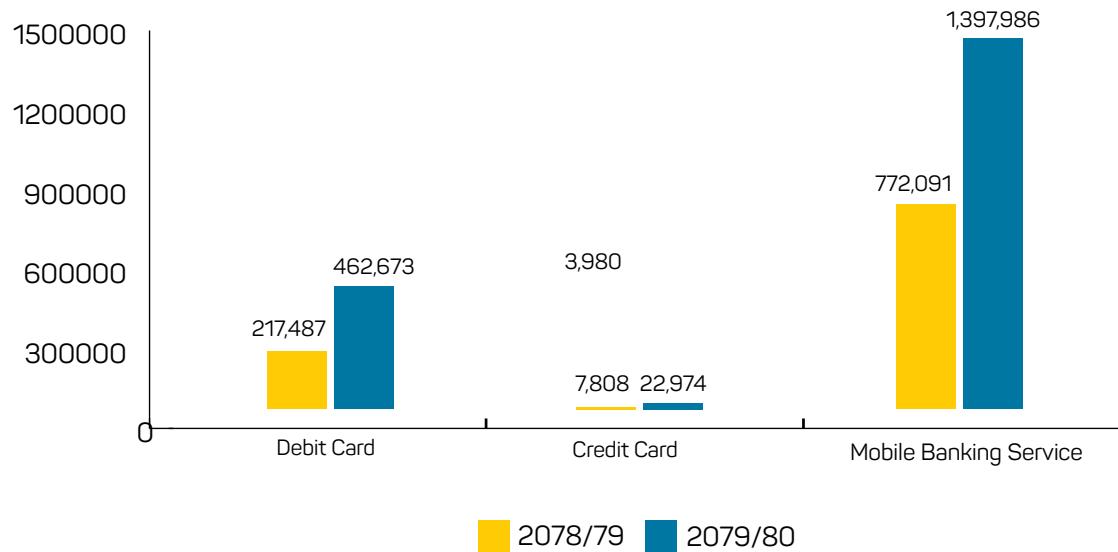
In the year under review, along with the increase in the overall business of the bank, there has been a good increase in all avenues of income. Similarly, during the year under review, the increase in operating expenses had been contained to 12.07%. Compared to FY 2078/79, the interest income from loans and investments have increased by 85.85% to Rs. 34 billion 110 million in FY 2079/80, while the interest expense had surged by 89.87% to Rs. 23 billion 500 million. Thus, in FY 2079/80, the net interest income of the bank increased by 77.99% reaching to Rs. 11 billion 700 million. Fees and commission income of the bank for loans and other services increased by about 84.96% and reached to Rs. 1 billion 510 million, while the foreign exchange income decreased by 3.93% to Rs. 360 million in FY 2079/80. As compared to previous year the loan loss provision has been increased by Rs. 7 billion 303 million and total provision amount reached to Rs. 8 billion 115 million. Similarly, the operating profit of the bank in FY 2079/80 stood at Rs. 961 million, which is less by 73.12% compared to that of the previous year. If we look at expenditure side; staff expenses and other operating expenses of the bank, have increased by 8.53% and 45.28% to Rs. 2 billion 20 million and Rs. 1 billion 77 million respectively. In this manner, in FY 2079/80, the bank's operating profit before loan loss provision increased by 108.66% compared to the previous FY and reached to Rs. 9 billion 12 million. The net profit of the bank was Rs. 2 billion 57 million during previous year, which declined by 79.92% and is at Rs. 517 million in FY 2079/80 due to high level of increment in loan loss provision of the bank.

**F. Card and Digital Banking Services:**

Bank has been providing digital products services through card as well as from other digital transactions platforms. The digital transaction of the bank is continuously rising and now a significant part of the overall banking transaction.

In the review period the number of ATM outlets of the bank have reached to 307. Bank has installed Point of Sale (POS) services to 1168 different outlets. The POS of the bank accepts all types of credit as well as debit cards issued in Nepal. Targeting small and medium enterprises and other small deprived sector or priority sector business houses, bank had started QR pay operation in coordination with phone pay service. Till the review period bank is able to onboard 20,075 QR merchant outlets. In FY 2079/80 a total of 245186 debit cards and

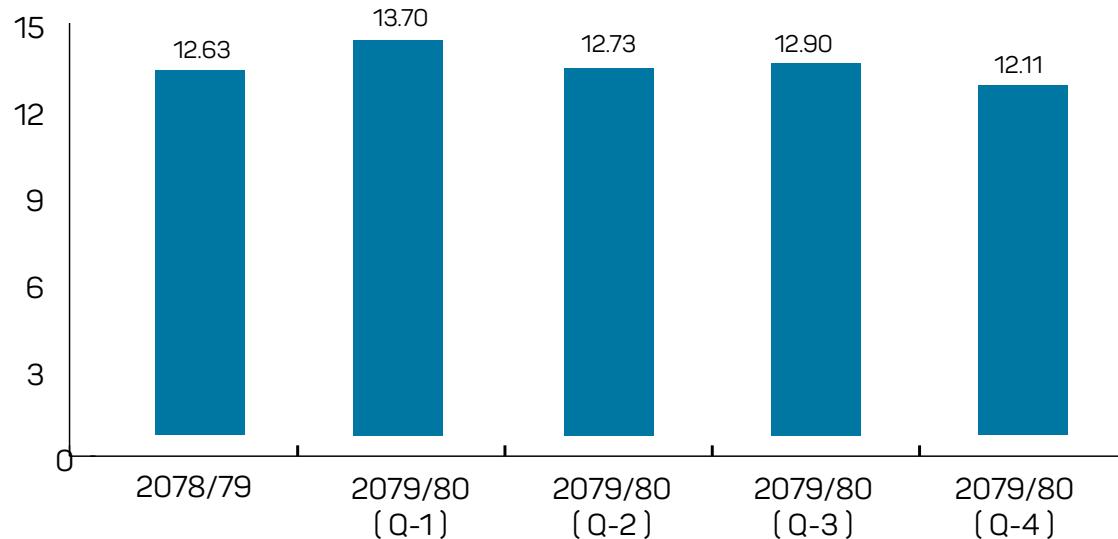
15,166 credit cards have been issued, making a total number of debit card 462,673 and total number of credit card 22,974 till FY 2079/80. Similarly, till Asadh 2080, there are 1,397,986 registered mobile banking users.



G. Capital Adequacy:

In FY 2079/80 end the Capital Adequacy Ratio stands at 12.11 percent.

Capital Adequacy Ratio



H. Contribution to Government Revenue:

The bank had contributed Rs. 1 billion 200 million tax paid in the previous year, which in FY 2079/80 amounts to Rs. 4 billion 893 million of tax payment, which includes advance income tax, tax deduction at source as well as reverse VAT.

I. Products and Services:

Kumari Bank has been developing its products and services on time keeping in mind the changes in technology and the needs of its customers. Currently, the bank offers services such as Kumari Dhanabridhi Savings Account, Kumari Gajjab Savings Account, Kumari Remit Savings Account, Kumari Parivar Suraksha Savings Account, Citizen Savings Account, Kumari Swasth Jeevan Savings Account, Share Demat Account, ASBA System, Internet and Mobile Banking, Prepaid cards and various other savings accounts with attractive

features. Bank has been providing remittance services in collaboration with a total of 36 remittance companies. Out of which 13 are international companies and 23 are national companies. The bank has more than 18,000 remittance payout locations.

Bank is constantly striving to deliver its products and services easily to its customers. Bank has been providing services to its beneficial customers as per their needs in the current competitive market. It is well known that since inception, bank has been providing various types of latest, modern and innovative products and services. Bank has unique position in the financial market due to its services provided to the customers through modern and innovative technology. Visa Electron and Dollar Debit Cards are accessible in Nepal, India, and all over the world through Visa's network and Kumari Fonepay has been providing credit and other banking services using the latest technology.

J. Branch Expansion:

Bank has opened an additional 8 branches and brought 2 extension counters into operation in this financial year. At end of FY 2079/80, bank has 74 branches inside Kathmandu Valley and 228 branches outside valley making a total of 302 branches. Similarly, currently there are 48 extension counters and 307 Automated Teller Machines (ATMs) operating throughout the country.

K. Corporate Governance:

We have always given high priority to corporate governance and ethical conduct. As a profit oriented organization, with large number of shareholders and depositors, qualities such as discipline and ethical behavior are crucial. Being aware of the fact that corporate governance is the guiding principle of the bank's administrative operations, the board is constantly promoting strong and transparent corporate governance in overall activities of the bank.

L. Risk Management:

A separate risk management committee is in place to identify the inherent risks in the bank and timely management of future risks.

Policy guidelines have also been created and implemented for the management of numerous risks that have occurred and are likely to occur in connection with banking transactions. The bank has taken a policy to strengthen and make the internal control system more effective by properly managing the credit, operational, market, and other risks inherent in its business. Arrangements have been made to prepare and implement the necessary policies, rules, and circulars in various subjects related to credit management, customer identification, stress test, credit protection, and daily transactions.

i. Credit Risk Management:

A separate credit risk management department has been set up in the bank for the timely identification of credit-related risks. Before disbursing the loan, this department makes a detailed study of all the risks related to the loan, the standards set by the regulatory body, and the compliance with the internal policy rules of the bank, including the sectoral and concentrated risk of the borrower. This department studies the current situation and predicts the risks that may come in the future and based on that, recommends amending the internal policy rules of the bank, reorganizes the loan portfolio, and also determines the classification of loans, loan sectors, debtors, etc. based on the risk.

ii. Operational Risk Management:

Operational risk is always present in banking transactions. With the development of technology comes new risks, which cannot be completely eliminated. To properly manage such risks, the bank's policies, rules and internal control system should be tight and sound. For operational risk management, the bank has a separate operational risk management department. This department has been timely identifying potential risks related to the bank's internal system, process, and manpower; providing necessary opinions, suggestions, and consultations for their mitigation. All activities related to the operation of the bank are based on the prescribed rules and clearly defined procedures and workflows. Due to this, we are confident that operational risk is properly managed.

iii. Liquidity Risk Management:

Taking the experience of the unexpected fluctuations in liquidity experienced in the past and the impact on the net interest income of the bank as an experience, a detailed study of the current and future liquidity

conditions was carried out, and accordingly the bank collects deposits, determines interest rates in the short and long term. Timely investment strategies have been made. The Bank's internal Asset Liability Committee (ALCO/Pricing Committee) reviews this type of risk.

iv. Market Risk Management:

The bank is always aware of the elements related to market risk and the bank regularly analyzes such elements and formulates the corresponding strategy. To minimize the risk that may occur due to changes in the foreign exchange rate, the bank has made a policy and procedure to regularly monitor the situation of foreign exchange. In addition, the market interest rate is also regularly reviewed and the necessary policy rules are made. The Bank's internal Asset Liability Committee (ALCO/Pricing Committee) reviews this type of risk.

M. Corporate Social Responsibility:

As a responsive and responsible corporate citizen, Kumari Bank continues to accord crucial importance to our CSR undertakings and engagement. The Bank makes special contributions in multiple sectors, with core-focus in 5 areas, briefly discussed as under:

i. Education:

- Bank has established the Kumari Education Fund in honor of the Goddess Kumari of Kumari Ghar, Basantpur and her bright future, to support her pursuit of higher education. NPR. 100,000.00 of financial support is extended every year.
- Kumari Bank provided financial support to improve the quality of education and construction of physical infrastructure of community schools in various remote areas of Nepal.
- To make education easier, uniforms were provided to the students of Shree Bal Sudhar Secondary School by the Nayapati Branch, and educational materials were provided to the students of Shree Batkuwa Basic School by the Ridi Branch.
- Tulsipur, Bijauri, and Dillibazar branches have distributed laptops and projectors to Janata Campus, Nepal Sanskrit University, and Dillibazar Kanya Multiple Campus to improve the quality of education.
- Bank has provided financial assistance to establish the E-Library and ICT Lab at Saraswati Higher Secondary School in Rukum West.
- Bank has supported Lions Club International project "One Child, One Bag" to provide stationery materials and school bags to children who are deprived of the basic facilities of education due to the poor financial condition of their families.
- Bank has provided financial support to the Nepal Hydropower Academy to provide training to the youth of Nepal. This training will help the youth get employment opportunities in hydropower projects.

ii. Health:

- Bank has provided financial support to Sainik Kalyankari Nirdeshanalaya for the free distribution of sanitary pads.
- Bank has provided financial support to The Nepal Heart Foundation to purchase two ECG machines with the main objective of reducing heart-related problems and making heart treatment easier for the patients of the marginalized communities of Nepal who find difficult to perform such treatment on their own.
- Bank has provided financial support to Marwadi Seva Samiti to expand the service of the hemodialysis center, i.e., free dialysis service, to needy patients in Nepal.
- Bank has provided financial support to Wish Nepal Foundation to support financially weak cancer-afflicted children and their families.
- Bank has provided financial support to Nobel Medical College Teaching Hospital Pvt. Ltd. for organizing a free health camp in Biratnagar.

iii. Heritage:

- Bank has been providing financial and material support to various festivals, pujas, and temples in the local area through various branches to promote cultures and traditions.
- Bank has been providing financial support for the establishment and protection of religious areas and different tourist areas in Nepal.
- With the aim of preserving the culture and passing it on to the present and future generations, bank has been helping in the fields of different culture preservation, historical tradition, and art programs.

iv. Environment:

- In an effort to protect the Himalayas, bank has provided financial support to the Sainik Kalyankari Nirdeshanalaya, with the motto to clean the mountains, "Safa Himal Abhiyan" (Clean Himal Campaign).
- With the aim of environmental cleanliness, bank's branches have placed dustbins in different areas in collaboration with the local residents.
- With the objective of environmental sanitation, Bansgadhi branch has provided financial support to Bansgadhi Drinking Water Consumers and Sanitation Committee in tree plantation program.

v. Financial Literacy:

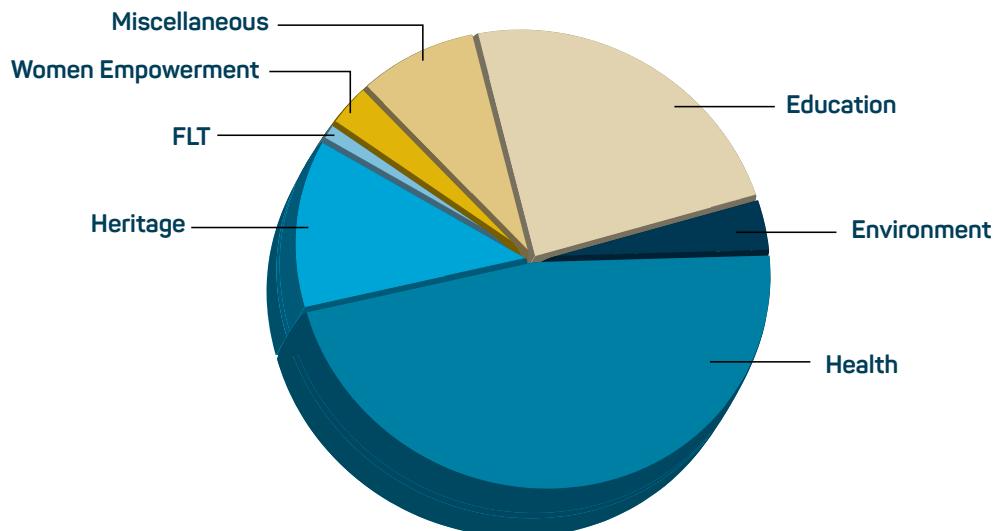
- Various events and activities were held in all branches situated in different provinces to raise awareness about money management and financial concerns on the occasion of Global Money Week, which focus on financial literacy.

vi. Other:

- For the safety of the local people, financial support has been extended for installation of CCTV cameras in Baglung Bazar by Baglung Branch.
- For the welfare of stray dogs and cows, bank has provided financial support to the Society for Prevention of Cruelty to Animals Nepal (SPCA Nepal) to make a better future for animals in Nepal with the vision to create a more humane world for animals and the mission to control the street animal's population.
- Chhabispathera and Chandani Dodhara branches have provided water dispensers in different public schools.

In FY 2079/80 bank had spent Rs. 150 million 35 thousand 2 hundred sixteen under the heading of Corporate Social Responsibility (CSR).

Province	Education	Environment	Health	Heritage	FLT	Women Empowerment	Miscellaneous	Total
Koshi	94,550	500,000	445,000	61,000	23,540		22,500	1,146,590
Madhesh	300,000				20,050			320,050
Bagmati	1,701,284	71,700	6,597,000	887,240	72,847	512,000	515,915	10,357,986
Gandaki	545,500			320,000	24,190		191,125	1,080,815
Lumbini	223,000	24,125		500,000	26,730		305,795	1,079,650
Karnali	697,000				21,225		70,000	788,225
Sudurpaschim				80,100	11,050		170,750	261,900
Total	3,561,334	595,825	7,042,000	1,848,340	199,632	512,000	1,276,085	15,035,216



N. Committees formed under the Board:

As part of our internal control system, culture and good corporate governance and to ensure timely realization of the Bank's goals and objectives, staying compliant to the prevailing laws and policies adopted by the Bank, the following committees are formed:

i. Audit Committee:

Pursuant to Section 164 of the Companies Act, an audit committee led by the director Mr. Upendra Keshari Neupane and comprising of director Mr. Krishna Prasad Gyawali and the Bank's Chief of Internal Audit, as the member-secretary, is in place. The Internal Audit department of the bank directly reports to this committee. In FY 2079/80, a total of 20 audit committee meetings were conducted.

ii. Employee Service & Benefits Committee:

In order to formulate plans, policies and guidelines in the functions of human resource selection, recruitment, appointment, career growth, training, services and pension of employees and to present them for approval from the Board of Directors, a Human Resource & Benefit Committee led by director Mr. Mahesh Prasad Pokharel and comprising of the Chief Executive Officer, Chief Finance Officer and Chief Human Resources Officer as its members, is in place. In FY 2079/80, a total of 11 Employee Service & Benefits Committee meetings were conducted.

iii. Risk Management Committee:

In order to correctly identify the risks inherent in the Bank and to formulate needful policies and rules, a Risk Management Committee, led by director Mr. Iman Singh Lama and comprising of director Mr. Upendra Keshari Neupane and Chief Operating Officer as its members, Chief Risk Officer, as its member secretary and Head-Credit Risk Management, as its secretary, is in place. In FY 2079/80, a total of 8 Risk Management Committee meetings were conducted.

iv. AML/CFT Committee:

In order to frame needful policies and framework on internal liability and segregation of responsibilities regarding system of risk-assessment, identification of risk-bearing customers and on updates of our monitoring systems, a money laundering prevention led by director, Mr. Chandra Prasad Bastola and comprising of director Mr. Iman Singh Lama, comprising of Chief Risk Officer, Head-Compliance and Policy Framework as its members and Head-AML/CFT as its member secretary, in its place. In FY 2079/80, a total of 6 AML/CFT Committee meetings were conducted.

The above board level committees' work, responsibilities and rights are defined as per Company Act, 2063 and directives issued by Nepal Rastra Bank and report to the board. Coordinator and board members of the committees are entitled to the allowance equivalent to the board meeting allowance, other non-board members present in the committee are not entitled to any allowances or benefits.

v. Other committees at the Management Level:

Apart from above stated board level committees, several management level committees on convenorship of Chief Executive Officer, such as Management Committee, Financial Direction Committee, Loan Management Committee, Building Construction Committee, ALCO/Pricing Committee. Similarly, Procurement Committee, Recruitment Committee, CSR committee are also in place to facilitate effective discharge of the Bank's functions. In addition, the Labor Relations committee, Position Fulfillment Committees, Discipline and Performance Appraisal Committee are also active in the Bank. The officials of the said-committees are not awarded any additional allowances, remuneration or other perks.

O. Human Resources:

Employees have major role in the overall progress of the bank. Bank has a staff policy to provide training within Nepal and abroad to increase the efficiency, managerial skills, and productivity. Also, bank strives to appoint people with good qualifications and business ability. Bank has focused its attention on improving the efficiency of existing manpower and training new recruits. As a result, we are confident that there will be a balance between the bank's risk and return in the future as well. At the end of the review period, a total of 3,296 employees are working in the bank on a permanent and contractual basis. During the review period, our employees have also participated in various sports and social activities.

P. Goals and Programs for the Current Year:

The financial plan of the bank for the current Fiscal Year are as follows:

In the current fiscal year, bank will be mainly focused on management of non-performing loan and increase in Retail/SME loan. The bank's investments is planned to increase by 45.83% to Rs. 64 billion 880 million. Also, the dependency on institutional deposits is planned to decrease and focus on individual deposit and targeted to focus on low cost deposits.

Particulars	2079-80	2080-81 Till Poush end 2080
Deposits	325,280.63	331,888.47
Loans and Advances	289,387.60	294,151.93
Investments	44,481.61	54,598.42
Net Interest Income	11,066.18	5,725.40
Other Income	1,991.50	1,528.68
Operating Expenses	3,980.23	2,994.49
Operating Profit/(Loss) before Loan Loss Provision	9,117.45	2,766.08
Net Profit	517.92	867.21
Non-Performing Loan Ratio (%)	4.97	4.97
Net-Worth Per Share	134.66	136.82

In comparison to FY 2079/80 Asadh, the deposit had increased by 6 billion 600 million (2.03%) till Poush end 2080 and reached to Rs. 3 trillion 31 billion 880 million. Similarly, in comparison to FY 2079/80 Asadh, the loan had increased by 4 billion 760 million (1.65%) till Poush end 2080 and reached to Rs. 2 trillion 94 billion 150 million. Till Poush End 2080, the operating profit before bonus and tax amounts to Rs. 1 billion 674 million and net profit amounts to Rs. 867.2 million.

Current fiscal year and future operational plans and programs' summary details are outlined as:

- Formulate strategic plan with proper review of financial market and implement accordingly.
- Proper management of non-performing assets and recoveries to be made at top priority.
- Promoting youth entrepreneurship and supporting creation of job market in Nepal
- Main source for business growth is through abundance of deposit collected at minimal cost, thereby promotion of innovative marketing tools to support deposit business growth.
- Strategy to build individual deposit base with introduction of new individual focused deposit products.
- Diversification of loan portfolio and proper measures to minimize risk.
- Improving risk asset quality and promoting small ticket size lending.
- Identifying new avenues of non-interest income areas to improve fee based income of the bank.
- Expanding business avenues to support fast and safe investment portfolio.
- Imparting practical and customer oriented trainings to enhance productivity of the staff.
- Focus on digital banking platform, not only supporting digital approach to the customers but also banking scenario and platforms and work culture to be devised under digital arena.
- Regular update and upgrade the core banking system and other banking system of the bank to impart robust and safe banking transaction to the customers.
- Internal control system, risk management, compliance and corporate governance to be strengthened.
- Business volume and transaction of the subsidiary companies to be enhanced and proper oversight mechanism to be developed.
- Enhancing brand image in the market and properly address the corporate social responsibility of the bank towards overall community.

Bank is planning to improve and maintain the quality of the bank's assets, increase the productivity of the bank's employees, to make bank profitable, and to provide accessible and quality services to the customers for enhancing healthy and strong bank capacity. The action plan is to contribute towards improvement of the financial sector by developing modern services and facilities to make the lives of customers simple and easy, to bring the population without financial access within the banking circle, and to support the overall economic development of the country by providing loans to small and medium businesses. Keeping in view the situation of the country, expanding additional branches, introducing Kumari mobile banking in areas where branches are not present, providing banking services through branchless banking services, expanding technology and services, and providing competitive banking services, etc. are also part of the plan in the current fiscal year.

4. Industrial and Commercial Relations of the Company:

Bank has maintained cordial business relations with all the industries and commercial parties associated with it. The bank has been cooperating with all parties related to the business, customers, shareholders, well-wishers, other banks and financial institutions based on transparency while continuing its business activities. The management and board of directors of the organization are determined to maintain strong business relations abiding by the belief that their business relations should be agile, sound, and relevant. While preparing and implementing its policies and regulations, the bank has been preparing them keeping in mind the commercial aspects and far-reaching effects and implementing them in an agile, transparent and professional manner.

5. Changes in the Board of Directors and the reason for it:

In the review period, the bank had undergone merger with erstwhile NCC Bank Limited, where after merger new board was formed with representation of both the institutions from 17 Poush 2079 comprising of 6 board members. Currently, including 1 female director and 1 independent director there is provision of 7 member in board. Board meeting dated 11 Poush 2080 had appointed one independent director, and as per Bank and Financial Institution Act, 2073 Sec 14(3), the appointment of independent director is placed for notification in the Annual General Meeting of the bank.

6. Major Factors Affecting Business:

In the year under review, numerous external factors have affected banking activities. Mainly imbalance in export and import, political instability, delay and reduced release of government expenditures, abrupt changes in the country's financial, monetary and economic policies, changes by Nepal Government and Nepal Rastra Bank policies related to banking business, fluctuation in the foreign exchange rates were the major factors contributing to the negative impact in the banking business. Due to this the economic activities of the country is sluggish with which there is negative impact in the interest and loan recoveries impacting increase in the loan loss provision and non-performing loan amount. Intense competition between commercial banks, lack of alternative investment opportunities and avenues, reduction in the opportunities of business in the domestic market had caused in the reduction in the source of income and decline in the banking transactions. Due sudden fluctuation in the liquidity position the interest rates of deposit and lending are under frequent changes and with lack of investable fund there is negative impact in the business growth. Current position of growth in the trend of brain drain as well as migration of workforce to foreign countries have affected not only financial as well as social set up of the country, which have directly impacted on the banking business as well as created challenge in retention and management of human capital in the banks. With the development in the information technology, there is increase in the cases of cyber fraud, which have created additional risk and challenge in the banking business and transactions. Geopolitical tensions in the international arena had induced financial crisis where the economy of Nepal is also under threat of going into recession which eventually have direct impact in the banking business. Such type of incidents and scenarios developed both in international as well as in national level have impacted in the loan investment and deposit collection part of the banks. Due to these activities there is high possibility direct impact in the banking transaction and this may prolong in future economic activities as well.

7. Response of the Board of Directors to the Audit Report:

Apart from the general comments found in the details of the regular business of the bank, no specific adverse comments were found in the audit report. The bank management has also been instructed to implement the suggestions and advice given by the auditor. The financial statements of FY 2079/80 were approved by Nepal Rastra Bank on 6th of Poush, 2080, which we have attached the comments and instructions received from Nepal Rastra Bank in the annual report booklet, which also have been instructed to the bank management for improvement and required implementation.

8. Amount Recommended for Distribution of the Dividend:

In FY 2079/80, the Bank has not proposed dividend.

9. Details of Forfeited Shares:

As of this reporting period, no shares have been forfeited.

10. Advances made by the Bank and its Subsidiaries:

The progress made by the bank and its subsidiary companies has been disclosed in various sections of this report.

11. Major Transactions completed by the Bank and its Subsidiaries in the FY 2079-80 and any significant changes in the Company's Transactions during that Period:

The capital of K.B.L. Securities Limited, 100% subsidiary company of the bank, increased by Rs 180 million and now

the total capital is Rs 200 million. Similarly Mr. Binay Regmi has been appointed as Chief Executive Officer of K.B. L. Securities Limited and new directors Ms. Sipa Regmi, Mr. Hari Prasad Niraula and Mr. Pawan Budhathoki has been appointed during the period. Further, in the period of review, the company got approved from Securities Board of Nepal (SEBON) to govern as securities Broker Company and now after getting approval for operation from Nepal Stock Exchange Limited (NEPSE) on 26 Mangsir 2080, the company started its broker operation.

During the review period, Bank had appointed Mr. Pushpa Sharma as Chief Executive Officer and Ms. Namita Sharma as independent director of the Kumari Capital Limited (100% subsidiary of the bank).

Apart from that, there was no significant change in the subsidiary companies and there was no significant change in the bank's business except for the things mentioned in this report.

12. Information Provided by the Basic Shareholders of the Bank:

No such incident

13. Details of Share Ownership held by Directors and Officers of the Company in the previous FY and the information received by the company from them if they were involved in the company's share trading:

No knowledge of such with the Bank.

14. Information regarding the personal interest of any director and his relatives in the contracts related to the Bank:

No knowledge of such with the Bank.

15. Details of Repurchased Shares:

No such incident

16. Information regarding the internal control system:

There is a separate department related to maintaining the internal control system in the bank. The department is proactive to minimize the bank's credit, operational, and market risk exposures. The effectiveness of the internal control system is regularly reviewed by the Internal Audit department as part of Bank's audit.

17. Details regarding the total management expenses of the bank:

The details of management expenses of bank for FY 2079-80 are as follows:-

Employee expenses are Rs. 2,209,820,636 (Rs. Two billion Two Hundred Nine million Eight Hundred Twenty Thousand Six Hundred Thirty-Six Only).

Other Operating Expenses Rs. 1,770,405,643 (Rs. One billion Seven Hundred Seventy Million Four Hundred Five Thousand Six Hundred Forty Three Only).

The details of the total management expenses of the bank are mentioned in Schedule 4.36, 4.37, and 4.38 of the annual report of the bank.

18. Information regarding Audit Committee:

During the review period, according to section 164 of the Company Act, there is an audit committee in place led by the Bank's non-executive director Mr. Upendra Keshari Neupane and comprising of director, Mr. Krishna Prasad Gyawali as member and Chief Internal Audit, Mr. Raj Kumar Shrestha, serving as the member secretary. The Internal Audit department of the bank reports directly to this committee. In the FY 2079/80, 20 meetings of the said committee have been held. Apart from the member secretary, the other members of this committee have been given meeting allowances similar to those given to the members of the board of directors. The activities of this committee are in full compliance with the NRB guidelines and provisions in the Company Act. In the internal audit report, there has not been any mention of significant deviations, other than minor discrepancies in the bank's operations. The audit committee reviews the internal control system of the bank and gives suggestions related to its compliance to the management regularly and regularly informs the board of directors. According to the suggestions given by the audit committee, the bank management is regularly improving its operations.

19. The director, managing director, Chief Executive Officer, the prominent shareholder of the bank or his relative or the firm, company, or organized organization he is involved in has not paid any amount to the bank:

No such incident

20. Salaries, Allowances, and benefits paid to directors, managing directors, Chief Executive Officer, and officials:

A. Directors:

Directors of this bank are given a meeting allowance at the rate of Rs.12,000 to the chairman and Rs.10,000 to the chairman for participating in the board meetings and committee meetings formed by the board as provided in the regulations after amendment in article of association from 22 Magh 2079, the meeting allowance of Rs.16,000 to the chairman and Rs.14,000 to the directors for participating in the board meeting and committee meetings. In addition, the chairman and members of the board of directors have been given Rs. 12,000 per month for communication and newspaper facilities. Apart from that, the bank has not provided any other facility to the directors.

B. Chief Executive Officer and senior executives, annual salary, allowances, and facilities for 2079/80:

Amount in Rs.

Particulars	Chief Executive Officer (Ramesh Raj Aryal)	Chief Executive Officer (Ram Chandra Khanal)	Senior Management
Salary	9,700,000	5,677,200	21,627,425
Allowances	123,429	-	12,629,770
Provident Fund	-	567,720	2,162,742
Medical expenses (Annual + Accumulated)	-	-	367,945
Dashain Allowances	-	1,026,000	1,158,564
Leave (Annual + Accumulated)	-	-	1,959,809
Gratuity	5,087,500	-	6,403,152
Employee Bonus	-	2,027,304	4,155,935
Other	-	-	-
Total	14,910,929	9,298,224	50,465,343

The salaries and allowances mentioned above are of the Chief Executive Officer to Assistant General Manager Level. Salaries and allowances received by the employees who have left the bank in 2079-80 and the compensation package of those who have been newly recruited during the year are also included.

(Note- Mr. Ram Chandra Khanal was Chief Executive Officer till 16th Poush, 2079 and thereafter Mr. Ramesh Raj Aryal was appointed as Chief Executive Officer from 17th Poush, 2079 till Asadh end 2080)

Apart from the salary and allowance mentioned above, the following facilities are also provided: -

- Vehicle facility with driver to Chief Executive Officer. Up to Assistant General Manager, vehicle loan facility with driver and allowances. Other managerial level staffs are provided with vehicle loan and allowance as per vehicle policy of the bank.
- As per bank's human resources policy all the permanent staffs are provided with vehicle purchase loan, house/land purchase loan, and personal loan.
- Mobile phone expenses payment facility as per the bank's human resource policy.
- As per bank's human resources policy, provision of collective life insurance of the employees.

21.Dividends due to shareholders:

Out of the cash dividend, the dividend that is yet to be paid to the shareholders till the end of Ashad 2080 amounts to Rs.37,35,82,429. Detail of the same are as follows:

Particulars	Amount in Rs
Kumari Bank Limited	876,553
Acquired BFIs (Kasthamandap Development Bank Limited, Mahakali Bikash Bank Limited, Paschimanchal Finance Limited and Kankrebihar Development Bank Limited)	715,095
Acquired BFI (Deva Bikas Bank Limited)	169,284
Kumari Bank Limited (Paid to Kumari Capital Limited)	222,497,329
Merged BFI (NCC Bank limited) (Paid to Kumari Capital Limited)	138,755,647
Acquired BFI (Paschimanchal Finance Limited) (Paid to Kumari Capital Limited)	1,136,846
Acquired BFI (Deva Bikas Bank Limited) (Paid to Kumari Capital Limited)	9,119,517
Acquired BFI (Rising Bikas Bank Limited) (Paid to Kumari Capital Limited)	312,158
Total Dividend yet to be paid	373,582,429

22.Details of purchase or sale of assets as per Section 141 of Companies Act, 2063:

None

23.Details of transactions between associated companies according to Section 175 of the Companies Act, 2063:

None

24.Other matters to be disclosed in the report of the board of directors following the Companies Act, 2063 and prevailing laws:

None

25.Other things:

None

Acknowledgment:

Our respected shareholders, customers, officials of Nepal Rastra Bank, Company Registrar's Office, Nepal Securities Board, Nepal Stock Exchange Ltd., CDS and Clearing Ltd. We express our heartfelt thanks to all the related parties and the general public for their direct and indirect support. We would also like to thank the external (statutory) auditor Joshi and Bhandari, Chartered Accountants who performed the audit work on time and provided reasonable business suggestions to the bank. Also, we would like to express our special thanks to the bank management and employees who have devoted their time and effort for the progress of the bank. In the end, once again, by imbibing the mantra that the bank and the customer are two sides of the same coin, this bank has succeeded in reaching its current heights due to the immense love and trust of our valued customers and in the future, we will continue to love and develop strong relationships between our customers. We express our sincerest gratitude to them.

Thank You.

On behalf of the Board of Directors,

Mr. Amir Pratap J B Rana

Chairman

Date: 2080/09/24 B.S.

SEBON DECLARATION

Annual Report Concerning Rule 26(2) of the Securities Registration and Issuance Rules, 2073

1. Report of the Board of Directors: Attached to the Annual Report.

2. Auditor's Report: Attached to the Annual Report.

3. Audited Financial Statements: Attached to the Annual Report.

4. Details of Legal Proceedings:

a) If any case has been filed by the bank or against the bank:

Except for some cases related to loans and income tax in the course of the bank's daily business, there are currently no cases of any kind that will cause additional financial burden to the bank.

b) If any case has been filed or has been filed by the founder or director of the bank or against the founder or director for disobeying the prevailing rules or committing a criminal offense:

The bank has not received any information in this regard.

c) If any case has been filed against any founder or director for committing financial crime:

The Bank has not received any information in this regard.

5. Analysis of share transactions and progress of organized organizations:

a) Opinion of the bank management regarding the transaction of the bank's shares in the securities market:

Since the share price and transaction are determined by open market operations, the bank does not have any special opinion in this regard.

b) The maximum, minimum and final price of this bank's shares in FY 2079-80 as well as the total number of traded shares and the trading day.

Particulars	Highest price of shares in NPR	Lowest price of shares in NPR	Final price of shares in NPR	Total Transaction	Total NO. of shares traded	Total transaction days in each trimester
First Trimester (Last day of Asoj, 2079)	219.8	180	186	13,560	29,13,110	55
Second Trimester (Last day of Poush, 2079)	198.90	176.5	190	4,016	10,20,360	19
Third Trimester (Last day of Chaitra, 2079)	211.6	166	176	25,799	64,81,133	53
Fourth Trimester (Last day of Ashadh, 2080)	176.9	155	165	23,466	70,02,549	62

6. Problems and challenges:

a) Problems and Challenges

1. Internal: -

- To maintain efficient and skilled manpower.
- Increasing operating expenses.
- Reduce inherent risk and improve operational efficiency.
- Managing non-performing loans.

2. External: -

- Economic and political situation of the country
- Lack of investment friendly environment.
- Competitive banking market.
- To cover increased operating expenses through sources of income.
- The health, business, and social hardships that have arisen after the Corona pandemic.

b) Strategies adopted by the management to address such problems and challenges:

- Correct identification and capabilities of bank's staffs and help develop their skills and competency.
- Expenditures to be made in an economic manner after thorough need-analysis and identification.
- To develop innovative product and services, as per the changing customer needs, preferences and market fluctuations.
- Price determination of interest-sensitive assets and liabilities, as per the market liquidity scenario.

- Loan diversification and timely proper management proper management of non-performing loans.
- Analysis of inherent risks in banking transactions, preparing an action plan to address such, and ensuring its appropriate implementation.
- Offering digital banking services through creating and marketing online banking channels and boosting staff members' proficiency with digital systems.

7. Good Corporate Governance:

The Board of directors is liable and accountable for enforcement of good corporate governance in the bank, at the highest level. The Bank recognizes it as one of the guiding principles for all its administrative proceedings. The Board of directors is continually involved in developing a transparent and robust corporate governance framework and ensuring its implementation throughout the organization. Various committees and sub-committees are in place for timely identification, diversification, prevention and mitigation of various risks, associated with the internal as well as external factors and to materialize the prevailing policies, guidelines and law of the bank. The scope of operations of various departments such as: Credit, Operations, and Risk management which run the risk of inter-departmental conflict of interest are well-bifurcated, with a view to enforce a robust system of good governance at the highest level at the Bank, the NRB circulars and directives are fully adhered to.

8. Details regarding twenty percent or more difference between the projected and audited details in the prospectus:

No information available.

9. Particulars relating to special events or circumstances relating to sub-rule (5) of rule 22:

- A new board of directors was formed on 2079-09-17, following the merger between Kumari Bank Ltd. and the previous NCC Bank Ltd., during the year under review.
- Currently, the bank has a Board of Directors of 7 people including independent directors.
- No other such special events or circumstances have been observed during the year under review.

**INDEPENDENT AUDITOR'S REPORT TO
THE SHAREHOLDERS OF KUMARI BANK LIMITED**

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Kumari Bank Limited and its subsidiaries (collectively referred to as the "Group"), which comprises the consolidated statement of financial position as at Ashad 31, 2080 (corresponding to July 16, 2023), the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information prepared in accordance with Nepal Financial Reporting Standards.

In our opinion, the financial statement of the Bank and the consolidated financial statements of the Group present fairly, in all material respect, the financial position of the Bank and the Group as at Ashad 31, 2080 (July 16, 2023) and its financial performance, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flow statement for the year then ended in accordance with the Nepal Financial Reporting Standards.

Basis for Opinion

We have conducted our audit in accordance with Nepal Standards on Auditing. 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 Group in accordance with the Institute of Chartered Accountant of Nepal's code of ethics for professional accountants (ICAN Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nepal and we have fulfilled our ethical responsibilities in accordance with these requirements and the ICAN Code. 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 our audit of the consolidated financial statements of the current period and include most significant assessed risks of material misstatement (whether or not due to fraud) identified including those which has greatest effect on overall audit strategy, allocation of resources in the audit and directing effort of the engagement team. We have summarized below key audit matters, in descending order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed in the context of our audit of the consolidated financial statements as 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.

Key Audit Matter	How the Key Audit Matter was Addressed
a. Impairment of Loans and Advances to Customers including Interest Income on Recognized Non-Performing Loans and Advances	
Total Loans and Advances to Customers: NPR 287,103 million as on July 16, 2023 (NPR 156,411 million as on July 16, 2022) Total Impairment: NPR 16,165.65 million as on July 16 2023 (NPR 3,848 as on July 16 2022) Total Impairment Charges: NPR 8,115.8 million in FY 2022-23 (NPR 812 million in FY 2021-22) Total Accrued Interest Income is NPR 5,319.15 million in FY 2022-23 (NPR 758 million in FY 2021-22) out of Total Interest Income of NPR 34,112.24 million in FY 2022-23 (NPR 18,355 million in FY 2021-22)	We planned and tested the operating effectiveness of key controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing loans and advances to customers. The testing of controls include testing of controls over correct identification and classification of non-performing loans and advances to customers on time-based criteria; control over statistical models used to calculate the incurred loss in accordance with incurred loss model; control over monitoring of loans and advances to customers with higher risk default; control
Allowances for impairment of loans and advances to customers have been made based on incurred loss model, Nepal Rastra Bank (NRB) regulations, as applicable. The Bank is required to apply its judgment and estimation to determine allowances for impairment. In addition, assessment of allowances for impairment is important as it provides for higher of the incurred loss model or NRB's directive.	



<p>The carrying value of the loans and advances to the customers can be materially misstating if the Bank's judgment and estimation are inappropriate.</p> <p>In addition to above, interest income on loans and advances to customers has been recognized on accrual basis calculated by the Bank's core banking system and following the interest income recognition Guidelines 2019 issued by NRB. Though accrual basis of income recognition is prescribed in general, the guidelines require suspension of interest recognition on accrual basis for loans and advances with overdue of more than 12 months whereas for loan and advances with overdue interest/installment for 3 to 12 months, interest recognition on accrual basis is limited based on result of collateral testing as specified. Given the lack of system capability to suspend interest recognition based on overdue status of loan and fair value of collateral as well as review of fair valuation of collateral on regular basis, manual intervention will be required in interest recognition process and hence create risk of improper application of the guidelines and determination of fair value of the collateral. This may, in turn, have effect on recognition of interest income of the bank.</p> <p>Considering the significance of the above matter to the financial statements, we have identified this as a key audit matter for the current year audit.</p>	<p>over accurate computation and recording of provisions; and control over the governance and approval process related to provisions including continuous reassessment by the Bank's Management.</p> <p>We selected sample of loans and advances to customers, checked installments of repayments and tested classification of non-performing loans and advances to customers based on the number of days overdue; evaluated the Bank's assessment for classification of loans and advances to customers as performing and non-performing based on repayment pattern, documentation, inspection and through discussion with the Bank's Management; assessment of control over mortgage value of loans and advances to customers.</p> <p>We selected sample of loans and advances to customers and independently performed and reassessed whether there was a need to classify loans and advances to customers as non-performing and compared our outcome to that prepared by the Bank and challenged various assumptions and judgments which were used by the Bank's Management.</p> <p>We assessed the appropriateness and adequacy of disclosures against the relevant accounting standards and NRB requirements relating to allowances for impairment on loans and advances and interest recognition, and considered to be acceptable.</p>
b. Accounting for merger with erstwhile Nepal Credit and Commerce (NCC) Bank Limited	
<p>During the year, the bank had merged with NCC Bank as set out in note no. 3.2(a) of the financial statement.</p> <p>Accounting for the acquisition has involved judgement in order to:</p> <ul style="list-style-type: none"> • determine the fair value of consideration transferred. • identify and measure the fair value of the identifiable assets acquired and liabilities assumed. • allocate the purchase consideration between identifiable assets and liabilities and goodwill. <p>This is a material acquisition for the Bank and given the level of estimation, system updation and judgement required, we considered it to be a key audit matter.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> • We tested the completeness of the identified assets and liabilities acquired by bank, through discussions with the Bank. • We assessed the determination of fair value for assets and liabilities acquired and the methods used to value the underlying assets by: <ul style="list-style-type: none"> i. Studying the DDA reports issued by the appointed external specialist. ii. Evaluating the valuation report prepared by the appointed external valuers. • Evaluating the appropriateness of adequate disclosures in accordance with the applicable accounting standards.
c. Information Technology System and Control impacting Financial Reporting in relation to the Bank	
<p>The Bank's Information Technology environment is complex and involves a large number of independent and inter-dependent Information technology systems used in the Bank's operations for processing and recording a large volume of transactions at numerous locations. As a result, there is a high degree of reliance and dependency on such Information technology systems for the Bank's financial reporting process. Appropriate Information technology, general controls and application controls are required to ensure that such Information technology systems are able to process</p>	<p>In assessing the integrity of the information technology systems, we involved our information technology experts to obtain an understanding of the information technology infrastructure and systems relevant to the Bank's financial reporting process for evaluation and testing of information technology general controls and Information technology automated controls existing in such information technology systems.</p> <p>Access rights were tested over applications, operating systems, networks, and databases, which are relied upon for financial reporting. We also assessed the operating effectiveness of controls over granting, removal and periodical review of access rights. We further tested segregation of duties, including</p>  

<p>the data, as required, completely, accurately and consistently for reliable financial reporting.</p> <p>The accuracy and reliability of the financial reporting process depends on the information technology systems and the related control environment, including: information technology general controls over user access management and change management across applications, networks, database, and operating systems; and Information technology automated application controls.</p> <p>Due to the importance of the impact of the information technology systems and related control environment on the Bank's financial reporting process, we have identified testing of such information technology systems and related control environment as a key audit matter for the current year audit.</p>	<p>preventive controls to ensure that access to change applications; the operating system or databases in the production environment were granted only to authorized personnel.</p> <p>Other areas that were assessed under the information technology control environment, included password policies, security configurations, and controls around change management. Bank has hired Information technology security service provider to regularly monitoring its system for any threat which we considered to be acceptable.</p>
d. Investment Valuation, Identification, and Impairment	
<p>Investment of the bank comprises of investment in government bonds, T-bills, development bonds and investment in quoted and unquoted securities. The valuation of the aforesaid securities has been done in compliance with NFRS 9 and Directive number 8 of Unified NRB Directive 2079. The investment in the government and NRB bonds and T-bills has been done on Amortized cost and rest have been valued through Other Comprehensive Income. Given the varieties of treatments recommended for valuation of investment based on nature of cash flow, the business model adopted, complexity of calculations and the significance of amount involved in such investments, same has been considered as Key Audit Matter in our audit.</p>	<p>Our audit approach regarding investment of the bank is based on the NRB Directives and NFRS issued by the Accounting Standard Board of Nepal. For the investment valuation that are done at Amortized Cost, we checked the EIR and amortization schedule on test basis. For the investment valued through OCI i.e., for quoted investment, we relied on the Last transaction price in NEPSE as on 16.07.2023. And for the unquoted investment the fair value has been taken as the NRs.100. Further the income and bonus have been cross verified from Demat statement of the bank wherever applicable.</p>

Emphasis of Matter

We draw attention to the note 5.1.2.a of the accompanying financial statements, which describes uncertainties due to overall adverse economy, a number of the loan assets have been significantly overdue which increases the credit risk of the bank. The bank has adopted various credit recovery and risk mitigation measures, including legal recourse to mitigate adverse credit risk, however, in our judgement such measures do not completely eliminate such credit risk and impact NPA of the bank. In our professional judgement such credit related risk is fundamental to the user's understanding of financial statements. Our audit opinion is not modified with respect to this matter.

Information Other than the Consolidated Financial Statement and Auditors' Report Thereon

The Bank's Management is responsible for other information. Other information comprises information included in the Management Letter, the Board of Directors and Chairman's Statement but does not include consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover 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 other information and, in doing so, consider whether other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work, we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Matters

We did not audit the financial statements and other financial information of subsidiaries Kumari Capital Limited and KBL Securities Limited, whose financial statements reflect total assets of NPR 871.59 million and NPR



200.71 million and net assets of NRP 475.25 million and NPR 200.5 million respectively as at Ashad 31, 2080 (corresponding to July 16, 2023) and total comprehensive income of NRP 68.53 million and NPR 0.45 million and net cash inflows of NRP 148.15 million and NPR 180.26 million respectively for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the financial statements in so far as it relates to the accounts and disclosures included in respect of this subsidiary, are based solely on the report of other auditors.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, 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 Nepal Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 Nepal Standards on Auditing, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

- Identified and assessed the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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 omission, misrepresentations, or the override of internal control.
- Obtained 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 of the effectiveness of the Bank and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Concluded on the appropriateness of the 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 cause significant doubt on the Bank's and its subsidiaries' 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 disclosure 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 Bank and its subsidiaries to cease to continue as a going concern.
- Evaluated the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicated 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 identified during our audit.

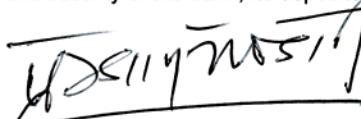
We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

We have obtained information and explanations asked for which, to best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, consolidated statements of financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows, have been prepared in accordance with the procedure and format prescribed by Nepal Rastra Bank and are in agreement with the books of account maintained by the Bank. Proper books and records have been kept as per law, so far as it appears, from our examination of those books and records of the Bank and from the reports of the other auditors.

In our opinion, so far as it appears from our examination of the books, the Bank has maintained adequate capital funds and adequate provision for possible impairment of assets.

To the best of our information and according to explanations given to us and so far as it appears from our examination of the books of account of the Bank and the audit reports issued by other auditors necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the Bank and its subsidiaries have acted contrary to the provisions of law or committed any misappropriation relating to the accounts or caused loss or damage to the Group or acted in a manner to jeopardize the interest and security of the Bank, its depositors and investors.


Prabhu Ram Bhandary, FCA
Senior Partner



Joshi & Bhandary
Chartered Accountants

Place: Kathmandu
Date: December 14, 2023
UDIN No:231217CA00030QGqWE

Statement of Financial Position

As on 32nd Ashad, 2080

Particulars	Note	Group		Bank	
		FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Assets					
Cash and cash equivalent	4.1	19,929,337,199	17,724,374,394	19,921,482,766	17,609,892,391
Due from Nepal Rastra Bank	4.2	13,460,944,529	5,475,310,681	13,460,944,529	5,475,310,681
Placement with Bank and Financial Institutions	4.3	7,771,445,793	1,949,476,858	7,771,445,793	1,949,476,858
Derivative financial instruments	4.4	184,833,645	1,047,386,219	184,833,645	1,047,386,219
Other trading assets	4.5	-	-	-	-
Loan and advances to B/FIs	4.6	9,754,306,460	5,846,262,217	9,754,306,460	5,846,262,217
Loans and advances to customers	4.7	270,937,308,309	152,562,929,781	270,937,308,309	152,562,929,781
Investment securities	4.8	43,107,904,409	23,196,679,434	42,696,595,043	22,815,085,583
Current tax assets	4.9	1,395,257,170	457,139,696	1,389,772,126	454,701,292
Investment in subsidiaries	4.10	-	-	600,000,000	420,000,000
Investment in associates	4.11	1,544,898,131	504,062,448	1,185,017,596	185,017,596
Investment property	4.12	1,263,212,752	144,491,994	1,263,212,752	144,491,994
Property and equipment	4.13	2,529,802,227	1,194,497,624	2,515,854,003	1,179,754,479
Goodwill and Intangible assets	4.14	191,175,099	163,212,113	188,670,059	161,441,291
Deferred tax assets	4.15	63,919,161	-	63,033,290	-
Other assets	4.16	8,622,678,231	3,320,846,636	8,592,310,273	3,304,074,229
Total Assets		380,757,023,115	213,586,670,095	380,524,786,643	213,155,824,611
Liabilities					
Due to Bank and Financial Institutions	4.17	8,632,950,928	6,028,947,435	9,233,574,989	6,194,529,106
Due to Nepal Rastra Bank	4.18	1,496,500,000	1,345,585,620	1,496,500,000	1,345,585,620
Derivative financial instruments	4.19	170,104,982	1,086,720,414	170,104,982	1,086,720,414
Deposits from customers	4.20	316,047,054,527	176,767,665,556	316,047,054,527	176,767,665,556
Borrowing	4.21	2,645,517,880	-	2,645,517,880	-
Current Tax Liabilities	4.9	-	-	-	-
Provisions	4.22	3,000,000	2,500,000	3,000,000	2,500,000
Deferred tax liabilities	4.15	-	71,471,646	-	75,208,206
Other liabilities	4.23	7,023,487,286	3,940,045,081	6,626,257,729	3,685,702,222
Debt securities issued	4.24	8,987,974,650	2,995,797,489	8,987,974,650	2,995,797,489
Subordinated Liabilities	4.25	-	-	-	-
Total Liabilities		345,006,590,253	192,238,733,241	345,209,984,757	192,153,708,614
Equity					
Share capital	4.26	26,225,861,340	14,711,183,326	26,225,861,340	14,711,183,326
Share premium		-	-	-	-
Retained earnings		(1,780,150,026)	2,212,774,212	(2,202,909,147)	1,872,567,427
Reserves	4.27	11,304,721,548	4,423,979,316	11,291,849,693	4,418,365,244
Total equity attributable to equity holders		35,750,432,862	21,347,936,854	35,314,801,886	21,002,115,997
Non-controlling interest		-	-	-	-
Total equity		35,750,432,862	21,347,936,854	35,314,801,886	21,002,115,997
Total liabilities and equity		380,757,023,115	213,586,670,095	380,524,786,643	213,155,824,611
Contingent liabilities and commitment	4.28	75,136,624,297	37,331,900,478	75,136,624,297	37,331,900,478
Net assets value per share		136.32	145.11	134.66	142.76

Ram Chandra Khanal
Chief Executive Officer

Amir Pratap JB Rana
Chairman

Upendra Keshari Neupane
Director

Laxmi Prasad Duwal
Chief Finance Officer

Krishna Prasad Gyawali
Director

Chandra Prasad Bastola
Director

Aswin Babu Shrestha
Head- Finance & Central Accounts

Mahesh Prasad Pokharel
Director

Iman Singh Lama
Director

As per our report of even date

FCA Prabhu Ram Bhandary
Managing Partner
Joshi & Bhandary
Chartered Accountants

Statement of Profit or Loss

For the year ended 32nd Ashad 2080

Particulars	Note	Group		Bank	
		FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Interest income	4.29	34,182,585,595	18,389,616,329	34,112,242,309	18,355,159,241
Interest expense	4.30	23,046,049,178	12,137,978,793	23,046,063,629	12,137,993,244
Net interest income		11,136,536,417	6,251,637,536	11,066,178,679	6,217,165,997
Fee and commission income	4.31	1,784,927,771	962,856,296	1,784,927,771	962,856,296
Fee and commission expense	4.32	271,621,272	144,683,738	271,621,272	144,683,738
Net fee and commission income		1,513,306,498	818,172,558	1,513,306,498	818,172,558
Net interest, fee and commission income		12,649,842,915	7,069,810,094	12,579,485,178	7,035,338,555
Net trading income	4.33	363,035,269	377,867,068	363,035,269	377,867,068
Other operating income	4.34	311,166,861	673,162,414	115,156,582	527,950,068
Total operating income		13,324,045,045	8,120,839,576	13,057,677,029	7,941,155,691
Impairment charge/(reversal) for loans and other losses	4.35	8,115,800,765	812,100,287	8,115,800,765	812,100,287
Net operating income		5,208,244,281	7,308,739,289	4,941,876,264	7,129,055,404
Operating expense					
Personnel expenses	4.36	2,240,532,864	2,352,194,304	2,209,820,636	2,332,987,934
Other operating expenses	4.37	1,043,203,430	699,395,490	1,019,946,662	683,386,361
Depreciation & Amortisation	4.38	753,029,255	537,311,627	750,458,982	535,205,469
Operating Profit		1,171,478,732	3,719,837,868	961,649,985	3,577,475,641
Non operating income	4.39	53,751,493	18,320,846	53,751,493	18,320,846
Non operating expense	4.40	13,756,009	1,981,949	13,756,009	1,981,949
Profit before income tax		1,211,474,216	3,736,176,765	1,001,645,469	3,593,814,538
Income tax expense	4.41	513,451,327	1,023,401,014	483,723,858	1,014,004,706
Current Tax	4.41	506,375,350	1,043,203,275	479,498,570	1,029,422,733
Deferred Tax	4.41	7,075,978	(19,802,261)	4,225,288	(15,418,027)
Profit for the year		698,022,889	2,712,775,752	517,921,611	2,579,809,832
Profit attributable to:					
Equity holders of the Bank		698,022,889	2,712,775,752	517,921,611	2,579,809,832
Non-controlling interest				-	-
Profit for the year		698,022,889	2,712,775,752	517,921,611	2,579,809,832
Earnings per share					
Basic earnings per share		2.66	18.44	1.97	17.54
Diluted earnings per share		2.66	18.44	1.97	17.54

Ram Chandra Khanal
Chief Executive Officer

Laxmi Prasad Duwal
Chief Finance Officer

Aswin Babu Shrestha
Head- Finance & Central Accounts

Amir Pratap JB Rana
Chairman

Krishna Prasad Gyawali
Director

Mahesh Prasad Pokharel
Director

Upendra Keshari Neupane
Director

Chandra Prasad Bastola
Director

Iman Singh Lama
Director

As per our report of even date

FCA Prabhu Ram Bhandary
Managing Partner
Joshi & Bhandary
Chartered Accountants

Date: 14 December, 2023
Place: Tangal, Kathmandu

Statement of Other Comprehensive Income

For the year ended Poush 16th, 2079

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Profit for the year	698,022,889	2,712,775,752	517,921,611	2,579,809,832
Other comprehensive income, net of income tax				
a) Items that will not be reclassified to profit or loss				
Gain /(losses) from investments in equity instruments measured at fair value	235,590,261	(231,208,644)	235,590,261	(231,208,644)
Gain /(losses) on revaluation	-	-	-	-
Actuarial gains/(loss) on defined benefit plans	288,610,661	15,920,532	288,610,661	15,920,532
Income tax relating to above items	(157,260,277)	64,586,434	(157,260,277)	64,586,434
Net other comprehensive income that will not be reclassified to profit or loss	366,940,646	(150,701,679)	366,940,646	(150,701,679)
b) Items that are or may be classified to profit or loss				
Gain /(losses) on cash flow hedge	-	-	-	-
Exchange gain/ (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	366,940,646	(150,701,679)	366,940,646	(150,701,679)
Total comprehensive income for the year	1,064,963,535	2,562,074,073	884,862,257	2,429,108,153
Total comprehensive income attributable to:				
Equity holders of the Bank	1,064,963,535	2,562,074,073	884,862,257	2,429,108,153
Non-controlling interest			-	-
Total comprehensive income for the year	1,064,963,535	2,562,074,073	884,862,257	2,429,108,153

Ram Chandra Khanal
Chief Executive Officer

Laxmi Prasad Duwal
Chief Finance Officer

Aswin Babu Shrestha
Head- Finance & Central Accounts

Amir Pratap JB Rana
Chairman

Krishna Prasad Gyawali
Director

Mahesh Prasad Pokharel
Director

Upendra Keshari Neupane
Director

Chandra Prasad Bastola
Director

Iman Singh Lama
Director

As per our report of even date

FCA Prabhu Ram Bhandary
Managing Partner
Joshi & Bhandary
Chartered Accountants

Date: 14 December, 2023
Place: Tangal, Kathmandu

Statement of Cash Flows

For the year ended Poush 16th, 2079

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	27,084,548,162	18,344,461,618	27,014,204,876	18,316,644,889
Fees and other income received	1,784,927,771	962,856,296	1,784,927,771	962,856,296
Divided received	-	-	-	-
Receipts from other operating activities	511,722,191	717,871,167	426,838,755	668,074,112
Interest paid	(22,488,950,394)	(11,836,936,759)	(22,488,964,845)	(11,836,936,759)
Commission and fees paid	(271,621,272)	(163,890,108)	(271,621,272)	(144,683,738)
Cash payment to employees	(2,077,887,496)	(2,415,375,686)	(2,047,175,268)	(2,399,577,579)
Other expense paid	(9,027,760,842)	(1,728,705,487)	(9,008,709,808)	(1,728,677,237)
Operating cash flows before changes in operating assets and liabilities	4,485,021,880	3,880,281,040	4,590,499,791	3,837,699,983
(Increase)/Decrease in operating assets				
Due from Nepal Rastra Bank	(3,845,405,330)	3,011,142,606	(3,845,405,330)	3,011,142,606
Placement with bank and financial institutions	(5,821,968,934)	2,891,234,836	(5,821,968,934)	2,891,234,836
Other trading assets	-	(35,000,000)	-	-
Loan and advances to bank and financial institutions	(74,085,506)	(722,581,045)	(74,085,506)	(722,581,045)
Loans and advances to customers	(3,689,190,350)	(14,665,004,779)	(3,689,190,350)	(14,665,004,779)
Other assets	8,597,907,719	(2,492,359,974)	8,628,275,679	(2,326,103,661)
Increase/(Decrease) in operating liabilities				
Due to bank and financial institutions	(814,656,397)	(8,537,395,630)	(814,032,336)	(8,537,395,630)
Due to Nepal Rastra Bank	(64,358,620)	(3,743,388,048)	(64,358,620)	(3,743,388,048)
Deposit from customers	16,971,341,068	30,929,434,547	16,971,341,068	30,929,434,547
Borrowings	1,309,988,804	-	1,309,988,804	-
Other liabilities	(6,403,571,148)	1,950,928,502	(6,800,800,707)	1,778,631,791
Net cash flow from operating activities before tax paid	1,680,979,426	12,467,292,055	1,209,263,978	12,453,670,600
Income taxes paid	(815,324,014)	(1,233,167,331)	(779,225,630)	(1,217,394,103)
Net cash flow from operating activities	865,655,412	11,234,124,724	430,038,347	11,236,276,497
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(8,434,241,890)	(586,446,865)	(8,022,932,523)	(357,093,537)
Receipts from sale of investment securities	-	52,683,580	-	9,949,916
Purchase of property and equipment	(654,335,463)	(465,355,871)	(640,387,239)	(456,400,648)
Receipt from the sale of property and equipment	-	2,037,479	-	-
Purchase of intangible assets	(16,898,981)	36,132,070	(14,393,940)	36,132,070
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	-	-	-	-
Receipt from the sale of investment properties	-	(16,379,116)	-	(16,379,116)
Interest received	-	6,618,085	-	-
Dividend received	105,104,589	258,263,916	105,104,589	256,063,870
Net cash used in investing activities	(9,000,371,745)	(712,446,720)	(8,572,609,114)	(527,727,445)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities	(9,000,371,745)	(712,446,720)	(8,572,609,114)	(527,727,445)
Repayment of debt securities	-	-	2,866,415,439	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	200,000,000	-	-
Dividends paid	(1,838,897,916)	(388,555,278)	(1,838,897,916)	(370,555,278)
Interest paid	(577,236,749)	(308,342,465)	(577,236,749)	(308,342,465)
Other receipt/payment	-	(310)	-	-
Net cash from financing activities	450,280,774	(496,898,053)	450,280,774	(678,897,743)
Net increase (decrease) in cash and cash equivalents	2,319,444,809	10,024,779,950	2,311,590,375	10,029,651,309
Cash and cash equivalents at Shrawan 1, 2079	17,609,892,391	7,699,594,444	17,609,892,391	7,580,241,082
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-	-	-
Cash and cash equivalents at Ashad end 2080	19,929,337,199	17,724,374,394	19,921,482,766	17,609,892,391

Ram Chandra Khanal
Chief Executive Officer

Laxmi Prasad Duwal
Chief Finance Officer

Aswin Babu Shrestha
Head- Finance & Central Accounts

Amir Pratap JB Rana
Chairman

Krishna Prasad Gyawali
Director

Mahesh Prasad Pokharel
Director

Upendra Keshari Neupane
Director

Chandra Prasad Bastola
Director

Iman Singh Lama
Director

As per our report of even date

FCA Prabhu Ram Bhandary
Managing Partner
Joshi & Bhandary
Chartered Accountants

Statement of changes in equity

For the year ended 32nd Ashad 2080

Particular	Group								Non-controlling interest	Total Equity	
	Share Capital	Share Premium	General Reserve	Exchange Equalisation Reserve	Regulatory Reserve	Fair-value Reserve	Revaluation Reserve	Retained Earnings	Other Reserve	Total	
Balance at Shrawan 1, 2078	13,878,474,836	88,804,041	2,608,476,728	47,242,077	540,326,562	159,480,726	69,419,000	1,481,021,837	256,129,099	19,129,374,905	-
Adjustment/Restatement	-	-	-	-	-	-	-	45,043,151	-	45,043,151	-
Adjusted/Restated balance at Shrawan 1, 2078	13,878,474,836	88,804,041	2,608,476,728	47,242,077	540,326,562	159,480,726	69,419,000	1,481,021,837	256,129,099	19,129,374,905	-
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-
Gain/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	-	-	(161,846,051)	-	(161,846,051)
Gain/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-
Actuarial gain/(losses) on defined benefit plans	-	-	-	-	-	-	-	11,144,372	-	11,144,372	-
Gain/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-
Exchange gain/(losses) [arising from translating financial assets of foreign operation]	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-	2,562,074,073	-	2,562,074,073
Gain/(losses) on disposal of investments in equity instruments at FVOCI	-	-	-	-	-	-	-	-	-	-	-
Transfer to reserve during the year	-	519,287,144	6,213,423	(89,429,544)	(167,626,456)	-	(655,257,163)	386,812,598	3	-	3
Transfer from reserve during the year	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-
Share issued	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	832,708,490	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	(832,708,490)	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	(388,555,278)	-	(388,555,278)	-	(388,555,278)
Others [From Merge]	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	832,708,490	-	-	-	-	-	-	[1,221,263,768]	-	(388,555,278)	-
Balance at Ashad end 2079	14,711,183,326	88,804,041	3,127,763,872	53,455,500	450,897,019	(8,145,731)	69,419,000	2,211,618,130	642,941,697	21,347,936,853	-

Statement of changes in equity

For the year ended 32nd Ashad 2080

Particular	Group									Non-controlling interest	Total Equity
	Share Capital	Share Premium	General Reserve	Exchange Equalisation Reserve	Regulatory Reserve	Fair value Reserve	Revaluation Reserve	Retained Earnings	Other Reserve		
Balance at Shrawan 1, 2079	14,711,183,326	88,804,041	3,127,763,872	53,455,500	450,897,019	(8,145,731)	69,419,000	2,211,618,130	642,941,697	21,347,936,853	-
Adjustment/Restatement	-	-	-	-	-	-	-	[10,047,140]	-	[10,047,140]	-
Adjusted/Restated balance at Shrawan 1, 2079	14,711,183,326	88,804,041	3,127,763,872	53,455,500	450,897,019	(8,145,731)	69,419,000	2,201,570,989	642,941,697	21,337,889,713	-
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	637,778,870	-	637,778,870	-
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-
Gain/ (losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	-	164,913,183	-	164,913,183	-
Gain / (losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-
Actuarial gain / (losses) on defined benefit plans	-	-	-	-	-	-	-	202,027,457	-	202,027,457	-
Gain / (losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-
Exchange gain / (losses) arising from translating financial assets of foreign operation	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	1,004,719,509	-	1,004,719,509	-
Transfer to reserve during the year	-	110,437,722	3,185,280	(23,658,550)	-	-	[360,407,340]	513,940,615	243,497,728	-	243,497,728
Transfer from reserve during the year	-	(88,804,041)	-	-	-	123,443,523	[366,940,646]	109,074,530	[223,226,634]	[223,226,634]	[223,226,634]
Transactions with owners directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-
Share issued	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-
Others [From Merger]	11,514,678,014	2,582,795,086	8,934,253	3,425,882,050	41,469,660	327,441,536	(1,858,897,916)	[254,554,914]	(1,858,897,916)	[254,554,914]	(1,858,897,916)
Total contributions by and distributions	11,514,678,014	2,582,795,086	8,934,253	3,425,882,050	41,469,660	327,441,536	(4,259,092,540)	[254,554,914]	13,387,553,146	-	13,387,553,146
Balance at Ashad end 2080	26,225,861,340	-	5,820,996,080	65,575,034	3,853,120,518	156,767,452	396,860,556	(1,780,150,026)	1011,401,938	35,750,432,862	-
Balance	26,225,861,340	-	5,820,996,080	65,575,034	3,853,120,518	156,767,452	396,860,556	(1,780,150,026)	1011,401,938	35,750,432,862	-
Total	26,225,861,340	-	5,820,996,080	65,575,034	3,853,120,518	156,767,452	396,860,556	(1,780,150,026)	1011,401,938	35,750,432,862	-

Statement of changes in equity

For the year ended 32nd Ashad 2080

Particular	Bank							Non-controlling interest	Total Equity
	Share Capital	Share Premium	General Reserve	Exchange Equalisation Reserve	Regulatory Reserve	Fair-value Reserve	Revaluation Reserve		
Balance at Shrawan 1, 2078	13,878,474,836	88,804,041	2,605,451,213	47,242,077	540,326,562	159,480,726	69,419,000	1,247,097,056	18,892,222,057
Adjustment/Restatement:	-	-	-	-	-	-	-	51,341,059	51,341,059
Adjusted/Restated balance at Shrawan 1, 2078	13,878,474,836	88,804,041	2,605,451,213	47,242,077	540,326,562	159,480,726	69,419,000	1,247,097,056	18,892,222,057
Comprehensive income for the year	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	2,579,809,832	2,579,809,832
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-
Gain/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	-	(161,846,051)	(161,846,051)
Gain/(losses) on revaluation	-	-	-	-	-	-	-	-	-
Actuarial gain/(losses) on defined benefit plans	-	-	-	-	-	-	-	11,144,372	11,144,372
Gain/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-
Exchange gain/(losses) [arising from translating financial assets of foreign operation]	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	2,429,108,153	2,429,108,153
Gain/(losses) on disposal of investments in equity instruments at FVOCI	-	-	-	-	-	-	-	-	-
Transfer to reserve during the year	-	517,118,048	6,213,423	(89,429,544)	(167,626,456)	-	(652,871,159)	386,595,688	-
Transfer from reserve during the year	-	-	-	-	-	-	-	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-
Share issued	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-
Dividends to equity holders	832,708,490	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	(832,708,490)	-	-
Cash dividend paid	-	-	-	-	-	-	(370,555,278)	(370,555,278)	(370,555,278)
Others [From Merge]	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	832,708,490	-	-	-	-	-	-	(1,203,263,768)	(370,555,278)
Balance at Ashad end 2079	14,711,183,326	88,804,041	3,122,569,261	53,455,500	450,897,019	(8,145,731)	69,419,000	1,871,411,341	642,522,235
									21,002,115,992

Statement of changes in equity

For the year ended 32nd Ashad 2080

Particular	Bank							Non-controlling interest	Total Equity
	Share Capital	Share Premium	General Reserve	Exchange Equalisation Reserve	Regulatory Reserve	Revaluation Reserve	Retained Earnings		
Attributable to equity holders of the Bank							Other Reserve	Total	
Balance at Shrawan 1, 2079	14,711,183,326	88,804,041	3,122,569,261	53,455,500	450,897,019	(8,145,731)	69,419,000	1,871,411,341	642,522,235
Adjustment/Restatement	-	-	-	-	-	-	-	-	21,002,115,992
Adjusted/Restated balance at Shrawan 1, 2079	14,711,183,326	88,804,041	3,122,569,261	53,455,500	450,897,019	(8,145,731)	69,419,000	1,871,411,341	642,522,235
Comprehensive income for the year	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	517,921,611	-	517,921,611
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-
Gain/ (losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	164,913,183	-	164,913,183
Gain / (losses) on revaluation	-	-	-	-	-	-	-	-	-
Actuarial gain / (losses) on defined benefit plans	-	-	-	-	-	-	202,027,463	-	202,027,463
Gain / (losses) on cash flow hedge	-	-	-	-	-	-	-	-	-
Exchange gain / (losses) arising from translating financial assets of foreign operation	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	884,862,257	-	884,862,257
Transfer to reserve during the year	-	103,584,322	3,185,280	(23,658,550)	-	(353,149,560)	513,535,632	243,497,125	-
Transfer from reserve during the year	-	(88,804,041)	-	-	123,443,523	(366,940,646)	109,074,530	(223,226,634)	-
Transactions with owners directly recognised in equity	-	-	-	-	-	-	-	-	-
Share issued	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	(1,838,897,916)	-	(1,838,897,916)	-
Others [From Merger]	11,514,678,014	2,582,795,086	8,934,253	3,425,882,050	41,469,660	327,441,536	(2,400,194,624)	(254,554,914)	15,246,451,062
Total contributions by and distributions	11,514,678,014	- 2,582,795,086	8,934,253	3,425,882,050	41,469,660	327,441,536	(4,239,092,540)	(254,554,914)	13,407,553,147
Balance at Ashad end 2080	26,225,861,340	- 5,808,948,669	65,575,054	3,853,120,518	156,767,452	396,860,556	(2,202,909,148)	1,010,577,484	35,314,801,886
									35,314,801,886

Note to the Financial Statements

Year ended 16th July, 2023

1. Bank

1.1 General

Kumari Bank Limited (hereinafter referred to as "The Bank") is a public limited company, incorporated on 10th December 1999 and domiciled in Nepal. The corporate office of the Bank is located at Tangal, Kathmandu, Nepal. The Bank carries out commercial banking activities and other financial services in Nepal under the license from Nepal Rastra Bank (NRB), the Central Bank of Nepal, as "Ka Class" (Class A) licensed financial institution. The Bank is listed in Nepal Stock Exchange Limited for public trading of stocks. Kumari Bank Limited has merged NCC Bank Limited at a swap ratio of 1:1 and started the joint operation from January 01, 2023. Currently, Kumari Bank Limited has 302 Branches, 314 ATMs, 49 extension counter and 65 Branchless Banking (BLB).

1.2 Financial Statements

The Financial Statement of Bank for the year ended 16 July, 2023 comprises Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Notes to the Financial Statements, Significant Accounting Policies of the Company.

1.3 Principal Activities and Operations

Bank

The principal activities of the Bank are to provide full-fledged wide range of commercial banking services including, agency services, trade finance services, card services, e-commerce products and services, remittance and bullion trading services to its customers, provided through wide branch networks, extension counters, ATMs with latest technological banking support services.

Subsidiary and Associates

Subsidiary	Principal Activities	Ownership as on:	
		16th July 2023	16th July 2022
Kumari Capital Limited	The Subsidiary is opened to provide 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 other merchant banking services.	100%	100%
K.B.L Securities Limtied	The Subsidiary is opened to provide the brokerage services on the request of clients. Final approval for operation is obtained from Securities Board of Nepal on 06/06/2023 and from NEPSE on 21/11/2023.	100%	100%
Subsidiary	Principal Activities	Ownership as on:	
Subsidiary	Principal Activities	16th July 2023	16th July 2022
National Microfinance Bittiya Sanstha Limited	The Associate is of the bank is microfinance banking institute with license to operate as a D class financial institution from Nepal Rastra Bank. The Principal Activity of the associate is to provide one window financial solutions to the customers with wide range of banking product and services customized to the requirement of remote area customer needs.	9%	15%
First Microfinance Laghu Bittiya Sanstha Limited	The Associate of the bank is microfinance banking institute with license to operate as a "D" class financial institution from Nepal Rastra Bank. The Principal Activity of the associate is to provide one window financial solutions to the customers with wide range of banking product and services customized to the requirement of remote area customer needs.	4%	4%

Mero Microfinance Bittiya Sanstha Limited	The Associate of the bank is microfinance banking institute with license to operate as a "D" class financial institution from Nepal Rastra Bank. The Principal Activity of the associate is to provide one window financial solutions to the customers with wide range of banking product and services customized to the requirement of remote area customer needs.	7%	7%
Avyan Laghubitta Bittiya Sanstha Ltd	The Associate of the bank is microfinance banking institute with license to operate as a "D" class financial institution from Nepal Rastra Bank. The Principal Activity of the associate is to provide one window financial solutions to the customers with wide range of banking product and services customized to the requirement of remote area customer needs.	10%	16%
Solar Farm Ltd	The Associate of the bank is a 5 MW solar PV power plant in Gandaki Province, which was commissioned in September 2021. The Farm is the first on-grid solar IPP to secure a 25- year power purchase agreement with Nepal Electricity Authority.	9%	9%
Sadhana Laghubitta Bittiya Sanstha	Sadhana Laghubitta Bittiya Sanstha Ltd incorporated as a Public limited company in 2073/02/31 under Company Act 2063. Sadhana has started its Financial operation from 2074/07/22 after getting the license from Nepal Rastra Bank to operate as a 'D' class National Level financial institution as per Bank and Financial Institution Act 2003.	9%	-
Avasar Equity	Avasar Equity Limited is a Private Equity/Venture Capital Fund Manager licensed by Securities Board of Nepal (SEBON). The company is promoted by Siddhartha Bank, Sanima Bank, Kumari Bank, Nepal Bank, prominent personalities from diverse business sectors of Nepal and highly experienced professionals. Avasar Equity are an investee-centric organization driven by our commitment to help our investee companies achieve their maximum potential. We support the long-term success of our investee companies operating in various industries by connecting them to an array of resources.	10%	10%

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Financial Statements of Bank for the year ended 16th July, 2023 comprising Statement of Financial Position, Statement of Profit or loss and 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 as NFRS), laid down by the Institute of Chartered Accountants of Nepal and in compliance with the requirements of all applicable laws and regulations.

The bank has applied certain carve-outs which are as described in Notes to Accounts.

2.2. Reporting Period and Approval of Financial Statements

a) Reporting Period

The Bank has prepared the financial statements in accordance with NFRS depicting financial performance for FY 2022/23 and financial position of 16th July 2023 and the comparatives of FY 2021/22.

b) Responsibility for Financial Statements

The preparation and presentation of Financial Statements including consolidated financial statements is the responsibility of the Board of Directors as per the governing provisions.

c) Approval of Financial Statements by Directors

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

2.3. Functional and Presentation Currency

The Financial Statements of Bank and Group are presented in Nepalese Rupees (Rs.), 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 year under review.

2.4. Use of Estimates, Assumptions and Judgments

The preparation of Financial Statements in conformity with Nepal Financial Reporting Standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ due to these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

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

2.4.1 *Going Concern*

The Directors have made an assessment of Bank's ability to continue as a going concern and satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may provide significant doubt upon Bank's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.5. Discounting

When the realization of assets and settlement of obligation is for more than one year, the Bank considers the discounting of such assets and liabilities where the impact is material. Various internal and external factors have been considered for determining the discount rate to be applied to the cash flows of company.

Service fees charged by the bank on loans and advances unless immaterial or impracticable to determine reliably is to be considered for computation of Effective Interest Rate. However, bank has opted the Carve-out (optional) pronounced by Institute of Chartered Accountants of Nepal (ICAN) on 10th November 2018; as per the notice issued by ICAN regarding the extension of a year time for its implementation.

Defined Benefit Plan; that includes gratuity has been determined by considering discount rate as the average yield on government bonds issued during the period having maturity of five years or more.

2.6. Materiality and Aggregation

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 too 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.

2.7. 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, except those which had to be changed as a result of application of the new NFRS or expiry of the carve out period. Further, comparative information is reclassified wherever necessary to comply with the current presentation.

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 Bank have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position:

- Available for sale investments (quoted) are measured at fair value.
- Liabilities for defined benefit obligations are recognized at the present value of the defined benefit obligation less the fair value of the plan assets.
- Financial assets and financial liabilities held at amortized cost are measured using a rate that is a close approximation of effective interest rate opting the available Carve Out pronounced by Institute of Chartered Accountants of Nepal.

3.2. Basis of consolidation

a. Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method as per the requirements of Nepal Financial Reporting Standard - NFRS 03 (Business Combinations). The Bank measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the merger date. When the excess is positive, this will result into goodwill.

During the fiscal year 2079-80, the Bank has merged Nepal Commerce and Credit Bank Limited. Accounting for merger of Nepal Commerce and Credit Bank Limited has been done as per NFRS 3 – Business Combination and Guidance Note on the same issued by ICAN dated July 31, 2022.

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.

Since, the subsidiaries are 100% owned, there is no case of NCI for the bank.

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 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, 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, operating results of such Subsidiary is included from the date of acquisition or to the date of disposal.

This Subsidiary of the Bank has been incorporated in Nepal.

d. Associates

An associate is an entity over which the investor has significant influence. Significant influence is the power to

participate in the financial and operating policy decisions of the investee without the power to control or jointly control those policies.

An associate company, in its broadest sense, is a corporation in which a parent company possesses a stake. Usually, the parent company owns only a minority stake of the corporation, as opposed to a subsidiary company, where a majority stake is owned. The accounting treatment for consolidation of associates is as per Equity method while it is shown at cost in the standalone financial statement of the bank as per NAS 27.

e. Loss of Control

When the Bank loses control over a Subsidiary, it derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position. The Bank recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant NFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with relevant NFRS or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. The Bank recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

f. 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 of investee.

3.3. Cash and cash equivalent

Cash and Cash Equivalents include cash in hand, balances with banks, placements with banks and money at call and at short notice with original maturity less than three months from the date of acquisition date that are subject to an insignificant risk of changes in their fair value, and are used for 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 required 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.

b. Classification and Measurement

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 - NAS 39 (Financial Instruments: Recognition and Measurement). Transaction cost in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with the Statement of Profit or Loss.

Classification and Subsequent Measurement of Financial Instruments

Classification and Subsequent Measurement of Financial Assets

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

- a. Financial assets at fair value through profit or loss
 - i. Financial assets held for trading
 - ii. Financial assets designated at fair value through profit or loss
- b. Held to Maturity Financial Assets

- c. Loans and Receivables
- d. Financial Assets available for Sale

The subsequent measurement of financial assets depends on their classification.

Financial Assets at Fair Value through Profit or Loss

A financial asset is classified as fair value through profit or loss if it is held for trading or is designated at fair value through profit or loss.

i. Financial Assets Held for Trading

Financial assets are classified as held for trading if they are acquired principally for the purpose of selling or repurchasing in the near term or holds as a part of a portfolio that is managed together for short-term profit or position taking. This category also includes derivative financial instruments entered into by Bank that are not designated as hedging instruments in hedge relationships as defined by Nepal Accounting Standards NAS 39 (Financial Instruments: Recognition and Measurement).

Financial assets held for trading are recorded in the Statement of Financial Position at fair value. Changes in fair value are recognized in 'Other Operating income'. Dividend income is recorded in 'Net trading income' when the right to receive the payment has been established.

Bank evaluates its held for trading asset portfolio, other than derivatives, to determine whether the intention to sell them in the near future is still appropriate. When Bank is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, Bank may elect to reclassify these financial assets.

Financial assets held for trading include instruments such as government securities and equity instruments that have been acquired principally for the purpose of selling or repurchasing in the near term.

ii. Financial Assets Designated at Fair Value through Profit or Loss

Bank designates financial assets at fair value through profit or loss in the following circumstances:

- Such designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring the assets
- The assets are part of a group of Financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy
- The asset contains one or more embedded derivatives that significantly modify the cash flows that would otherwise have been required under the contract.

Financial assets designated at fair value through profit or loss is recorded in the Statement of Financial Position at fair value. Changes in fair value are recorded in 'Net gain or loss on financial instruments designated at fair value through profit or losses' in the Statement of Profit or Loss. Interest earned is accrued under 'Interest income', using the effective interest rate method, while dividend income is recorded under 'Other operating income' when the right to receive the payment has been established.

The Bank has not designated any financial assets upon initial recognition as designated at fair value through profit or loss.

Held to Maturity Financial Assets

Held to Maturity Financial Assets are non-derivative financial assets with fixed or determinable payments and fixed maturities which the Bank has the intention and ability to hold to maturity. After the initial measurement, held to maturity financial investments are subsequently measured at amortized cost using the effective interest rate, less 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.

Financial Assets Available for Sale

Available for sale financial assets include equity and debt securities. Equity Investments classified as 'Available for Sale' are those which are neither classified as 'Held for Trading' nor 'Held till Maturity'. Debt securities in

this category are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available for sale financial investments are subsequently measured at fair value. Unrealized gains and losses are recognized directly in equity through 'Other comprehensive income / expense' in the 'Available for sale reserve'. Where Bank holds more than one investment in the same security, they are deemed to be disposed of on weighted average basis. Interest earned whilst holding 'Available for sale financial investments' is reported as 'Interest income' using the effective interest rate. Dividend earned whilst holding 'Available for sale financial investments' are recognized in the Statement of Profit or Loss as 'other operating income' when the right to receive the payment has been established. The losses arising from impairment of such investments are recognized in the Statement of Profit or Loss under 'Impairment charge for loans and other losses' and removed from the 'Available for sale reserve'.

In the normal course of business, the fair value of a financial instrument on initial recognition is the transaction price (that is, the fair value of the consideration given or received).

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 available for sale
- Those for which the Bank may not recover substantially all of its initial investment through contractual cash flows, other than because of credit deterioration.

Loans and Advances mainly represent loans and advances to customers, Banking and Financial Institutions. After initial measurement, loans and receivables are subsequently measured at amortized cost using a rate that closely approximates effective interest rate, less allowance for impairment. Within this category, loans and advances to the customers have been recognized at amortized cost using the method that very closely approximates effective interest rate method opting the Carve Out pronounced by Institute of Chartered Accountants of Nepal (ICAN); implementation of which has been extended for a year till 2022/23 by ICAN through notice issued by regarding the implementation of EIR. The amortization is 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.

Financial Liabilities

Classification and Subsequent Measurement of 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
 - i. Financial liabilities held for trading
 - ii. Financial liabilities designated 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.

(i) Financial Liabilities Held for Trading

Financial liabilities are classified as held for trading if they are acquired principally for the purpose of selling or repurchasing in the near term or holds as a part of a portfolio that is managed together for short-term profit or position taking. This category includes derivative financial instrument entered into by Bank that are not designated as hedging instruments in hedge relationships as defined by Nepal Accounting Standard - NAS 39 (Financial Instruments: Recognition and Measurement).

(ii) Financial Liabilities Designated at Fair Value through Profit or Loss

Bank designates financial liabilities at fair value through profit or loss at following circumstances:

- Such designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring the liabilities.
- The liabilities are part of a group of Financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy
- The liability contains one or more embedded derivatives that significantly modify the cash flows that would otherwise have been required under the contract.

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, where the substance of the contractual arrangement results in Bank having an obligation either to deliver cash or another financial asset to another Bank, or to exchange financial assets or financial liabilities with another Bank under conditions that are potentially unfavorable to the Bank or settling the obligation by delivering variable number of Bank's own equity instruments.

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

(i) Reclassification of Financial Instruments 'At fair value through profit or loss'

Bank does not reclassify derivative financial instruments out of the fair value through profit or loss category when it is held or issued.

Non-derivative financial instruments designated at fair value through profit or loss upon initial recognition is not reclassified subsequently out of fair value through profit or loss category.

(ii) Reclassification of 'Available for sale' Financial Instruments

Bank may reclassify financial assets out of available for sale category as a result of change in intention or ability or in rare circumstances that a reliable measure of fair value is no longer available.

(iii) Reclassification of 'Held to Maturity' Financial Instruments

As a result of a change in intention or ability, if it is no longer appropriate to classify an investment as amortized at cost, Bank may reclassify such financial assets as at fair value through OCI and re-measured at fair value. Any difference between the carrying value of the financial asset before reclassification and fair value is recognized in equity through other comprehensive income.

c. De-recognition

De-recognition 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.

De-recognition 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 de-recognition 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 NFRSs or for gains and losses arising from a group of similar transaction such as in trading activity.

Amortized Cost Measurement

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.

Fair Value Measurement

'Fair value' is the price that would be received to sell 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.

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.

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

Level 1

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, 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

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.

Level 3

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.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

d. 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 through profit or loss 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.

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., 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, 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.

If there is an objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current rate closely approximates effective interest rate. If the Bank has reclassified trading assets to loans and advances, the discount rate for measuring any impairment loss is the new closely approximates effective interest rate determined at the reclassification date. The calculation of the present value of the estimated future cash flows of collateralized financial assets reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Impairment of Financial Assets – Loans and Advances

The Bank review it's individually significant loans and advances at each statement of financial position date to assess whether an impairment loss should be recorded in the income statement. The bank has conducted objective evidence test for individual impairment through different parameters like inability to meet loan agreements, substantial drop in profits/ turnover, significant adverse cash flows, significant adverse net worth situation, problematic borrower financial position, etc. Mainly, management judgment is required in the estimation of the amount and timing of the expected future cash flows for determination of 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 that 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 collective assessment takes in to account data from the loan portfolio such as levels of arrears, credit quality, portfolio size etc. and judgments based on current economic conditions.

Loans and advances have been impaired as the higher of amount derived as per the norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 of NAS 39, as per Carve-out pronounced by Institute of Chartered Accountants of Nepal on 20th September 2018.

The impairment loss on loans and advances is disclosed in Note 4.6 and 4.7 to the financial statements.

Individually Assessed Financial Assets

The criteria used to determine whether there is objective evidence of impairment include and not limited to:

- Known Cash Flow difficulties experienced by the borrowers;
- Past due contractual payments of either principal or interest;
- Breach of loan covenants or conditions;
- The probability that the borrower will enter bankruptcy or other financial reorganization; and
- A significant downgrading in credit rating by an external credit rating agency.

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 by discounting the expected future cash flows of a financial asset at its original effective interest rate and comparing the resultant present value with the financial asset's current carrying amount. The impairment allowances on individually significant accounts are reviewed more regularly when circumstances require. This normally encompasses re-assessment of the enforceability of any collateral held and the timing and amount of actual and anticipated receipts. Individually assessed impairment allowances are only released when there is reasonable and objective evidence of reduction in the established loss estimate. Interest on impaired assets continues to be recognized through the unwinding of the discount.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write off is later recovered, the recovery is credited to the impairment charges for loans and other losses.

When impairment losses are determined for those financial assets where objective evidence of impairment exists, the following common factors are considered:

- Bank's aggregate exposure to the customer;
- The viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flows to service debt obligations;
- The amount and timing of expected receipts and recoveries;
- The extent of other creditors' commitments ranking ahead of, or pari-pas with the Bank and the likelihood of other creditors continuing to support the company;
- The realizable value of security and likelihood of successful repossession;

Collectively Assessed Financial Assets

Impairment is assessed on a collective basis in two circumstances:

- To cover losses which have been incurred but have not yet been identified on loans subject to individual assessment; and
- For homogeneous groups of loans that is not considered individually significant.

Incurred but not yet identified impairment

Individually assessed financial assets for which no evidence of loss has been specifically identified on an individual basis are grouped together according to their credit risk characteristics for the purpose of calculating an estimated collective loss. This reflects impairment losses that the bank has incurred as a result of events occurring before the reporting date, which the Bank is not able to identify on an individual loan basis and that can be reliably estimated.

These losses will only be individually identified in the future. As soon as information becomes available which identifies losses on individual financial assets within the group, those financial assets are removed from the group and assessed on an individual basis for impairment.

The collective impairment allowance is determined after taking into account:

- Historical Loss Experience in portfolios of similar credit risk; and
- Management's experienced judgment as to whether current economic and credit conditions are such that the actual level of inherent losses at the reporting date is likely to be greater or less than that suggested by historical experience.

Homogeneous groups of Financial Assets

Statistical methods are used to determine impairment losses on a collective basis for homogeneous groups of financial assets. Losses in these groups of financial assets are recorded on an individual basis when individual financial assets are written off, at which point they are removed from the group.

Bank uses the following method to calculate historical loss experience on collective basis:

After grouping of loans on the basis of homogeneous risks, the Bank uses net flow rate method. Under this methodology the movement in the outstanding balance of customers into default categories over the periods is used to estimate the amount of financial assets that will eventually be irrecoverable, as a result of the events occurring before the reporting date which the Bank is not able to identify on an individual loan basis.

Under this methodology, loans are grouped into ranges according to the number of days in arrears and statistical analysis is used to estimate the likelihood that loans in each range will progress through the various stages of delinquency and ultimately prove irrecoverable.

Current economic conditions and portfolio risk factors are also evaluated when calculating the appropriate level of allowance required covering inherent loss. These additional macro and portfolio risk factors may include:

- Recent loan portfolio growth and product mix
- Unemployment rates
- Gross Domestic Product (GDP) Growth
- Inflation
- Interest rates
- Changes in government laws and regulations
- Property prices
- Payment status

But, the amount of provision to be created against Loans and Advances shall be higher of the following two amounts:

- i) Impairment calculated as per Impairment Assessment Methodology as described above or,
- ii) Loan Loss Provision calculated as per the provisions of Unified Directives issued by Nepal Rastra Bank.

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.

Impairment of Rescheduled Loans and Advances

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual impairment assessment, calculated using the loan's original effective interest rate (EIR).

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

Legally Repossessed Collateral represents Non-Financial Assets acquired by the Bank in settlement of the overdue loans. The assets are initially recognized at fair value when acquired. The Bank's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. The proceeds are used to reduce or repay the outstanding claim. 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 occupied for business use.

These assets are shown as Legally Repossessed Collateral under "Investment Property."

Impairment of Financial Assets – Available for Sale

For financial investments measured at fair value through OCI, Bank assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of debt instruments, Bank assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the Income Statement. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognized, the impairment loss is reversed through the Income Statement.

In the case of equity investments classified as fair value through OCI, the impairment is adjustment through fair value movement.

Bank writes-off certain financial investments when they are determined to be uncollectible.

3.5. Trading Assets

Financial assets such as government securities, equity etc. held for short term with an intention to trade have been classified as trading assets. 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, or by a net cash settlement.

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 held for trading are included in net gains/ (losses) from financial instruments in fair value through profit or loss on financial assets/ liabilities at fair value through profit or loss.

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 Accounting 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 measured.

The freehold land and buildings of the bank are measured at cost and not reflected at fair value and no revaluation has been carried at the reporting date.

Fixed assets except land are stated at acquisition cost less accumulated depreciation. Acquisition cost includes expenditures that are directly attributable to the acquisition of the assets.

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.

Assets with a value less than Rs. 10,000 are charged off as a revenue expense irrespective of its useful life in the year of purchase.

Leasehold improvements are capitalized at cost and amortized over the period of five years. The amount of amortization is charged as revenue expenses.

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 the any class of freehold land and buildings or other assets. Such properties are carried at a previously recognized GAAP Amount.

However, the assets and liabilities transferred from the business combination of Nepal Commerce and Credit Bank Limited is recognized at fair value.

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.

De-recognition

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. The gain or losses arising from de-recognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

Depreciation

Depreciation is calculated by on the basis of useful life of the asset on cost or carrying value of property, plant & equipment other than freehold land.

The depreciable amount of an item of property, plant and equipment is allocated on systematic basis over its useful life, under written down value method of depreciation except for Leasehold properties and is depreciated as follows:

Asset Category	Estimated Useful Life of Asset (Years) FY 2079/80	Estimated Useful Life of Asset (Years) FY 2078/79
Buildings	40 Years	40 Years
Vehicles	10 Years	10 Years
Office Equipment	8 Years	8 Years
Furniture & Fixtures (Metal & Wooden)	8 Years	8 Years
Computer Hardware	8 Years	8 Years
Battery	6 Years	6 Years
Leasehold Properties	5 Years	5 Years

Salvage Value is assumed to be 10% of the cost of the asset in case of asset depreciated on Diminishing Value Method.

Depreciation on newly acquired property and equipment are charged from the next month of booking. Depreciation of property and equipment ceases when it is derecognized at the time of its disposal. For the expenses allowance for tax purpose; depreciation is provided as per Income Tax Act. The differences in the calculation of depreciation as per financial and as per Income tax act is taken up for calculation of deferred tax.

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.

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 available 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 previous annual Financial Statements or interim 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 are not integrally related to 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.

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 date of acquisition.

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.

Asset Category	For the year ended 16th July 2023	For the year ended 16th July 2022
Computer Software	5 years	5 years

De-recognition 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 de recognition of an item of intangible assets is included in the Statement of Profit or Loss when the item is derecognized.

3.9. Investment Property

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both but not for sale in the ordinary course of business.

Measurement

Investment property is accounted for under Fair Value in the Financial Statements. In the absence of information related to market price of the properties, the amount outstanding at the time of settlement of loan has been considered as the fair value of the asset.

De-recognition

Investment properties are derecognized when they are disposed of or permanently withdrawn from use since no future economic benefits are expected. Transfers are made to and from investment property only when there is a change in use. When the use of a property changes such that it is reclassified as Property, Plant and Equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3.10. Income Tax

The Bank is subject to income tax and judgment is required to determine the total provision for current, deferred and other taxes due to the uncertainties that exist with respect to the interpretation of the applicable tax laws, at the time of preparation of these Financial Statements.

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 in other comprehensive income. The Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Current Tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to Inland Revenue Department in respect of the current year, using the tax rates and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years.

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 are the Bank's sources of funding. Deposits include non-interest bearing deposits, saving deposits, term deposits, call deposits and margin deposits. The estimated fair value of deposits with no stated maturity period is the amount repayable on demand. The fair value of fixed interest bearing deposits is considered as the interest receivable on these deposits plus carrying amount of these deposits. The fair value of debt securities issued is also considered as the carrying amount of these debt securities issued. Sub-ordinate liabilities are liabilities subordinated, at the event of winding up, to the claims of depositors, debt securities issued and other creditors.

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.

The Bank receives legal claims against it in the normal course of business. Management has made judgments as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits.

3.13. Revenue Recognition

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

Interest Income

Interest income is recognized in profit or loss for all interest-bearing instruments on an accrual basis using the method which is approximately the same with effective interest method as allowed by carve-out on NFRS. The effective interest rate is the rate that exactly discounts the expected estimated future cash payments and receipts through the expected life of the financial asset or liability. Where financial assets have been impaired, interest income continues to be recognized on the impaired value, based on the original effective interest rate.

Further, Nepal Rastra Bank had issued the Interest Recognition Guidelines, 2019 which set the framework for the recognition of interest income.

Accordingly, the Bank has recognized the interest income except for the interest accrued from following criteria as stated by the Guidelines:

- a. Loans where there is reasonable doubt about the ultimate collectability of principal or interest;
- b. Loans against which individual impairment as per NAS 39 or lifetime impairment as per NFRS 9 has been made;
- c. Loans where contractual payments of principal and/or interest are more than 3months in arrears and where the "net realizable value" of security is insufficient to cover payment of principal and accrued interest;
- d. Loans where contractual payments of principal and/or interest are more than 12 months in arrears, irrespective of the net realizable value of collateral;
- e. Overdrafts and other short term facilities which have not been settled after the expiry of the loan and even not renewed within 3 months of the expiry, and where the net realizable value of security is insufficient to cover payment of principal and accrued interest;
- f. Overdrafts and other short term facilities which have not been settled after the expiry of the loan and even not renewed within 12 months of the expiry, irrespective of the net realizable value of collateral.

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. The bank has availed the option provided as per carve out of NFRS for transaction cost to be included in computing effective interest rate.

Dividend Income

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

Net Trading Income

Net trading income comprises gains less losses relating to trading assets and liabilities, and includes all realized interest, dividend on financial assets held for trading and foreign exchange differences as wells as unrealized changes in fair value of trading assets and liabilities.

Net income from other financial instrument measured at fair value through Profit or Loss

Trading assets such as equity shares and mutual fund are recognized at fair value through profit or loss. No other financial instruments are designated at fair value through profit or loss. The bank has no income under the heading net income from other financial instrument at fair value through profit or loss.

3.14. Interest expense

For financial liabilities measured at amortized cost, interest expense is recognized using the EIR to the extent material and practicable. 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

Employee benefits include:

- Short-term employee benefits such as the following, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services:
 - i. Wages, salaries and social security contributions;
 - ii. Paid annual leave and paid sick leave;
 - iii. Profit sharing and bonuses, and
 - iv. Non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) for current employees;

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the Bank has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

- Post-employment benefits, such as the following:

- i. Retirement benefits (E.g.: pensions, lump sum payments on retirement); and
- ii. Other post-employment benefits such as post-employment life insurance and post-employment medical care;

- Other long term employee benefits and

- Termination benefits

1. Post employments 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 Bank by the employees and is recorded as an expense under 'Personnel Expense' as and when they become due. Unpaid contributions are recorded as a liability under 'Other Liabilities' in Notes 4.23.

Bank contributed 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 has been considered as defined benefit plans as per Nepal Accounting Standards – NAS 19 (Employee Benefits).

- Gratuity

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

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 the future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to

any minimum funding requirement that apply to any plan in 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 Gratuity recognition each year is as per the bank's employee bye laws which stipulates for recognition of gratuity provision / payment as per the latest staff basic remuneration; multiplied by the eligible number of years.

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 government bonds issued during the period having maturity dates approximating to the terms of Bank's obligations.

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 interest expense under the Interest Expense of bank. Bank recognizes the total actuarial gain/(loss) that arises in computing Bank's obligation in respect of gratuity in other comprehensive income during the period in which it occurs.

Other long term employee benefits

Other long term employee benefits are all employee benefits other than short term employee benefits, post-employment benefits and terminal benefits.

- Unutilized Accumulated Leave

Bank's policy related to the accumulation of the leave states for accumulation of total 150 days leave (60 days' annual leave and 90 days' medical leave), payable on gross salary of the staff on the date of encashment. Thus the liability of the bank is provisioned as per the latest staff remuneration for the leave accumulated, Bank's liability towards the accumulated leave is treated as short term employee benefit and additional cost resulting every year from the accumulation is charged to profit and loss account as per the definition of short term employee benefit of NAS 19.

3.16. Leases

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance Lease

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance lease.

When Bank is the lessor under finance lease, the amounts due under the leases, after deduction of unearned interest income, are included in, 'Loans& receivables from other customers', as appropriate. Interest income receivable is recognized in 'Net interest income' over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

When Bank is a lessee under finance leases, the leased assets are capitalized and included in 'Property, Plant and Equipment' and the corresponding liability to the lessor is included in 'Other liabilities'. A finance lease and its corresponding liability are recognized initially at the fair value of the asset or if lower, the present value of the minimum lease payments. Finance charges payable are recognized in 'Interest expenses' over the period of the lease based on the interest rate implicit in the lease so as to give a constant rate of interest on the remaining balance of the liability.

Operating Lease

All other leases are classified as operating leases. When acting as lessor, Bank includes the assets subject to operating leases in 'Property, plant and equipment' and accounts for them accordingly. Impairment losses are recognized to the extent that residual values are not fully recoverable and the carrying value of the assets is thereby impaired. Lease payments under an operating lease are recognized as an expense as per NFRS 16 under Depreciation charge on right of use of assets and interest expense on lease liability basis over the lease term.

3.17. Foreign currency translation

All foreign currency transactions are translated into the functional currency, which is Nepalese Rupees, using the exchange rates (i.e. mid-rate) 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 loss 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, letter 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 to form part of 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 are 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; except for the commission income up to Rs. 1,00,000, which is recognized as realized irrespective of the period of guarantee.

3.19. Share capital and reserves

Share capital and reserves are different classes of equity claims. Equity claims are claims on the residual interest in the assets of the entity after deducting all its liabilities. Changes in equity during the reporting period comprise income and expenses recognized in the statement of financial performance; plus, contributions from holders of equity claims, minus distributions to holders of equity claims.

3.20. Earnings per share including diluted

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 all dilutive potential ordinary shares, if any.

Earnings per share is calculated and presented in consolidated statement of profit or loss.

3.21. Segment Reporting

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available.

The bank has identified the key segments of business on the basis of nature of operations that assists the Executive Committee of the bank in decision making process and to allocate the resources. It will help the management to assess the performance of the business segments. The business segments identified are Banking (including loan, deposit and trade operations), Payment solutions (Cards), Remittance, and Treasury.

3.22. Employee Bonus

Employee bonus shall be calculated at the rate of 10% of Net Profit as per Bonus Act, 2030.

3.23. Dividend on Ordinary Shares

Dividend on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Bank's shareholders. Dividend for the year that is approved after the reporting date is disclosed as an event after the reporting date.

3.24. Cash Flow Statement

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

3.25. Comparative Figures

The comparative figures and phrases have been rearranged wherever necessary to conform to the current year's presentation.

4.1 Cash and cash equivalent

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Cash in hand	9,004,461,667	5,731,591,928	9,004,461,667	5,731,591,928
Balances with B/FIs	2,409,540,133	2,069,101,209	2,401,685,700	1,954,619,206
Money at call and short notice	2,100,054,384	8,132,775,849	2,100,054,384	8,132,775,849
Other	6,415,281,016	1,790,905,408	6,415,281,016	1,790,905,408
Total	19,929,337,199	17,724,374,394	19,921,482,766	17,609,892,391

Cash and cash equivalent is measured in its carrying value. Balance with B/FIs include balance maintained at various banks and financial institutions. Other items in cash and cash equivalent includes interbank placements and other investments with maturity above 7 days and within 3 months, based on original maturity.

4.2 Due from Nepal Rastra Bank

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Statutory balances with NRB	904,163,437	5,389,187,988	904,163,437	5,389,187,988
Securities purchased under resale agreement	-	-	-	-
Other deposit and receivable from NRB	12,556,781,092	86,122,693	12,556,781,092	86,122,693
Total	13,460,944,529	5,475,310,681	13,460,944,529	5,475,310,681

Balance with Nepal Rastra Bank is measured in its carrying amount. Balance with NRB is principally maintained as a part of regulatory cash reserve ratio required by NRB. Other deposit and receivables from NRB includes balance at NRB in foreign currency.

4.3 Placements with Bank and Financial Institutions

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Placement with domestic B/FIs	7,257,410	-	7,257,410	-
Placement with foreign B/FIs	7,764,188,383	1,949,476,858	7,764,188,383	1,949,476,858
Less: Allowances for impairment	-	-	-	-
Total	7,771,445,793	1,949,476,858	7,771,445,793	1,949,476,858

Placement with domestic as well as foreign BFIs with original maturities more than three months from the purchase date are presented above.

4.4 Placements with Bank and Financial Institutions

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Held for trading	-	-	-	-
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Others	-	-	-	-
Held for risk management	184,833,645	1,047,386,219	184,833,645	1,047,386,219
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	184,833,645	1,047,386,219	184,833,645	1,047,386,219
Others	-	-	-	-
Total	184,833,645	1,047,386,219	184,833,645	1,047,386,219

The Forward Exchange Contracts are derivative products used by the bank for hedging purpose as a regular treasury activities. The derivative assets and derivative liabilities for non-proprietary are shown as gross and in case of derivative assets and derivative liabilities for Proprietary transactions are netted off and shown separately in the financial statements as a part of risk management. Accordingly, the same has been restated in previous financial year.

4.5 Other trading assets

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Treasury bills	-	-	-	-
Government bonds	-	-	-	-
NRB Bonds	-	-	-	-
Domestic Corporate bonds	-	-	-	-
Equities	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-
Pledged	-	-	-	-
Non-pledged	-	-	-	-

4.6 Loan and advances to BF/Is

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Loans to microfinance institutions	9,932,579,416	5,923,071,510	9,932,579,416	5,923,071,510
Other	-	-	-	-
Less: Allowances for impairment	178,272,956	76,809,293	178,272,956	76,809,293
Total	9,754,306,460	5,846,262,217	9,754,306,460	5,846,262,217

Loans to microfinance institutions

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Loans to microfinance institutions	9,923,138,306	5,908,407,158	9,923,138,306	5,908,407,158
Accrued Interest	9,441,110	14,664,353	9,441,110	14,664,353
Total	9,932,579,416	5,923,071,510	9,932,579,416	5,923,071,510

Loan and advances provided to microfinance financial institution are presented under this head.

4.6.1 Allowances for impairment

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Balance at Shrawan 1, 2079	76,809,293	67,336,188	76,809,293	67,336,188
Opening from merger (Erstwhile NCC Bank)	102,215,291			102,215,291
Impairment loss for the year:	(751,628)	9,473,105	(751,628)	9,473,105
Charge for the year	-	9,473,105		9,473,105
Recoveries/reversal	751,628	-	751,628	-
Amount written off	-	-	-	-
Balance at Ashad end 2080	178,272,956	76,809,293	178,272,956	76,809,293

4.7 Loans and advances to customers

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Loan and advances measured at amortized cost	287,102,954,074	156,411,479,464	287,102,954,074	156,411,479,464
Less: Impairment allowances	16,165,645,765	3,848,549,683	16,165,645,765	3,848,549,683
Collective impairment	10,386,125,429	1,322,094,578	10,386,125,429	1,322,094,578
Individual impairment	5,779,520,336	2,526,455,105	5,779,520,336	2,526,455,105
Net amount	270,937,308,309	152,562,929,781	270,937,308,309	152,562,929,781
Loan and advances measured at FVTPL	-	-	-	-
Total	270,937,308,309	152,562,929,781	270,937,308,309	152,562,929,781

Loans and advances are assessed individually and collectively as per incurred loss model which is compared with the loss provision prescribed by NRB directive no. 2. Higher of the loss as per incurred loss model and NRB directive is considered for impairment. Accrued Interest Receivable on loans have been considered under Loans and Advances measured at Amortized Cost. Loan to employees provided according to the Employee Bylaws of the bank is presented under this head, which is also measured at amortized cost.

4.7.1 Analysis of loan and advances- By Product

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Product				
Term loans	115,983,889,981	57,167,646,364	115,983,889,981	57,167,646,364
Overdraft	47,040,105,924	30,257,614,214	47,040,105,924	30,257,614,214
Trust receipt/Import loans	4,019,888,252	1,799,046,412	4,019,888,252	1,799,046,412
Demand and other working capital loans	60,320,872,643	42,116,275,988	60,320,872,643	42,116,275,988
Personal residential loans	10,221,962,004	5,332,484,640	10,221,962,004	5,332,484,640
Real estate loans	1,925,277,271	1,332,704,101	1,925,277,271	1,332,704,101
Margin lending loans	3,719,311,053	2,600,737,363	3,719,311,053	2,600,737,363
Hire purchase loans	8,321,845,514	4,327,739,698	8,321,845,514	4,327,739,698
Deprived sector loans	14,723,788,951	8,307,072,954	14,723,788,951	8,307,072,954

Bills purchased	22,685,017	3,579,827	22,685,017	3,579,827
Staff loans	2,319,343,769	2,117,542,563	2,319,343,769	2,117,542,563
Other	13,164,832,317	290,822,680	13,164,832,317	290,822,680
Sub total	281,783,802,696	155,653,266,803	281,783,802,696	155,653,266,803
Interest receivable	5,319,151,378	758,212,661	5,319,151,378	758,212,661
Grand total	287,102,954,074	156,411,479,464	287,102,954,074	156,411,479,464

4.7.2 Analysis of loan and advances- By Currency

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Nepalese rupee	285,648,954,401	153,462,547,666	285,648,954,401	153,462,547,666
Indian rupee	-	-	-	-
United State dollar	1,453,999,673	2,948,931,798	1,453,999,673	2,948,931,798
Great Britain pound	-	-	-	-
Euro	-	-	-	-
Japanese yen	-	-	-	-
Chinese yuan	-	-	-	-
Other	-	-	-	-
Total	287,102,954,074	156,411,479,464	287,102,954,074	156,411,479,464

4.7.3 Analysis of loan and advances- By Collateral

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Secured				
Movable/immovable assets	273,092,685,986	146,844,302,361	273,092,685,986	146,844,302,361
Gold and silver	23,243,486	1,700,430	23,243,486	1,700,430
Guarantee of domestic B/FIs	7,813,272,195	4,578,079,781	7,813,272,195	4,578,079,781
Government guarantee	237,176,284	165,124,940	237,176,284	165,124,940
Guarantee of international rated bank	-	-	-	-
Collateral of export document	13,635,396	2,962,419	13,635,396	2,962,419
Collateral of fixed deposit receipt	2,521,910,647	2,446,359,373	2,521,910,647	2,446,359,373
Collateral of Government securities	55,413,118	48,714,755	55,413,118	48,714,755
Counter guarantee	-	-	-	-
Personal guarantee	339,928,667	569,611,088	339,928,667	569,611,088
Other collateral	3,005,688,296	1,754,624,317	3,005,688,296	1,754,624,317
Subtotal	287,102,954,074	156,411,479,464	287,102,954,074	156,411,479,464
Unsecured	-	-	-	-
Grant Total	287,102,954,074	156,411,479,464	287,102,954,074	156,411,479,464

4.7.4 Allowances for impairment

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Specific allowances for impairment				
Balance at Shrawan 1, 2079	2,526,455,105	2,048,276,665	2,526,455,105	2,048,276,665
Opening from merger (Erstwhile NCC Bank)	2,398,750,389		2,398,750,388	
Impairment loss for the year:				
Charge for the year	-	478,178,440	-	478,178,440
Recoveries/reversal during the year	(854,314,844)	-	(854,314,844)	-
Write-offs	-	-	-	-
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	-	-	-	-
Balance at Ashad end 2080	5,779,520,337	2,526,455,105	5,779,520,337	2,526,455,105
Collective allowances for impairment				
Balance at Shrawan 1, 2079	1,322,094,578	997,645,837	1,322,094,578	997,645,837
Opening from merger (Erstwhile NCC Bank)	1,801,793,301		1,801,793,301	
Impairment loss for the year:				
Charge/(reversal) for the year	7,262,237,549	324,448,741	7,262,237,549	324,448,741
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	-	-	-	-
Balance at Ashad end 2080	10,386,125,429	1,322,094,578	10,386,125,429	1,322,094,578
Total allowances for impairment	16,165,645,766	3,848,549,683	16,165,645,766	3,848,549,683

4.8 Investment securities

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Investment securities measured at amortized cost	40,578,817,078	21,683,362,894	40,220,002,011	21,350,479,894
Investment in equity measured at FVTOCI	2,476,593,032	1,464,605,689	2,476,593,032	1,464,605,689
Investment in equity measured at FVTPL	52,494,299	48,710,851	-	-
Total	43,107,904,409	23,196,679,434	42,696,595,043	22,815,085,583

The total investment of the bank in the financial instruments is presented under this account head in two categories; investment securities measured at amortized cost and investment in equity measured at fair value through other comprehensive income

4.8.1 Investment securities measured at amortized cost

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Debt securities	-	-	-	-
Government bonds	25,681,156,944	19,125,176,546	25,681,156,944	19,125,176,546
Government treasury bills	14,538,845,067	2,225,303,348	14,538,845,067	2,225,303,348
Nepal Rastra Bank bonds	-	-	-	-
Nepal Rastra Bank deposits instruments	-	-	-	-
Other	358,815,067	332,883,000	-	-
Less: specific allowances for impairment	-	-	-	-
Total	40,578,817,078	21,683,362,894	40,220,002,011	21,350,479,894

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

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Equity instruments				
Quoted equity securities	2,319,675,002	1,371,460,270	2,267,180,703	1,322,749,420
Unquoted equity securities	209,412,329	141,856,269	209,412,329	141,856,269
Total	2,529,087,332	1,513,316,539	2,476,593,032	1,464,605,689

4.8.3 Information relating to investment in equities

Particular	Group				Bank			
	FY 2079-80		FY 2078-79		FY 2079-80		FY 2078-79	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Investment in Quoted Equity								
Api Power Company Ltd. (API)	-	394	-	489	-	394	-	489
2 Ordinary Shares of Rs. 100 each fully paid								
Arun Kabeli Power Ltd.(AKPL)	396,782	326,424			396,782	326,424		
1,392 Ordinary Shares of Rs. 100 each fully paid								
Arun Valley Hydropower Development Co. Ltd (AHPC)	1,958,255	1,514,445	5,027,532	2,991,952				
8,402 Ordinary Shares of Rs. 100 each fully paid								
Asian Life Insurance Company Limited (ALICL)	8,176,395	6,941,352			8,176,395	6,941,352		
9,316 Ordinary Shares of Rs. 100 each fully paid								
Barun Hydropower Company Limited (BARUN)	-	249			-	249	-	-
1 Ordinary Share of Rs. 100 each fully paid								
Butwal Power Co. Ltd.(BPCL)	-	331	-	322	-	331	-	322
1 Ordinary Share of Rs. 100 each fully paid								
Chhimuk Laghubitta Bittiya Sanstha Ltd(CBBL)	1,896,550	2,111,000			-	1,000		
1 Ordinary Share of Rs. 100 each fully paid								
CEDB Hydropower Development Company Limited (CHDC)	749,500	904,000						
1000 Ordinary Share of Rs. 100 each fully paid								
Chilime Hydro Power Company Ltd.-[CHCL]	4,553,791	5,351,436			4,553,791	5,351,436		
9,971 Ordinary Shares of Rs. 100 each fully paid								
CYC Laghubitta Bittiya Sanstha Limited (CYCL)	1,528,025	1,185,810						
841 Ordinary Share of Rs. 100 each fully paid								
Deprosc Laghubitta Bittiya Sanstha Ltd(DDBL)	-	826			-	826		
1 Ordinary Share of Rs. 100 each fully paid								
Everest Bank Limited (EBL)	1,947,264	2,167,550	2,673,370	1,808,680				
4,120 Ordinary Shares of Rs. 100 each fully paid								
Forward Microfinance Laghubitta Bittiya Sanstha Limited (FORWAD)	681,915	595,771	24,900	28,620	-	1,321	-	2,385
1 Ordinary Share of Rs. 100 each fully paid								
Global IME Laghubitta Bittiya Sanstha Ltd. (GILB)	-	-	18,860	15,588				
4,120 Ordinary Shares of Rs. 100 each fully paid								
Grameen Bikas Laghubitta Bittiya Sanstha Ltd.-Promoter(GBLSP)	23,300	131,412			23,300	131,412		
233 Promoter Shares of Rs. 100 each fully paid								
Hydroelectricity Investment and Development Company Limited (HIDCLPO)	179,999,451	192,177,404	10,010,000	10,010,000	179,999,451	192,177,404	-	-
1,869,430 Ordinary Shares of Rs. 100 each fully paid								
Himalayan Distillery Limited (HDL)	2,735,536	2,922,400						
1,300 Ordinary Share of Rs. 100 each fully paid								
Himalayan Everest Insurance Ltd. (Promoter)HEIP	223,600	1,028,100	223,600	832,187	223,600	1,028,100	223,600	832,187
2,235 Promoter Shares of Rs. 100 each fully paid								
Himalayan Everest Insurance Limited(HEI)	-	4,800	-	4,140	-	4,800	-	4,140
8 Ordinary Shares of Rs. 100 each fully paid								
Himalayan Life Insurance Company Limited (HLI)	-	10,647	1,422,741	1,301,480	-	10,647		
21 Ordinary Shares of Rs. 100 each fully paid								

Hydroelectricity Investment and Development Co. Ltd.(HIDCL)								
32,237 Ordinary Shares of Rs. 100 each fully paid	6,317,315	9,300,469			2,953,232	5,469,216		
Kamana Sewa Bikas Bank Limited(KSBB)								
4,252 Ordinary Shares of Rs. 100 each fully paid	-	-	2,328,158	1,487,775		-	-	
Kisan Laghubitta Bittiya Sanstha Limited (KLBSL)								
12 Ordinary Shares of Rs. 100 each fully paid	-	-	16,230	10,703		-	-	
Liberty Energy Company Limited (LEC)								
411 Ordinary Shares of Rs. 100 each fully paid	-	-	172,977	102,668		-	-	
Life Insurance Co. Nepal(LICN)								
25,957 Ordinary Shares of Rs. 100 each fully paid	45,098,507	40,363,135	17,447,577	13,284,020	45,098,507	40,363,135	17,447,577	13,284,020
Mahuli Laghubitta Bittiya Sanstha Limited (MSLB)								
22 Ordinary Shares of Rs. 100 each fully paid	-	-	29,765	25,410		-	-	
Mero Microfinance Laghubitta Bittiya Sanstha Limited (MERO)								
2 Ordinary Shares of Rs. 100 each fully paid	-	1,322	-	1,694	-	1,322	-	1,694
Mirmire Laghubitta Bittiya Sanstha Limited (MMFDB)								
16 Ordinary Shares of Rs. 100 each fully paid	-	11,344	13,295	11,550	-	11,344		
Mithila LaghuBitta Bittiya Sanstha Limited (MLBBL)								
13 Ordinary Shares of Rs. 100 each fully paid	-	-	19,927	17,771		-	-	
Mountain Hydro Nepal Limited (MHNL)								
2,535 Ordinary Shares of Rs. 100 each fully paid	-	-	1,317,321	689,520		-	-	
National Life Insurance Co. Ltd (NLICL)								
1 Ordinary Share of Rs. 100 each fully paid	543,627	684,345	2,529,636	1,373,260	-	645	-	-
National Microfinance Bittiya Sanstha Ltd. (NMFB)								
2 Ordinary Shares of Rs. 100 each fully paid	-	-	-	3,870		-	3,870	
Naya Sarathi Laghubitta Bittiya Sanstha Limited Promoter Share (NSLPB)								
530,711 Promoter Shares of Rs. 100 each fully paid	34,657,126	194,770,937			34,657,126	194,770,937		
Neco Insurance(NIL)								
11,323 Ordinary Shares of Rs. 100 each fully paid	9,553,773	10,089,925	7,311,448	4,130,688	9,553,773	10,089,925	7,311,448	4,130,688
Nepal Insurance Co. Ltd.(NICL)								
Nepal Insurance Co. Ltd.(NICL)	1,875,606	2,949,540			1,875,606	2,949,540		
Nepal Life Insurance Co. Ltd.(NLIC)								
1 Ordinary Share of Rs. 100 each fully paid	694,980	744,744	1,405,409	606,564	-	744	-	747
Nerude Laghubita Bikas Bank Ltd. (NLBBL)								
159 Ordinary Shares of Rs. 100 each fully paid	-	109,392	-	115,280	-	109,392	-	115,280
NIC Asia Bank Ltd. (NICA)								
10,394 Ordinary Shares of Rs. 100 each fully paid	1,617,152	1,736,041	9,031,540	7,234,224				
Ngadi Group Power Limited (NGPL)								
80 Ordinary Shares of Rs. 100 each fully paid	-	18,712	-	297	-	18,712	-	297
NLG Insurance Co. Ltd. (Promoter)								
4 Promoter Shares of Rs. 100 each fully paid	-	400	-	-	-	400	-	-
Nirdhan Utthan Laghubitta Bittiya Sanstha Limited (NUBL)								
1,304 Ordinary Shares of Rs. 100 each fully paid	2,098,446	1,824,525	1,610,500	1,433,096				
NMB Microfinance Bittiya Sanstha Ltd. (NMBMF)								
11 Ordinary Shares of Rs. 100 each fully paid	-	-	10,040	8,251		-	-	
Prabhu Insurance Ltd. (PRIN)								
597 Ordinary Shares of Rs. 100 each fully paid	-	445,959	-	239,680	-	445,959	-	239,680
Prime Commercial Bank Ltd (PCBL)								
522 Ordinary Shares of Rs. 100 each fully paid	3,573	2,730	217,890	138,330				
Reliance Life Insurance Limited (RLI)								
3,500 Ordinary Shares of Rs. 100 each fully paid	-	-	2,074,998	1,172,500		-	-	
Ridi Power Company Limited (RIDI)								
1 Ordinary Share of Rs. 100 each fully paid	-	243	6,818,283	6,818,283	-	243	-	-
RMDC Laghubitta Bittiya Sanstha Ltd.-Promoter (RMDCPO)								
140,713 Promoter Shares of Rs. 100 each fully paid	7,075,000	46,013,151			7,075,000	46,013,151		

RSDC Laghubitta Bittiya Sanstha Limited (RSDC)	-	462,891				462,891	
755 Ordinary Shares of Rs. 100 each fully paid							
Sahas Urja Limited [SAHAS]	2,840,565	2,419,500					
5,000 Ordinary Shares of Rs. 100 each fully paid							
Sagarmatha Lumbini Insurance Co. Ltd.- Promoter [SALICOP]	8,750,400	11,461,200	8,750,400	40,476,997	8,750,400	11,461,200	8,750,400
114,612 Promoter Shares of Rs. 100 each fully paid							
Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited (SKBBL)	1,853,938	2,004,770				36,859	
41 Ordinary Shares of Rs. 100 each fully paid							
Sanima General Insurance Company Ltd. (Promoter)-SGICP	36,428,600	36,428,600			36,428,600	36,428,600	
364,286 Promoter Shares of Rs. 100 each fully paid							
Sanima General Insurance Company Ltd. (SGIC)	13,571,400	88,200,529			13,571,400	88,200,529	
135,714 Ordinary Shares of Rs. 100 each fully paid							
Sanima Mai Hydropower Ltd [SHPC]	9,733,638	9,628,310	894,000	612,000	8,985,203	8,829,560	-
24,872 Ordinary Shares of Rs. 100 each fully paid							
Shikhar Insurance Co. Ltd [SICL]	14,722,073	8,986,575	15,000	121,050	14,722,073	8,986,575	-
10,635 Ordinary Shares of Rs. 100 each fully paid							
Shine Resunga Development Bank Ltd. (SHINE)	3,146,590	3,456,000					
9,000 Ordinary Shares of Rs. 100 each fully paid							
Shivam Cements Ltd [SHIVM]	749,100	977,250					
1,500 Ordinary Shares of Rs. 100 each fully paid							
Siddhartha Premier Insurance Limited (SPIL)	941,832	1,314,108	-	72,856	-	146,358	-
188 Ordinary Shares of Rs. 100 each fully paid							72,856
Siddhartha Bank Limited [SBL]	2,154,779	2,024,000	6,831,776	4,508,337			
14,879 Ordinary Shares of Rs. 100 each fully paid							
Sikles Hydropower Limited [SIKLES]	1,417,619	1,216,728					
3,144 Ordinary Shares of Rs. 100 each fully paid							
Singati Hydro Energy Limited (SHEL)	-	-	1,973,991	1,058,505			
4,151 Ordinary Shares of Rs. 100 each fully paid							
Standard Chartered Bank Limited [SCB]	2,538,100	2,650,500	40,680	35,667			
90 Ordinary Shares of Rs. 100 each fully paid							
Surya JyotiLife Insurance Company Limited (SJLIC)	-	610	-	387	-	610	-
1 Ordinary Share of Rs. 100 each fully paid							387
Swabalamban Laghubitta Bittiya Sanstha Limited (SWBBL)	3,090,919	3,162,007	12,830	13,194			-
12 Ordinary Shares of Rs. 100 each fully paid							335
Synergy Power Development Limited(SPDPL)	-	250				250	
1 Ordinary Share of Rs. 100 each fully paid							
Unique Nepal Laghubitta Bittiya Sanstha Limited- Promoter(UNLBSL)	10,800,000	10,800,000			10,800,000	10,800,000	
108,000 Promoter Shares of Rs. 100 each fully paid							
United Ajod Insurance Limited (UAIL)	10,675,237	5,133,773	10,675,237	5,584,768	10,675,237	5,133,773	10,675,237
10,284 Ordinary Shares of Rs. 100 each fully paid							5,584,768
Vijaya Laghubitta Bittiya Sanstha Limited (VLBS)	-	4,991	12,940	10,340	-	4,991	
7 Ordinary Shares of Rs. 100 each fully paid							
Mutual Fund:							
Citizens Mutual Fund(CMF-1)	27,472,878	25,508,910	27,472,878	23,931,600	27,472,878	25,508,910	27,472,878
2,719,500 Units of Rs. 10 each fully paid							23,931,600
Citizens Mutual Fund-II(CMF-II)	7,000,000	7,273,000	7,000,000	7,084,000	7,000,000	7,273,000	7,000,000
700,000 Units of Rs. 10 each fully paid							7,084,000
Global IME Sammunit Scheme-1 (GIMES1)	-	-	54,294,274	32,717,450			54,294,274
3,271,745 Units of Rs. 10 each fully paid							32,717,450
Global IME Balance Fund-1 (GIBF1)	40,000,000	37,360,000			40,000,000	37,360,000	
4,000,000 Units of Rs. 10 each fully paid							
Kumari Dhanbriddhi Yojana(KDBY)	183,760,890	184,495,934	183,760,890	183,760,890	183,760,890	184,495,934	183,760,890
18,376,089 Units of Rs. 10 each fully paid							

Kumari Equity Fund(KEF)									
17,406,670 Units of Rs. 10 each fully paid	174,066,700	177,025,834	150,000,000	151,050,000	174,066,700	177,025,834	150,000,000	151,050,000	
Kumari Sunaulo Lagani Yojana-open ended(KSLY)	150,000,000	159,750,000			150,000,000	159,750,000			
15,000,000 Units of Rs. 10 each fully paid									
Laxmi Equity Fund(LEMF)	40,202,431	27,741,683	40,202,431	28,638,443	40,202,431	27,741,683	40,202,431	28,638,443	
2,892,772 Units of Rs. 10 each fully paid									
Laxmi Unnati Kosh(LUK)	21,291,939	18,780,000	21,291,939	19,120,000	21,291,939	18,780,000	21,291,939	19,120,000	
2,000,000 Units of Rs. 10 each fully paid									
Mega Mutual Fund I(MMF1)	8,726,800	6,972,713	4,363,400	3,486,357	8,726,800	6,972,713	4,363,400	3,486,357	
872,680 Units of Rs. 10 each fully paid									
Nabil Balanced Fund II(NBF II)	84,390,090	63,360,000	84,390,090	77,616,000	84,390,090	63,360,000	84,390,090	77,616,000	
7,200,000 Units of Rs. 10 each fully paid									
Nabil Balanced Fund III(NBF3)	166,700	126,192			166,700	126,192			
16,670 Units of Rs. 10 each fully paid									
NIBL Growth Fund (NIBLGF)	50,000,000	53,200,000			50,000,000	53,200,000			
5,000,000 Units of Rs. 10 each fully paid									
Nabil Equity Fund (NEF)	50,369,377	40,169,281	38,937,813	30,342,150	50,369,377	40,169,281	38,937,813	30,342,150	
4,179,946 Units of Rs. 10 each fully paid									
NIBL Pragati Fund(NIBLPF)	52,282,670	40,681,667	42,008,600	31,685,845	52,282,670	40,681,667	42,008,600	31,685,845	
4,189,667 Units of Rs. 10 each fully paid									
NIBL Sahabagita Fund(NIBLSF)	34,718,049	30,823,665	35,720,049	30,911,749	33,110,049	29,221,665	33,110,049	29,303,749	
2,736,111 Units of Rs. 10 each fully paid									
NIBL Samridhi Fund- II(NIBSF2)	35,434,630	32,280,948	35,434,630	30,721,824	35,434,630	32,280,948	35,434,630	30,721,824	
3,543,463 Units of Rs. 10 each fully paid									
NIC ASIA Balanced Fund(NICBF)	17,284,360	15,605,825	17,284,360	17,914,082	17,284,360	15,605,825	17,284,360	17,914,082	
1,672,650 Units of Rs. 10 each fully paid									
NIC Asia Select 30 Index Fund(NICSF)	30,000,000	26,970,000	30,000,000	26,310,000	30,000,000	26,970,000	30,000,000	26,310,000	
3,000,000 Units of Rs. 10 each fully paid									
NIC Asia Dynamic Debt Fund(NICADF)	6,648,300	7,386,261	6,648,300	7,100,384	6,648,300	7,386,261	6,648,300	7,100,384	
664,830 Units of Rs. 10 each fully paid									
NIC Asia Growth Fund(NICGF)	69,364,908	50,028,951	69,364,908	54,210,185	69,364,908	50,028,951	69,364,908	54,210,185	
4,861,900 Units of Rs. 10 each fully paid									
NMB 50	116,287,392	99,665,423	86,690,292	83,746,091	115,126,392	98,720,423	85,126,392	82,585,091	
9,401,945 Units of Rs. 10 each fully paid									
NMB Hybrid Fund L (NMBHF1)	43,542,591	39,555,644	43,542,591	41,058,685	43,542,591	39,555,644	43,542,591	41,058,685	
3,665,954 Units of Rs. 10 each fully paid									
NMB Sulav Investment Fund-2 (NSIF2)	3,000,000	2,997,000			3,000,000	2,997,000			
300,000 Units of Rs. 10 each fully paid									
Prabhu Select Fund (PSF)	24,680,900	21,842,597	14,680,900	14,108,345	24,680,900	21,842,597	14,680,900	14,108,345	
2,468,090 Units of Rs. 10 each fully paid									
RBB Mutual Fund -1(RMF1)	39,920,870	32,256,063	39,920,870	37,006,646	39,920,870	32,256,063	39,920,870	37,006,646	
3,992,087 Units of Rs. 10 each fully paid									
Sanima Equity Fund (SAEF)	99,544,217	74,377,170	99,544,217	80,365,163	99,544,217	74,377,170	99,544,217	80,365,163	
6,303,150 Units of Rs. 10 each fully paid									
Sanima Large Cap Fund (SLCF)	25,000,000	22,300,000	25,000,000	23,300,000	25,000,000	22,300,000	25,000,000	23,300,000	
2,500,000 Units of Rs. 10 each fully paid									
Sanima Growth Fund (SAGF)	10,000,000	9,990,000			10,000,000	9,990,000			
1,000,000 Units of Rs. 10 each fully paid									
Siddhartha Equity Fund (SEF)	60,641,615	53,239,366	60,641,615	55,779,951	60,641,615	53,239,366	60,641,615	55,779,951	
5,645,744 Units of Rs. 10 each fully paid									
Siddhartha Investment Growth Scheme 2(SIGS2)	71,534,646	58,439,388	71,534,646	63,357,874	71,534,646	58,439,388	71,534,646	63,357,874	
6,471,693 Units of Rs. 10 each fully paid									
Sunrise Blue Chip Fund(SBCF)	45,000,000	35,325,000	20,000,000	17,480,000	45,000,000	35,325,000	20,000,000	17,480,000	
4,500,000 Units of Rs. 10 each fully paid									
Sunrise First Mutual Fund(SFMF)	91,807,812	91,302,635	62,707,812	60,263,565	89,507,812	89,086,635	59,507,812	57,963,565	
8,040,310 Units of Rs. 10 each fully paid									
Sunrise Focussed Equity Fund(SFEF)	50,000,000	48,400,000			50,000,000	48,400,000			
5,000,000 Units of Rs. 10 each fully paid									
Avasar Equity	7,670,000	7,670,000	30,000,000	30,000,000	-	-	30,000,000	30,000,000	
300,000 Units of Rs. 10 each fully paid									
Investment in Unquoted Equity and Mutual Funds:									
Credit Information Centre Limited									
342,386 Ordinary Shares of Rs. 100 each fully paid	2,754,500	134,969,371	1,424,500	78,436,386	2,754,500	134,969,371	1,424,500	78,436,385	
Nepal Clearing House Limited									
112,579 Ordinary Shares of Rs. 100 each fully paid	9,381,700	28,680,932	5,253,500	22,205,957	9,381,700	28,680,932	5,253,500	22,205,957	
Nepal Electronic Payment System Limited									
200,000 Ordinary Shares of Rs. 100 each fully paid	20,000,000	31,216,264	20,000,000	34,358,468	20,000,000	31,216,264	20,000,000	34,358,468	
National Banking Training Institute									
36,697 Ordinary Shares of Rs. 100 each fully paid	3,669,720	14,545,763	1,834,860	6,855,459	3,669,720	14,545,763	1,834,860	6,855,460	
Total	2,245,436,940	2,529,087,332	1,531,913,213	1,513,316,539	2,193,397,156	2,476,593,032	1,467,984,724	1,464,605,688	

4.9 Current tax assets

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Current tax assets	6,987,015,849	5,265,470,401	6,981,328,669	5,263,031,997
Current year income tax assets	6,987,015,849	5,265,470,401	6,981,328,669	5,263,031,997
Tax assets of prior periods	-	-	-	-
Current tax liabilities	5,591,758,679	4,808,330,705	5,591,556,543	4,808,330,705
Current year income tax liabilities	5,355,357,444	4,808,330,705	5,355,155,308	4,808,330,705
Tax liabilities of prior periods	236,401,235	-	236,401,235	-
Total	1,395,257,170	457,139,696	1,389,772,126	454,701,292

Current tax assets of the bank includes advance tax paid by the bank and tax deducted at source (TDS) on behalf of the bank. In the same way the current income tax liabilities include the tax payable to the Government computed as per the provisions of the income tax act 2058 under self assessment tax return filed

4.10 Investment in subsidiaries

Particulars	Bank	
	FY 2079-80	FY 2078-79
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	600,000,000	420,000,000
Total investment	600,000,000	420,000,000
Less: Impairment allowances	-	-
Net carrying amount	600,000,000	420,000,000

4.10.1 Investment in quoted subsidiaries

Particulars	Bank			
	FY 2079-80		FY 2078-79	
	Cost	Fair Value	Cost	Fair Value
Total	-	-	-	-

4.10.2 Investment in unquoted subsidiaries

Particulars	Bank			
	FY 2079-80		FY 2078-79	
	Cost	Fair Value	Cost	Fair Value
Kumari Capital Ltd. (40,00,000 Kitta of Rs. 100 each)	400,000,000	400,000,000	400,000,000	400,000,000
KBL Securities Ltd. (2,00,000 Kitta of Rs. 100 each)	200,000,000	200,000,000	20,000,000	20,000,000
Total	600,000,000	600,000,000	420,000,000	420,000,000

4.10.3 Information relating to subsidiaries of the Bank

Particulars	Bank			
	Percentage of ownership held by the Bank			
	FY 2079-80		FY 2078-79	
Kumari Capital Ltd.	100%		100%	
KBL Securities Ltd.	100%		100%	

4.10.4 Investment in unquoted subsidiaries

Particulars	Group			
	...Ltd	...Ltd	...Ltd	...Ltd
Equity interest held by NCI (%)				
Profit/(loss) allocated during the year				
Accumulated balances of NCI as on Ashad end 2080				
Dividend paid to NCI				

Particulars	Bank			
	...Ltd	...Ltd	...Ltd	...Ltd
Equity interest held by NCI (%)				
Profit/(loss) allocated during the year				
Accumulated balances of NCI as on Ashad end 2079				
Dividend paid to NCI				

As the subsidiary is wholly owned by the bank, hence non controlling interest does not exist as on the reporting date.

4.11 Investment in associates

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Investment in quoted associates	482,703,726	414,921,900	125,017,596	105,017,596
Investment in unquoted associates	1,062,194,405	89,140,547	1,060,000,000	80,000,000
Total investment	1,544,898,131	504,062,447	1,185,017,596	185,017,596
Less: Impairment allowances	-	-	-	-
Net carrying amount	1,544,898,131	504,062,447	1,185,017,596	185,017,596

4.11.1 Investment in quoted associates

Particulars	Group				Bank			
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79	Cost	Fair Value	Cost	Fair Value
National Microfinance Bittiya Sanstha Limited Promoter Shares 2,00,000 Kitta of Rs. 100 each Bonus Shares 4,38,983 Kitta of Rs. 100 each	20,000,000	219,457,825	20,000,000	187,186,374	20,000,000	20,000,000	20,000,000	20,000,000
First Microfinance Laghu Bittiya Sanstha Limited Promoter Shares 2,15,068 Kitta of Rs. 100 each Ordinary Shares 46,663 Kitta of Rs. 100 each Bonus Shares 203,040 Kitta of Rs. 100 each	22,994,596	65,484,204	22,994,596	57,606,978	22,994,596	22,994,596	22,994,596	22,994,596
Mero Microfinance Bittiya Sanstha Limited Promoter Shares 3,70,230 Kitta of Rs. 100 each Bonus Shares 553,770 Kitta of Rs. 100 each	37,023,000	145,031,705	37,023,000	139,996,490	37,023,000	37,023,000	37,023,000	37,023,000
Sadhana Laghubitta Bittiya Sanstha Limited Promoter Shares 2,00,000 Kitta of Rs. 100 each Bonus Shares 151,050 Kitta of Rs. 100 each	20,000,000	22,565,127	-	-	20,000,000	20,000,000	-	-
Avijan Laghubitta Bittiya Sanstha Limited Promoter Shares 2,50,000 Kitta of Rs. 100 each	25,000,000	30,164,865	25,000,000	30,132,058	25,000,000	25,000,000	25,000,000	25,000,000
Total	125,017,596	482,703,726	105,017,596	414,921,900	125,017,596	125,017,596	105,017,596	105,017,596

4.11.2 Investment in unquoted associates

Particulars	Group				Bank			
	FY 2079-80		FY 2078-79		FY 2079-80		FY 2078-79	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Solar Farm Limited Promoter Shares 3,00,000 Kitta of Rs. 100 each	30,00,000	32,194,405	30,00,000	29,093,407	30,00,000	30,00,000	30,00,000	30,00,000
Avasar Equity Promoter Shares 3,00,000 Kitta of Rs. 100 each	30,00,000	30,00,000	-	-	30,00,000	30,00,000	-	-
Avasar Equity Diversified Fund Promoter Shares 10,00,00,000 Kitta of Rs. 100 each	1,00,00,00,000	1,00,00,00,000	-	-	1,00,00,00,000	1,00,00,00,000	-	-
General Insurance Company Limited Promoter Shares 5,00,000 Kitta of Rs. 100 each	-	-	50,00,000	60,047,140	-	-	50,00,000	50,00,000
Total	1,060,000,000	1,062,194,405	80,00,000	89,140,547	1,060,000,000	1,060,000,000	80,00,000	80,00,000

4.11.3 Information relating to associates of the Bank

Particulars	Group		Bank	
	Percentage of ownership held by the Bank		Percentage of ownership held by the Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
National Microfinance Bittiya Sanstha Limited Promoter Shares 2,00,000 Kitta of Rs. 100 each Bonus Shares 4,38,983 Kitta of Rs. 100 each	9%	15%	9%	15%
First Microfinance Laghu Bittiya Sanstha Limited Promoter Shares 3,19,410 Kitta of Rs. 100 each Bonus Shares 35,647 Kitta of Rs. 100 each	4%	4%	4%	4%
Mero Microfinance Bittiya Sanstha Limited Promoter Shares 3,70,230 Kitta of Rs. 100 each Bonus Shares 3,29,769 Kitta of Rs. 100 each	7%	7%	7%	7%
General Insurance Company Limited Promoter Shares 5,00,000 Kitta of Rs. 100 each	-	7%	-	7%
Aviyan Laghubitta Bittiya Sanstha Limited Promoter Shares 2,50,000 Kitta of Rs. 100 each	10%	16%	10%	16%
Avasar Equity Promoter Shares 3,00,000 Kitta of Rs. 100 each	10%	-	10%	-
Avasar Equity Diversified Fund Promoter Shares 10,00,00,000 Kitta of Rs. 100 each	22%	-	22%	-
Sadhana Laghubitta Bittiya Sanstha Limited Promoter Shares 2,00,000 Kitta of Rs. 100 each	9%	-	9%	-
Solar Farm Limited Promoter Shares 3,00,000 Kitta of Rs. 100 each	9%	9%	9%	9%

4.11.4 Equity value of associates

Particulars	Bank	
	FY 2079-80	FY 2078-79
National Microfinance Bittiya Sanstha Limited	219,457,825	187,186,374
First Microfinance Laghu Bittiya Sanstha Limited	65,484,204	57,606,978
Mero Microfinance Bittiya Sanstha Limited	145,031,705	139,996,490
Aviyan Laghubitta Bittiya Sanstha Limited	30,164,865	30,132,058
General Insurance Company Limited	-	60,047,140
Avasar Equity	30,000,000	-
Avasar Equity Diversified Fund	1,000,000,000	-
Sadhana Laghubitta Bittiya Sanstha Limited	22,565,127	-
Solar Farm Limited	32,194,405	29,093,407
Total	1,544,898,132	504,062,447

4.12 Investment properties

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Investment properties measured at fair value				
Balance as on Shrawan 1, 2079	144,491,994	128,112,878	144,491,994	128,112,878
Opening from merger (Erstwhile NCC Bank)	1,029,330,674	-	1,029,330,674	-
Addition/disposal during the year	89,390,084	16,379,116	89,390,084	16,379,116
Net changes in fair value during the year	-	-	-	-
Adjustment/transfer	-	-	-	-
Net amount	1,263,212,752	144,491,994	1,263,212,752	144,491,994
Investment properties measured at cost				
Balance as on Shrawan 1, 2079	-	-	-	-
Addition/disposal during the year	-	-	-	-
Adjustment/transfer	-	-	-	-
Accumulated depreciation	-	-	-	-
Accumulated impairment loss	-	-	-	-
Net amount	-	-	-	-
Total	1,263,212,752	144,491,994	1,263,212,752	144,491,994

4.13 Property and Equipment

Particular							Group			Total Ashad End 2079
	Land	Building	Leasenhoid Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total Ashad End 2080	
Cost										
As on Shrawan 1, 2078	292,222,905	116,295,667	578,112,075	303,705,429	212,696,042	222,839,734	-	673,438,931	-	2,339,310,783
Addition during the Year	-	-	87,308,563	6,516,907	21,775,969	23,243,313	-	65,526,686	-	204,371,437
Acquisition	-	-	-	-	-	-	-	-	-	-
Capitalization	-	-	35,909,311	18,785,665	10,636,050	9,459,045	-	24,627,329	-	124,566,436
Disposal during the year	5,378,520	19,770,514	(55,702)	(27,165)	-	-	-	27,318	-	(5,156,299)
Adjustment/Revaluation	(5,100,750)									
Balance as on Ashad end 2079	281,743,635	96,469,451	629,511,327	291,409,506	223,835,961	236,624,001	-	654,365,605	2,413,959,485	2,413,959,485
Addition during the Year	-	-	103,254,024	28,927,081	130,883,900	16,974,634	-	47,944,078	-	327,583,717
Acquisition	-	749,424,517	172,752,076	401,158,648	253,757,730	380,513,695	215,697,710	-	497,461,694	2,670,766,070
Capitalization	-	-	-	-	-	-	-	-	-	-
Through Merger-NCC	-	-	148,622,611	13,329,080	220,039,140	40,341,667	-	51,665,698	473,998,197	(848,152)
Disposal during the year	-	-	(894,295)	-	-	-	-	-	46,143	-
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	103,739,183
Balance as on Ashad end 2080	1,031,168,152	269,221,527	984,407,092	560,765,237	515,194,415	428,954,679	-	1,147,751,821	4,937,462,923	4,937,462,923
Depreciation and Impairment										
As on Shrawan 1, 2078	-	34,386,207	259,681,305	193,995,355	118,337,816	123,939,721	-	340,004,264	-	1,070,344,668
Depreciation charge for the Year	-	4,041,403	98,486,762	28,223,459	19,913,195	26,992,030	-	75,460,895	-	253,117,745
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	17,366,406	32,905,904	17,216,992	5,158,274	8,842,700	-	22,248,906	-	103,739,183
Adjustment	-	-	-	-	-	-	-	-	0	-
As on Ashad end 2079	-	21,061,204	325,262,162	205,001,822	133,092,736	142,089,051	-	393,216,253	1,219,723,229	1,219,723,229
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the Year	-	5,050,318	147,598,499	36,389,593	31,571,523	34,643,215	-	93,858,212	-	349,111,359
Through Merger NCC	-	66,134,367	227,063,762	166,858,186	207,576,175	141,134,912	-	326,437,318	1,135,204,720	-
Disposals	-	-	99,348,973	12,841,244	108,650,974	31,261,771	-	44,014,281	296,117,243	-
Adjustment	-	0	-	-	-	-	-	-	0	-
As on Ashad end 2080	-	92,245,889	600,575,451	395,408,358	263,589,460	286,605,407	-	769,497,501	2,407,922,065	2,407,922,065
Capital Work in Progress 2078	-	261,369	-	-	-	-	-	-	-	261,369
Capital Work in Progress 2079	-	261,369	-	-	-	-	-	-	-	261,369
Capital Work in Progress 2080	-	261,369	-	-	-	-	-	-	-	261,369
Net Book Value										
As on Ashad end 2078	292,222,905	82,170,829	318,430,770	109,710,074	94,358,226	98,900,013	-	273,434,667	1,269,227,484	1,269,227,484
As on Ashad end 2079	281,743,635	75,669,615	304,249,165	86,407,684	90,743,224	94,534,949	-	261,149,352	1,194,497,624	1,194,497,624
As on Ashad end 2080	1,031,168,152	177,237,007	383,831,641	165,356,879	251,604,956	142,349,272	-	378,254,320	2,529,802,227	2,529,802,227

Particular	Bank						Total Ashad End 2080	Total Ashad End 2079
	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture		
Cost								
As on Sharwan 1, 2078	292,222,905	116,295,667	573,930,561	303,493,705	209,697,642	227,059,280	-	604,719,020
Addition during the Year	-	-	86,995,779	6,041,657	15,078,000	23,140,543	65,015,581	-
Acquisition	-	-	-	-	-	-	-	196,271,560
Capitalization	-	-	-	-	-	-	-	-
Disposal during the year	5,378,520	19,770,514	35,909,311	18,785,665	7,836,050	9,440,748	24,613,590	121,734,399
Adjustment/Revaluation	(5100/750)	(55,702)	(27,318)	-	-	-	27,318	(5,156,452)
Balance as on Ashad end 2079	281,743,635	96,525,153	624,961,327	290,722,380	216,939,592	240,759,075	-	645,148,329
Additional during the Year	-	-	-	-	-	-	-	-
Acquisition	-	-	-	-	-	-	-	-
Capitalization	749,424,517	172,752,076	401,158,648	253,757,730	380,513,695	215,697,710	46,166,721	322,938,234
Through Merger-NCC	-	-	148,622,611	13,329,080	216,139,140	40,341,667	49,746,1694	2,670,76,070
Disposal during the year	-	-	(894,295)	-	-	-	51,583,658	470,016,157
Adjustment/Revaluation	1,031,168,152	269,277,229	977,953,952	558,839,993	512,198,047	432,962,883	46,143	(848,152)
Balance as on Ashad end 2080	1,031,168,152	269,221,527	984,407,092	560,765,237	515,194,415	428,954,679	-	1,147,751,821
Depreciation and Impairment								4,937,462,923
As on Sharwan 1, 2078	-	-	34,386,207	259,414,204	193,701,729	118,006,376	127,555,369	-
Depreciation charge for the Year	-	-	4,041,403	98,043,393	27,849,873	19,446,093	26,923,743	-
Impairment for the year	-	-	-	-	-	-	-	-
Disposals	-	-	17,368,405	32,903,752	17,216,991	4,761,608	8,824,424	22,248,906
Adjustment	-	-	0	-	-	-	-	-
As on Ashad end 2079	-	21,061,205	324,553,845	204,334,610	132,690,861	145,654,688	-	389,011,173
Impairment for the year	-	-	-	-	-	-	-	-
Depreciation charge for the Year	5,050,318	147,069,772	35,942,533	30,980,615	34,575,387	-	93,499,043	347,117,667
Through Merger NCC	-	-	99,348,973	12,841,244	108,130,974	31,261,771	-	43,998,956
Disposals	66,134,367	227,063,762	166,858,186	207,576,175	141,134,912	-	326,437,318	1,135,204,720
Adjustment	-	-	0	-	-	-	-	0
As on Ashad end 2080	-	92,245,890	599,338,406	394,294,086	263,116,676	290,103,215	-	764,948,578
Capital Work in Progress 2078	-	-	261,369	-	-	-	-	-
Capital Work in Progress 2079	-	-	261,369	-	-	-	-	-
Capital Work in Progress 2080	-	-	261,369	-	-	-	-	-
Net Book Value								
As on Ashad end 2078	292,222,905	82,710,829	314,516,357	109,791,977	91,691,266	99,503,911	-	268,662,054
As on Ashad end 2079	281,743,635	75,725,316	300,407,482	86,387,679	84,248,732	95,104,389	-	256,137,156
As on Ashad end 2080	1,031,168,152	177,292,708	378,615,546	164,545,906	249,081,371	142,859,668	-	372,290,651
								2,515,854,003

4.14 Goodwill and Intangible Assets

Particular	Group					Total Ashad end 2079
	Goodwill	Software		Other		
	Purchased	Developed		Total Ashad end 2080		
Cost						
As on Shrawan 1, 2078	88,804,041	288,202,288	-	-	-	377,006,329
Addition during the Year						-
Acquisition	-	5,777,177	-	-	-	5,777,177
Capitalization	-	-	-	-	-	-
Disposal during the year	-	448,676	-	-	-	448,676
Adjustment/Revaluation	-	-	-	-	-	-
Balance as on Ashad end 2079	88,804,041	293,530,788	-	-	382,334,829	382,334,829
Addition during the Year						
Acquisition	-	41,485,503	-	-	41,485,503	
Capitalization	-	-	-	-	-	-
Through Merger-NCC	20,270,481	44,750,155	-	-	65,020,636	
Disposal during the year	-	501,853	-	-	501,853	
Written off during the year						
Adjustment/Revaluation	-	(123,476)	-	-	(123,476)	
Balance as on Ashad end 2080	109,074,522	379,388,069	-	-	488,462,591	-
Amortization and Impairment						
As on Shrawan 1, 2078	-	178,021,307	-	-	-	178,021,307
Amortization charge for the Year	-	41,550,084	-	-	-	41,550,084
Impairment for the year	-	-	-	-	-	-
Disposals	-	448,675	-	-	-	448,675
Adjustment	-	-	-	-	-	-
As on Ashad end 2079	-	219,122,716	-	-	219,122,716	219,122,716
Amortization charge for the Year	-	46,737,393	-	-	46,737,393	
Impairment for the year	-	-	-	-	-	-
Through Merger-NCC		31,915,327			31,915,327	
Disposals	-	487,945	-	-	487,945	
Written off during the year						
Adjustment	-	-	-	-	-	-
As on Ashad end 2080	-	297,287,492	-	-	297,287,492	
Capital Work in Progress						
Net Book Value						
As on Ashad end 2078	88,804,041	110,180,980	-	-	-	198,985,021
As on Ashad end 2079	88,804,041	74,408,072	-	-	-	163,212,113
As on Ashad end 2080	109,074,522	82,100,577	-	-	191,175,099	

Particular	Bank					Total Ashad end 2079
	Goodwill	Software		Other		
	Purchased	Developed		Total Ashad end 2080		
Cost						
As on Shrawan 1, 2078	88,804,041	286,308,692	-	-	-	375,112,733
Addition during the Year						-
Acquisition	-	4,921,831	-	-	-	4,921,831
Capitalization	-	-	-	-	-	-
Disposal during the year	-	448,676	-	-	-	448,676
Adjustment/Revaluation	-	-	-	-	-	-
Balance as on Ashad end 2079	88,804,041	290,781,846	-	-	379,585,887	379,585,887
Addition during the Year						
Acquisition	-	40,174,703	-	-	40,174,703	
Capitalization	-	-	-	-	-	-
Through Merger-NCC	20,270,481	44,750,155			65,020,636	
Disposal during the year	-	501,853	-	-	501,853	
Written off during the year						
Adjustment/Revaluation	-	(123,476)	-	-	(123,476)	
Balance as on Ashad end 2080	109,074,522	375,328,327	-	-	484,402,849	
Amortization and Impairment						
As on Shrawan 1, 2078	-	177,539,372	-	-	-	177,539,372
Amortization charge for the Year	-	41,053,900	-	-	-	41,053,900
Impairment for the year	-	-	-	-	-	-
Disposals	-	448,675	-	-	-	448,675
Adjustment	-	-	-	-	-	-
As on Ashad end 2079	-	218,144,596	-	-	218,144,596	218,144,596
Amortization charge for the Year	-	46,160,812	-	-	46,160,812	
Impairment for the year	-	-	-	-	-	-
Through Merger-NCC		31,915,327			31,915,327	
Disposals	-	487,945	-	-	487,945	
Written off during the year						
Adjustment	-	-	-	-	-	-
As on Ashad end 2080	-	295,732,790	-	-	295,732,790	
Capital Work in Progress						
Net Book Value						
As on Ashad end 2078	88,804,041	286,308,692	-	-	-	197,573,361
As on Ashad end 2079	88,804,041	290,781,846	-	-	-	161,441,291
As on Ashad end 2080	109,074,522	79,595,537	-	-	188,670,059	

4.15 Deferred Tax

Particular	Group			Bank		
	FY 2079-80			FY 2079-80		
	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	-	66,186,406.31	(66,186,406)	-	67,186,051	(67,186,051)
Property & equipment	-	(9,044,737.18)	9,044,737	-	(9,538,476)	9,538,476
Employees' defined benefit plan	105,211,242.42	-	105,211,242	104,831,277	-	104,831,277
Lease liabilities	14,501,829	-	14,501,829	14,501,829	-	14,501,829
Provisions	-	-	-	-	-	-
Other temporary differences	4,955,364	3,607,605	1,347,758	4,955,364	3,607,605	1,347,759
Deferred tax on temporary differences	124,668,435	60,749,274	63,919,160	124,288,470	61,255,180	63,033,290
Deferred tax on carry forward of unused tax losses						
Deferred tax due to changes in tax rate						
Net Deferred tax asset/(liabilities) as on year end of 2080			63,919,160			63,033,290
Deferred tax (asset)/liabilities as on Shrawan 1, 2079			71,471,646			75,208,206
Deferred tax (asset)/liabilities from Merger -NCC			(299,727,061)			(299,727,061)
Origination/(Reversal) during the year			(164,336,255)			(161,485,565)
Deferred tax expense/(income) recognised in profit or loss			7,075,978			4,225,288
Deferred tax expense/(income) recognised in other comprehensive income			157,260,277			157,260,277
Deferred tax expense/(income) recognised in directly in equity			-			-
Particular	Group			Bank		
	FY 2078-89			FY 2078-89		
	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	7,454,983	-	7,454,983	3,491,027	-	3,491,027
Property & equipment	(129,823,427)	-	(129,823,427)	(129,336,308)	-	(129,336,308)
Employees' defined benefit plan	55,771,327	-	55,771,327	55,511,603	-	55,511,603
Lease liabilities	9,487,615	-	9,487,615	9,487,615	-	9,487,615
Provisions	-	-	-	-	-	-
Other temporary differences	(14,362,143)	-	(14,362,143)	(14,362,143)	-	(14,362,143)
Deferred tax on temporary differences	(71,471,645.61)		(71,471,646)	(75,208,206)	-	(75,208,206)
Deferred tax on carry forward of unused tax losses						
Deferred tax due to changes in tax rate						
Net Deferred tax asset/(liabilities) as on year end of 2080			(71,471,646)			(75,208,206)
Deferred tax (asset)/liabilities as on Shrawan 1, 2079			155,860,341			155,212,668
Origination/(Reversal) during the year			84,388,695			80,004,461
Deferred tax expense/(income) recognised in profit or loss			(19,802,261)			(15,418,027)
Deferred tax expense/(income) recognised in other comprehensive income			(64,586,434)			(64,586,434)
Deferred tax expense/(income) recognised in directly in equity			-			-

4.16 Other assets

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Assets held for sale	-	-	-	-
Other non banking assets	-	-	-	-
Bills receivable	-	-	-	-
Accounts receivable	1,930,568,645	583,090,495	1,930,568,648	583,090,499
Accrued income	-	-	-	-
Prepayments and deposit	99,145,318	26,423,057	99,145,318	26,423,057
Income tax deposit	85,626,921	34,831,654	85,626,921	34,831,654
Deferred employee expenditure	3,261,487,228	624,157,728	3,261,487,228	624,157,728
Other	602,992,991	349,593,731	572,625,028	332,821,320
Employees defined benefit obligations	154,893,252	70,909,820	154,893,252	70,909,820
Right of Use of Assets	2,487,963,877	1,631,840,152	2,487,963,877	1,631,840,152
Total	8,622,678,232	3,320,846,636	8,592,310,272	3,304,074,229

4.17 Due to Bank and Financial Institutions

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Money market deposits	-	-	-	-
Interbank borrowing	394,350,000	-	394,350,000	-
Other deposits from BFIs	8,238,600,928	6,028,947,435	8,839,224,989	6,194,529,106
Settlement and clearing accounts	-	-	-	-
Total	8,632,950,928	6,028,947,435	9,233,574,989	6,194,529,106

Balances maintained by other local financial institutions with the bank is presented under this head.

4.18 Due to Nepal Rastra Bank

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Refinance from NRB	100,000,000	1,345,585,620	100,000,000	1,345,585,620
Standing Liquidity Facility	-	-	-	-
Lender of last report facility from NRB	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Other payable to NRB	1,396,500,000	-	1,396,500,000	-
Total	1,496,500,000	1,345,585,620	1,496,500,000	1,345,585,620

The amount payable to NRB shall include amount of refinance from NRB, standing liquidity facilities, lender of last resort facility, sale and purchase agreements. Other payable to NRB includes deposit from NRB.

4.19 Derivative financial institutions

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Held for trading	-	-	-	-
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Others	-	-	-	-
Held for risk management	170,104,982	1,086,720,414	170,104,982	1,086,720,414
Interest rate swap	-	-	-	-

Currency swap	-	-	-	-
Forward exchange contract	170,104,982	1,086,720,414	170,104,982	1,086,720,414
Other	-	-	-	-
Total	170,104,982	1,086,720,414	170,104,982	1,086,720,414

The Forward Exchange Contracts are derivative products used by the bank for hedging purpose as a regular treasury activities. The derivative assets and derivative liabilities for non-proprietary are shown as gross and in case of derivative assets and derivative liabilities for Proprietary transactions are netted off and shown separately in the financial statements as a part of risk management. Accordingly, the same has been restated in previous financial year.

4.20 Deposits from customers

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Institutions customers:	149,907,675,310	94,041,297,945	149,907,675,310	94,041,297,945
Term deposits	119,725,691,702	70,328,046,445	119,725,691,702	70,328,046,445
Call deposits	15,225,855,141	9,721,592,589	15,225,855,141	9,721,592,589
Current deposits	12,895,490,409	12,413,897,360	12,895,490,409	12,413,897,360
Other	2,060,638,058	1,577,761,552	2,060,638,058	1,577,761,552
Individual customers:	166,139,379,217	82,726,367,611	166,139,379,217	82,726,367,611
Term deposits	94,234,812,021	47,566,909,181	94,234,812,021	47,566,909,181
Saving deposits	65,874,664,088	34,759,841,442	65,874,664,088	34,759,841,442
Current deposits	5,148,582,291	3,982,809,956	5,148,582,291	3,982,809,956
Other	881,320,817	1,336,032	881,320,817	1,336,032
Total	316,047,054,527	176,767,665,556	316,047,054,527	176,767,665,556

4.20.1 Currency wise analysis of deposit from customers

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Nepalese rupee	311,896,068,260	172,462,628,300	311,896,068,260	172,462,626,241
Indian rupee	-	-	-	-
United State dollar	4,132,737,577	4,300,955,399	4,132,737,577	4,300,955,399
Great Britain pound	15,264,670	178,668	15,264,670	178,668
Euro	2,663,367	3,903,189	2,663,367	3,903,189
Japanese yen	-	-	-	-
Chinese yuan	-	-	-	-
Other	-	-	-	-
AUD	319,599		319,599	1,053
CAD	1,054		1,054	1,006
Total	316,047,054,527	176,767,665,556	316,047,054,527	176,767,665,556

4.21 Borrowing

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Domestic Borrowing				
Nepal Government	-	-	-	-
Other Institutions	-	-	-	-
Other	-	-	-	-
Sub total	-	-	-	-
Foreign Borrowing				

Foreign Bank and Financial Institutions	2,645,517,880	-	2,645,517,880	-
Multilateral Development Banks	-	-	-	-
Other Institutions	-	-	-	-
Sub total	2,645,517,880	-	2,645,517,880	-
Total	2,645,517,880	-	2,645,517,880	-

4.22 Provisions

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Provisions for redundancy	-	-	-	-
Provision for restructuring	-	-	-	-
Pending legal issues and tax litigation	-	-	-	-
Onerous contracts	-	-	-	-
Other	3,000,000	2,500,000	3,000,000	2,500,000
Total	3,000,000	2,500,000	3,000,000	2,500,000

The other provision is created for the audit fee payable for each reporting periods.

4.22.1 Movement in provision

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Balance at Shrawan 1, 2079	2,500,000	2,312,232	2,500,000	2,312,232
Provisions made during the year	3,000,000	2,500,000	3,000,000	2,500,000
Provisions used during the year	2,500,000	2,312,232	2,500,000	2,312,232
Provisions reversed during the year	-	-	-	-
Unwind of discount	-	-	-	-
Balance at Ashad end 2080	3,000,000	2,500,000	3,000,000	2,500,000

4.23 Other Liabilities

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Liability for employees defined benefit obligations	-	-	-	-
Liability for long-service leave	349,437,591	255,948,496	349,437,591	255,948,496
Short-term employee benefits	-	-	-	-
Bills payable	11,099,696	6,398,522	11,099,696	6,398,522
Creditors and accruals	1,497,968,637	459,565,609	1,497,968,637	459,565,609
Interest payable on deposit	1,770,619	2,370,444	1,770,619	2,370,444
Interest payable on borrowing	2,474,642	22,012,785	2,474,642	22,012,785
Liabilities on deferred grant income	-	-	-	-
Unpaid Dividend	1,760,933	1,760,933	1,760,933	1,760,933
Liabilities under Finance Lease	-	-	-	-
Employee bonus payable	179,858,338	399,312,726	179,858,338	399,312,726
Other	2,411,250,542	1,233,308,486	2,014,020,984	978,965,627
Lease Liability	2,567,866,288	1,559,367,081	2,567,866,288	1,559,367,081
Total	7,023,487,286	3,940,045,081	6,626,257,729	3,685,702,222

4.23.1 Defined benefit obligations

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

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Present value of unfunded obligations	-	-	-	-
Present value of funded obligations	1,337,149,297	658,213,045	1,337,149,297	658,213,045
Total present value of obligations	1,337,149,297	658,213,045	1,337,149,297	658,213,045
Fair value of plan assets	1,492,042,549	729,122,865	1,492,042,549	729,122,865
Present value of net obligations	(154,893,252)	(70,909,820)	(154,893,252)	(70,909,820)
Recognised liability for defined benefit obligations	(154,893,252)	(70,909,820)	(154,893,252)	(70,909,820)

4.23.2 Plan assets

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Plan assets comprise	-	-	-	-
Equity securities	-	-	-	-
Government bonds	1,492,042,549	729,122,865	1,492,042,549	729,122,865
Bank deposit	-	-	-	-
Other (Deposit with CIT)	1,492,042,549	729,122,865	1,492,042,549	729,122,865
Total	7,023,487,286	3,940,045,081	6,626,257,729	3,685,702,222

Actual return on plan assets

4.23.2 Movement in the present value of defined benefit obligations

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Defined benefit obligations at Shrawan 1, 2079	658,213,045	560,774,634	658,213,045	560,774,634
Actuarial losses	(365,963,501)	(15,920,532)	(365,963,501)	(15,920,532)
Benefits paid by the plan	(110,497,096)	(19,614,157)	(110,497,096)	(19,614,157)
Past Service Cost	-	-	-	-
Acquisition/Business Combination	1,010,272,678	-	1,010,272,678	-
Current service costs and interest	145,124,171	132,973,100	145,124,171	132,973,100
Defined benefit obligations at Ashad end 2080	1,337,149,297	658,213,045	1,337,149,297	658,213,045

4.23.4 Movement in the fair value of plan assets

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Fair value of plan assets at Shrawan 1, 2079	729,122,865	465,123,357	729,122,865	465,123,357
Contributions paid into the plan	395,249,440	283,613,665	395,249,440	283,613,665
Benefits paid during the year	(110,497,096)	(19,614,157)	(110,497,096)	(19,614,157)
Actuarial (losses) gains	(77,352,840)	-	(77,352,840)	-
Acquisition/Business Combination	555,520,180	-	555,520,180	-
Expected return on plan assets	-	-	-	-
Fair value of plan assets at Ashad end 2080	1,492,042,549	729,122,865	1,492,042,549	729,122,865

4.23.5 Amount recognized in profit or loss

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Current service costs	89,965,868	85,398,601	89,965,868	85,398,601
Interest on obligation	55,158,303	47,574,499	55,158,303	47,574,499
Expected return on plan assets	-	-	-	-
Total	145,124,171	132,973,100	145,124,171	132,973,100

4.23.6 Amount recognized in other comprehensive income

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Actuarial (gain)/loss	(288,610,661)	(15,920,532)	(288,610,661)	(15,920,532)
Total	(288,610,661)	(15,920,532)	(288,610,661)	(15,920,532)

4.23.7 Actuarial assumptions

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Discount rate	10%	9%	10%	9%
Expected return on plan asset	0%	0%	0%	0%
Future salary increase	5%	5%	5%	5%
Withdrawal rate	12%	12%	12%	12%

4.24 Debt securities issued

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Debt securities issued designated as at fair value through profit or loss	-	-	-	-
Debt securities issued at amortised cost	8,987,974,650	2,995,797,489	8,987,974,650	2,995,797,489
Total	8,987,974,650	2,995,797,489	8,987,974,650	2,995,797,489

4.25 Subordinated Liabilities

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Redeemable preference shares	-	-	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

4.26 Share Capital

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Ordinary shares	26,225,861,340	14,711,183,326	26,225,861,340	14,711,183,326
Convertible preference shares (equity component only)	-	-	-	-
Irredeemable preference shares (equity component only)	-	-	-	-
Perpetual debt (equity component only)	-	-	-	-
Total	26,225,861,340	14,711,183,326	26,225,861,340	14,711,183,326

4.26.1 Ordinary shares

Particulars	Bank	
	FY 2079-80	FY 2078-79
Authorized Capital 270,000,000 Ordinary shares of Rs. 100 each share (Previous Year 150,000,000 Ordinary shares of Rs. 100 each share)	27,000,000,000	15,000,000,000
Issued capital 262,258,613 Ordinary shares of Rs.100 each share (Previous Year 147,111,833 Ordinary shares of Rs.100 each share)	26,225,861,340	14,711,183,326
Subscribed and paid up capital 262,258,613 Ordinary shares of Rs.100 each share (Previous Year 147,111,833 Ordinary shares of Rs.100 each share)	26,225,861,340	14,711,183,326
Total	26,225,861,340	14,711,183,326

4.26.2 Ordinary share ownership

Particulars	Bank			
	FY 2079-80		FY 2078-79	
	Percent	Amount	Percent	Amount
Domestic ownership				
Nepal Government	100%	26,225,861,340	100%	14,711,183,326
"A" class licensed institutions	-	-	-	-
Other licensed institutions	-	-	-	-
Other Institutions	15.07%	3,952,240,821	11.18%	1,644,743,486
Public	84.93%	22,273,620,518	88.82%	13,066,439,840
Other	-	-	-	-
Foreign ownership	-	-	-	-
Total	100%	26,225,861,340	100%	14,711,183,326

4.27 Reserves

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Statutory general reserve	5,820,996,081	3,126,607,790	5,808,948,670	3,121,413,179
Exchange equalisation reserve	65,575,034	53,455,500	65,575,034	53,455,500
Corporate social responsibility reserve	43,114,333	26,217,559	42,289,889	25,798,098
Debenture redemption reserve	1,000,000,001	666,666,667	1,000,000,001	666,666,667
Regulatory reserve	3,853,120,518	450,897,019	3,853,120,518	450,897,019
Investment adjustment reserve	-	-	-	-
Capital reserve	-	-	-	-
Assets revaluation reserve	396,860,536	69,419,000	396,860,536	69,419,000
Fair value reserve	156,767,452	[8,145,731]	156,767,452	[8,145,731]
Dividend equalisation reserve	-	-	-	-
Actuarial gain / (loss)	(267,681,517)	(96,756,646)	(267,681,517)	(96,756,646)
Special reserve	-	-	-	-
Other reserve	235,969,110	135,618,157	235,969,110	135,618,158
Employee Training Reserve	40,575,633	16,319,884	40,575,633	16,319,884
Capital Adjustment Reserve	86,318,955	30,494,232	86,318,955	30,494,232
Deferred Tax Reserve	-	-	-	-
Merger/Acquisition Reserve	109,074,522	88,804,041	109,074,522	88,804,041
Total	11,304,721,548	4,423,979,315	11,291,849,693	4,418,365,244

Statutory General Reserve

General reserve maintained as per the regulatory requirements. The regulatory requirement to set aside 20% of net profit until the reserve is twice the paid up capital and thereafter minimum 10% of the net profit

Exchange Equalization Reserve

Exchange equalization is maintained as per requirement of NRB Directive, which is set at 25% of foreign exchange revaluation gain on the translation to the reporting currency. This reserve is accumulation of such gains over the years.

Corporate Social Responsibility Reserve

Corporate Social Responsibility Reserve is created as per NRB directive, which is set aside of 1% of net profit of previous year. The balance in the reserve is the amount which is not exhausted in the current fiscal year to be utilized for Corporate Social Responsibility Objective in the coming years.

Debenture Redemption Reserve

Debenture Redemption Reserve shall include the statutory reserve created for making payment towards Debenture on maturity.

Regulatory Reserve

Regulatory Reserve is created due to the changes in the NFRS conversion and adoption with effect in the retained earnings of the bank.

Investment Adjustment Reserve

Investment Adjustment Reserve is created as per the directive of NRB created against the quoted as well as unquoted investments.

Fair Value Reserve

The fair value reserve is created against the valuation of the investment of the bank as per the fair valuation of the investment made, quoted as available for sale investments.

Actuarial gain/(losses)

The reserve created against the actuarial valuation of gratuity benefit to the employee of the bank.

Capital Reserve

The reserve created on acquisition against the swap ratio adjustment on paid up shares.

Assets Revaluation Reserve

The reserve created on the basis of Fair Value of Assets Adjustment on acquisition.

Other Reserves

Capital Adjustment Reserve is created against the income recognition by capitalization in loans, for which capitalization is allowed by NRB, but distribution is not done till the settlement of the capitalized interest part.

4.28 Contingent liabilities and commitments

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Contingent liabilities	56,879,007,642	23,154,903,322	56,879,007,642	23,154,903,322
Undrawn and undisbursed facilities	17,937,360,760	13,995,671,095	17,937,360,760	13,995,671,095
Capital commitment	-	-	-	-
Lease Commitment	-	-	-	-
Litigation	320,255,894	181,326,061	320,255,894	181,326,061
Total	75,136,624,297	37,331,900,478	75,136,624,297	37,331,900,478

4.28.1 Contingent Liabilities

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Acceptance and documentary credit	16,550,767,027	5,988,064,248	16,550,767,027	5,988,064,248
Bills for collection	-	-	-	-
Forward exchange contracts	4,165,385,775	3,130,390,794	4,165,385,775	3,130,390,794
Guarantees	36,162,854,840	14,036,448,279	36,162,854,840	14,036,448,279
Underwriting commitment	-	-	-	-
Other commitments	-	-	-	-
Total	56,879,007,642	23,154,903,322	56,879,007,642	23,154,903,322

4.28.2 Undrawn and undisbursed facilities

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Undisbursed amount of loans	9,279,074,959	3,294,308,498	9,279,074,959	3,294,308,498
Undrawn limits of overdrafts	6,820,765,330	3,907,913,395	6,820,765,330	3,907,913,395
Undrawn limits of credit cards	435,871,298	435,871,298	435,871,298	435,871,298
Undrawn limits of letter of credit	1,401,649,174	6,357,577,904	1,401,649,174	6,357,577,904
Undrawn limits of guarantee	-	-	-	-
Total	17,937,360,760	13,995,671,095	17,937,360,760	13,995,671,095

4.28.3 Capital commitments

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Capital commitments in relation to Property and Equipment	-	-	-	-
Approved and contracted for	-	-	-	-
Approved but not contracted for	-	-	-	-
Sub total	-	-	-	-
Capital commitments in relation to Intangible assets	-	-	-	-
Approved and contracted for	-	-	-	-
Approved but not contracted for	-	-	-	-
Sub total	-	-	-	-
Total	-	-	-	-

4.28.4 Lease commitments

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

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
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

"Tax settlement up to the FY 2066/67 has been completed. Against tax reassessment order of FY 2067/68, 2068/69 and 2069/70, the bank has filed a case which is pending at Supreme Court. For the reassessment order of FY 2070/71, 2071/72, the bank has filed a case which is pending at Revenue Tribunal. Further, for the re-assessment order of FY 2072/73, 2073/74, 2074/75 and 2075/76, the bank has filed a case for Administrative Review.

The bank had acquired Kasthamandap Development Bank whose tax assessment of FY 2072/73, a case is filed at Administrative Review and Paschimanchal Finance Company Limited, whose tax assessment of 2071/72, a case is filed at Revenue Tribunal and for FY 2073-74, a case is filed for Administrative Review. Also, Bank acquired Deva Bikas Bank on FY 2076/77, of which case has been filed case at Revenue Tribunal of FY 2066/67 and that of FY 2067/68, 2073/74, 2075-76 has been filed for Administrative Review.

The bank had merge with NCC bank during FY 2079-80, of which against tax reassessment order of FY 2069/70, FY 2070/71, 2071/72, FY 2072/73, and 2073/74 the bank has filed a case which is pending at Revenue Tribunal. Further, for the re-assessment order of 2074/75 and 2075/76, the bank has filed a case for Administrative Review. Case pertaining to premium on Further Public Offering (FPO) and gain derived from merger and acquisition is under litigation at supreme court."

4.29 Interest Income

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Cash and cash equivalent	251,520,766	79,540,669	181,177,480	45,083,582
Due from Nepal Rastra Bank	-	-	-	-
Placement with bank and financial institutions	169,353,398	3,987,016	169,353,398	3,987,016
Loan and advances to bank and financial institutions	487,643,173	512,825,268	487,643,173	512,825,268
Loans and advances to customers	31,542,242,162	16,548,570,317	31,542,242,162	16,548,570,317
Investment securities	2,109,808,940	1,095,375,750	2,109,808,940	1,095,375,750
Loan and advances to staff	(377,982,844)	149,317,308	(377,982,844)	149,317,308
Other	-	-	-	-
Total interest income	34,182,585,595	18,389,616,329	34,112,242,309	18,355,159,241

4.30 Interest Expense

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Due to bank and financial institutions	906,702,496	519,635,201	906,716,947	519,649,653
Due to Nepal Rastra Bank	119,388,096	414,589,379	119,388,096	414,589,379
Deposits from customers	21,248,660,045	10,800,197,428	21,248,660,045	10,800,197,428
Borrowing	81,429,178	-	81,429,178	-
Debt securities issued	577,236,752	308,700,129	577,236,752	308,700,129
Subordinated liabilities	-	-	-	-
Other	112,632,611	94,856,655	112,632,611	94,856,655
Total interest expense	23,046,049,178	12,137,978,793	23,046,063,629	12,137,993,244

4.31 Fees and Commission Income

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Loan administration fees	633,566,548	286,952,424	633,566,548	286,952,424
Service fees	302,594,772	138,205,883	302,594,772	138,205,883
Consortium fees	-	-	-	-
Commitment fees	751,261	2,089,915	751,261	2,089,915
DD/TT/Swift fees	31,654,311	17,478,283	31,654,311	17,478,283

Credit card/ATM issuance and renewal fees	342,282,714	186,696,025	342,282,714	186,696,025
Prepayment and swap fees	9,608,320	9,538,463	9,608,320	9,538,463
Investment banking fees	-	-	-	-
Asset management fees	-	-	-	-
Brokerage fees	-	-	-	-
Remittance fees	36,392,578	26,178,493	36,392,578	26,178,493
Commission on letter of credit	186,963,632	133,062,720	186,963,632	133,062,720
Commission on guarantee contracts issued	229,259,112	154,746,690	229,259,112	154,746,690
Commission on share underwriting/issue	-	-	-	-
Locker rental	9,074,231	6,747,165	9,074,231	6,747,165
Other fees and commission income	2,780,292	1,160,235	2,780,292	1,160,235
Total fees and Commission Income	1,784,927,771	962,856,296	1,784,927,771	962,856,296

4.32 Fees and Commission Expense

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
ATM management fees	5,689,540	1,402,630	5,689,540	1,402,630
VISA/Master card fees	183,178,410	97,623,530	183,178,410	97,623,530
Guarantee commission	-	-	-	-
Brokerage	-	-	-	-
DD/TT/Swift fees	33,209,171	19,924,206	33,209,171	19,924,206
Remittance fees and commission	-	-	-	-
Other fees and commission expense	49,544,152	25,733,372	49,544,152	25,733,372
Total fees and Commission Expense	271,621,272	144,683,738	271,621,272	144,683,738

4.33 Net Trading Income

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Changes in fair value of trading assets	-	-	-	-
Gain/loss on disposal of trading assets	-	-	-	-
Interest income on trading assets	-	-	-	-
Dividend income on trading assets	-	-	-	-
Gain/loss foreign exchange transaction	363,035,269	377,867,068	363,035,269	377,867,068
Other	-	-	-	-
Net trading income	363,035,269	377,867,068	363,035,269	377,867,068

4.34 Other Operating Income

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Foreign exchange revaluation gain	12,741,122	24,853,692	12,741,122	24,853,692
Gain/loss on sale of investment securities	(15,274,648)	(9,624,442)	(15,274,648)	(9,624,442)
Fair value gain/loss on investment properties	-	-	-	-
Dividend on equity instruments	105,104,589	256,063,870	105,104,589	256,063,870
Gain/loss on sale of property and equipment	(38,767,900)	194,856,534	(38,767,900)	194,856,534
Gain/loss on sale of investment property	-	-	-	-
Operating lease income	-	-	-	-
Gain/loss on sale of gold and silver	9,066,397	31,497,119	9,066,397	31,497,119
Other	238,297,302	175,515,641	42,287,023	30,303,295
Total	311,166,861	673,162,414	115,156,582	527,950,068

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

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Impairment charge/(reversal) on loan and advances to B/FIs	101,463,663	9,473,105	101,463,663	9,473,105
Impairment charge/(reversal) on loan and advances to customer	8,014,337,102	802,627,181	8,014,337,102	802,627,181
Impairment charge/(reversal) on financial Investment	-	-	-	-
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	8,115,800,765	812,100,287	8,115,800,765	812,100,287

4.36 Personnel Expense

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Salary	1,348,468,118	908,012,082	1,317,755,890	888,805,712
Allowances	859,807,603	607,065,562	859,807,603	607,065,562
Gratuity expense	179,687,372	38,871,014	179,687,372	38,871,014
Provident fund	126,491,394	87,148,747	126,491,394	87,148,747
Uniform	-	-	-	-
Training & development expense	56,845,301	21,068,727	56,845,301	21,068,727
Leave encashment	11,283,575	36,363,558	11,283,575	36,363,558
Medical	75,198,429	66,144,530	75,198,429	66,144,530
Insurance	68,595,303	58,496,649	68,595,303	58,496,649
Employees incentive	-	-	-	-
Cash-settled share-based payments	-	-	-	-
Pension expense	-	-	-	-
Finance expense under NFRS	(656,163,597)	56,519,140	(656,163,597)	56,519,140
Other expenses related to staff	59,025,425	73,191,569	59,025,425	73,191,569
Subtotal	2,129,238,923	1,952,881,578	2,098,526,695	1,933,675,208
Employees bonus	111,293,941	399,312,726	111,293,941	399,312,726
Grand total	2,240,532,864	2,352,194,304	2,209,820,636	2,332,987,934

4.37 Other Operating Expense

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Directors' fee	4,154,000	3,536,000	4,154,000	3,536,000
Directors' expense	504,370	655,434	504,370	655,434
Auditors' remuneration	3,282,500	2,500,000	3,000,000	2,500,000
Other audit related expense	-	-	-	-
Professional and legal expense	25,570,142	13,397,393	25,570,142	13,397,393
Office administration expense	691,389,736	492,338,852	676,201,467	482,692,447
Operating lease expense	91,695,703	60,114,538	91,695,703	60,114,538
Operating expense of investment properties	-	-	-	-
Corporate social responsibility expense	15,035,217	10,229,888	15,035,217	10,229,888
Onerous lease provisions	-	-	-	-
Other	211,571,762	116,623,385	203,785,763	110,260,661
Total	1,043,203,430	699,395,490	1,019,946,662	683,386,361

4.37.1 Office Administration Expense

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Water and electricity	61,155,713	43,608,792	61,155,713	43,608,792
Repair and maintenance				
a) Building	3,622,415	1,576,054	3,622,415	1,576,054
b) Vehicle	7,261,135	4,822,852	7,261,135	4,822,852
c) Computer Accessories	1,015,324	1,068,640	1,015,324	1,068,640
d) Office equipment and furniture	14,622,313	7,566,323	14,622,313	7,566,323
e) Other	1,074,264	664,062	105,862	47,405
Insurance	40,923,031	25,620,960	40,923,031	25,620,960
Postage, telex, telephone, fax	16,135,103	12,724,273	15,964,576	12,565,620
Printing and stationery	64,959,864	35,950,791	64,846,841	35,877,998
Newspaper, books and journals	548,964	473,422	339,215	372,821
Advertisement	36,159,505	54,972,535	35,960,686	54,929,211
Donation	-	-	-	-
Security expense	197,129,921	167,762,297	196,554,421	167,454,797
Deposit and loan guarantee premium	74,813,587	46,615,936	74,813,587	46,615,936
Travel allowance and expense	9,773,141	9,584,425	9,773,141	9,584,425
Entertainment	10,509,305	6,745,928	10,509,305	6,745,928
Annual/ Special General meeting expense	1,490,538	507,407	1,480,978	480,473
Other	150,195,614	72,074,156	137,252,924	63,754,213
Total	691,389,736	492,338,852	676,201,467	482,692,447

4.38 Depreciation & Amortization

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Depreciation on property and equipment	706,868,443	496,381,203	704,298,170	494,275,045
Depreciation on investment property	-	-	-	-
Amortisation of intangible assets	46,160,812	40,930,423	46,160,812	40,930,423
Total	753,029,255	537,311,627	750,458,982	535,205,469

4.39 Non-Operating Income

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Recovery of loan written off	-	-	-	-
Other income	53,751,493	18,320,846	53,751,493	18,320,846
Total	53,751,493	18,320,846	53,751,493	18,320,846

4.40 Non-Operating Expense

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Loan written off	-	-	-	-
Redundancy provision	-	-	-	-
Expense of restructuring	-	-	-	-
Other expense	13,756,009	1,981,949	13,756,009	1,981,949
Total	13,756,009	1,981,949	13,756,009	1,981,949

4.41 Income Tax Expense

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Current tax expense	506,375,350	1,043,203,275	479,498,570	1,029,422,733
Current year	262,713,753	1,028,164,532	235,836,973	1,014,383,990
Adjustments for prior years	243,661,597	15,038,743	243,661,597	15,038,743
Deferred tax expense	7,075,978	(19,802,261)	4,225,288	(15,418,027)
Origination and reversal of temporary differences	7,075,978	(19,802,261)	4,225,288	(15,418,027)
Changes in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
Total income tax expense	513,451,327	1,023,401,014	483,723,858	1,014,004,706

4.41.1 Reconciliation of tax expense and accounting profit

Particulars	Group		Bank	
	FY 2079-80	FY 2078-79	FY 2079-80	FY 2078-79
Profit before tax	1,100,347,373	3,625,049,922	1,001,645,469	3,593,814,538
Tax amount at tax rate of 30%	330,104,212	1,087,514,977	300,493,641	1,078,144,361
Add: Tax effect of expenses that are not deductible for tax purpose	2,773,929,714	494,128,764	2,773,929,714	494,128,764
Less: Tax effect on exempt income	2,841,320,173	557,889,135	2,838,586,382	557,889,135
Add/less: Tax effect on other items	-	-	-	-
Total income tax expense	262,713,753	1,023,754,606	235,836,973	1,014,383,990
Effective tax rate	23.9%	28.2%	23.54%	28.23%

5. Disclosures and Additional Information

5.1. Risk Management

5.1.1.a. Risk management framework

All of the Bank's activities involve, to varying degrees, the analysis, evaluation, acceptance and management of risks or combinations of risks. The Bank has placed high importance to identification, assessment and well thought out handling of all the prominent risk that it faces or likely to face in execution of its activities. The Bank is quite aware about the risk profile of the business and is committed to establish a strong Risk Management System in the bank. An established risk management framework ensures oversight of and accountability for the effective management of risk at Country and regional business levels. For managing risks effectively, the Bank has an independent risk management department to assess its position regarding each separate risk area including Credit Risk, Market Risk, Operational Risk, Compliance & Legal Risk and Reputation Risk. The management through Risk Management Committee (RMC) comprising 6 members, 2 of which represent BOD, one of senior executive, one from Operating Unit and another two from Credit Risk. Risk management is an all-round practice in the bank. Every business unit and department is well informed about its activities and risks corresponding to those activities.

5.1.1.b. Risk appetite and tolerance limits for key types of risks

Risk appetite in the context of Kumari Bank Limited is defined as the level and nature of risk that the bank is willing to take for pursuing its mission on behalf of its shareholders, subject to constraints imposed by other stakeholders, such as debt holders, regulators, and customers. It provides a framework for strategic decision making for the Bank.

The Board of Directors of the bank is responsible for setting the bank's tolerance for the risks. The Bank sets out the aggregated level and risk types it accepts in order to achieve its business objectives in the Risk Management Policy of the Bank. Risk strategy of the bank shall reflect the Bank's business preferences and conduct, and shall be aligned with its risk tolerance capacity.

The Bank's actual performance is reported against approved risk profile and risk appetite, enabling senior management to monitor the risk profile and guide business activity to balance risk and return. The Bank shall state the business it wants to undertake sector wise, location wise and product wise. Accordingly, the Bank shall formulate a risk tolerance level or risk appetite.

Following steps shall be undertaken to formulate a risk appetite statement for the Bank:

Steps	Description
1. Identify & Classify Risks Loan written off	<ul style="list-style-type: none"> Identification of all material risks. Classify the risks as acceptable or unacceptable risks.
2. Identify risk return matrices	<ul style="list-style-type: none"> Identify risk and return measures based on benchmarking with the peers. For example, proportion of NPL to total loans serves as a good measure to quantify risk appetite for credit risk
3. Identify peer group	<ul style="list-style-type: none"> The peer group of the Bank shall comprise of bank's functioning in same or similar geographical regions, comparable size and business strategies
4. Analyze, measure and formulate risk appetite statements	<ul style="list-style-type: none"> Measures chosen are scrutinized among the peers for identifying drivers and set tolerance limits for risk measures and target levels for return measures. These risk appetite statements shall drive the business growth strategy of the Bank.

The risk appetite is proposed by the management and reviewed by the board level risk management committee.

5.1.1.c. Stress testing

Stress Testing is the process where a number of statistically defined possibilities are determined based on the most damaging combination of events, and the loss they would produce. It is a valuable risk management tool which studies the impact of unlikely but not impossible stress events. A stress event is an exceptional but credible event to which a bank's portfolio is exposed. As a part of its risk measurement mechanism, Kumari Bank Ltd. puts an emphasis on evaluating where the Bank stands under stressful market conditions. It helps to provide information on the kinds of conditions under which strategies or position, the Bank would be most vulnerable and thus, strategies are devised such that such circumstance doesn't arise and/or to ensure least impact upon the Bank from such scenarios even if they do occur.

In conducting stress tests, the Bank gives special consideration to instruments or markets where concentrations exist as such positions may be more difficult to liquidate or offset in stressful situations. The Bank considers both historical market events as well as forward-looking scenarios and also considers worst case scenarios in addition to more probable events. Ad hoc scenarios are also prepared reflecting specific market conditions and for particular concentrations of risk that arise within the businesses. For example, credit shock scenario is measured in terms of deterioration of assets quality in terms of the adequacy of capital of the bank.

The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the stress scenarios in Credit Shocks, Market Shocks, Liquidity Shock and other factors of stress scenarios in the banking sector. The Board of the bank has responsibility for reviewing stress exposures and, where management oversight, monitoring, evaluation and reporting at regular intervals. Regular stress test scenarios are applied and the report on regular basis reviewed by the Board of the bank along with discussions at Risk Management Committee (RMC).

The stress testing mechanism at KBL aims to address:

- a) Concentration risk;
- b) Illiquidity of markets in stressed market conditions;
- c) Credit Shocks- CAR perspectives and NPL perspectives;
- d) Market Interest rate risk scenarios;
- e) Exchange rate and equity investment fluctuations risks; and
- f) Other Risks

KBL's stress tests are both of a quantitative and qualitative nature, incorporating credit risk, market risk and liquidity risk aspects. Quantitative criteria identify plausible stress scenarios to which bank could be exposed. Qualitative criteria emphasize that two major goals of stress testing are to evaluate the capacity of the bank's capital to absorb potential large losses and to identify steps the Bank can take to reduce its risk and conserve capital. This assessment is integral to setting and evaluating the Bank's strategy and the

results of stress testing are routinely communicated to RMC and the board of the bank. The Bank carries out stress testing in three broad areas based on credit shocks, market shocks and liquidity shocks which are discussed below:

I. Credit Shocks:

The Bank subjects its portfolios to a series of simulated stress scenarios. The Bank stresses its portfolios with the shocks of the magnitude experienced elsewhere, even when the Bank has never been exposed to those in the past.

The Bank has formulated stress testing framework where various historical scenarios have been analyzed. The Bank carries out stress testing in line with the stress testing framework on a regular basis as prescribed by Stress Testing Framework or NRB guidelines issued from time to time, under Case basis or collective basis of CAR and NPL perspective along with Concentration stress risks.

II. Market Shocks:

In addition to the above credit shocks, the Bank has also developed stress tests which it identifies as most adverse based on the characteristics of its market portfolio. The interest rate risks, exchange rate risks and equity price risks are evaluated and the results are reviewed periodically.

III. Liquidity Shocks:

Stress test scenarios are continually reviewed and updated for the liquidity risk scenarios whereby, various factors as impact of continual withdrawals on case or collective basis on CAR and liquidity positions are stressed. Also, concentration risks are also evaluated and the various scenarios are developed to assess the risks possessed due to high level of deposit concentrations.

Results of stress testing

The result of stress testing is communicated to the Board of Directors and senior management on regular basis. The same is also discussed in detail in Risk Management Committee. The report of stress testing is also shared with Nepal Rastra Bank as per the requirement of Unified Directives issued by Nepal Rastra Bank.

Scenario analysis and Sensitivity Analysis

Scenario analysis and sensitivity analysis is conducted through the model developed by Bank Supervision Department, Nepal Rastra Bank. However, on need basis, the Bank also adopts other techniques and develops other scenarios on case to case basis.

5.1.2.a. Credit Risk

Credit risks are the risk associated with the probability of default of loan provided by the bank. Hence, the credit risks comprise of the highest risk exposure of the bank. Management of the credit risks largely signifies the risk management of the bank as whole.

Credit risk:

- Is measured as the amount which could be lost if a customer or counterparty fails to make repayments.
- Is monitored within limits, approved by individuals within a framework of delegated authorities. These limits represent the peak exposure or loss to which the Bank could be subjected should the customer or counterparty fail to perform its contractual obligations;
- Is managed through a robust risk control framework which outlines clear and consistent policies, principles and guidance for credit risk management.

5.1.2.b. Credit Risk Management

The Bank has its own Credit Risk Policy and Strategy to handle the Credit Risk Management philosophy that involves a continual measurement of probability of default/loss; identification of possible risks and mitigations. In order to manage and eliminate the credit risk, the Bank has a practice of maintaining the best quality assets in its book. The Bank's Credit Policy elaborates detailed procedures for proper risk management. The Bank has delegated credit approval limits to various officials to approve and sanction various amount of credit request based on their individual expertise and risk judgment capability.

As a check and balance mechanism, each credit case requires dual approval. Regular monitoring of the credit

portfolio ensures that the Bank does not run the risk of concentration of portfolio in a particular business sector or a single borrower. Similarly, the Bank also exercises controlled investment policy with adequately equipped resource looking after the investment decisions. To cap these all, the Bank has strong Credit processing channels in place comprising of various Directors from the Board of the Bank which reviews all credit proposals beyond a specified amount.

5.1.2.c. *Impairment assessment and credit risk mitigation*

The Bank creates impairment allowances for impaired loans promptly and appropriately.

Impairment assessment methodology

a. Impairment of Financial Assets carried at Amortized Cost

The Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant. When an account is classified as default or when the Bank no longer expect to recover the principle or interest due on a loan in full or in accordance with the original terms and conditions, it is assessed for impairment. If exposures are secured, the current net realizable value of the collateral will be taken into account when assessing the need for an impairment allowance. When the net present value of the collateral is sufficiently adequate to cover the outstanding facilities, impairment is not calculated for such cases.

In the event Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics such as collateral type, past due status and other relevant factors and collectively assesses them 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 is assessed on a collective basis in two circumstances:

- To cover losses which have been incurred but have not yet been identified on loans subject to individual assessment; and
- For homogeneous groups of loans those are not considered individually significant.

Incurred but not yet identified impairment

Individually assessed financial assets for which no evidence of loss has been specifically identified on an individual basis are grouped together according to their credit risk characteristics for the purpose of calculating an estimated collective loss. This reflects impairment losses that the bank has incurred as a result of events occurring before the reporting date, which the Bank is not able to identify on an individual loan basis and that can be reliably estimated.

These losses will only be individually identified in the future. As soon as information becomes available which identifies losses on individual financial assets within the group, those financial assets are removed from the group and assessed on an individual basis for impairment.

The collective impairment allowance is determined after taking into account:

- Historical Loss Experience in portfolios of similar credit risk; and
- Management's experienced judgment as to whether current economic and credit conditions are such that the actual level of inherent losses at the reporting date is likely to be greater or less than that suggested by historical experience.

Homogeneous groups of Financial Assets

Statistical methods are used to determine impairment losses on a collective basis for homogenous groups of financial assets. Losses in these groups of financial assets are recorded on an individual basis when individual financial assets are written off, at which point they are removed from the group.

Bank uses the following method to calculate historical loss experience on collective basis:

After grouping of loans on the basis of homogeneous risks, the Bank uses net flow rate method. Under this methodology, the movement in the outstanding balance of customers into default categories over the periods are used to estimate the amount of financial assets that will eventually be irrecoverable, as a result of the events occurring before the reporting date which the Bank is not able to identify on an individual loan basis.

Under this methodology, loans are grouped into ranges according to the number of days in arrears and statistical analysis is used to estimate the likelihood that loans in each range will progress through the various stages of delinquency and ultimately prove irrecoverable.

Current economic conditions and portfolio risk factors are also evaluated when calculating the appropriate level of allowance required covering inherent loss. These additional macro and portfolio risk factors may include:

- Recent loan portfolio growth and product mix
- Unemployment rates
- Gross Domestic Production (GDP)Growth
- Inflation
- Interest rates
- Changes in government laws and regulations
- Property prices
- Payment status

But, the amount of provision to be created against Loans and Advances shall be higher of the following two amounts:

- i) Impairment calculated as per Impairment Assessment Methodology as described in Pt. 5.1.2. c above or,
- ii) Loan Loss Provision calculated as per the provisions of Directive No. 2, Unified Directives, 2079 and Circular issued by Nepal Rastra Bank.

Impairment calculation by following the methodology described in Pt. 5.1.2.c above

- i) Firstly, top borrowers constituting around 25%-30% of total funded exposure of the Bank is subjected to Individual Impairment Testing in FY 2079-80
- ii) Loans and advances as filtered out following pt-(i) were tested for individual impairment including following criteria but not limited to:
 - Known Cash Flow difficulties experienced by the borrowers;
 - Past due contractual payments of either principal or interest;
 - Breach of loan covenants or conditions;
 - The probability that the borrower will enter bankruptcy or other financial reorganization; and
 - A significant downgrading in credit rating by an external credit rating agency.
 - Bank's aggregate exposure to the customer;
 - The viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flows to service debt obligations;
 - The amount and timing of expected receipts and recoveries;
 - The extent of other creditors' commitments ranking ahead of, or pari-pasu with the Bank and the likelihood of other creditors continuing to support the company;
 - The realizable value of security and likelihood of successful repossession;
- iii) As per the impairment testing conducted as per Pt. (ii), only few loans and advances were identified as individually impaired in each FY 2079-80

Particulars	Amount in Rs.
FY 2079-80	
Total Individual Impairment as per NAS 39	3,151,735,711

- iv) All loans and advances were then grouped into homogenous types such as home loans, auto loans, term loans, etc. to calculate collective impairment.
- v) Collective impairment was calculated following net flow rate method. Under this methodology, the movements in the outstanding balance of customers into default categories over the periods are used to estimate the amount of financial assets that will eventually be irrecoverable, as a result of the events occurring before the reporting date which the Bank is not able to identify on an individual loan basis.

vi) Collective impairment as per the method mentioned in Pt. (v) in each FY 2079-80 is shown below:

Amount in Rs.

Particulars	FY 2079-80
Total Collective Impairment as per paragraph 63 of NAS 39	4,730,293,769

Write off of loans and receivables

Loans (and the related impairment allowance) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realization of security. In circumstances where the realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write off may be earlier.

Collateral management

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 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.

Credit Risk Mitigants availed under CRM

Types of eligible credit risk mitigants used and the benefits availed under CRM as at 16 July 2023 are as follows:

Particulars	Eligible CRM	Amount in Rs.
Deposit with Bank & Cash margin		3,123,953,665
Gold		15,055,247
Deposit with Other Bank / FI		-
Total		3,139,008,912

b. Impairment of Financial Assets – Held for Trading

For available for sale financial investments, Bank assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of debt instruments, Bank assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the Income Statement. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognized, the impairment loss is reversed through the Income Statement.

In the case of equity investments classified as available for sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss is removed from equity and recognized in the Statement of profit or loss. However, any subsequent increase in the fair value of an impaired available for sale equity security is recognized in other comprehensive income.

Bank writes-off certain available for sale financial investments when they are determined to be uncollectible.

5.1.3.a. Liquidity Risk

Liquidity is crucial to the ongoing viability of any financial institution. Liquidity risk is the potential for loss to a bank arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring unacceptable cost or losses. Liquidity is the ability of an institution to transform its assets

into cash or its equivalent in a timely manner at a reasonable price to meet its commitments as they fall due. Liquidity risk is considered a major risk for banks. It arises when the cushion provided by the liquid assets are not sufficient enough to meet its obligation. In such a situation banks often meet their liquidity requirements from market. Funding through market depends upon liquidity in the market and borrowing bank's liquidity.

Liquidity risk is:

- Measured using maturity ladder analysis
- Monitored against the Bank's liquidity risk management framework and overseen by Asset and Liability Management Committee.
- Managed on a stand-alone basis with no reliance on any related party or the Nepal Rastra Bank, unless this represents routine established business as usual market practice.

Management of liquidity risk

The board has ensured that the bank has necessary liquidity risk management framework and bank is capable of confronting uneven liquidity scenarios. The bank has formulated liquidity risk management policy, risk management policies which are recommended by senior management and approved by the Board of Directors. The bank utilizes flow measures to determine its cash position. A maturity ladder analysis estimates a bank's inflows and outflows and thus net deficit or surplus (GAP) over a time horizon. A maturity ladder is a useful device to compare cash inflows and outflows both on a day-to-day basis and over a series of specified time periods as presented in the NRB Ni.Fa.No.5.1 under NRB Directives No. 5.

Liquidity of the bank is assessed, measured and maintained by Financial Market Department by ensuring minimal compliance with Nepal Rastra Bank prescribed ratios such as CRR, SLR, and Credit to Deposit Ratio and Liquidity Coverage Ratio. The department also maintains investments over and above the prescribed limit to cope up with the unprecedented liquidity risks that the Bank is ever exposed to.

5.1.3.b. Market Risk

Market risks are the risk of losses in on-balance sheet and off- balance sheet positions arising from adverse movements in market prices. The major constituents of market risks are:

- a) The risks pertaining to interest rate related instruments;
- b) Foreign exchange risk (including gold positions) throughout the bank; and
- c) The risks pertaining to investment in equities and commodities.

Management of Market Risk

The Bank has Asset Liability Management (ALM) Policy, Market Risk Management Policy, Investment Policy along with Treasury manuals in place, which serves as a guide to address the market risk of the Bank. As for the monitoring of market and liquidity risk, the Bank has an active Assets and Liability Management Committee (ALCO) in place which meets regularly and takes stock of the Bank's assets and liability position and profile of assets & liabilities, monitors risks arising from changes in exchange rates in foreign currencies. All foreign exchange positions are managed by financial market consisting of front office dealers with specific dealing limits and an independent back office. The back office executes the deals made by the dealers and also monitors the liquidity position of the Bank. For the purpose of proper check and control, the front dealing room of financial market and the back office has different reporting line.

Apart from Financial Market (or front office) and back office, the bank also has Treasury Mid Office; which works as a third eye which assesses the risks and timely evaluates and report to the senior management, whose reporting chain is also separate to the front and back office.

Market Risk Assessment Methodology

Out of the various components of market risk, foreign exchange risk is the predominant risk in Nepal. Thus, a net open position approach has been adopted to measure the operational risk exposure of the bank in aggregation and the capital requirement in commensurate of the same as set out by Capital Adequacy Framework issued by Nepal Rastra Bank.

5.1.3.c. Operational Risk

Operational risks are risk of loss resulting from inadequate internal processes, people and systems, or from external events. Operational risks are highly important as it entails cent percent loss to the bank in the event of its occurrence.

Management of Operational Risk

As a part of monitoring operational risks, the Bank has devised operational manuals for various Banking functions, which are reviewed and modified time to time as per the changing business context.

The Bank has adopted dual control mechanism in its all operational activities where each and every financial and non-financial transaction is subject to approval from an authority higher than the transaction initiator. Regular review meetings are conducted to assess the adequacy of risk monitoring mechanism and required changes are made as and when felt necessary. Independent reconciliation unit is established to conduct daily reconciliation of all Nostro/ agency accounts, Inter-Branch and Inter-Department account.

The Bank has independent internal audit, which reports to the Audit Committee of the Bank. The Audit Committee meets frequently and reviews the business process and financial position of the Bank. In order to have better focus on managing operational risks across branches and to monitor them from Head Office level, the Bank has separate Branch Operation Department and Operation Risk Management & Compliance Department at Head Office. The Bank has strong MIS in place to monitor the regular operational activities.

Operational Risk Assessment Methodology

Operational risks are assessed employing the Basic Indicators Approach as set out by Capital Adequacy Framework issued by Nepal Rastra Bank. The Basic Indicators Approach assesses operational risk in aggregation and is calculated by multiplying the operational risk capital charge by 10. Bank assesses the operational risk based on the past operational loss due to system failure, staff embezzlement and other external factors which is considered at the time of calculation of economic capital.

5.1.4.a. Fair value of financial assets and liabilities

Fair value is a market-based measurement, not an entity specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

Fair values are determined according to the following hierarchy:

Level-1 inputs

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level-2 inputs

Level 2 inputs are those 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.

Level-3 inputs

Level 3 inputs are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

5.2. Capital Management

i. Qualitative disclosures

Capital management approach is driven by its desire to maintain a strong capital base to support the development of its business and to meet the regulatory capital requirements.

Capital planning and management is essential to ensure adequate level of capital is available at all times. In order to be prepared for distressed economic environments, capital management plan of the Bank incorporate various potential scenarios and is responsive to changes in the economy, market, competitive or political landscape, or other external factors.

Following elements are taken into consideration while devising an effective capital management plan for the

Bank:

- Minimum capital requirements as per NRB
- Business growth prospects and risks
- Potential capital raising instruments such as equity, preference stocks, bonds etc
- Various stress scenarios
- Others as considered necessary by the senior management

Paid up Share Capital of the bank

Over the years the Bank has raised share capital as follows:

Fiscal Year	Cumulative Paid up Capital	Remarks
2057/58	350,000,000	
2058/59	350,000,000	
2059/60	350,000,000	
2060/61	500,000,000	Initial Public Offering of NPR. 150 million
2061/62	625,000,000	
2062/63	750,000,000	Bonus share issue of NPR. 125 million (20%)
2063/64	900,000,000	Bonus share issue of NPR. 150 million (20%)
2064/65	1,070,000,000	
2065/66	1,186,099,200	
2066/67	1,306,015,920	In the FY 2065/66, the bank had issued 10% bonus share including to those who were released from black list during the year.
2067/68	1,603,800,000	In the FY 2067/68, the bank capitalized NPR. 178,200,000 (15%) share capital, which was approved for issuance in fiscal year 2064/65. Bonus share at the rate of 8% (NPR. 118,800,000) had been proposed in the FY 2067/68.
2068/69	1,603,800,000	_
2069/70	1,828,332,000	14% bonus share of NPR. 224,532 million Issued in the FY 2069/70.
2070/71	2,431,681,560	33% bonus share of NPR. 603,349,560 issued in the FY 2070/71
2071/72	2,699,166,532	11% bonus share of Rs. 267,484,972 issued in the FY 2071/72
2072/73	3,265,991,503	21% bonus share of Rs. 566,824,971 issued in the FY 2072/73
2073/74	5,969,495,823	Share capital of Rs. 1,353,921,054 added from acquisition.
2074/75	7,163,394,973	
2075/76	8,685,573,112	21.25% of bonus share for the FY 2073-74 and 2074-75.
2076/77	12,520,049,469	10.526% of bonus share of 868,557,313 for the FY 2075-76 and with 2,965,919,029 added from acquisition.
2077/78	13,878,474,836	10.85% of bonus share of 13,584,253 for the FY 2076-77
2078/79	14,711,183,326	6% of bonus share of 8,327,084 for the FY 2077-78
2079/80	26,225,861,340	Share capital of NPR. 11,514,678,014 added from merger with NCC Bank Limited.

List of Shareholder who holds 0.5% or more share

S. No.	Name of shareholders	Individual/ Institution	Number of Share	%
1	Employees Provident Fund	Institution	7,753,239	2.96%
2	Amir Pratap J. B. Rana	Individual	5,290,581	2.02%
3	Citizen Investment	Institution	4,489,172	1.71%
4	Bhat Bhateni Super Market & Departmental Store Pvt. Ltd.	Institution	3,652,931	1.39%
5	Januki Kumari J.B. Rana Shahi	Individual	3,406,926	1.30%
6	Sabitri Gurung	Individual	3,239,685	1.24%
7	Himalayan Life Insurance Limited	Institution	2,837,621	1.08%
8	Sangrila Investment Pvt. Ltd	Institution	2,493,866	0.95%
9	Bimala Devi Agarwal	Individual	2,485,334	0.95%
10	Birendra Kumar Shah	Individual	2,387,258	0.91%
11	N.B. Group (Nepal) P.Ltd.	Institution	1,950,944	0.74%
12	Pashupati Murarka	Individual	1,757,318	0.67%

13	Gauri Shrestha	Individual	1,632,990	0.62%
14	Jagannath Gyawali	Individual	1,579,399	0.60%
15	Min Bahadur Gurung	Individual	1,571,362	0.60%
16	Om Prasad Shrestha	Individual	1,568,073	0.60%
17	Narayan Prasad Shrestha	Individual	1,544,360	0.59%
18	Pradip Kumar Murarka	Individual	1,495,326	0.57%
19	Ram Prasad Shrestha	Individual	1,442,811	0.55%
20	Anupam Rathi	Individual	1,432,335	0.55%
21	Rajan Prasad Amatya	Individual	1,394,080	0.53%
22	Navin Agrawal	Individual	1,371,706	0.52%

ii. Quantitative disclosures

1. Capital structure and capital adequacy

- Tier 1 capital and a breakdown of its components:

S. No.	Particulars	Rs. in '000
Tier 1 Capital (Core Capital) (CET1+ AT1)		29,952,982
Common Equity Tier 1 (CET 1)		29,952,982
a	Paid Up Equity Share Capital	26,225,861
b	Equity Share Premium	-
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	5,808,960
e	Retained Earnings	(2,200,737)
f	Current year cumulative profit/(Loss)	-
g	Capital Adjustment Reserve	86,319
h	Capital Redemption Reserve	-
i	Debenture Redemption Reserve	1,000,000
j	Other Free Reserves	109,075
k	Less: Goodwill	109,075
l	Less: Deferred Tax Assets	-
m	Less: Intangible Assets	79,596
n	Less: Investment in equity of institutions with financial interests	600,000
o	Less: Investment in equity of institutions in excess of limits	4,318
p	Less: Purchase of land and building in excess of limit and unutilized	7,149
q	Less: Negative Balances of reserve accounts	267,682
r	Less: Other Deductions	-
s	Less: Loans and Facilities extended to related parties and restricted lending	8,678

- Tier 2 capital and a breakdown of its components:

S. No.	Particulars	Rs. in '000
a	Cumulative and/or Redeemable Preference Shares	-
b	Subordinated Term Debt	9,000,000
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	5,588,502
e	Exchange Equalization Reserve	65,575
f	Investment Adjustment Reserve	-
g	Assets Revaluation Reserve	-
h	Other Reserves	-
Total Tier 2 Capital		14,654,077

○ Subordinated Term Debt

The Bank issued following debenture amounting to NPR 9,000 million with face value of NPR 1,000. The salient features of various debenture are as follows:

Debenture	Amount (Million)	Issue Date	Maturity Date	Interest rate	Interest Payment Frequency
10.25% KBL Debenture 2086	3,000	2020-02-02	2030-02-01	10.25%	Semi Annually
9.50% NCC Debenture 2086	3,000	2021-03-26	2031-03-28	9.50%	Semi Annually
11% KBL Debenture 2089	3,000	2022-09-23	2032-09-22	11%	Semi Annually

- Claim in case of liquidation: After depositors
- Debenture Redemption Reserve shall be created to redeem the bond at maturity.
- The debenture can be pledged with other banks and financial institution.
- Listed with Nepal Stock Exchange Limited

○ Deductions from Capital:

The Bank has investments of NPR 400 million in the equity shares of Kumari Capital Ltd. and NPR 200 million in the equity shares of KBL Securities Ltd which has been deducted from the core capital while computing capital adequacy. Further, Bank has deducted investment in equity of institutions in excess of limits from the core capital amounting NPR 4.31 million for Unique Nepal Laghubitta Bittiya Sanstha Limited, Purchase of land & building in excess of limit and unutilized located at Naxal site amounting to NPR 2.05 Million and at Gaidakot site amounting to NPR 5.10 Million, negative balances of reserve accounts NPR 267.68 Million related to actuarial reserve and loans and facilities extended to related parties amounting NPR 8.68 Million.

○ Total Qualifying Capital:

Particulars	Amount	Rs. in '000
Common Equity Tier 1 (CET1)	29,952,982	
Additional Tier 1 (AT1)	-	
Supplementary Capital (Tier 2)	14,654,077	
Total Capital Fund	44,607,059	

○ Capital Adequacy Ratio:

Particulars	Ratio (%)
Common Equity Tier 1 Ratio	8.13%
Core Capital Ratio - Tier 1	8.13%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	12.11%

○ Internal approach of the Bank to assess capital adequacy

In order to be prepared for distressed economic environments, the Bank assesses the adequacy of its capital by incorporating various potential scenarios and being responsive to changes in the economy, market, competitive or political landscape, or other external factors.

Banks are faced with the challenge of developing internal procedures and systems in order to ensure that they possess adequate capital resources in commensuration with all material risks posed to it by its operating activities. The bank has devised Internal Capital Adequacy Assessment Process (ICAAP), which is a set of policies, methodologies, techniques and procedures to assess the capital adequacy requirements in relation to bank's risk profile and effectiveness of its risk management, control environment and strategic planning. Following elements are taken into consideration while assessing capital adequacy of the Bank:

- Minimum capital requirements as per NRB
- Business growth prospects and risks
- Potential capital raising instruments such as equity, preference stocks, bonds etc
- Various stress scenarios
- Others as considered necessary by the senior management

2. Risk exposures

- Risk weighted exposures for Credit Risk, Market Risk and Operational Risk:

Particulars	Rs. in '000
Risk Weighted Exposure for Credit Risk	338,697,130
Risk Weighted Exposure for Operational Risk	15,315,131
Risk Weighted Exposure for Market Risk	90,005
Adjustments under Pillar II:	-
Add: 3% of Gross income of last FY due to supervisor is not satisfied with sound practice of management of operational risk (6.4 a 7)	3,727,445
Add: 3% of the total RWE due to supervisor is not satisfied with the overall risk management policies and procedures of the bank (6.4 a 9)	10,623,068
Total Risk Weighted Exposure (After Pillar II Adjustment)	368,452,781

- Risk Weighted Exposures under different categories of Credit Risk:

S.N.	Categories	Rs. in '000
1	Claims on domestic banks that meet capital adequacy requirements	482,696
2	Claims on domestic banks that do not meet capital adequacy requirements	-
3	Claims on foreign bank (ECA Rating 0-1)	953,636
4	Claims on foreign bank (ECA Rating 2)	2,174,908
5	Claims on foreign bank (ECA Rating 3-6)	-
6	Claims on foreign bank (ECA Rating 7)	-
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	181,409
8	Claims on Domestic Corporates (Credit rating score equivalent to AAA)	-
9	Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)	1,640,225
10	Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)	13,481,818
11	Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)	23,234,433
12	Claims on Domestic Corporates (Unrated)	137,555,820
13	Claims on Foreign Corporates (ECA 0-1)	-
14	Claims on Foreign Corporates (ECA 2)	-
15	Claims on Foreign Corporates (ECA 3-6)	-
16	Claims on Foreign Corporates (ECA 7)	-
17	Regulatory Retail Portfolio (Not Overdue)	35,145,926
18	Claims fulfilling all criterion of regularity retail except granularity	-
19	Claims secured by residential properties	5,748,785
20	Claims not fully secured by residential properties	-
21	Claims secured by residential properties (Overdue)	339,350
22	Claims secured by Commercial real estate	4,440,131
23	Past due claims (except for claims secured by residential properties)	11,014,827
24	High Risk claims	40,310,913
25	Lending against securities (bonds)	-
26	Lending against Shares(upto Rs.2.5 Million)	499,686
27	Trust Receipt Loans for Trading Firms	2,006,999
28	Investments in equity and other capital instruments of institutions listed in stock exchange	1,991,669
29	Investments in equity and other capital instruments of institutions not listed in the stock exchange	3,151,316
30	Staff loan secured by residential property	1,936,350
31	Other Assets (as per attachment)	12,122,303
32	Forward Exchange Contract Liabilities	451,167
33	LC Commitments With Original Maturity Upto 6 months domestic counterparty	709,331

34	LC Commitments With Original Maturity Over 6 months domestic counterparty	1,261,652
35	Bid Bond, Performance Bond and Counter guarantee domestic counterparty	9,149,219
36	Repurchase Agreements, Assets sale with recourse	4,478,448
37	Advance Payment Guarantee	5,712,472
38	Acceptances and Endorsements	6,689,194
39	Irrevocable Credit commitments (short term)	1,504,538
40	Irrevocable Credit commitments (long term)	10,067,311
41	Unpaid Guarantee Claims	215,815
42	SRP 6.4a(4) - Add 1% of the contract (sale) value in case of the sale of credit with recourse to RWE	44,784
Total		338,697,130

○ Total Risk Weighted Exposure calculation table:

Particulars	Rs. in '000
Total Risk Weighted Exposures	368,452,781
Tier 1 Capital (Core Capital) (CET1+AT1)	29,952,982
Total Capital Fund	44,607,059
Total Core Capital to Total Risk Weighted Exposures (%)	8.13
Total Capital Fund to Total Risk Weighted Exposures (%)	12.11

Details of Non-Performing Assets

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

Non-Performing Assets	Amount	Loan Loss Provision	Net NPL	Rs. in '000
Sub-Standard	966,514	226,915	739,599	
Doubtful	6,486,023	3,300,024	3,185,999	
Loss	6,909,107	6,909,107	-	
Total	14,361,644	10,436,047	3,925,598	

iii. Compliance with external requirement

The Bank is required to comply with the minimum Capital Adequacy Requirements of Nepal Rastra Bank. For the year ended 16 July 2023, such Capital Adequacy Requirement was set at 11% of Total Risk Weighted Exposures of the Bank.

During the year ended 16 July 2023, the Bank has complied with such minimum Capital Adequacy Requirements. The minimum regulatory requirement of capital as was 11.00% (including capital conservation buffer). Bank maintains the total CAR of 12.11% which is above 11%.

5.3. Classification of financial assets and financial liabilities

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortized cost. The summary of significant accounting policies describes how different classes of financial assets and financial liabilities are measured, and how income and expenses, including fair value gains and losses, are recognized. The following tables provide a reconciliation of the carrying amounts of financial assets and financial liabilities presented in the consolidated statement of financial position and as per their classification in accordance with NFRS 9.

Financial Assets	Amortized Cost	FVTOCI*	FVTPL**	Total	Rs. in '000
Cash in hand	9,004,462	-	-	9,004,462	
Balances with B/FIs	2,401,686	-	-	2,401,686	
Money at call and short notice	2,100,054	-	-	2,100,054	
Balance at NRB	13,460,945	-	-	13,460,945	
Derivative financial instrument	184,834	-	-	184,834	

Loans & Advances	280,691,609	-	-	280,691,609
Government treasury bills	14,538,845	-	-	14,538,845
Debt securities	25,681,157	-	-	25,681,157
Equity investments	-	2,476,593	-	2,476,593
Other assets	32,461,195	-	-	32,461,195
Total Financial Assets	380,524,787	2,476,593	-	383,001,380

*Fair value through other comprehensive income

** Fair value through profit or loss

Financial Liabilities	Amortized Cost	Held for Trading	Designated at FVTPL	Total
Deposits from BFIs	9,233,575	-	-	9,233,575
Deposits from customers	316,047,055	-	-	316,047,055
Due to Nepal Rastra Bank	1,496,500	-	-	1,496,500
Financial Derivative Liabilities	170,105	-	-	170,105
Provision for expenses	3,000	-	-	3,000
Borrowing	2,645,518	-	-	2,645,518
Debt securities issued	8,987,975	-	-	8,987,975
Employee related liabilities	712,842	-	-	712,842
Bills payable	11,100	-	-	11,100
Creditors and accruals	1,497,969	-	-	1,497,969
Interest payable on deposit & borrowing	4,245	-	-	4,245
Unpaid Dividend	1,761	-	-	1,761
Other liabilities	4,398,340	-	-	4,398,340
Total Financial Liabilities	345,209,985	-	-	345,209,985

5.4. Operating Segment information

1. General Information

a. Factors used to identify the Bank's reportable segments

The Bank has identified the key segments of business on the basis of nature of banking operations. It helps the management to assess the performance of the business segments. The business segments identified are Banking (including loans, deposits and trade operations), Cards, Remittance and Treasury.

b. Types of products and services from which each reportable segment derives its revenues

(a) Remittance Services

- 1 Remittance fee and commission
- 2 Other remit related fees and commission

(b) Digital Banking Business

- 1 Interchange Income (VISA/NIBL)
- 2 Credit Card
- 3 Debit Card
- 4 Prepaid Card
- 5 ATM Fees
- 6 Merchant Settlement Fees and commission
- 7 Other Fees and Commission

(c) Treasury

- 1 Interest Income from placements and investments
- 2 Purchase and Sale of shares/bonds and other financial instruments
- 3 Bullion Trading Income
- 4 Dividend Income on Investments
- 5 Forex Gain
- 6 Rebate from Nostro Banks
- 7 Other Fees and Commission income

(d) Banking

- 1 Income from Loan Products
- 2 Income from Bills Purchase and Discounting
- 3 Income from issuance of Letter of Credit
- 4 Income from issuance of Bank Guarantee
- 5 Income from Document Collection
- 7 Income from Bancassurance
- 8 Profit on sale of assets
- 9 Profit on sale of Non-Banking Assets
- 10 Income from other Banking Services

2. Information about profit or loss, assets and liabilities

Particulars	Remittance Services	Digital Banking Business	Treasury Business	Banking	Rs. in '000
Revenue from external customers	68,047	674,941	2,584,482	33,101,644	36,429,113
Intersegment revenues	-	-	-	-	-
Net Revenue	68,047	674,941	2,584,482	33,101,644	36,429,113
Interest Revenue	-	9,478	2,460,340	31,642,424	34,112,242
Interest Expense	-	-	289,790	22,756,274	23,046,064
Net interest revenue	-	9,478	2,170,550	8,886,151	11,066,179
Depreciation and Amortization	381	982	-	749,096	750,459
Segment profit/(loss)	32,356	410,972	1,546,480	(988,162)	1,001,645
Entity's interest in the profit or loss of associates accounted for using equity method	-	-	-	-	-
Other material non-cash items:	-	-	-	-	-
Impairment of assets	-	46,467	-	16,297,452	16,343,919
Segment assets	63,286	225,574	58,874,302	321,361,624	380,524,787
Segment liabilities	4,051	16,525	1,581,070	343,608,338	345,209,985

3. Measurement of operating segment profit or loss, assets and liabilities**a. Basis of Accounting**

All transactions between the reportable segments are accounted as separate unit and allocation is based upon use of resources and output derived from the reportable segments.

b. Nature of differences between the measurements of the reportable segments' profits or losses and the Bank's profit or loss before income tax

There is no difference between the measurement of the reportable segments' profit and the Bank's profit before income tax.

c. Nature of differences between the measurements of the reportable segments' assets and the Bank's asset

There is no difference between the measurement of the reportable segments' assets and the Bank's asset.

d. Nature of any changes from prior periods in the measurement methods used to determine reported segment profit or loss and the effect, if any

No changes are made in the measurement methods used to determine reported segment profit or loss from prior periods.

e. Nature and effect of any asymmetrical allocations to reportable segments

No asymmetrical allocations are made to reportable segments.

4. Reconciliations

(a) Revenue

Particulars	FY 2079-80	FY 2078-79
Total revenues for reportable segments	36,429,113,424	20,242,153,519
Other revenues	-	-
Elimination of intersegment revenues	-	-
Entity's revenues	36,429,113,424	20,242,153,519

(b) Profit or loss

Particulars	FY 2079-80	FY 2078-79
Total profit or loss for reportable segments	1,001,645,469	3,593,814,538
Other profit or loss	-	-
Elimination of intersegment profits	-	-
Unallocated amounts:	-	-
Profit before income tax	1,001,645,469	3,593,814,538

(c) Assets

Particulars	FY 2079-80	FY 2078-79
Total assets for reportable segments	380,524,786,643	213,155,824,611
Other assets	-	-
Unallocated amounts	-	-
Entity's assets	380,524,786,643	213,155,824,611

(d) Liabilities

Particulars	FY 2079-80	FY 2078-79
Total liabilities for reportable segments	345,209,984,757	192,153,708,614
Other liabilities	-	-
Unallocated liabilities	-	-
Entity's liabilities	345,209,984,757	192,153,708,614

5. Information about products and services

S. No.	Particulars	FY 2079-80	FY 2078-79
(a) Remittance Services		68,046,889	26,173,008
1	Remittance fee and commission	36,382,019	26,173,008
2	Other fees and commission	31,664,870	-
(b) Card Business		674,940,520	251,060,269
1	Interchange Income (VISA/CUP/NEPS)	80,938,924	46,428,257
2	Credit Card	45,516,690	13,643,635
3	Debit Card	107,238,635	50,938,999
4	Prepaid Card	1,227,501	543,341
5	ATM Fees	39,645,953	19,871,145
6	Merchant Settlement Fees and commission	100,939,703	16,527,197
7	Other Fees and Commission	299,433,114	103,107,695
(c) Treasury		2,593,833,621	1,836,561,429
1	Interest Income from placements and investments	2,117,025,461	1,144,446,348
2	Purchase and Sale of shares/bonds and other financial instruments	(5,922,695)	2,077,184
3	Bullion Trading Income	9,066,397	31,497,119
4	Dividend Income on Investments	105,104,589	256,063,870
5	Forex Gain	368,559,868	402,476,908
6	Rebate from Nostro Banks	-	-
7	Other Fees and Commission income	-	-
(d) Banking		33,092,292,394	18,128,358,813

1	Income from Loan Products	31,998,563,162	17,279,943,209
2	Income from Bills Purchase and Discounting	-	-
3	Income from issuance of Letter of Credit	186,961,632	133,062,720
4	Income from issuance of Bank Guarantee	229,259,112	154,746,690
5	Income from Document Collection	-	-
6	Income from Banc-assurance	11,444,325	10,610,544
8	Profit on sale of assets	(38,767,900)	194,856,534
9	Profit on sale of Non-Banking Assets	-	-
10	Income from other Banking Services	704,832,063	355,139,116
Total Revenue		36,429,113,424	20,242,153,519

6. Information about geographical areas (Total Operating Income)

S. No.	Particulars	FY 2079-80	FY 2078-79
(a) Domestic		13,057,677,029	7,941,155,691
Koshi Province		2,862,609,923	2,097,196,519
Madesh Province		3,037,486,804	1,343,797,033
Bagmati Province		4,550,961,654	2,489,224,216
Gandaki province		44,301,383	165,935,168
Lumbini Province		1,456,421,230	1,294,760,671
Karnali Province		272,779,220	246,062,541
Sudurpaschim province		833,116,813	304,179,543
(b) Foreign		-	-
Total		13,057,677,029	7,941,155,691

7. Information about major customers

None of the external customer of the Bank individually contributes 10% or more to the Bank's revenue at Ashad 31, 2080 as well as at Ashad 32, 2079.

5.5. Share options and share based payment

A sased payment is a transaction in which the bank receives goods or services either as consideration for its equity instruments or by incurring liabilities for amounts based on the price of the entity's shares or other equity instruments of the entity.

The bank has not entered into any share option or share based payment contract as of Ashad 31, 2080.

5.6. Contingent liabilities and commitment

Contingent Liabilities:

Where the Bank undertakes to make a payment on behalf of its customers for guarantees issued, such as for performance bonds or as irrevocable letters of credit as part of the Bank's transaction banking business for which an obligation to make a payment has not arisen at the reporting date, those are included in these financial statements as contingent liabilities.

Other contingent liabilities primarily include revocable letters of credit and bonds issued on behalf of customers to customs, for bids or offers.

Commitments:

Where the Bank has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not, or letters of credit and the Bank has not made payments at the reporting date, those instruments are included in these financial statement as commitments.

Please refer **Note No. 4.28 (including Note No. 4.28.1- 4.28.5)** for detail of contingent liabilities and commitments as at Ashad 31, 2080 and Ashad 32, 2079.

5.7. Interest Income recognition with reference to Nepal Rastra Bank Guideline, 2019

Bank has adopted the guideline issued by Nepal Rastra bank issued on July 2019 for the recognition of Interest Income- the criteria for suspension of interest income and cessation of Accrued Interest. Out of total accrued interest income recognized during the year the aforementioned suspended amount has not been transferred regulatory reserve. The Net Realizable Value (NRV) of collateral which is not adequate to cover the principal and accrued interest of the borrowers with arrears of more than three months and within 12 months are not recognized as interest income. For the purpose of classification of interest income/expense to BFIs, average rate on loan/deposit to BFIs have been considered. Details of the interest that has been suspended as per NRB guideline are:

S. No.	Particulars	Amount (NPR)
a.	Opening Balance of interest suspended as on 1st Shrawan 2079	537,330,960
b.	Add: Interest Suspension of NCC bank transfer from Merger as on Poush 16, 2079	2,881,149,980
c.	Add: Addition during the period Bad Loan	290,293,488
d.	Add: Loan on which "Net realizable value" of security is insufficient	10,204,691
Closing Balance of interest suspended as on Ashad end, 2080		3,718,979,119

5.8. Related parties' disclosures

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include major shareholders, subsidiary companies, associates, retirement funds, directors and key management personnel and their close family members.

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk.

a) Subsidiary

Transactions between the Bank and its subsidiary, Kumari Capital Limited and K.B.L Securities Limited meet the definition of related party as defined under NAS-24 "Related Party Disclosures".

Transactions during the year (Kumari Capital Limited)	FY 2079-80 (Rs.)	FY 2078-79 (Rs.)
Equity Investment by Kumari Bank Limited on Kumari Capital Ltd.	-	200,000,000
Deposits held by Kumari Capital Limited at Kumari Bank Ltd.	400,290,762	131,957,923
Interest Expenses incurred by Kumari Bank Limited, which formed part of income of Kumari Capital Limited	1,417,599.32	2,195,256
Expenses of Kumari Capital Limited paid by Kumari Bank Ltd, reimbursable	-	-
RTS income of Kumari Capital Limited for the service rendered to Kumari Bank Limited (Effective from Poush 20, 2079, till Poush 19, 2080 NPR. 800,000)	1,500,000	800,000
Amount transferred in relation to Dividend Payable of Kumari Bank Limited for subsequent payment to shareholders	1,747,861,797	360,370,447

Transactions during the year (KBL Securities Limited)	FY 2079-80 (Rs.)	FY 2078-79 (Rs.)
Equity Investment by Kumari Bank Limited on K.B.L Securities Ltd.	180,000,000	-
Deposits held by K.B.L Securities Ltd at Kumari Bank Ltd.	200,333,298	20,072,719
Expenses of K.B.L. Securities Limited paid by Kumari Bank Ltd, reimbursable	-	-
Interest Expenses incurred by Kumari Bank Limited, which formed part of income of K.B.L Securities Limited	3,632,434	244,844

b) Associates

Associates are an entity over which the investor has significant influence. Where an entity holds 20% or more of the voting power (directly or through subsidiaries) on an investee, it will be presumed the investor has significant

influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, the entity will be presumed not to have significant influence unless such influence can be clearly demonstrated. The existence of significant influence by an entity is usually evidenced in one or more of the following ways:

- representation on the board of directors or equivalent governing body of the investee;
- participation in the policy-making process, including participation in decisions about dividends or other distributions;
- material transactions between the entity and the investee;
- interchange of managerial personnel; or
- provision of essential technical information

Transactions between the Bank and its associates also meet the definition of related parties.

The Bank exercise significant influence in the financial and operating policy decisions of any of its investees as at and Ashad 31, 2080 as the bank has representation on the board of directors in case of following investees:

S.N	Associate	Representative From KBL
1	National Microfinance Laghubitta Bittiya Sanstha Limited	Mr. Kshitij Khadka
2	First Microfinance Laghubitta Bittiya Sanstha Limited.	Mr. Mukunda Subedi
3	Mero Microfinance Laghubitta Bittiya Sanstha Limited.	Mrs. Sajana Manandhar
4	Sadhana Laghubitta Bittiya Sanstha Limited	Mr. Laxmi Prasad Duwal
5	Avyan Laghubitta Bittiya Sanstha Limited	Mr. Prabin Jha
6	Solar Farm Limited	Mr. Aswin Babu Shrestha
7	Avasar Equity	Mr. Chandan Karki

Particulars	Ashad End 2080 (Rs.)	Ashad End 2079 (Rs.)
National Microfinance Bittiya Sanstha Limited		
Investment in shares-Promoter	20,000,000	20,000,000
First Microfinance Laghu Bittiya Sanstha Limited		
Investment in shares-Promoter	20,414,200	20,414,200
Investment in shares-Ordinary	2,580,396	2,580,396
Mero Micro Finance Bittiya Sanstha Limited		
Investment in shares- Promoter	37,023,000	37,023,000
General Insurance Co. Limited *		
Investment in shares- Promoter	-	50,000,000
Sadhana Laghubitta Bittiya Sanstha Limited		
Investment in shares- Promoter (From Merger of NCC Bank)	20,000,000	-
Avyan Laghubitta Bittiya Sanstha Limited		
Investment in shares- Ordinary	25,000,000	25,000,000
Solar Farm Limited		
Investment in shares- Ordinary	30,000,000	30,000,000
Avasar Equity		
Investment in shares- Ordinary	30,000,000	30,000,000
Avasar Equity Diversified Fund	1,000,000,000	
Total Investment in Associates	1,185,017,596	215,017,596

* There is no representation in board of member of Kumari Bank Limited in General Insurance Co. Ltd after merger with Sanima Life Insurance Co. Ltd. From F.Y. 2079-80 the entity will be presumed not to have significant influence, hence not recognized as associate entity.

c) Directors and other Key Managerial Personnel (KMP)

Key Management Personnel and their immediate family members are also considered to be related parties for disclosure purpose as per NAS-24 "Related Party Disclosures".

As per Nepal Financial Reporting Standard (NAS 24) "Related Party Disclosures", Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. The Bank considers the members of its Board, Chief Executive Officer and all managerial level executives as Key

Management Personnel (KMP) of the Bank.

Following is a list of Board of Directors and CEO bearing office at Ashad 31, 2080.

Mr. Amir Pratap J. B. Rana	Chairman
Mr. Upendra Keshari Neupane	Director
Mr. Krishna Prasad Gyawali	Director
Mr. Chandra Prasad Bastola	Director
Mr. Mahesh Prasad Pokharel	Director
Mr. Iman Singh Lama	Director
Mr. Ramesh Raj Aryal	Chief Executive Officer

Commencing on April 27, 2022, Mr. Ram Chandra Khanal assumed the role of Chief Executive Officer. However, Mr. Ramesh Raj Aryal was bank's Chief Executive Officer from January 1, 2023, following the merger with NCC Bank Limited. Furthermore, on November 17, 2023, Mr. Ram Chandra Khanal was appointed as Chief Executive Officer following the resignation of Mr. Ramesh Raj Aryal.

Compensation to the members of the Board

All members of the Board are non-executive directors and no executive compensation is paid to the directors. Specific non-executive allowances paid to directors are as under:

Board Meeting fees	Rs. 2,920,000
Other benefits	Rs. 1,234,000

The Annual General Meeting of the Bank approves these allowances and benefits.

Compensation to Chief Executive Officer of the Bank

Nature of Compensation	Total Compensation (Rs.)				Amount in '000	
	FY 2079-80		FY 2078-79			
	Ramesh Raj Aryal *	Ram Chandra Khanal **	Anuj Mani Timilsina ***	Ram Chandra Khanal ****		
Short-term employee benefits	9,700	6,245	7,864	4,325		
Employee Bonus	-	2,027	3,992	-		
Voluntary retirement payment	-	-	18,359	-		
Post employee benefits	-	-	3,143	-		
Festival Allowances and payment against annual leave	-	1,026	1,928	358		
Other Allowances	123	-	1,212	290		
Total	9,823	9,298	36,498	4,973		
Grand Total	19,121		41,471			

* Compensation to then CEO Mr. Ramesh Raj Aryal from the date of merger (1st January 2023) till the end of fiscal year. Further, Mr. Ramesh Raj Aryal was CEO of then NCC Bank Limited where total compensation of Rs. 6,243 (in thousand) was paid to him till date of merger.

** Compensation to CEO Mr. Ram Chandra Khanal from 17th July 2022 till date of merger (31st December 2022)

*** Compensation to then Acting CEO Mr. Anuj Mani Timilsina till 2nd February 2022

**** Compensation to then CEO Mr. Ram Chandra Khanal from 3rd February 2022 till the end of fiscal year 2078/79.

Compensation to Senior Management Personnel of the Bank

Nature of Compensation	Amount in '000	
	FY 2079-80	FY 2078-79
Short-term employee benefits	32,605	16,164
Employee Bonus	8,744	5,099
Post employee benefits	11,374	15,684
Festival Allowances and payment against annual leave	5,249	2,464
Other Allowances	15,337	6,027
Total	73,309	45,438

Employees of AGM level and above represent Senior Management Personnel

d) Loans and deposits of Directors and other Key Managerial Personnel (KMP); along with Close Family Members (CFMs)

Particulars	Amount in '000	
	FY 2079-80	FY 2078-79
Loans and Receivables	119,464	83,168
Credit Cards	371	316
Deposits	82,745	13,743

The above figures indicate the details of directors and staffs of AGM level and above and identified close family members of KMPs.

5.9. Additional disclosures of non-consolidated entities

Nepal Financial Reporting Standard (NAS 24) "Disclosure of Interests in Other Entities", is applicable when an entity has interest in any of the following:

- Subsidiaries
- Joint arrangements (joint operations or joint ventures)
- Associates
- Unconsolidated structured entities

The Bank has already disclosed its interests in subsidiaries and associates in 5.8. Related parties' disclosures. The Bank does not have any interest in any form of joint arrangements or unconsolidated structured entities as on Ashad 32, 2079 as well as Ashad 31, 2080.

5.10. Events after reporting period

Events after the reporting date are those events, favorable and unfavorable, that occur between the reporting date and the date the Financial Statements are authorized for issue.

The Bank follows NAS-10 "Events after the Reporting Period" to account for and report the events that have occurred after the reporting period.

Adjusting events after reporting period

The Bank has also availed the provision as provided by NRB directive that allows Banks to consider interest recovery made till July 31, 2023 while calculating amount to be transferred to regulatory reserve on account of interest income recognized on accrual basis but not realized for an amount of NPR. 1,109,483,869.83 till July 16, 2023.

Further, the bank has recognized the Income tax expenses amounting NPR 152,882,833 pertaining to Assessment Year 2075-76 of the NCC Bank Limited, Dev Bikas Bank Limited and Kumari Bank Limited as per finalization of amended tax assessment order as per section 102.

5.12. Availment of Carve-outs notified by Institute of Chartered Accountants of Nepal

The Institute of Chartered Accountants of Nepal has notified 2 Carve-outs in NFRS which allows alternative treatment. Out of the 2 Carve-outs, the Bank has availed following Carve-outs while preparing its financial statements for FY 2079/80:

- a) Carve-Out: 1 - NFRS 9: Financial Instruments: Recognition and Measurement (Incurred Loss Model to measure the Impairment Loss on Loan and Advances)
- b) Carve-Out: 2 - NFRS 9: Financial Instruments: Recognition and Measurement (Impracticability to determine transaction cost of all previous years which is the part of effective interest rate); one year extended for implementation.

a. Carve-Out: 1 - NAS 39: Financial Instruments: Recognition and Measurement (Incurred Loss Model to measure the Impairment Loss on Loan and Advances)

As per NAS-39, 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 63 to determine the amount of any impairment loss.

The Carve-out requires Banks to measure impairment loss on loans and advances as the higher amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 of NAS-39; and shall apply paragraph 63 to measure the impairment loss on financial assets and other assets other than loan and advances. The Bank shall disclose the impairment loss as per the Carve-out and the amount of impairment loss determined as per paragraph 63.

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.

The Bank has availed the Carve-out and has accordingly recognized impairment loss on loans and advances as the higher amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 of NAS-39. The detail of impairment loss on loans and advances are as follows:

Particulars	2077/78	2078/79	2079/80
Total Loan loss provision as per norms prescribed by Nepal Rastra Bank (NRB Directive No. 2) and circular issued.	3,113,258,690	3,925,358,976	16,343,918,721
Total Impairment as per paragraph 63 of NAS 39	702,768,829	964,942,213	7,882,029,481

As, Loan loss provision as per norms prescribed by Nepal Rastra Bank is higher, impairment loss on loans and advances is made accordingly.

The Bank has classified total loan loss provision mentioned above into 2 categories viz. Individual Impairment and Collective Impairment. The Bank has classified general loan loss provision as Collective Impairment and specific loan loss provision as Individual Impairment.

b. Carve-out: 2 - NAS 39: Financial Instruments: Recognition and Measurement (Impracticability to determine transaction cost of all previous years which is the part of effective interest rate)

As per NAS-39, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses while calculating the effective interest rate. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see NAS 18 – Revenue).

The Carve-out states that the effective interest rate calculation 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 BS.4.1-BS.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 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). The Bank has availed this Carve-out and opted for the extended time limit for its implementation and has not considered all fees and points paid or received which are impracticable to measure reliably while determining effective interest rate.

5.13. Dividend and Bonus

Since the retained earnings up to Fiscal Year 2079/80 is negative balance, no dividend was proposed by Bank's Board of Director's meeting held on 14th December 2023.

5.14. Unpaid Dividend

Total cash dividend proposed, NPR 373,582,431 is still payable to shareholders who have not yet collected. Detail of same is as follows:

Particulars	Amount (Rs.)
Payable of Kumari Bank Limited	222,497,329
Payable of then NCC Bank Limited	138,755,647
Payable of then Paschimanchal Finance Co. Limited	1,136,846
Payable of then Deva Bikas Bank Limited	9,119,517
Payable of then Rising Development Bank Limited	312,158
Total Dividend Payable with Kumari Capital Limited	371,821,498

Total Payable in the books of Kumari Bank Limited is as follows.

Particulars	Amount (Rs.)
Payable of Kumari Bank Limited	876,553
Payable of then Deva Bikas Bank Limited	169,284
Payable then (Kasthamandap / Kakre Bihar / Mahakali / Paschimanchal Finance)	715,095
Total Dividend Payable in Books of Bank	1,760,933

As per Section 182 (9) of Companies Act, dividend amount not claimed/received by any shareholder even after the expiry of a period of five years after the date of resolution adopted by the company in its general meeting to distribute dividend shall be credited to the investor protection fund to be established under Section 183. With reference to the said requirement bank had transferred Rs. 724,367.79 to investor protection fund out of the dividend payable standing related to various prior years in FY 2079/80.

5.15. Provision for staff bonus

Provision for staff bonus has been provided at 10% of net profit before providing for income tax provision. This provision has been made as per Bonus Act 2030.

5.16. Merger/Acquisition Reserve

Along with acquisition of then Deva Bikas Bank Limited; goodwill was created amounted to NPR 88,804,041 which was placed under Share Premium in FY 2078-79. As per the Unified Directive 2080, Directive No. 4(4) (4), the same has been transferred to Merger/Acquisition Reserve during the FY 2079-80. Further, the goodwill created on merger of NCC Bank Limited during the current FY 2079-80 amounting to NPR 20,270,481 has also been credited to Merger/Acquisition Reserve. The balance in Merger/Acquisition Reserve stands at NPR 109,074,521.82 as at 31st Ashad 2080.

5.17. General Reserve

20 percent of the profit after tax is transferred to General Reserves as per Section 44 of Banks and Financial Institutions Act 2073. In FY 2079/80, the Bank has transferred NPR 103,584,322 to the General Reserve Fund from the current year's profit. Further, the general reserve has been increased by 2,582,795,086 from merger of NCC Bank Limited during the period. The balance in General Reserve Stands at NPR 5,808,948,669 as at 31st Ashad 2080.

5.18. Exchange Fluctuation Fund

25 percent of the revaluations gain on foreign exchange is transferred to exchange fluctuation fund as per Section 45 of Banks and Financial Institutions Act 2073. In FY 2079/80, the revaluation gains on foreign exchange amounts to NPR 12,741,122. Therefore, the Bank has transferred NPR 3,185,280 to Exchange Fluctuation Fund from the current year profit. Further, the exchange equalization reserve has been increased by 8,934,253 from merger of NCC Bank Limited during the period. The balance in Exchange Fluctuation Fund stands at NPR 65,575,034 as on 31st Ashad 2080.

5.19. Investment Adjustment Reserve

There is an amount of no investment adjustment reserve as at Balance Sheet date. However, for other investment, no adjustment reserve has been created as per the exemption provided by Nepal Rastra Bank Directive 8 and other requirements as per the same directive as stipulated below:

Particulars	Cost Price (Rs.)	% Reserve	Amount in NPR
			Investment Adjustment Reserve
1. Investment in Shares (unquoted)			
Credit Information Center Limited	1,424,500	Exemption by NRB	-
Nepal Clearing House Limited	5,253,500	Exemption by NRB	-
National Banking Training Institute	1,834,860	Exemption by NRB	-
Kumari Capital Ltd	400,000,000	100% Subsidiary Company	-
Nepal Electronic Payment System Ltd	20,000,000	Exemption by NRB	-
KBL Securities Ltd	20,000,000	100% Subsidiary Company	-
Solar Farm Limited	30,000,000	Listing Process Initiated [Investment made on FY 2077/78 – now converted from Pvt. Ltd to Public Limited]	-
Avijan Laghubitta Bittiya Sanstha Ltd	25,000,000	Listed	-
Avasar Equity	1,030,000,000	Investment made on FY 2079/80	-
Total Investment	503,512,860		-

5.20. Interest Capitalization

Following are the loans, on which interest is capitalized to recognize income in accordance with NRB approval. These loans are the project loans, interest on which was capitalized for moratorium period. Detail of such loans and interest recognized in FY 2079/80 is as follows :

S.N.	Name of client	Type	Amount in NPR
			Capitalized Interest
1	Apex Makalu Hydropower Limited	Term Loan	11,733,495
2	Bhujung Hydropower Private Limited	Term Loan	42,241,562
3	G.B. Maternity And C.C.G.H Pvt Ltd	Term Loan	6,960,713
4	Hotel Shahanshah Intl Pvt.Ltd	Term Loan	108,405,666
5	Kbnr Isuwa Power Limited	Term Loan	66,695,839
6	Makar Jitumaya Suri Hydropower	Term Loan	20,155,683
7	Mewa Developers Pvt Ltd	Term Loan	171,219,247
8	Moonlight Hydropower Company Pvt Ltd	Term Loan	43,373,715
9	Multi Energy Dev. P. Ltd.	Term Loan	8,109,129
10	Munal And Mayur Resort Pvt Ltd	Term Loan	19,149,193
11	Nilgiri Khola Hydro Power Company Ltd	Term Loan	68,905,781
12	Peoples Energy Limited	Term Loan	6,652,038
13	Peoples Hydropower Company Pvt Ltd	Term Loan	38,947,018
14	Rolpa Cement Pvt. Ltd.	Term Loan	7,835,560
15	Salasungi Power Ltd	Term Loan	798,880
16	Sanima Middle Tamor Hydropower Ltd	Term Loan	51,331,129
17	Secure Hospitality Pvt.Ltd	Term Loan	29,955,601
18	Setikhola Hydropower Pvt Ltd	Term Loan	57,297,465

19 Siuri Nyadi Power Ltd.	Term Loan	15,211,680
20 Swet Ganga Hydropower & Construction Limited	Term Loan	27,390,199
21 Tundi Power Company Pvt. Ltd.	Term Loan	93,364,856
22 United Mewakhola Hydropower Pvt. Ltd.	Term Loan	8,652,128
23 Vision Energy And Power Limited	Term Loan	34,969,761
Total		939,356,338

The interest capitalization of Rolpa Cement Pvt. Ltd for an amount of Rs. 7,835,560 and Secure Hospitality Pvt. Ltd for an amount of Rs. 28,500,000 has been capitalized as per Clause 46 of Unified Directives 2/2080 through Interest Capitalized Term Loan (ICTL). Further, the above amount of Interest Capitalized Term Loan (ICTL) has been transferred to Regulatory Reserve as per clause 3 of 4/080 of Unified Directives.

5.21. Regulatory Reserve

As per NRB, the Bank is required to create regulatory reserve; the details included in the regulatory reserve are as:

Particulars	FY 2078-79	Merger from NCC	Addition/ (Reversal)	FY 2079-80
Accrued Interest	269,152	2,109,768	90,127	2,469,047
Provision for possible losses on investment	8,146	105,844	(113,989)	-
Provision on Non-Banking Assets	73,170	622,285	82,510	777,965
Deferred Tax Asset	-	215,033	(17,891)	197,143
Actuarial gain/(loss)	96,757	372,952	(87,307)	382,402
Other (Unrealized Fair Value gain)	-	-	-	-
Other (Interest Capitalization)	3,673	-	22,891	26,564
Total	450,897	3,425,882	(23,659)	3,853,121

The additional disclosure of regulatory reserve as directed by NRB are as:

FY	Interest Receivable	Short Loan Loss Provision	Short provision for possible losses on investment	Short Provision on NBA	Goodwill	Gain on Bargain Purchase	Actuarial Loss Recognized	Deferred Tax	Other	Total
2074/75	282,805	-	9,311	134,171	-	-	50,884	-	-	477,170
2075/76	5,316	-	7,201	(45,749)	-	-	62,674	77,790	-	107,232
2076/77	86,282	-	17,541	(33,174)	-	-	(113,558)	(67,788)	-	(110,697)
2077/78	(75,300)	-	(34,053)	21,203	-	-	132,480	(10,002)	32,292	66,621
2078/79	(29,952)	-	8,146	(3,281)	-	-	(35,724)	-	(28,619)	(89,430)
2079/80	2,199,895	-	(8,146)	704,795	-	-	285,646	197,143	22,891	3,402,224
Total	2,469,047	-	-	777,965	-	-	382,402	197,143	26,564	3,853,121

5.22. Fair Value Reserve

Fair value reserve comprises the cumulative net change in the fair value of financial assets measured at fair value with changes in fair value is recognized in other comprehensive income. Gain/ Loss on DE recognition (net of tax) of financial assets measured at fair value through Other Comprehensive Income (OCI) has been recognized directly under equity.

Particulars	Amount (Rs.)
Opening balance as on 1st Shrawan 2079	(8,145,731)
Movement in Fair Value Reserve net of taxation	123,443,523
Balance transfer from Merger	41,469,660
Closing balance as on 31st Ashad 2080	156,767,452

5.23. Actuarial Gain/ Loss Reserve

Actuarial gain or loss Reserve includes gain loss resulting from changes in actuarial assumptions used to value employee obligations.

Particulars	Amount (Rs.)
Opening balance as on 1st Shrawan 2079	(96,756,646)
Actuarial Gain during the year	202,027,463
Balance transfer from Merger	(372,952,333)
Closing balance as on 31st Ashad 2080	[267,681,516]

5.24. Other Reserves

a. CSR Reserves

As per NRB circular, the Bank has to transfer 1% of current year's profit to CSR fund. The Bank has transferred Rs 5,179,216 to CSR Fund from net profit of FY 2079/80. As of Balance Sheet date, the Bank's CSR fund stands at Rs 15,942,097.

Particulars	Amount (Rs.)
Opening balance as on 1st Shrawan 2079 (A)	25,798,098
1% of Net profit for FY 2079/80 to be transferred to CSR Fund (B)	5,179,216
CSR expenses incurred out of CSR Fund in FY 2079-80 (D)	15,035,216
Balance transfer from Merger (E)	26,347,785
Closing balance as on 31st Ashad 2080 (A+B+C-D+E)	42,289,883

The bank has made expenditure in the following head of expenditure in below mentioned province:

Province	Education	Environment	Health	Heritage	FLT	Miscellaneous	Women Empowerment	Total
Koshi	94,550	500,000	445,000	61,000	23,540	22,500	-	1,146,590
Madesh	300,000	-	-	-	20,050	-	-	320,050
Bagmati Inside	1,393,714	71,700	6,597,000	872,240	55,577	475,915	497,000	9,963,146
Bagmati Outside	307,570	-	-	15,000	17,270	40,000	15,000	394,840
Gandaki	545,500	-	-	320,000	24,190	191,125	-	1,080,815
Lumbini	223,000	24,125	-	500,000	26,730	305,795	-	1,079,650
Karnali	697,000	-	-	-	21,225	70,000	-	788,225
Sudurpaschim	-	-	-	80,100	11,050	170,750	-	261,900
Total	3,561,334	595,825	7,042,000	1,848,340	199,632	1,276,085	512,000	15,035,216

b. Capital Adjustment Reserve

Capital Adjustment Reserve is created on interest income recognized by capitalizing interest income for the loans provided under National Priority after approval for such capitalization from Nepal Rastra Bank. The total capital adjustment reserve created in the FY 2075-76 is carried forward in the current year, while no addition to the capital adjustment reserve is required to be created as per NRB directive, apart from addition due to merger.

Financial Year	Name of Borrower	Capital Adjustment Reserve Amount
2071/72	Electrocom and Research Center P Ltd	2,990,173
2072/73	Electrocom and Research Center P Ltd	14,936,857
2072/73	Nepal Health Care Co-operative Limited	4,007,609
2073/74	Nepal Health Care Co-operative Limited	8,559,593
2079/80	Transfer From NCC Bank Limited (Merger)	55,824,722
Total Amount		86,318,954

c. Debenture Redemption Reserve

Debenture Redemption Reserve of NPR 1,000,000,000 has been created against the subordinated debt issued amounting to NPR. 3 Billion for "10.25% KBL Debenture 2086", which have maturity period of 10 years and the redemption reserve is spread over 9 years to determine the annual reserve creation for the debenture not considering first and final year of the debenture. Similarly, for "9.50% NCC Debenture 2086" amounting NPR. 3 Billion, no reserve has been created. Further, for subsequent years the bank shall appropriate reserve proportionately over the remaining period with reference to NRB Unified Directive. Considering the year of issue of "11% KBL Debenture 2089" amounting NPR. 3 billion, reserve has not been created for such debenture.

d. Assets Revaluation Reserve

Assets Revaluation Reserve of NPR 396,860,536 has been created as the fair value adjustment of net assets acquired on business combination. The details are as:

Particulars	Amount (Rs.)
Opening balance as on 1st Shrawan 2079	69,419,000
Transfer from Merger NCC Poush 16, 2079	327,441,536
Addition during the year	-
Closing balance as on 31st Ashad 2080	396,860,536

5.25. Summary of Loans and Advances Disbursed, Recovered and Principal & Interest Written-off (except for Staff Loans and advances and interest accrued)

The loan and advances disbursed, recovered and written off during the year is given below:

Particulars	(Rs in million)
Opening Loans and Advances	161,882
Loans and Advances disbursed during the year	210,709
Loans and Advances recovered during the year	83,203
Loans and Advances written off during the year	-
Closing Loans and Advances	289,387
Interest written off	-

5.26. Weighted Average Interest Rate Spread

Particulars	Rate (%)
Average Rate of return from loans and advances and investment	13.44
Average Rate of interest on deposits & borrowings	8.46
Net Spread	4.98

5.27. Summary of Concentration of exposure

No balance sheet and off balance sheet transaction have been highly concentrated to a single person, firm, organization or to a particular sector. Detail of highest exposure to a single person or organization is as follows:

(Rs in million)

Particulars	Total Exposure	Maximum concentration to a single customer	
		Amount	%
Loans & Advances	289,387	4,100	1.42
Deposits	326,283	14,379	4.41
Off Balance Sheet Items	52,714	1,877	3.56

5.28. Other Additional disclosure

Particulars	During FY 2079/80	
	No. of Customers	Amount (Rs.)
Refinance Loan	1	100,000,000
Particulars	During FY 2079/80	
	No. of Customers	Amount (Rs.)
Subsidized Loan	5,266	9,632,625,026

5.29. Summary of Changes in deposit during the year

Growth in deposits during the year is given below:

Particulars	This Year (Rs.)	Last Year (Rs)	Changes in amount	(Rs in million)
1) Current Deposit	19,189	13,360	5,829	
a) Local Currency	18,911	13,231	5,680	
b) Foreign Currency	278	129	149	
2) Saving Deposit	66,055	34,892	31,163	
a) Local Currency	65,860	34,721	31,140	
b) Foreign Currency	194	171	23	
3) Fixed Deposit	216,706	118,548	98,158	
a) Local Currency	213,176	115,417	97,759	
b) Foreign Currency	3,530	3,131	399	
4) Call Deposit	21,572	14,716	6,857	
a) Local Currency	21,424	13,842	7,581	
b) Foreign Currency	149	873	(725)	
5) Margin Deposit	2,761	1,446	1,314	
a) Local Currency	2,761	1,446	1,314	
b) Foreign Currency	-	-	-	
Total Deposit	326,283	182,962	143,321	

5.30. Classification of Assets and Liabilities based on Maturity

S.N.	Particulars	1-90 Days	91-180 Days	181-270 Days	271-365 Days	Over 1 Year	Total Amount	(Rs in million)
Assets								
1	Cash Balance	9,004	-	-	-	-	9,004	
2	Balance with Banks & FIs	15,993	-	-	-	-	15,993	
3	Investment in Foreign Banks	7,910	-	-	-	-	7,910	
4	Call Money	-	-	-	-	-	-	
5	Government Securities	8,837	8,538	2,290	2,826	22,147	44,638	
6	Nepal Rastra Bank Bonds	-	-	-	-	-	-	
7	Inter Bank & FI Lending	2,107	-	-	-	-	2,107	
8	Loans & Advances	78,762	30,228	17,040	10,583	152,775	289,388	
9	Interest Receivable	1,056	164	60	29	280	1,589	
10	Reverse Repo	-	-	-	-	-	-	
11	Receivables from other Institutions under Commitment	-	-	-	-	-	-	
12	Payment to be made for facilities under s.no 20, 21 & 22	21,667	3,855	2,263	2,136	8,645	38,566	
13	Others	9,204	3,068	3,068	3,068	7,351	25,758	
Total Assets (A)		154,540	45,852	24,722	18,642	191,198	434,954	
Liabilities								
14	Current Deposits	6,585	2,195	2,195	2,195	8,780	21,950	
15	Saving Deposits	21,907	4,381	4,381	4,381	52,576	87,627	

16	Fixed Deposits	65,901	39,513	21,310	29,563	60,418	216,706
17	Debentures	-	-	-	-	9,000	9,000
18	Borrowings:	394	100	-	-	2,629	3,123
	(a) Call/Short Notice	-	-	-	-	-	-
	(b) Inter-bank/Financial Institutions	394	-	-	-	-	394
	(c) Refinance	-	100	-	-	-	100
	(d) Others	-	-	-	-	2,629	2,629
19	Other Liabilities and Provisions	81	20	20	20	0.01	142
	(a) Sundry Creditors	-	-	-	-	-	-
	(b) Bills Payable	60	20	20	20	-	119
	(c) Interest Payable	21	-	-	-	0.01	21
	(d) Provisions	-	-	-	-	-	-
	(e) Others	1	0.29	0.29	0.29	-	1.76
20	Payable to other institutions under Commitment	3,537	1,362	629	236	995	6,759
21	Unutilized Approved Facilities	241	342	342	342	342	1,610
22	Letter of Credit/Guarantee (Net of Margin)	27,334	4,145	2,604	2,701	9,171	45,955
23	Repo	-	-	-	-	-	-
24	Payment to be made for facilities under S.No 11	-	-	-	-	-	-
25	Others	7,727	2,576	2,576	2,576	-	15,454
Total Liabilities (B)		133,709	54,634	34,058	42,014	143,911	408,326
Net Financial Assets (A-B)		20,831	[8,782]	[9,336]	[23,372]	47,287	26,629
Cumulative Net Financial Assets		20,831	12,049	2,714	[20,658]	26,629	

5.31. Reconciliation Status

The Bank reconciles inter branch transactions and other agency accounts regularly. The difference has been identified, reviewed and reconciled and it has been or will be adjusted in due course of business.

Reconciliation status	Ledger Credit	Statement Credit	Ledger Debit	Statement Debit	Rs. in '000
Less than 1 Month	932,589.28	54,330.01	720,135.12	135,600.38	
More than 1 Month To Less than 3 Months	5,172.25	20.16	-	-	
More than 3 Months To Less than 9 Months	1,872.37	1,000.06	-	-	
More than 9 Months	-	-	-	-	
Total	939,633.91	55,350.23	720,135.12	135,600.38	

5.32. Details of Software Application (Intangible Assets)

Net Opening Balance	Net Additions during the year	Amortization during the year	Net Closing Balance	Amount in Rs.
72,637,250	85,522,371	78,564,084	79,595,537	

5.33. Capital Work in Progress (WIP)

Fixed assets under construction i.e. construction of corporate office of the bank incurred cost for soil testing work at Naxal Site. As of the balance sheet date, the carrying amount of Capital WIP is NPR. 261,369. As the assets is not ready for use are shown as capital work in progress.

The construction of corporate building has been initiated on which process of hiring of consultant for initial estimation of cost of building has been already completed. Further, as on date, the bank has completed the selection process of contractor and the construction of building is underway.

5.34. Disclosure of Actuarial Valuation of Gratuity

Gratuity Liability of the bank is governed based on Bank's Employee Service Bylaw. Liability/ Asset pertaining to gratuity liability of bank has been assessed through actuarial valuation and has been recognized on liabilities/ asset as on year end, which governs overall liability of the bank in relation to the Gratuity expenses. Details related to actuarial valuation is as mentioned below:

Particulars	FY 2079-80	FY 2078-79
	Amount (NPR)	Amount (NPR)
Change in Present Value Obligations		
PV of Obligation at beginning of the year	658,213,045	560,774,634
Interest Cost	55,158,303	47,574,499
Current Service Cost	89,965,868	85,398,601
Benefit paid	(110,497,096)	(19,614,157)
Past Service Cost	-	-
Actuarial (Gain)/ Loss	(365,963,501)	(15,920,532)
Business Combination	1,010,272,678	
Liability at the end of the year	1,337,149,297	658,213,045
Change in Fair Value of Plan Assets		
Fair Value of Plan Asset at Beginning of the Year	729,122,865	465,123,357
Contribution by Employer	395,249,440	283,613,665
Benefit paid	(110,497,096)	(19,614,157)
Actuarial (Gain)/ Loss on Plan Assets	(77,352,840)	-
Business Combination	555,520,180	
Fair Value of Plan Asset at End of the Year	1,492,042,549	729,122,865
Amount Recognized in Statement of Financial Position		
Present Value of Obligations at Year End	1,337,149,297	658,213,045
Fair Value of Plan Assets at Year End	1,492,042,549	729,122,865
Funded Status-(Surplus)/Deficit	(154,893,252)	(70,909,820)
Unrecognized Actuarial (Gain)/Loss at Year End		
Unrecognized Past Service Cost		
Net (Asset)/Liability Recognized in Balance Sheet	(154,893,252)	(70,909,820)

5.35. Disclosure of Actuarial Valuation of Leave Liability:

Leave Liability of the bank is governed based on Bank's Employee Service Bylaw i.e. on the basis of the number of days' staffs are entitled to. Leave encashment during the year (leave balances in excess of accumulated balances). For accumulated leave, bank's policy states for accumulation of total 150 days leave (90 days' annual leave and 60 days' medical leave), payable on gross salary of the staff on the date of encashment. Thus the liability of the bank is provisioned as per the latest staff remuneration for the leave accumulated. Liability pertaining to leave liability of bank has been assessed through actuarial valuation and has been recognized on liabilities/ asset as on year end, which governs overall liability of the bank in relation to the Leave expenses. Details related to actuarial valuation is as mentioned below:

Particulars	FY 2079-80 [Rs.]
Change in Present value of Benefit Obligation during the Period	
Defined Benefit Obligation, Beginning of Period	255,948,496
Current Service Cost	55,818,465
Interest Cost	15,972,614
Actuarial (Gains)/Losses	(60,507,504)
Actual Benefits Paid	(50,828,984)
Business Combination	133,034,504
Defined Benefit Obligation, End of Period	349,437,591
Current / Non-Current Bifurcation	
Current Liability	86,095,633
Non-Current Liability	263,341,958
Liability/(Asset) Recognized in the Balance Sheet	349,437,591
Amount Recognized in Statement of Profit & Loss	
Current Service Cost	55,818,465

Interest Cost	15,972,614
Expected Return on Plan Assets	-
Past Service Cost	-
Net Actuarial Losses/(Gains)	(60,507,504)
Total Expense/(Income) included in "Employee Benefit Expense"	11,283,575

5.36. Operating Lease recognized as per NFRS 16

As per NFRS 16, Lease expense shall be recognized at the commencement date, a lessee shall recognize a right-of-use asset and a lease liability. At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

After the commencement date, a lessee shall measure the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications to reflect revised in-substance fixed lease payments

For the first time adoption of lease, the effect is recognized and restated from previous years as:

Particulars	FY 2079-80 (Rs.)
Right of Use Asset	2,845,123,786
Lease Liability	2,500,547,274
Right of Use Asset Depreciation	357,159,909
Interest Expense	67,319,014
Total Lease Expenses	424,478,923

5.37. Notes on Business Combination

In the reporting period, the Bank merged with former Nepal Credit and Commerce Bank Limited, a "A" Class financial institution licensed by the NRB, in order to reap synergy benefits and advance the industry. The following are the major activities that has been conducted during the process of merger.

Particulars	Date (A.D)	Date (B.S)
Memorandum of Understanding (MoU) for the merger was signed on:	26 September 2022	10 Asoj 2079
Nepal Rastra Bank granted its prior approval (Letter of Intent) on:	30 September 2022	14 Asoj 2079
Special General Meetings of both institutions to approve merger held on:	11 December 2022	25 Mangsir 2079
Nepal Rastra Bank provided the final approval of the merger deal on:	21 December 2022	6 Poush 2079
Joint operation of the bank after successful merger began on:	01 January 2023	17 Poush 2079

The Bank issued 11,514,678,014 equity shares at a swap ratio of 1:1 (1 shares of Kumari Bank Limited for every 1 shares of Nepal Credit and Commerce Bank Limited) in consideration for the merger. The explanatory notes of Institute of Chartered Accountants of Nepal (ICAN) were taken into consideration for accounting for the merger of Nepal Credit and Commerce Bank Limited in accordance with NFRS - 3 Business Combination and by recognizing Goodwill NPR 20,270,480.

NFRS 3 – Business combination has been applied for the purpose of calculating goodwill/ Gain on bargain purchase along with the explanatory notes as below:

Para 32 of NFRS 3 states that "The acquirer shall recognize goodwill as of the acquisition date measured as the excess of (a) over (b) below:

- a) The aggregate of:
 - i. The consideration transferred measured in accordance with this NFRS, which generally requires acquisition-date fair value,
 - ii. The amount of any non-controlling interest in the acquiree measured in accordance with this NFRS; and
 - iii. In a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

- b) The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this NFRS.

Accordingly, as per the standard goodwill has been recognized for the excess of the value derived as per (a) over (b).

Calculation of Goodwill of Business Combination	Amount (Rs.)
Consideration transferred by Acquirer (Kumari Bank) (A)	15,266,855,639
Business Value of Acquiree (NCC Bank) (B)	15,246,585,158
Goodwill	20,270,480

In a business combination that involved the exchange of the acquirer's equity interest, goodwill was calculated by taking into account the acquiree's business valuation, which was determined based on a due diligence audit conducted by professionals and approved by the AGMs of both the acquirer and the acquiree in order to calculate the swap ratio. Because it represents the anticipated synergies and other benefits from integrating the businesses, the excess of consideration paid by the acquirer above the business value of the acquiree has been classified as goodwill. The financial statements of the acquiree as of the acquisition date show that the assets and liabilities of the acquiree have been recorded at fair value.

5.38. Disclosure of Non-Banking Assets

As at Ashad 31, 2080, Non-Banking Assets assumed by Bank are as follows:

Name of Borrower/Party	Date of assuming of Non-Banking Assets	Non-Banking Assets at cost (Rs.)
Shakti Auto Engineering P.Ltd	13-Jan-06	3,450,000
Harisiddhi Brick & Tile Factory	15-Jul-09	440,983,914
Kumari Builders & Development Co.P.Ltd.	26-Jan-14	125,175,000
Prabin Nirman Sewa	11-Sep-14	18,915,307
Pathivara Shoe Centre	14-Jan-16	5,405,071
Kalidevi Handicraft	14-Jul-17	8,424,374
Kumar Lawati	7-Sep-17	1,074,860
Shyam Khanal	12-Sep-17	10,752,000
Ugratara Ekikrit Bahuudhesiya	15-Dec-17	35,286,355
Everest Computer Embroidary	4-Jan-18	56,745,169
Rajendra Prasad Upadhyay Khanal	4-Jan-18	6,828,410
Rama Khanal	4-Jan-18	7,746,662
Shiva Shankar Laghu Udyog	20-Apr-18	23,188,804
Shuvashree Suppliers Pvt Ltd.	24-Jun-18	35,251,000
Shree Ajima Grocery	28-Jun-18	51,840
Ganga Jamuna Suppliers	12-Nov-18	3,463,384
Buddhathoki Poultry Firm (Infra)	27-Mar-19	2,205,707
Transit Fancy Fair (Supreme)	8-Apr-19	21,707,064
Kuldip Sharma	30-Sep-19	5,580,000
Kamana Kirana Store	30-Sep-19	5,610,000
Lila Khanal	19-Mar-20	15,839,000
Khemraj Kurmi	22-Mar-20	4,370,175
Ram Nayan Ahir	22-Mar-20	4,762,971
Bhagwan Basnet And Bhagwan Tiles & Sanitary	15-Jul-20	6,619,708
Kamachya Store	15-Jul-20	3,618,324
Shree Raj Laxmi Enterprise	8-Nov-20	38,665,000
Rup Chandra Kurmi	30-Nov-20	770,000
Saroj Jaishwal	30-Nov-20	790,000
Shree Madhav Nabajiwan Sanjibini	8-Dec-20	1,527,104
Meera Fancy Store	29-Mar-21	25,215,000
Malika Traders And Order Suppliers	5-Aug-21	2,549,001
World Export And Import Pvt Ltd	29-Aug-21	34,185,416

Lama Hotel	21-Nov-21	8,626,734
Hotel Miteri	21-Nov-21	2,368,650
Saroj Bahadur Sonar	7-Dec-21	3,179,000
Rugu Bina Kumari Singh	31-Mar-22	2,389,169
Sushila & Srijana Traders Pvt. Ltd.	13-Apr-22	5,908,506
Sahadev Raj Banshi	26-Apr-22	4,718,750
City Center Hospital Pvt. Ltd.	8-May-22	16,318,113
Ram Chandra Thapa	2-Jun-22	1,865,129
Pa Ra Ra Chalaugain Bastralaya	12-Jul-22	2,647,744
Ram Sharan Giri	9-Aug-22	1,590,000
Lila Khanal	26-Aug-22	10,571,573
Maa Shakti Gift Kitchen	12-Oct-22	8,117,187
Jog Prasad Mahato Puran Ram Mahato	7-Dec-22	2,911,916
Moon Light Builders(Prakash Kandel)	9-Apr-23	27,750,000
Sifa Traders	6-Jul-23	12,663,000
Jeyaur Rahman	6-Jul-23	14,987,559
Red Agro Tourism	11-Jul-23	13,690,000
Triyuga Kastha Udyog & Triyuga	12-Jul-23	18,128,000
The Royal Palace Hotel	16-Jul-23	1,877,064
Mr Badri Kandel	16-Jul-23	4,260,559
Umesh Garments	16-Jul-23	17,000,000
Thalal Group	16-Jul-23	32,540,780
Shib Tent/Pandey Tent And Bp Sales	16-Jul-23	22,420,000
TOTAL		1,193,286,054

Non-Banking assets (NBA) as disclosed above is reported under Investment Property. Further, Land located at Gaindakot costing NPR 5,100,750 with Fair Value of NPR 28,349,243, has been classified under Investment property as it does not meet the criteria of recognition of Property, Plant and Equipment under NAS 16. As per NAS 16, to be Property, plant and equipment, the asset shall be held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. However, the land was purchased in name of Bank but currently not used for banking purpose and hence classified as Investment Property.

Further, Non-Banking assets has been transferred from NCC Bank Limited at fair value during merger with increase in value amounting NPR 41,577,455.

5.39. Fair Value Disclosure

Level 1 and Level 2 Valuation has been used for Fair Valuation of Financial Assets, the details of which are mentioned below:

Particulars	Amount (Rs.)
Level 1	2,267,180,703
Api Power Company Ltd. (API)	394
Arun Kabeli Power Ltd.(AKPL)	326,424
Asian Life Insurance Company Limited (ALICL)	6,941,352
Barun Hydropower Company Limited (BARUN)	249
Butwal Power Co. Ltd.(BPCL)	331
Chhimek Laghubitta Bittiya Sanstha Ltd(CBBL)	1,000
Chilime Hydro Power Compnay Ltd.-{CHCL}	5,351,436
Deprosc Laghubitta Bittiya Sanstha Ltd(DBBL)	826
Forward Microfinance Laghubitta Bittiya Sanstha Limited (FORWAD)	1,321
Grameen Bikas Laghubitta Bittiya Sanstha Ltd.-Promoter(GBLBSP)	131,412
Himalayan Everest Insurance Limited(HEI)	4,800
Himalayan Everest Insurance Ltd. (Promoter)HEIP	1,028,100
Himalayan Life Insurance Company Limited (HLI)	10,647

Hydroelectricity Investment and Development Co. Ltd.(HIDCL)	5,469,216
Hydroelectricity Investment and Development Company Limited (HIDCLPO)	192,177,404
Life Insurance Co. Nepal(LICN)	40,363,135
Mero Microfinance Laghubitta Bittiya Sanstha Limited (MERO)	1,322
Mirmire Laghubitta Bittiya Sanstha Limited (MMFDB)	11,344
National Life Insurance Co. Ltd (NLICL)	645
Naya Sarathi Laghubitta Bittiya Sanstha Limited Promoter Share (NSLBP)	194,770,937
Neco Insurance(NIL)	10,089,925
Nepal Insurance Co. Ltd.(NICL)	2,949,540
Nepal Life Insurance Co. Ltd.(NLIC)	744
Nerude Laghubita Bikas Bank Limited(NLBBBL)	109,392
Ngadi Group Power Limited(NGPL)	18,712
NLG Insurance Co. Ltd. (Promoter)	400
Prabhu Insurance Limited(PRIN)	445,959
Ridi Power Company Limited (RIDI)	243
RMDC Laghubitta Bittiya Sanstha Ltd.-Promoter (RMDCPO)	46,013,151
RSDC Laghubitta Bittiya Sanstha Limited (RSDC)	462,891
Sagarmatha Lumbini Insurance Co. Ltd.-Promoter (SALICOP)	11,461,200
Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited (SKBBL)	36,859
Sanima General Insurance Company Ltd. (Promoter)-SGICP	36,428,600
Sanima General Insurance Company Ltd. (SGIC)	88,200,529
Sanima Mai Hydropower Ltd (SHPC)	8,829,560
Shikhar Insurance Co. Ltd (SICL)	8,986,575
Siddhartha Premier Insurance Limited (SPIL)	146,358
Surya JyotiLife Insurance Company Limited (SJLIC)	610
Synergy Power Development Limited(SPDL)	250
Unique Nepal Laghubitta Bittiya Sanstha Limited- Promoter(UNLBSL)	10,800,000
United Ajod Insurance Limited (UAIL)	5,133,773
Vijaya Laghubitta Bittiya Sanstha Limited (VLBS)	4,991
Citizens Mutual Fund(CMF-1)	25,508,910
Citizens Mutual Fund-II(CMF-II)	7,273,000
Global IME Balance Fund-1 (GIBF1)	37,360,000
Kumari Dhanbriddhi Yojana(KDBY)	184,495,934
Kumari Equity Fund(KEF)	177,025,834
Kumari Sunaulo Lagani Yojana-open ended(KSLY)	159,750,000
Laxmi Equity Fund(LEMF)	27,741,683
Laxmi Unnati Kosh(LUK)w	18,780,000
Mega Mutual Fund 1(MMF1)	6,972,713
Nabil Balanced Fund II(NBF II)	63,360,000
Nabil Balanced Fund III(NBF3)	126,192
Nabil Equity Fund(NEF)	40,169,281
NIBL Growth Fund(NIBLGF)	53,200,000
NIBL Pragati Fund(NIBLPF)	40,681,667
NIBL Sahabragita Fund(NIBLSF)	29,221,665
NIBL Samriddhi Fund- II(NIBSF2)	32,280,948
NIC ASIA Balanced Fund(NICBF)	15,605,825
NIC Asia Dynamic Debt Fund(NICADF)	7,386,261
NIC Asia Growth Fund(NICGF)	50,028,951
NIC Asia Select 30 Index Fund(NICSF)	26,970,000
NMB 50	98,720,423
NMB Hybrid Fund L(NMBHF1)	39,555,644
NMB Sulav Investment Fund-2(NSIF2)	2,997,000
Prabhu Select Fund(PSF)	21,842,597

RBB Mutual Fund -1(RMF1)	32,256,063
Sanima Equity Fund(SAEF)	74,377,170
Sanima Growth Fund(SAGF)	9,990,000
Sanima Large Cap Fund(SLCF)	22,300,000
Siddhartha Equity Fund(SEF)	53,239,366
Siddhartha Investment Growth Scheme 2(SIGS2)	58,439,388
Sunrise Blue Chip Fund(SBCF)	35,325,000
Sunrise First Mutual Fund(SFMF)	89,086,635
Sunrise Focussed Equity Fund(SFEF)	48,400,000
Level 2	209,412,329
Credit Information Center Limited	134,969,371
Nepal Clearing House Ltd. Share (Promoter)	28,680,932
Nepal Electronic Payment Systems Ltd.(NEPS)	31,216,264
National Banking Training Institution (Promoter)	14,545,763
Grand Total	2,476,593,032

5.40. COVID Loans

Particulars	Amount (Rs.)
COVID Management Loan	118,955,804
Rescheduled Loans	1,032,824,271

5.41. Other Disclosure related to Loan

Particulars	As of Ashad end 2080	
	No. of Customers	Amount (NRs.)
Accrued Interest Received after Ashad end 2080 till 15 Shrawan 2080	5701	1,117,385,983
Additional 0.3% Loan Loss Provision created on Pass Loan Portfolio	50,305	760,901,441.36
Extension of moratorium period of loan provided to Industry or Project under construction	2	101,243,414
Restructured/Rescheduled Loan with 5% Loan Loss Provision	1,155	1,367,225,435
Enhancement of Working Capital Loan by 20% to COVID affected borrowers	1	2,134,419
Enhancement of Term Loan by 10% to COVID affected borrowers	139	302,706,732
Expiry Date of Additional 20% Working Capital Loan (COVID Loan) extended for upto 1 year with 5% provisioning	-	-
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	41	1,599,253,203
Total	62,080	4,133,464,644

5.42. Classification of Loans, Advances and Related Provisioning

The classification of Loans and advances and their respective provisioning for Financial Year ending on Ashad 31, 2080 is as follows.

Particulars	Domestic			Foreign	Total
	Deprived Sector		Other		
	Insured	Uninsured			
1 Performing Loan and Advances	2,921	11,085	259,566	1,454	275,026
1.1 Pass Loan	2,878	11,069	233,504	-	247,451
1.2 Watch List	43	16	26,062	1,454	27,575
2 Non-Performing Loan and Advances	76	166	14,120	-	14,362
2.1 Restructured / Rescheduled	-	-	-	-	-
2.2 Sub-standard	39	50	877	-	967

2.3 Doubtful	37	13	6,261	-	6,310
2.4 Loss	-	103	6,982	-	7,085
3 Total Loan and Advances (1+2)	2,997	11,251	273,686	1,454	289,388
4 Total Loan Loss Provision	17	267	15,987	73	16,344
4.1 Pass	9	144	3,122	-	3,275
4.2 Watch List	1	1	2,559	73	2,633
4.3 Restructured / Rescheduled	-	-	-	-	-
4.4 Sub-standard	2	13	212	-	227
4.5 Doubtful	5	6	3,113	-	3,124
4.6 Loss	-	103	6,982	-	7,085
5 Total Provision upto Previous Quarter	-	327	11,468	20	11,815
5.1 Pass	-	157	3,357	20	3,535
5.2 Watch List	-	3	961	-	964
5.3 Restructured / Rescheduled	-	-	-	-	-
5.4 Sub-standard	-	12	1,049	-	1,061
5.5 Doubtful	-	8	714	-	722
5.6 Loss	-	146	5,388	-	5,534
6 Provision Write Back of this Quarter	-	60	-	-	60
7 Additional Provision for this Quarter	17	-	4,520	52	4,589
8 Addition/Write back of Provision	17	(60)	4,520	52	4,529
9 Total Loan Loss Provision (5-6+7)	17	267	15,987	73	16,344
Net Loan (3-4)	2,980	10,984	257,698	1,381	273,044

5.43. Shareholders Details

Number of Shareholders of the bank are as follows:

Particulars	Ashad 2080	Ashad 2079
Number of Promoter Shareholder	3,131	1,271
Number of Public Shareholder	294,370	185,795

5.44. Rounding off

Figures are rounded to nearest rupees.

Statement of distributable profit or loss

For the year ended 32nd Ashad 2080

(As per NRB Regulation)

Particulars	Bank	
	FY 2079-80	FY 2078-79
Net profit or (loss) as per statement of profit or loss	517,921,611	2,579,809,832
Appropriations:		
a. General reserve	(103,584,322)	(515,961,966)
b. Foreign exchange fluctuation fund	(3,185,280)	(6,213,423)
c. Capital redemption reserve	(333,333,333)	(333,333,333)
d. Corporate social responsibility fund	9,856,001	(25,798,098)
e. Employees' training fund	11,969,163	(16,319,884)
f. Other	-	-
- Investment Adjustment Reserve	-	-
- Other Reserve	-	-
Profit or (loss) before regulatory adjustment	99,643,839	1,682,183,127
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(90,127,347)	29,951,647
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	113,989,328	(8,145,730)
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(82,509,550)	3,281,140
e. Deferred tax assets recognised (-)/ reversal (+)	17,890,708	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	87,306,813	35,723,508
i. Other (+/-) Investment Adjustment Reserve	-	-
j. Other (+/-) Fair Value Gain	-	28,618,978
k. Other (+/-) Interest Capitalization	[22,891,403]	-
Net Profit for the year end Ashad 2080 available for distribution	123,302,389	1,771,612,670
Opening Retained Earning as on Shrawan 1 2079	1,871,411,341	1,298,438,115
Adjustment (+/-)	41,469,660	4,624,324
Opening Retained Earning From NCC Poush 16, 2079	(2,400,194,622)	
Distribution:		
Bonus Shares issued		(832,708,490)
Cash Dividend Paid	(1,838,897,916)	(370,555,278)
Total Distributable profit or (loss) as on Ashad 2080	(2,202,909,147)	1,871,411,341
Annualised Distributable Profit/Loss per share	[8.40]	12.72

Comparison Unaudited and Audited Financial Statements as of FT 2079/80

Statement of Financial Position	As per Unaudited Financial Statement		As per Audited Financial Statement		Variance In amount	In %	Reason for variance
	Statement of Financial Position	As per Unaudited Financial Statement	Statement of Financial Position	As per Audited Financial Statement			
Assets							
Cash and Cash Equivalents	19,840,098,812	19,921,482,766	81,383,953	0.41%	Redeification of Cash and Cash Equivalents		
Due from Nepal Rastra Bank	13,460,944,529	13,460,944,529	-	-			
Placement with Bank and Financial Institutions	7,852,829,746	7,771,445,793	(81,383,953)	-10.4%	Redeification of Placements		
Derivative Financial Instruments	184,833,645	184,833,645	-	-			
Other Trading Assets	-	-	-	-			
Loans and Advances to Customers	9,769,740,525	9,754,306,460	(15,434,065)	-0.16%	Due to Change in Loan Loss Provision		
	270,573,596,161	270,937,308,309	363,712,148	0.13%	Due to Change in Loan Loss Provision and reclassification, Staff Loan Calculation as per NFRS		
Investment Securities	42,542,370,929	42,696,595,043	154,224,114	0.36%	Due to consideration of Net Assets Value (NAV) for fair valuation of Mutual funds.		
Current Tax Assets	1,121,255,350	1,389,772,126	268,516,176	23.95%	Impact of Changes in Statement of Profit or Loss		
Investment in Subsidiaries	600,000,000	600,000,000	-	-			
Investment in Associates	1,185,077,596	1,185,077,596	-	-			
Investment Property	1,263,212,752	1,263,212,752	-	-			
Property and Equipment	2,515,806,191	2,515,854,003	47,812	-52.68%	Due to adjustments addition of Goodwill from Merger		
Goodwill and Intangible Assets	398,693,138	188,670,059	(210,023,079)	100.00%	Due to reclassification and computation of deferred tax for this year		
Deferred Tax Assets	-	63,033,290	63,033,290	100.00%	Due to reclassification and computation of deferred tax for this year		
Other Assets	7,476,302,145	8,592,310,273	1,116,008,128	14.93%	Redeification of Other Assets and Addition of NFRS 9 ie. Lease		
Total Assets	378,784,702,120	380,524,786,643	1,740,084,524	0.46%			
Liabilities							
Due to Bank and Financial Institutions	9,233,574,989	9,233,574,989	-	-			
Due to Nepal Rastra Bank	1,496,500,000	1,496,500,000	-	-			
Derivative Financial Instruments	71,183,6412	170,104,982	(1731,430)	-1.01%	Redeification of Derivative Financial Instruments		
Deposits from Customers	316,047,054,527	316,047,054,527	-	-			
Borrowings	2,648,786,184	2,645,517,880	(3,268,304)	-0.12%	Due to change in amortization of ECB		
Current Tax Liabilities	-	-	-	-			
Provisions	550,000	3,000,000	2,450,000	445.45%	Due to reclassification of provision under accounts payable		
Deferred Tax Liabilities	61,909,494	-	(61,909,494)	-100.00%	Due to reclassification and computation of deferred tax for this year		
Other Liabilities	3,298,515,831	6,626,257,729	3,327,741,898	100.89%	Due to adjustment related to gratuity as per actuarial valuation report and other reclassification and offsetting		
Debt Securities Issued	8,986,805,971	8,987,974,650	1,168,679	0.01%	Due to change in amortization of Debenture		
Subordinated Liabilities							
Total Liabilities	341,945,532,407	345,209,984,757	3,264,451,350	0.95%			
Equity							
Share Capital	26,225,861,340	26,225,861,340	-	-			
Share Premium	88,804,041	-	(88,804,041)	-100.00%	Due to reclassification to Merger Reserve		
Retained Earnings	(84,305,972)	(2,202,909,147)	(1,354,603,76)	159.68%	Impact of Changes in Statement of Profit or Loss		
Reserves	11,372,809,304	11,291,849,693	(80,959,610)	-0.71%	Impact of Changes in Statement of Profit or Loss		
Total Equity Attributable to Equity Holders	36,839,168,713	35,314,801,886	(1,524,366,827)	-4.14%	Impact of Changes in Statement of Profit or Loss		
Non Controlling Interest	-	-	-	-			
Total Equity	36,839,168,713	35,314,801,886	(1,524,366,827)	-4.14%	Impact of Changes in Statement of Profit or Loss		
Total Liabilities and Equity	378,784,702,120	380,524,786,643	1,740,084,523	0.46%	Impact of Changes in Statement of Profit or Loss		

Statement of Profit or Loss	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reason for variance
			In amount	In %	
Interest income	34,052,700,462	34,112,242,309	59,541,847	0.2%	Due to recognition of interest income and amortisation related to prepaid staff cost and interest suspense adjustment.
Interest expense	23,041,304,396	23,046,063,629	4,759,234	0.0%	Reclassification of interest expense
Net interest income	11,011,396,067	11,066,178,679	54,782,613	0.5%	
Fee and commission income	1,784,343,892	1,784,927,771	583,879	0.0%	Reclassification of fees and commission expense
Fee and commission expense	267,856,882	271,621,272	3,764,390	1.4%	Reclassification of expenses pertaining to the year
Net Fee and commission income	1,516,487,010	1,513,306,498	(3,180,512)	-0.2%	
Net interest, fee and commission Income	12,527,883,077	12,579,485,178	51,602,101	0.4%	
Net trading income	355,818,746	363,035,269	7,216,522	2.0%	Reclassification of FVTPL to FVOCI
Other operating income	144,569,556	115,156,582	(29,412,974)	-20.3%	Reclassification of expenses pertaining to the year
Total operating income	13,028,271,379	13,057,677,029	29,405,650	0.2%	
Impairment charge / (reversal) for Loans and other losses	5,735,843,083	8,115,800,765	2,379,957,682	41.5%	Changes in the Loan Loss provision after audit and NRB remarks
Net operating income	7,292,428,296	4,941,876,264	(2,350,552,032)	-32.2%	
Operating expense	2,625,522,684	2,209,820,636	(415,702,048)	-15.8%	Bonus changes and expenses reclassification
Personnel expenses	973,302,989	1,019,946,662	46,643,673	4.8%	Reclassification of expenses pertaining to the year
Other operating expenses	661,469,450	750,458,982	88,989,531	13.5%	Adjustment of Depreciation on Right of use of Asset as per NFRS 9
Operating Profit	3,032,133,174	961,649,985	(2,070,483,189)	-68.3%	
Non operating income	55,446,493	53,751,493	(1,695,000)	-3.1%	Reclassification of non operating income
Non operating expense	13,770,484	13,756,009	(14,475)	-0.1%	Reclassification of non operating expense
Profit before income tax	3,073,809,183	1,001,645,469	(2,072,163,714)	-67.4%	
Income tax expense	1,116,701,726	483,723,858	(632,977,868)	-56.7%	
Current Tax	967,812,750	479,498,570	(488,314,180)	-50.5%	Due to above factors
Deferred Tax	148,888,976	4,225,288	(144,663,688)	-97.2%	Due to above factors
Profit/(loss) for the period	1,957,107,457	517,921,611	(1,439,185,845)	-73.54%	
Statement of Comprehensive Income					
Profit/(loss) for the period	1,957,107,457	517,921,611	(1,439,185,845)	-73.54%	
Other Comprehensive Income	147,501,461	366,940,646	219,439,184	148.77%	Due to Change in FVTPL to Oci
Total Comprehensive Income for the period	2,104,608,918	884,862,257	(1,219,746,661)	-57.96%	
Basic earnings per share	7.46	1.97	(5.49)	-73.54%	
Diluted earnings per share	7.46	1.97	(5.49)	-73.54%	
Profit attributable to:					
Equity holders of the Bank	2,104,608,918	884,862,257	(1,219,746,661)	-57.96%	
Non-controlling interest					

Interim Financial Statements of the FY 2079/80

Condensed Consolidated Statement of Financial Position

As on Fourth Quarter (16th July 2023) of the Fiscal Year 2022/23

Amount in NPR

Particulars	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Assets				
Cash and Cash Equivalents	19,847,953,245	17,724,374,394	19,840,098,812	17,609,892,391
Due from Nepal Rastra Bank	13,460,944,529	5,475,310,681	13,460,944,529	5,475,310,681
Placement with Bank and Financial Institutions	7,852,829,746	1,949,476,858	7,852,829,746	1,949,476,858
Derivative Financial Instruments	184,833,645	-	184,833,645	-
Other Trading Assets	-	-	-	-
Loans and Advances to BFIs	9,769,740,525	5,846,262,217	9,769,740,525	5,846,262,217
Loans and Advances to Customers	270,573,596,161	152,562,929,781	270,573,596,161	152,562,929,781
Investment Securities	42,953,680,295	23,196,679,434	42,542,370,929	22,815,085,583
Current Tax Assets	1,126,740,993	457,139,696	1,121,255,950	454,701,292
Investment in Subsidiaries	-	-	600,000,000	420,000,000
Investment in Associates	1,610,585,940	504,062,448	1,185,017,596	185,017,596
Investment Property	1,263,212,752	144,491,994	1,263,212,752	144,491,994
Property and Equipment	2,529,754,415	1,194,497,624	2,515,806,191	1,179,754,479
Goodwill and Intangible Assets	401,198,179	163,212,113	398,693,138	161,441,291
Deferred Tax Assets	-	-	-	-
Other Assets	7,507,555,976	3,320,846,636	7,476,302,145	3,304,074,228
Total Assets	379,082,626,401	212,539,283,876	378,784,702,120	212,108,438,392
Liabilities				
Due to Bank and Financial Institutions	8,632,950,928	6,028,947,435	9,233,574,989	6,194,529,106
Due to Nepal Rastra Bank	1,496,500,000	1,345,585,620	1,496,500,000	1,345,585,620
Derivative Financial Instruments	171,836,412	39,334,195	171,836,412	39,334,195
Deposits from Customers	316,047,054,527	176,767,665,556	316,047,054,527	176,767,665,556
Borrowings	2,648,786,184	-	2,648,786,184	-
Current Tax Liabilities	-	-	-	-
Provisions	550,000	2,500,000	550,000	2,500,000
Deferred Tax Liabilities	61,909,494	71,471,646	61,909,494	75,208,206
Other Liabilities	3,695,745,389	3,940,045,081	3,298,515,831	3,685,702,222
Debt Securities Issued	8,986,805,971	2,995,797,489	8,986,805,971	2,995,797,489
Subordinated Liabilities	-	-	-	-
Total Liabilities	341,742,138,903	191,191,347,022	341,945,533,407	191,106,322,395
Equity				
Share Capital	26,225,861,340	14,711,183,326	26,225,861,340	14,711,183,326
Share Premium	88,804,041	88,804,041	88,804,041	88,804,041
Retained Earnings	(359,859,042)	2,212,774,212	(848,305,972)	1,872,567,427
Reserves	11,385,681,158	4,335,175,275	11,372,809,304	4,329,561,203
Total Equity Attributable to Equity Holders	37,340,487,498	21,347,936,854	36,839,168,713	21,002,115,997
Non-Controlling Interest	-	-	-	-
Total Equity	37,340,487,498	21,347,936,854	36,839,168,713	21,002,115,997
Total Liabilities and Equity	379,082,626,401	212,539,283,876	378,784,702,120	212,108,438,392

Condensed Consolidated Statement of Profit or Loss

For the Fourth Quarter Ended (16 July 2023) of the Fiscal Year 2022/23

Amount in NPR

Particulars	Group			Current Year		Previous Year		Bank		Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Interest income	10,991,929,323	34,123,043,748	5,536,784,801	18,389,616,329	10,970,228,343	34,052,700,462	5,524,799,487	18,355,159,241	7,435,326,948	3,732,563,067	3,732,563,067
Interest expense		23,041,289,944	3,732,563,067	12,137,978,793	7,435,948,548	23,041,304,396	3,732,563,067	12,137,933,244			
Net interest income	3,556,602,375	11,081,753,804	1,804,221,734	6,251,637,536	3,534,279,796	11,011,396,067	1,792,236,419	6,217,165,997			
Fee and commission income	619,442,543	1,784,343,892	300,162,259	962,856,296	619,442,543	1,784,343,892	300,162,259	962,856,296	91,458,288	144,683,738	88,895,648
Fee and commission expense	91,458,288	267,856,882	88,895,648	144,683,738	91,458,288	267,856,882	88,895,648	144,683,738			
Net fee and commission income	527,984,255	1,516,487,010	211,266,611	818,172,558	527,984,255	1,516,487,010	211,266,611	818,172,558			
Net interest, fee and commission income	4,084,586,630	12,598,240,814	2,015,488,344	7,069,810,094	4,062,264,051	12,527,883,077	2,003,503,030	7,035,338,555			
Net trading income	111,853,781	355,818,746	76,964,144	377,867,068	111,853,781	355,818,746	76,964,144	377,867,068	29,532,742	340,379,835	229,634,549
Other operating income					673,162,414	(4,498,429)	144,569,556	193,991,159			
Total operating income	4,225,973,153	13,294,439,395	2,322,087,038	8,120,839,576	4,169,619,402	13,028,271,379	2,274,458,334	7,941,155,691			
Impairment charge/(reversal) for loans and other losses	1,775,629,751	5,735,843,083	552,511,269	812,100,287	1,775,629,751	5,735,843,083	552,511,269	812,100,287			
Net operating income	2,450,343,403	7,558,596,313	1,769,575,769	7,308,739,289	2,393,989,652	7,292,428,296	1,721,947,064	7,129,055,404			
Operating expense											
Personnel expenses	710,038,220	2,656,234,912	381,966,880	2,352,194,304	699,623,030	2,625,522,684	376,734,598	2,332,987,934	315,483,348	996,359,757	27,054,500
Other operating expenses					699,395,490	305,117,448	973,302,989	22,362,585			
Depreciation & Amortisation	217,845,206	664,039,723	322,786,616	537,311,627	217,177,245	661,169,450	322,185,605	535,205,469			
Operating Profit	1,206,976,629	3,241,961,921	1,037,767,772	3,719,837,868	1,172,071,928	3,032,133,174	1,000,664,278	3,577,475,641			
Non operating income	49,776,498	55,446,493	5,704,275	18,320,846	49,776,498	55,446,493	5,704,275	18,320,846	7,552,673	13,770,484	1,977,399
Non operating expense					1,977,399	1,981,949	7,552,673	1,977,399			
Profit before income tax	1,249,200,454	3,283,637,930	1,041,494,648	3,736,176,765	1,214,295,753	3,073,809,183	1,004,391,154	3,593,814,538			
Income tax expense	569,436,006	1,146,429,196	230,112,605	1,023,40,104	558,847,697	1,116,701,726	227,352,890	1,014,004,706	47,696,340	994,689,530	104,914,866
Current Tax					1043,203,275	409,958,721	967,812,750	242,770,917			
Deferred Tax					(19,802,261)	148,888,976	148,888,976	(15,418,027)			
Profit for the year	679,764,448	2,137,208,734	811,382,044	2,712,775,752	655,448,056	1,957,107,457	777,038,264	2,579,809,832			
Condensed Consolidated Statement of Comprehensive income											
Profit/(loss) for the period	679,764,448	2,137,208,734	811,382,044	2,712,775,752	655,448,056	1,957,107,457	777,038,264	2,579,809,832	185,254,616	147,501,461	(76,225,270)
Other Comprehensive income					(150,701,679)	185,254,616	147,501,461	(150,701,679)			
Total Comprehensive income for the period	86,019,064	2,284,710,196	735,156,774	2,562,074,073	840,702,672	2,104,608,918	700,812,994	2,429,108,153			
Basic earnings per share											
Diluted earnings per share											
Profit attributable to:											
Equity holders of the Bank	865,019,064	2,284,710,196	735,156,774	2,562,074,073	840,702,672	2,104,608,918	700,812,994	2,429,108,153			
Non-controlling interest											

Statement of distributable profit or loss

For the Quarter end of Ashad 2080

(As per NRB Regulation)

Particulars	Current Year Upto this Qtr YTD	Previous Year Corresponding Qtr YTD
Net profit or (loss) as per statement of profit or loss	1,957,107,457	2,579,809,832
Appropriations:		
a. General reserve	(391,421,491)	(515,961,966)
b. Foreign exchange fluctuation fund	(3,185,280)	(6,213,423)
c. Capital redemption reserve	(333,333,333)	(333,333,333)
d. Corporate social responsibility fund	(4,535,858)	(25,798,098)
e. Employees' training fund	11,969,163	(16,319,884)
f. Other	-	-
Profit or (loss) before regulatory adjustment	1,236,600,657	1,682,183,127
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(60,506,387)	29,951,647
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	8,145,730	(8,145,730)
d. Short loan loss provision on Non-Banking Assets (-)/reversal (+)	(82,509,550)	3,281,140
e. Deferred tax assets recognised (-)/ reversal (+)	213,328,650	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	202,027,463	35,723,508
i. Other (+/-) Fair Value Gain	-	34,399,388
Net Profit for the year end Ashad 2080 available for distribution	1,517,086,562	1,777,393,080
Opening Retained Earnings as on Shrawan 2079	1,872,567,427	1,298,438,115
Opening Retained Earnings from merger 16 Poush, 2079	(2,397,905,960)	
Adjustment:	(1,156,086)	
Distribution:		
Bonus Shares issued	-	(832,708,490)
Cash Dividend Paid	(1,838,897,916)	(370,555,278)
Total Distributable Profit or (Loss) as on quarter ended Ashad 2080	(848,305,972)	1,872,567,427
Annualised Distributable Profit/Loss per share	(3.23)	12.73

Ratios as per NRB

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Capital fund to RWA		12.65%		12.63%		12.65%		12.63%
Non-performing loan (NPL) to total loan		4.77%		1.11%		4.77%		1.11%
Total loan loss provision to Total NPL		100.76%		222.54%		100.76%		222.54%
Cost of Funds	8.50%		7.76%		8.50%		7.76%	
Credit to Deposit Ratio	86.38%		85.12%		86.38%		85.12%	
Base Rate (FTM)	10.90%		10.08%		10.90%		10.08%	
Interest Rate Spread (FTM)	4.98%		4.07%		4.98%		4.07%	

Notes to the Interim Financial Statements

1. Above figures are prepared in accordance with Nepal Financial Reporting Standards, Nepal Accounting Standard including the carve-outs as issued by the Institute of Chartered Accountants of Nepal; subject to change upon otherwise directions of Statutory Auditor and/or Regulatory Authorities.
2. Group represents the Bank and its wholly owned subsidiary Kumari Capital Ltd and KBL Securities Ltd; National Microfinance Bittiya Sanstha Limited, First Microfinance Laghu Bittiya Sanstha Ltd, Mero Microfinance Bittiya Sanstha Ltd, Sadhana Laghubitta Bittiya Sanstha Ltd, Avyan Laghubitta Bittiya Sanstha Ltd, Solar Farm Ltd and Avasar Equity as Associates.
3. The NFRS reporting has been complied by adopting appropriate accounting judgment, those having potential material impact on the financial statements and had made appropriate judgment in making accounting estimates.
4. Goodwill due to business combination has been recognized as per explanatory notes on accounting for business combination issued by ICAN.
5. Loan and Advances include interest receivables and are presented net of impairment charges where impairment has been computed as higher of amount derived as per the norms prescribed by Nepal Rastra Bank and as per para 5 of Carve-Out Alternatives provided for Bank and Financial Institution under NFRS – 9, whichever is higher according to the carve out issued by Institute of Chartered Accountants of Nepal (ICAN).
6. Loan Administration Fees that are integral part of effective interest rate (EIR) is treated immaterial and not considered while calculating the Effective Interest Rate
7. Personnel Expenses include employment bonus provision calculated at 10 percent of profit and amortization of prepayment amount of subsidized loans provided to the employees of the bank.
8. Interest income on loans and advances to customers are shown on accrual basis subject to interest recognition guideline issued by Nepal Rastra Bank.
9. Figures have been regrouped and restated wherever necessary.
10. The detail Interim report has been published in the Bank's website www.kumaribank.com

Publication of Information as Required by Securities Registration and Issuance Regulation 2073 (Related to Sub Rule (1) of Rule 26)

1. Major Financial Indicators (annualized fig.)

- 1. Earnings per Share = 7.46
- 2. Market Price per Share = Rs.165
- 3. Price Earnings Ratio (P/E ratio) = 22.12
- 4. Net Worth per Share = Rs.140.47
- 5. Liquidity Ratio = 24.29

2. Management Analysis:

- The bank has been continuously pioneering in introducing new products and re-innovating its existing products and services as per the market needs.
- The bank has been focusing on cost management, diversified investments, technological up gradation, optimum utilization of resources and automation of work.
- The deposits from customers have increased by 78.79% and loans & advances to BFIs and Customers in total have increased by 76.97% in this quarter with reference to the last year due to merger with then NCC Bank.
- The bank has formulated strategic plan to widen the branch network, along with broadening the electronic banking and digitization of the bank transactions. Currently, the bank has branch network of 304 branches all over the country with 49 extension counters; also the bank has currently setup 63 Branchless Banking units (BLBs).

3. Details Regarding Legal Actions

- a. Case filed by or to Kumari Bank Ltd. during the quarter –
 - Apart from the case related to credit recovery in the normal course of business operation, no other cases were file by or to Kumari Bank Ltd. during the quarter.
- b. Case filed by or against the promoter or director of Kumari Bank Ltd. regarding disobedience of prevailing law or commission of criminal offence –
 - No such information has been received
- c. Case filed against any Promoter or Director of Kumari Bank Ltd. regarding commission of financial crime –
 - No such information has been received

4. Analysis of Share Transaction of Organized Institutions

- a. Management's view on share transactions of Kumari Bank Ltd. at Securities Market:
Since the price of the stock is determined by open market operation, the management's view is neutral in this regard.
- b. Maximum, minimum and closing price of shares including total transactions and transacted days during the quarter
Max. Price = Rs. 176.9 Min. Price = Rs.155 Closing Price = Rs. 165 Total no. of Transactions = 23,466
Transacted Day = 62 days

5. Problems and Challenges

Internal

- a. Attaining reasonable level of cost of operation.
- b. Retention of qualified and trained human resources.
- c. Improving operational efficiencies to minimize inherent risks.
- d. Management of Non-Performing Assets (NPA).

External

- a. Improving overhead efficiency.
- b. Intense competition from banks and financial institutions with increasing capital and thereby business capacity.
- c. Challenge to pass on cost growth to revenue stream.
- d. Post Pandemic situation is causing concerns and economic hardship for consumers, businesses and communities across the globe and thereby affecting overall business of banking.

Strategy to Overcome Problems & Challenges

- a. Continually renovating and diversifying the product & services to meet the changing need of the customers.
- b. Utilizing the assets in as much as high yield and low risk investment sector.
- c. Proper consolidation of business and work around solutions for generation of positive synergy post-merger.
- d. Proper Risk Management on operational, market, business and other risk segments.
- e. Better cost management practices with high focus on operational efficiency through innovation and process reengineering.
- f. Understanding the expectations and motivating factors of employees in order to retain them; providing intense training for enhancement of skills and knowledge.
- g. Re-pricing of its interest sensitive assets and liabilities as per liquidity position of the market.
- h. Digitalization of banking systems, stimulating and educating employees working on online platforms to make every banking service available online.
- i. Stringent Recovery process for managing Non-Performing Assets (NPA)

6. Corporate Governance

In order to increase the standard of corporate governance, following actions has been initiated by the bank:

- a. The Board of Directors of the bank is the top most body responsible and accountable to ensure that the bank has embraced superior standard of corporate governance. Further, various sub-committees of the Board including the Audit Committee, continuously review the activities of various areas of the Bank and provide direction and support where necessary.
- b. Clear demarcation has been made in the Bank between various conflicting areas of the Bank like Credit, Risk and Operations, with each unit being headed by senior personnel directly accountable to the CEO.
- c. Management Committee chaired by the CEO and comprising of heads of key units of the bank, meets on a regular basis to assess the performance of the Bank and take key decisions. Similarly, committees like Asset Liability Committee, Risk Management Committee, and Recovery Committee etc. meet at regular intervals to critically review performance and initiate proactive actions.

7. Particulars relating to Annexure – 16 of Securities Registration and Issuance Regulation, 2073

- No such reportable events occurred during the period.

8. Declaration by CEO

I hereby declare that the data and information provided in this report is true, complete, and factual to the extent of my knowledge. No attempt has been made to misguide the investors. I personally take the responsibility and accountability regarding the truthfulness of the information provided in the report as of quarter end.

Major Indicators

Particulars	Indicators	FY 2075/76	FY 2076/77	FY 2077/78	FY 2078/79	FY 2079/80
1. Net Profit/Gross Income	%	12.40%	10.08%	13.64%	12.74%	1.42%
2. Earnings Per Share						
Basic EPS	Rs.	14.81	12.08	14.20	17.54	1.97
Diluted EPS	Rs.	14.81	12.08	14.20	17.54	1.97
3. Market Value per Share	Rs.	220.00	186.00	371.00	191.00	165.00
4. Price Earning Ratio	Times	14.85	15.39	26.13	10.89	83.55
5. Dividend (including bonus) on share capital	Rs	10.00%	10.85%	6.00%	0.00%	0.00%
6. Cash Dividend on share Capital	Rs.	0.53%	3.15%	2.67%	12.50%	0.00%
7. Interest Income/Loans & Advances	%	11.96%	9.23%	8.93%	11.59%	12.15%
8. Employee Expenses/Total Operating Expense	%	47.26%	53.23%	52.84%	54.45%	52.72%
9. Interest Expense on Total Deposit and Borrowings	%	7.30%	5.64%	4.79%	6.63%	7.03%
10. Exchange Fluctuation Gain/Total Income	%	7.81%	8.04%	6.68%	5.33%	2.84%
11. Staff Bonus/ Total Employee Expenses	%	25.25%	15.59%	20.03%	20.65%	5.30%
12. Net Profit/Loans & Advances	%	1.62%	1.01%	1.38%	1.63%	0.18%
13. Net Profit/ Total Assets	%	1.17%	0.76%	1.04%	1.22%	0.14%
14. Total Credit/Deposit	%	90.11%	92.19%	90.99%	86.58%	86.03%
15. Total Operating Expenses/Total Assets	%	1.57%	1.49%	1.68%	1.67%	1.05%
16. Adequacy of Capital Fund on Risk Weightage Assets						
a. Core Capital	%	10.89%	12.01%	10.64%	9.83%	8.13%
b. Supplementary Capital	%	0.86%	3.34%	3.07%	2.80%	3.98%
c. Total Capital Fund	%	11.75%	15.35%	13.71%	12.63%	12.11%
17. Liquidity (CRR)	%	4.59%	3.78%	3.72%	3.78%	4.10%
18. Non Performing Loans/Total Loans	%	1.01%	1.39%	0.96%	1.11%	4.96%
19. Base Rate	%	10.82%	10.08%	7.90%	10.08%	10.90%
20. Weighted Average Interest Rate Spread *	Rs.	3.54%	4.07%	3.13%	4.07%	4.98%
21. Book Net worth (in lakh)	Rs.	117,191	172,682	188,922	210,021	353,148
22. Total Shares	Number	86,855,731	125,200,495	138,784,748	147,111,833	262,258,613
23. Total Employees	Number	1,043	1,781	1,881	1,845	3,296
Others						
Per employee Business in lakh	Rs.	729.18	642.97	760.35	858.59	851.61
Employee Expense/ Total Income	%	7.88%	10.60%	11.67%	9.55%	5.76%

PRADHAN & SHAKYA ASSOCIATES

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Nepal Credit and Commerce Bank Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nepal Credit & Commerce Bank Limited which comprise the Statement of Financial Position as at 16th Poush 2079 (31st Dec, 2022), Statement of Profit or loss, Statement of Other Comprehensive income, Statement of Change in equity and Statement of Cash Flows for the year ended, and notes to the Financial Statements including the summary of Significant Accounting Policies.

In our opinion, the accompanying financial statements read with the Significant Accounting Policies and Notes to Accounts, present fairly, in all material respect, the financial position of the Company as at 16th Poush 2079 (31st Dec, 2022), and of its financial performance and its cash flows for the period from 1st Shrawan, 2079 to 16th Poush 2079 (17th July 2022 to 31st Dec 2022), in accordance with Nepal Financial Reporting Standards (NFRS).

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 Financial Statements section of our report. We are independent of the company in accordance with The Institute of Chartered Accountants of Nepal's (ICAN) Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal and we have fulfilled our ethical responsibilities in accordance with these requirements and ICAN's 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.

Emphasis of Matter

We draw attention to Note No. 3.4 of the notes to financial statements, specifically pertaining to the impairment for loan loss.

Management has determined the impairment for loan loss as on 16th Poush 2079 (31st December, 2022), based on the classification of loan as on Ashoj end 2079 (corresponding to 17th October, 2022). Our role as independent auditors is to assess the reasonableness of the accounting policies and estimates applied by management and doing so based on our professional judgment, considering the impairment for loan loss classification of loan as of Poush end 2079 represents the best estimate possible for calculating the loan loss provision as on 16th Poush 2079. The potential impact of using the impairment for loan loss classification as of Ashoj end 2079 instead of Poush end 2079 for the impairment calculation will have different impact on the financial statements than reflected.

Our audit opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were most significant in the audit of the financial statements of the current period. Those matters were addressed in the context of



the audit of the financial statements as a whole, in forming our opinion thereon, and we do not provide separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. N	Key Audit Matters	Auditor's Response
1)	Interest Recognition The interest income has been recognized on accrual basis and following the interest income recognition guidelines issued by NRB. The guidelines require suspension of the interest recognition on accrual basis for the loans and advances with overdue of more than 12 months whereas for the loans and advances with overdue of 3-12 months, interest recognition on accrual basis is limited on the basis of collateral testing as specified. Due to the lack of system capability to suspend recognition of the interest income on the basis of overdue status of loan as well as review of fair value of the collateral on regular basis, manual intervention is required in interest recognition process and hence create a risk of improper application of the guidelines and determination of the Fair value of the collateral. This may in turn, have effect on the recognition of the interest income by the bank. Thus, we have considered it as a key audit matter.	Our audit approach included clear understanding of the core banking software of the bank i.e how the interest income is accrued regarding the loans and advances. Furthermore, we have relied on the engineer's valuation of the collateral for the determination of the fair value regarding the collateral testing. We have also test checked the interest income booking with manual computation where no deviation was noticed.
2)	Impairment of loans and advances As per NFRS 9 (carve-out issued by ICAN), bank shall measure impairment loss on loans and advances at the higher of: <ul style="list-style-type: none"> - Amount derived as per norms prescribed by NRB for loan loss provisioning and; - Amount determined as per para 5.5 of NFRS adopting the incurred loss model As per the norms prescribed by the NRB, provision at the prescribed rate shall be created on the loans and advances based on overdue status of loans and advances as well as utilization status of the facility, status of the security etc. As per NFRS 9, impairment of loans and advances should be made on individual impairment basis for loans and advances that are individually significant and collective impairment for homogeneous groups of loans that are not considered individually significant. On individual impairment, amount of the loss is measured as the difference between asset's carrying amount and present value of the estimated future cash flows. Under collective impairment, loss is determined after taking into account the historical loss experience in portfolios of similar credit risk and management's experienced judgement as to whether economic and credit conditions are such that actual level of inherent losses at the reporting date is likely to be greater or less than suggested by historical experience.	Our audit approach included reviewing the overdue status of loans and advances by obtaining data from the system and matching the same with NRB 2.2 report. Sample credit files were reviewed for the purpose of assuring the utilization of loan & advances for the intended purpose, account movement and account turnover. We also assessed the expected future cash flows on the basis of the realizable value of collateral securities based on the management estimate from the individually significant loans and advances with the indication of the impairment of the assets. Similarly, homogeneous group of loans were assessed on the basis of nature and purpose of loans and data of historical loss experience in the portfolios were assessed on the basis of the past dues date from the system as well as data of loan loss provision of the defined group in the past.



S. N	Key Audit Matters	Auditor's Response
	Given the fact that the impairment of loans and advances under incurred loss model require assessment of future cash flows as well historic loss experience of portfolios and also the impairment of loan loss under NRB norms require assessment of overdue status of loans and advances and proper utilization of loans for intended purpose. Hence assessment of availability and accuracy of required data for impairment of loans and advances under incurred loss model as well as under NRB provisioning norms is regarded as a key audit matter.	
3)	<p>Information Technology</p> <p>Most of the information of the bank is digitally stored and transaction were carried out digitally/electronic. The various reports in compliance with the NRB guidelines and other compliances to regulators are highly dependent on the digitally stored data and other allied systems.</p> <p>We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in the wrong reporting of the data to management, shareholders and regulators.</p>	<p>Our audit approach regarding the Information technology of the bank is based upon the information technology guidelines issued by NRB. We understood the feeding of the data in the system and went through the extraction of the financial information and the statements from the IT system existing in the bank. The reports generated by the system were reviewed on sampling basis. The interest income and expenses booked regarding the loans and deposits were verified on the test basis. We also relied on the IT audit conducted by the bank.</p>
4)	<p>Contingent liabilities related to the pending cases</p> <p>The company is exposed to different laws, regulations and their interpretations thereof. In this regulatory environment there is an inherent risk of litigations and claims. Resolution of the tax and other legal proceedings may span over multiple years due to the highly complex nature and magnitude of the legal matters involved. Contingent liabilities disclosures may arise from the pending legal cases at present. These estimates could change significantly over the time as new facts emerge with each legal case progresses.</p> <p>Given the inherent complexity and magnitude of potential exposures and the judgement necessary to estimate the amount of the provisions required or to determine the required disclosures, this is considered as a key audit matter.</p>	<p>Our audit approach included gaining an understanding of the outstanding litigations against the company from the company's inhouse consultant or other key managerial personnel having the knowledge of these matters.</p> <p>We have read the correspondence between the company and the authorities and also tested the completeness of the litigation on a sample basis by examining the minutes of the board meetings.</p> <p>We also assessed the adequacy of the company's disclosure in respect of the contingent liabilities for the legal matters.</p>
5)	<p>Going Concern</p> <p>NCC Bank merged with Kumari Bank Ltd., and joint operations commenced on the 17th of Poush, 2079. After this date, NCC Bank is no longer legally operational.</p> <p>Given this situation, the question arises as to</p>	<p>In our audit approach concerning the going concern, the legal structure of NCC Bank has changed, but there has been no change in the substance of its business operations. However, the</p>



S. N	Key Audit Matters	Auditor's Response
	whether the concept of "Going Concern" could be applied to NCC Bank or not.	financial statements continue to be prepared based on the assumption of a going concern.

Other Information:

Management is responsible for other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report 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 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. If based on the work we have performed, we conclude that there is material misstatement of the other information; we are required to report that fact.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with NFRS, 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 Bank's financial reporting process.

Auditor's Responsibility 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 audit 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 the Legal and Regulatory Requirements

We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit and the returns received from the branch offices of the bank, though the statements are independently not audited were adequate for the purpose of the audit.

In our opinion, the Statement of Financial Position, Statement of Profit or loss, Statement of other Comprehensive Income, Statement of Change in equity and Statement of Cash Flows for the year then ended, and Significant Accounting Policies, Notes to Accounts and other explanatory notes have been prepared in accordance with the requirements of the Companies Act, 2063 and are in the agreement with the books of accounts maintained by the bank.

To the best of information available to us and the explanations provided during our audit, we observed that the bank has taken actions for protection of the interest of the depositors and investors, loans have been provisioned and written off as specified; the business of the bank was conducted satisfactorily and the bank's transactions were found to be within the scope of its authorities except Capital Adequacy Ratio (CAR) and Liquidity Ratio which is not maintained as prescribed by the NRB. We did not come across cases where the Board of directors or any office bearers of the bank has acted contrary to the provision of law or cause loss or damaged to the bank or committed any misappropriation or violated the directives of Nepal Rastra Bank.



Chhetra Gopal Pradhan, FCA
(Partner)
Pradhan & Shakya Associates,
Chartered Accountants



Date: 16th October 2023
Place: Kathmandu, Nepal
UDIN: 231016CA00365mHD46

Nepal Credit & Commerce Bank Limited

Statement of Financial Position

As on Poush 16th, 2079

Amount in NPR

Particulars	Note	16th Poush 2079	32nd Ashad 2079
Assets			
Cash and Cash Equivalents	4.1	10,003,880,367	10,651,339,695
Due from Nepal Rastra Bank	4.2	4,140,228,517	8,604,535,749
Placement with Bank and Financial Institutions	4.3	-	217,345,000
Derivative Financial Instruments	4.4	3,124,016,800	43,710,011
Other Trading Assets	4.5	-	-
Loans and Advances to BFIs	4.6	3,833,958,737	3,988,290,609
Loans and Advances to Customers	4.7	114,685,188,179	120,886,038,378
Investment Securities	4.8	12,420,685,793	17,293,061,150
Current Tax Assets	4.9	-	51,190,404
Investment in Subsidiaries	4.10	-	-
Investment in Associates	4.11	20,000,000	20,000,000
Investment Property	4.12	1,029,330,674	981,804,973
Property and Equipment	4.13	1,535,561,350	1,037,581,000
Goodwill and Intangible Assets	4.14	12,834,828	15,686,877
Deferred Tax Assets	4.15	299,727,061	11,138,345
Other Assets	4.16	3,467,248,690	3,283,983,643
Total Assets		154,572,660,996	167,085,705,833
Liabilities			
Due to Bank and Financial Institutions	4.17	3,853,078,219	6,932,122,690
Due to Nepal Rastra Bank	4.18	215,273,000	2,586,891,290
Derivative Financial Instruments	4.19	3,120,968,002	89,191,503
Deposits from Customers	4.20	122,308,047,903	134,576,014,969
Borrowings	4.21	1,335,529,076	-
Current Tax Liabilities	4.9	272,236,622	-
Provisions	4.22	-	-
Deferred Tax Liabilities	4.15	-	-
Other Liabilities	4.23	5,095,315,390	3,640,582,827
Debt Securities Issued	4.24	3,125,761,721	3,137,559,093
Subordinated Liabilities	4.25	-	-
Total Liabilities		139,326,209,933	150,962,362,372
Equity			
Share Capital	4.26	11,514,678,014	11,139,678,014
Share Premium		-	-
Retained Earnings		(2,400,194,624)	1,226,787,482
Reserves	4.27	6,131,967,672	3,756,877,964
Total equity attributable to equity holders		15,246,451,062	16,123,343,461
Non-controlling interest			
Total equity		15,246,451,062	16,123,343,461
Total liabilities and equity		154,572,660,996	167,085,705,833
Net Assets Value per share		132.41	144.74
Total Assets Value per share		1,342.40	1,499.92

Ramesh Raj Aryal
Chief Executive Officer

Ram Chandra Khanal
Senior Deputy Chief
Executive Officer

Amir Pratap JB Rana
Chairman

Upendra Keshari Neupane
Director

Laxmi Prasad Duwal
Chief Finance Officer

Krishna Prasad Gyawali
Director

Chandra Prasad Bastola
Director

Aswin Babu Shrestha
Head- Finance & Central
Accounts

Mahesh Prasad Pokharel
Director

Iman Singh Lama
Director

As per our report of even date

CA. Chhetra Gopal Pradhan
(Partner)

For Pradhan & Shakya Associates
Chartered Accountants

Nepal Credit & Commerce Bank Limited

Statement of Profit or Loss

For the year ended Poush 16th, 2079

Amount in NPR

Particulars	Note	Current Period	Previous Year
Interest Income	4.29	7,516,918,851	13,010,126,747
Interest Expense	4.30	5,496,672,838	8,979,172,977
Net Interest Income		2,020,246,013	4,030,953,770
Fee and Commission Income	4.31	364,044,290	1,083,793,538
Fee and Commission Expense	4.32	54,040,388	83,125,850
Net Fee and Commission Income		310,003,902	1,000,667,688
Net Interest, Fee and Commission Income		2,330,249,915	5,031,621,458
Net Trading Income	4.33	82,865,707	267,463,082
Other Operating Income	4.34	75,504,256	158,006,159
Total Operating Income		2,488,619,877	5,457,090,699
Impairment Charge/ (Reversal) for Loans and Other Losses	4.35	432,746,437	759,857,231
Net Operating Income		2,055,873,440	4,697,233,469
Operating Expense			
Personnel Expenses	4.36	917,837,037	1,571,654,092
Other Operating Expenses	4.37	361,112,234	561,393,776
Depreciation & Amortisation	4.38	159,919,596	296,651,012
Operating Profit		617,004,573	2,267,534,589
Non Operating Income	4.39	75,000	136,200,000
Non Operating Expense	4.40	-	1,876,427
Profit Before Income Tax		617,079,573	2,401,858,162
Income Tax Expense	4.41		
Current Tax	4.41	236,401,235	733,304,018
Deferred Tax	4.41	(141,769,524)	(3,295,970)
Profit for the Period		522,447,862	1,671,850,114
Earnings per share			
Basic Earnings per Share		10	14.52
Diluted Earnings per Share		10	14.52
Profit Attributable to:			
Equity-holders of the Bank		522,447,862	1,671,850,114
Non-Controlling Interest		-	-
Profit for the Period		522,447,862	1,671,850,114

Ramesh Raj Aryal
Chief Executive Officer

Ram Chandra Khanal
Senior Deputy Chief
Executive Officer

Amir Pratap JB Rana
Chairman

Upendra Keshari Neupane
Director

Laxmi Prasad Duwal
Chief Finance Officer

Krishna Prasad Gyawali
Director

Chandra Prasad Bastola
Director

Aswin Babu Shrestha
Head- Finance & Central
Accounts

Mahesh Prasad Pokharel
Director

Iman Singh Lama
Director

As per our report of even date

CA. Chhetra Gopal Pradhan
(Partner)

For Pradhan & Shakya Associates
Chartered Accountants

Date: 16 October, 2023
Place: Tangal, Kathmandu

Nepal Credit & Commerce Bank Limited

Statement of Other Comprehensive Income

For the year ended Poush 16th, 2079

Amount in NPR

Particulars	Current Period	Previous Year
Profit for the year	522,447,862	1,671,850,114
Other Comprehensive Income, Net of Income Tax		
a) Items that will not be reclassified to profit or loss		
Gains/(losses) from investment in equity instruments measured at fair value	(151,205,141)	(240,423,248)
Gains/(losses) on revaluation	467,773,622	-
Actuarial gains/(losses) on defined benefit plans	(278,949,795)	39,239,136
Income tax relating to above items	146,819,192	60,355,234
Net other comprehensive income that will not be reclassified to profit or loss	184,437,879	(140,828,878)
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	184,437,879	(140,828,878)
Total Comprehensive Income for the Period	706,885,741	1,531,021,236
Total Comprehensive Income attributable to:		
Equity-Holders of the Bank	706,885,741	1,531,021,236
Non-Controlling Interest	-	-
Total Comprehensive Income for the Period	706,885,741	1,531,021,236

Ramesh Raj Aryal
Chief Executive Officer

Laxmi Prasad Duwal
Chief Finance Officer

Aswin Babu Shrestha
Head- Finance & Central
Accounts

Date: 16 October, 2023
Place: Tangal, Kathmandu

Ram Chandra Khanal
Senior Deputy Chief
Executive Officer

Krishna Prasad Gyawali
Director

Mahesh Prasad Pokharel
Director

Amir Pratap JB Rana
Chairman

Chandra Prasad Bastola
Director

Iman Singh Lama
Director

Upendra Keshari Neupane
Director

As per our report of even date
CA. Chhetra Gopal Pradhan
(Partner)
For Pradhan & Shakya Associates
Chartered Accountants

Nepal Credit & Commerce Bank Limited

Statement of Cash Flows

For the year ended Poush 16th, 2079

Amount in NPR

Particulars	Current Period	Previous Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest Received	7,059,540,482	12,291,859,481
Fee and Other Income Received	364,044,290	1,083,793,538
Dividend Received	-	-
Receipts from Other Operating Activities	135,321,735	530,372,774
Interest Paid	(5,496,672,838)	(8,979,172,977)
Commissions and Fees Paid	(54,040,388)	(83,125,850)
Cash Payment to Employees	(917,837,037)	(1,571,654,092)
Other Expenses Paid	(361,112,234)	(395,386,048)
Operating Cash Flows before Changes in Operating Assets and Liabilities	729,244,010	2,876,686,826
(Increase) Decrease in Operating Assets		
Due from Nepal Rastra Bank	4,464,307,232	(113,228,813)
Placement with Banks and Financial Institutions	217,345,000	1,392,530,000
Other Trading Assets	(3,080,306,789)	1,462,319,814
Loans and Advances to BFIs	154,331,873	(253,129,877)
Loans and Advances to Customers	5,768,103,762	(27,063,727,921)
Other Assets	(532,077,717)	(1,288,628,273)
Increase (Decrease) in Operating Liabilities		
Due to Banks and Financials Institutions	(3,079,044,472)	2,798,045,600
Due to Nepal Rastra Bank	(2,371,618,290)	361,620,674
Deposit from Customers	(12,267,967,066)	27,908,862,378
Borrowings	1,335,529,076	-
Other Liabilities	4,758,745,684	(258,611,794)
Net Cash Flow from Operating Activities before Tax Paid	(3,903,407,698)	7,822,738,614
Income Tax Paid	(68,065,496)	(728,153,221)
Net Cash Flow from Operating Activities	(3,971,473,194)	7,094,585,393
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investment Securities	-	(3,407,234,887)
Receipts from Sale of Investment Securities	4,872,375,357	-
Purchase of Property and Equipment	(570,199,755)	(189,068,173)
Receipts from Sale of Property and Equipment	-	4,526,265
Purchase of Intangible Assets	-	(6,688,110)
Purchase of Investment Properties	(47,525,701)	(88,347,781)
Receipts from Sale of Investment Properties	-	9,493,324
Interest Received	457,378,369	718,267,266
Dividend Received	14,223,006	40,963,112
Net Cash Used in Investing Activities	4,726,251,276	(2,918,088,985)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from Issue of Debt Securities	-	-
Repayments of Debt Securities	-	-
Receipts from Issue of Subordinated Liabilities	-	-
Repayments of Subordinated Liabilities	-	-
Receipt from Issue of Shares	-	-
Dividends Paid	(850,364,582)	(43,429,544)
Interest Paid	-	-
Other Receipts/Payments	(560,773,049)	(400,260,742)
Net Cash from Financing Activities	(1,411,137,631)	(443,690,286)
Net Increase (Decrease) in Cash and Cash Equivalents	(656,359,549)	3,732,806,122
Cash and Cash Equivalents at Shrawan 01, 2079	10,651,339,695	6,928,200,217
Effect of Exchange Rate fluctuations on Cash and Cash Equivalents Held	8,900,221	(9,666,644)
Cash and Cash Equivalents at Poush 16, 2079	10,003,880,367	10,651,339,694

Ramesh Raj Aryal
Chief Executive Officer

Ram Chandra Khanal
Senior Deputy Chief
Executive Officer

Amir Pratap JB Rana
Chairman

Upendra Keshari Neupane
Director

Laxmi Prasad Duwal
Chief Finance Officer

Krishna Prasad Gyawali
Director

Chandra Prasad Bastola
Director

Aswin Babu Shrestha
Head- Finance & Central
Accounts

Mahesh Prasad Pokharel
Director

Iman Singh Lama
Director

As per our report of even date

CA. Chhetra Gopal Pradhan
(Partner)

For Pradhan & Shakya Associates
Chartered Accountants

Nepal Credit & Commerce Bank Limited

Statement of Changes in Equity

For the year ended Poush 16th, 2079

Particular	Attributable to Equity-Holders of the Bank						Non-controlling interest	Total Equity
	Share Capital	Share Premium	General Reserve	Exchange Equalisation Reserve	Regulatory Reserve	Revaluation Reserve		
Balance at Shrawan 01, 2,078	10,314,516,680	-	2,143,935,491	6,709,198	1,030,784,270	315,609,532	-	14,644,287,793
Comprehensive Income for the year								
Profit for the year							1,671,850,114	1,671,850,114
Other Comprehensive Income, Net of Tax								
Gains/(losses) from investment in equity instruments measured at fair value								
Gains/(losses) on revaluation								
Actuarial gains/(losses) on defined benefit plans								
Gains/(losses) on cash flow hedge								
Exchange gains/(losses) arising from translating financial assets of foreign operation								
Total Comprehensive Income for the year	-	-	-	-	[168,296,273]	-	167,621,236	153,021,236
Transfer to Reserves during the year								
Transfer from Reserves during the year								
Transactions with Owners, directly recognized in Equity								
Share Issued								
Share Based Payments								
Dividend to Equity-Holders								
Bonus Shares Issued	825,161,334	-						
Cash Dividend Paid								
Other								
Total Contributions by and Distributions	825,161,334	-	-	-	-	[868,590,878]	-	(43,429,544)
Balance at Ashad end 2079	11,139,678,014	-	2,478,305,514	6,709,198	1,193,089,631	147,313,259	-	16,123,343,460

Particular	Attributable to Equity-Holders of the Bank										Non-controlling interest	Total Equity
	Share Capital	Share Premium	General Reserve	Exchange Equalisation Reserve	Regulatory Reserve	Fair value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total		
Balance at Shrawan 01, 2079	11,139,678,014	-	2,478,305,514	6,709,198	1,193,089,631	147,313,259	-	1,226,787,482	(68,539,638)	16,123,343,460	-	16,123,343,460
Adjustment							[3,126,961]				[3,126,961]	
Adjusted Balance	11,139,678,014	-	2,478,305,514	6,709,198	1,193,089,631	147,313,259	-	1,223,660,521	(68,539,638)	16,120,216,499	-	16,120,216,499
Comprehensive Income for the period												-
Profit for the period								522,447,862				522,447,862
Other Comprehensive Income, Net of Tax												-
Gains/(losses) from investment in equity instruments measured at fair value												-
Gains/(losses) on revaluation												-
Actuarial gains/(losses) on defined benefit plan												-
Gains/(losses) on cash flow hedge												-
Exchange gains/(losses) arising from translating financial assets of foreign operation												-
Total Comprehensive Income for the period	-	-	-	-	(105,843,599)	327,441,536	522,447,862	(195,264,857)	548,780,942	-	548,780,942	
Transfer to Reserves during the period												-
Transfer from Reserves during the period												-
Transactions with Owners, directly recognized in Equity												-
Share Issued												-
Share Based Payments												-
Dividend to Equity-Holders												-
Bonus Shares Issued												-
Cash Dividend Paid												-
Other												-
Total Contributions by and Distributions	375,000,000	-	2,582,795,086	8,934,253	3,425,882,050	41,469,660	327,441,536	(2,400,194,624)	(254,554,914)	(850,364,582)	(850,364,582)	
Balance at Poush 16 2079	11,514,678,014	-	2,478,305,514	6,709,198	1,193,089,631	147,313,259	-	1,226,787,482	(68,539,638)	16,123,343,460	-	15,246,451,062

Ram Chandra Khanal
Chairman
Senior Deputy Chief Executive Officer

Ram Chandra Khanal
Senior Deputy Chief Executive Officer

Krishna Prasad Gyawali
Director
Chief Executive Officer

Amir Pratap JB Rana
Chairman
Head- Finance & Central Accounts

Aswin Babu Shrestha
Head- Finance & Central Accounts

Upendra Keshari Neupane
Director

Mahesh Prasad Pokharel
Director

Laxmi Prasad Duwal
Chief Finance Officer

Iman Singh Lama
Director

CA. Chhetra Gopal Pradhan
(Partner)
For Pradhan & Shakya
Associates

Chartered Accountants
As per our report of even date

Date: 16 October, 2023
Place: Tangal, Kathmandu

KBL SUBSIDIARIES



G.P.A

G. PRAKASH & ASSOCIATES
INDEPENDENT AUDITOR'S REPORT

+977-15913466
info@gpanepal.com
www.gpanepal.com
 Naxal, Kathmandu

To the Shareholders of Kumari Capital Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kumari Capital Limited which comprise the Statement of Financial Position as at Ashad end 2080 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended 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 and performance of the Company for the period from Shrawan 1, 2079 to Ashad 31, 2080 in accordance with Nepal Financial Reporting Standards.

Basis of 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 ICAN's *Handbook of Code of Ethics for Professional Accountants* together with the ethical requirements that are relevant to our audit of the financial statement 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

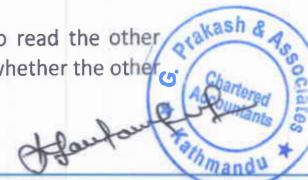
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We do not have any key audit matters to report this fiscal year.

Other Information

Management is responsible for other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report 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. If based on the work we have performed, we conclude that there is material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

When we read Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 the NFRS, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 the management either intends to liquidate the Company or to cease operations, or has realistic alternative but to do so.

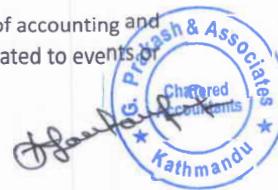
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility 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 the 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 a 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 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 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



information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

When we read Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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- 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 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.

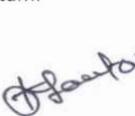
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our examination of the financial statements as per the Company's Act, we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. The accounts and records of the Company have been maintained as required by law and practice in a manner to reflect the real affairs of the Company.
- c. The statement of financial position, statement of Profit or Loss and other comprehensive income and the statement of cash flow dealt with by this report are in agreement with the books of account of the Company, and these statements follow prevailing accounting standards, except to the extent of matters specified on the "Report on the Audit of the Financial Statements" Section of this Auditor's Report.
- d. In our opinion and to the best of our information and according to the explanation given to us we did not come across any such instances where the representative, the Board of Directors, or any employee of the Company has acted contrary to the provision of law relating to accounts or causing direct loss or damage to the Company deliberately or acting in a manner that would jeopardize the interest and security of the Company.
- e. In our opinion and to the best of information provided to us, and as confirmed by the management through Management Representation Letter, we did not obtain any information that substantiate there is accounts-related forgery in the company.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Prakash Gautam.



Prakash Gautam, CA
Proprietor,
For,
G. Prakash & Associates, Chartered Accountants



Place: Kathmandu
Date: August 10, 2023

UDIN No.: 230813CA011585HZ05

Statement of Financial Position

As on Ashadh 32, 2080 (Corresponding to July 16th, 2023)

Amount in NPR

Particulars	Note	Ashadh 31, 2080	Ashadh 32, 2079
Assets			
Non-Current Assets			
Property, Plant and Equipment	4.1	13,948,223	14,743,146
Intangible Assets	4.2	2,505,040	1,770,822
Deferred Tax Assets	4.3	885,871	3,736,561
Financial Assets Measured at Amortized Cost	4.4	243,815,067	217,883,000
Financial Assets held at Fair Value	4.5	52,494,299	48,710,851
Total Non-Current Assets		313,648,500	286,844,379
Current Assets			
Financial Assets Measured at Amortized Cost	4.4	115,000,000	115,000,000
Inventories	4.6	109,455	88,114
Trade and Other Receivables	4.7	30,245,155	16,684,294
Current Tax Assets	4.8	5,328,421	2,426,038
Cash and Cash Equivalents	4.9	408,145,196	259,990,955
Total Current Assets		558,828,227	394,189,401
Total Assets		872,476,727	681,033,780
Equity & Liabilities			
Non-Current Liabilities			
Employee Benefits Obligations	4.10	1,176,963	808,126
Total Non-current Liabilities		1,176,963	808,126
Current Liabilities			
Trade and Other Payables	4.11	394,950,278	253,123,696
Employee Benefits Obligations	4.10	89,587	57,620
Provisions	4.12	31,363	-
Deferred Revenue	4.13	981,365	325,167
Total Current Liabilities		396,052,593	253,506,483
Equity			
Share Capital	4.14	400,000,000	400,000,000
Reserve & Surplus	4.15	75,247,171	26,719,171
Total Equity		475,247,171	426,719,171
Total Equity and Liabilities		872,476,727	681,033,780

Puspa Sharma
Chief Executive Officer

Bikas Khanal
Chairman

Rohit Singh
Director

Kaji Thebe
Head - Finance, Admin & HR

Chandan Karki
Director

Anil Joshi
Independent Director

Namita Shakya
Independent Director

As per our attached report of even date
On Behalf of G. Prakash & Associates
Chartered Accountants

Date: August 10, 2023
Place: Kathmandu

CA Prakash Gautam
Proprietor

Statement of Profit or Loss and Other Comprehensive Income

As on Ashadh 32, 2080 (Corresponding to July 16th, 2023)

Amount in NPR

Particulars	Note	Ashadh 31, 2080	Ashadh 32, 2079
Income			
Income from Merchant Banking Activities	4.16	38,574,163	28,301,891
Income from Mutual Fund Operations	4.17	40,929,549	19,850,897
Income from Portfolio Management Services	4.18	756,913	1,261,892
Interest Income	4.19	66,725,302	34,226,695
Net gain/ (loss) on Financial Assets held at fair value	4.20	2,601,528	(293,913)
Net Unrealized gain/(Loss) on Financial Assets held at fair value	4.21	454,515	(15,217,639)
Other Income	4.22	1,566,768	382,375
Total Operating Income		151,608,738	68,512,198
Merchant Banking Related Expenses	4.23	7,785,999	6,562,724
Mutual Fund Related Expenses	4.24	1,986,845	881,516
Portfolio Management Service Related Expenses	4.25	32,332	57,437
Other Operating Expenses	4.26	678,740	438,162
Operating Profit		141,124,822	60,572,359
Non-Operating Income/(Expenses)	4.27	(571,553)	(377,772)
Other Operating Expenses			
Staff Cost	4.28	30,661,723	19,206,369
General Administrative Expenses	4.29	9,264,277	7,858,268
Depreciation of Property and Equipment	4.1	1,993,691	1,609,974
Amortization of Intangible Assets	4.2	576,581	496,184
Profit Before Tax		98,056,997	31,023,791
Income Tax Expenses	4.30	29,528,997	9,332,829
- Current Tax Expenses		26,678,308	13,756,183
- Deferred Tax Expenses/(Income)		2,850,689	(4,423,354)
Profit for the Year		68,528,000	21,690,961
Other Comprehensive Income / (Expenses)			
Actuarial Gain / (Loss) on defined benefit plans		-	-
Total Other Comprehensive Income / (Expenses)		-	-
Less: Tax Expenses related to Components of OCI		-	-
Total Comprehensive Income for the Year		68,528,000	21,690,961
Profit attributable to:			
Equity holders		68,528,000	21,690,961
Non-controlling Interest		-	-
Profit for the year		68,528,000	21,690,961
Earning per share		17.13	6.04
Diluted Earning per share		17.13	6.04

Puspa Sharma
Chief Executive Officer

Bikas Khanal
Chairman

Rohit Singh
Director

Kaji Thebe
Head - Finance, Admin & HR

Chandan Karki
Director

Anil Joshi
Independent Director

Namita Shakya
Independent Director

As per our attached report of even date
On Behalf of G. Prakash & Associates
Chartered Accountants

Date: August 10, 2023
Place: Kathmandu

CA Prakash Gautam
Proprietor

Statement of Cash Flow

As on Ashadh 32, 2080 (Corresponding to July 16th, 2023)

Particulars	Ashadh 31, 2080	Amount in NPR Ashadh 32, 2079
(A) Cash Flow from Operating Activities		
1. Cash Received	125,488,843	77,405,665
1.1 Income from Merchant Banking Activities	38,574,163	28,301,891
1.2 Income from Mutual Fund Operation	40,929,549	19,850,897
1.3 Income from PMS Services	756,913	1,261,892
1.4 Interest Income	43,661,449	27,608,610
1.5 Other Income	1,566,768	382,375
2. Cash Payment	50,409,916	35,004,476
2.1 Merchant Banking Related Expenses	7,785,999	6,562,724
2.2 Mutual Fund Related Expenses	1,986,845	881,516
2.3 PMS Related Expenses	32,332	57,437
2.4 Other Operating Expenses	678,740	438,162
2.5 Staff Cost	30,661,723	19,206,369
2.6 General Administrative Expenses	9,264,277	7,858,268
Cash Flow before Changes in Working Capital	75,078,927	42,401,189
Increase / (Decrease) of Current Assets	(13,582,201)	(35,674,642)
1. (Increase)/Decrease in Short Term Investment	-	(35,000,000)
2. (Increase)/Decrease in Other Current Assets	(13,582,201)	(674,642)
Increase / (Decrease) of Current Liabilities	142,914,947	172,403,862
1. Increase/(Decrease) in Other Current Liabilities	142,482,780	171,949,120
2. Increase/(Decrease) in Provisions	432,167	454,742
Payment of Income Tax	(29,580,690)	[15,773,228]
(B) Cash Flow from Investment Activities		
1. Purchase of Long-term Investment	(79,899,779)	(229,353,328)
2. Proceeds from Disposal of Long-term Investment	52,576,213	42,733,664
3. Purchase of Property, Equipment, and Intangible Assets	(5,956,282)	(8,955,223)
4. Proceeds from Disposal of Property, Equipment, and Intangible Assets	2,875,600	2,037,479
5. Interest income from Long Term Investment	23,063,853	6,618,085
6. Dividend Income	664,094	2,200,046
(C) Cash Flow from Financing Activities	(20,000,000)	182,000,000
1. Increase/(Decrease) in Share Capital	-	200,000,000
2. Payment of Dividend	(20,000,000)	(18,000,000)
(D) Cash Flow arising from Exchange Fluctuation	438	310.00
(E) This Year's Cash Flow from All Activities	148,154,241	160,637,594
(F) Opening Balance of Cash and Bank Balances	259,990,955	99,353,362
(G) Closing Balance of Cash and Bank Balances	408,145,196	259,990,955

Puspa Sharma
Chief Executive Officer

Bikas Khanal
Chairman

Rohit Singh
Director

Kaji Thebe
Head - Finance, Admin & HR

Chandan Karki
Director

Anil Joshi
Independent Director

Namita Shakya
Independent Director

As per our attached report of even date
On Behalf of G. Prakash & Associates
Chartered Accountants

Date: August 10, 2023
Place: Kathmandu

CA Prakash Gautam
Proprietor

Statement of changes in Equity

As on Ashadh 32, 2080 (Corresponding to July 16th, 2023)

		Amount in NPR						
		Particulars	Share Capital	Accumulated Profit/Loss	General Reserve	CSR Reserve	Other Reserve & Fund	Total Amount
Balance as on Ashadh 32, 2079		200,000,000	19,800,144	3,025,515	202,551	-	-	223,028,210
Adjustments								
Adjusted Balance as on Ashadh 32, 2079		200,000,000	19,800,144	3,025,515	202,551	-	-	223,028,210
Capital Issued		200,000,000						200,000,000
Net Profit for the Period								21690961
Dividend Paid during the year								(18,000,000)
Transferred to Retained Earnings								
General Reserve Fund								
Corporate Social Responsibility (CSR) Reserve								
Balance as on Ashadh 32, 2079		400,000,000	21,105,099	5,194,611	419,461	-	-	426,719,171
Balance as on Ashadh 32, 2079		400,000,000	21,105,099	5,194,611	419,461	-	-	426,719,171
Adjustments								
Adjusted Balance as on Ashadh 32, 2079		400,000,000	21,105,099	5,194,611	419,461	-	-	426,719,171
Capital Issued								
Net Profit for the Period								68,528,000
Dividend Paid during the year								(20,000,000)
Transferred to Retained Earnings								280,297
General Reserve Fund								(6,852,800)
Corporate Social Responsibility (CSR) Fund								(685,280)
Balance as on Ashadh 31, 2080		400,000,000	62,375,316	12,047,411	824,444	-	-	475,247,171

Puspa Sharma
Chief Executive Officer

Kaji Thebe
Head - Finance, Admin & HR

Bikas Khana
Chairman
Chandan Karki
Director

Rohit Singh
Director

Namita Shakya
Independent Director

As per our attached report of even date
On Behalf of G. Prakash & Associates
Chartered Accountants

Date: August 10, 2023
Place: Kathmandu

CAPrakash Gautam
Proprietor

1. General Information

Kumari Capital Limited (KCL) is the subsidiary of Kumari Bank Limited (KBL) registered under Company Act, 2063, which holds 100 percent of the paid-up capital. The company has been working as Depository Participant (DP) under the license obtained by KBL which has delegated the authority to provide DP Service through an agreement signed on 2076/04/27 between KBL and KCL. The bank has received DP Registration Certificate from SEBON to operate as Depository Participants dated Ashwin 07, 2072 and membership license from the CDS and Clearing Ltd, dated Magh 15, 2072 as per the CDS Byelaws, 2058. MOU has been signed with KBL to use all of its branches as representative to provide DP services nationwide.

The company has received Merchant Banker License from SEBON on Poush 10, 2075. Under the license, the company is permitted to provide Issue Management and Underwriting Services, Registrar to Shares, Portfolio Management Services, and Corporate Advisory Services. Similarly, the company has received Fund Manager's License and Depository License from SEBON on Aswin 09, 2077. The company has also received permission from SEBON to work as Qualified Institutional Investor on Poush 23, 2077.

The company was registered at Company Registrar Office on Ashwin 06, 2074 with registration number of 176694/074/075 and registered office at Ward no: 01, Naxal, Kathmandu. It is also registered with Inland Revenue Office on Mangsir 05, 2074 with PAN registration number of 606868806.

The management of the company acknowledges the responsibility of preparation of financial statements of the company. The financial statements were authorized for issue by the Board of Directors on Shrawan 25, 2080 and have been recommended for approval by shareholders in the Annual General Meeting.

Kumari Capital Limited is a limited liability company, incorporated on Ashwin 06, 2074 and domiciled in Nepal. It is a licensed Merchant Entity as wholly owned subsidiary of Kumari Bank Limited, licensed under Securities Businessperson (Merchant Banker) Rules, 2064 from the Securities Board of Nepal (SEBON). The registered address of Kumari Capital is Kathmandu, Nepal.

Financial Statements

The Financial Statement of the company for the year ended July 16, 2023 comprises Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Summary of Significant Accounting Policies of the Company and Other Explanatory Notes.

Principal Activities and Operations

Kumari Capital Limited obtained license for commercial operation as a Securities Businessperson (Merchant Banker) from SEBON on Poush 10, 2075. The major activities of the company are issue management, portfolio management services, underwriting of securities, securities trustee, registrar to shares, depository participant services in a central depository services, corporate advisory services, mutual fund management service etc.

2. Basis of Preparation of Financial Statements

2.1 Statement of Compliance

The Financial Statement of the entity which comprises components mentioned above have been prepared in accordance with Nepal Financial Reporting Standards comprising of Nepal Financial Reporting Standards and Nepal Accounting Standards (hereafter referred as NFRS), laid down by the Institute of Chartered Accountants of Nepal and in compliance with the requirements of the Securities Act, 2063 and its regulation and in conformity with the Company Act 2063 and other relevant laws.

2.2 Reporting Period and Approval of Financial Statements

a. Reporting Dates

The company follows the Nepalese financial year based on the Nepalese calendar starting from first day of Shrawan (Mid July) of each year to the last day of Ashadh (Mid July) of the next year. The corresponding dates for the English calendar are as follows:

Relevant financial statements date / period	Nepalese calendar	English calendar
Reporting date	Ashadh 31, 2080	July 16, 2023
Comparative reporting date	Ashadh 32, 2079	July 16, 2022
Reporting period	Shrawan 01, 2079 to Ashadh 31, 2080	July 17, 2022 to July 16, 2023
Comparative reporting period	Shrawan 01, 2078 to Ashadh 32, 2079	July 16, 2021 to July 16, 2022

b. Responsibility for Financial Statements

The preparation and presentation of Financial Statements including consolidated financial statements is the responsibility of the management as per the governing provisions.

c. Approval of Financial Statements by Directors

The accompanied Financial Statements have been authorized to issue by the Board of Directors vide its resolution dated Shrawan 25, 2080 and recommended for its approval by the Annual General Meeting of the shareholders.

2.3 Functional & Presentation Currency

The Financial Statements of Entity are presented in Nepalese Rupees (Rs), which is the currency of the primary economic environment in which the Entity operates. Financial information is presented in Nepalese Rupees. There was no change in Entity's presentation and functional currency during the year under review.

2.4 Significant Accounting Judgments, Estimates and Assumptions

The preparation of Financial Statements in conformity with Nepal Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Disclosures of the accounting estimates have been included in the relevant section of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

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

2.4.1 Going Concern

The Directors have made an assessment of Entity's ability to continue as a going concern and satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon Entity's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.4.2 Useful lives of Property Plant & Equipment

Useful life is the period over which an asset is expected to be available for use by an Entity. Various factors may limit the useful life of a vessel. These factors may be due to physical wear and tear, technological advancement, economic factors and legal factors. The entity assesses the remaining useful lives of its Property Plant & Equipment at each reporting date. An assessment is made to determine whether there is any indication of impairment in each asset.

2.5 Presentation of Financial Statements

The assets and liabilities of entity presented in the Statement of Financial Position are grouped in an order of liquidity. An analysis on recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the Note.

The statement of profit or loss has been prepared using classification 'by nature' method.

The cash flows from operation within the statement of cash flows have been derived using the indirect method. The accounting policies have been consistently applied by entity with those of the previous financial year in accordance with NAS 01 Presentation of Financial Statements, except those which had to be changed as a result of application of the new NFRS. Further, comparative information is reclassified wherever necessary to comply with the current presentation.

2.6 Materiality & Aggregation

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 too 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.

2.7 Discounting

When the realization of assets and settlement of obligations is for more than one year, the company considers discounting of such assets and liabilities where the impact is material.

2.8 Comparative Information

The comparative information is re-classified wherever necessary to conform with the current year's classification in order to provide a better presentation. The details of such re-classifications have been provided in Notes to the financial statements.

3. Summary of Significant Accounting Policies

3.1 Basis of Measurement

These are prepared under accrual basis of accounting in accordance with the historical cost convention, except for certain items as follows:

- a. Investment in equity instruments and units of mutual fund are measured at fair value.
- b. Liability for defined benefit obligations is recognised at present value of the defined benefit obligation as determined by actuary.

The principle accounting policies are adopted in preparation of financial statements, which have been consistently applied unless otherwise stated.

3.2 Revenue Recognition

Revenue is recognized on accrual basis and is measured at the fair value of the consideration received or receivable net of sales returns, trade discounts and revenue related taxes. The management of the Company determines the amount of revenue based on the applicable service agreement. Fees and commission arising from transactions are recognized on basis of completion of underlying transaction. Accounting policies, estimates and judgments used by management for each item of revenue is detailed below:

3.2.1 Issue Management Fees

The issue management fee is recognized when the related service as specified in the agreement is performed. The management also considers the degree of recoverability and probability that the economic benefit will flow into the company.

3.2.2 ASBA Fee and Other Collection Commission

The ASBA fee and other collection commission is recognized as revenue after the allotment is completed.

3.2.3 Underwriting Fee

The issue management fee is recognized when the related service as specified in the agreement is performed. The management also considers the degree of recoverability, non-refundability and probability that the economic benefit will flow into the company.

3.2.4 RTS/RTS Fee

The Registrar to Shares (RTS) fee is recognized as income on an accrual basis over the period covered by the related agreement.

3.2.5 Depository Participant (DP) Fee

The income related to DP service is recognized on cash basis. This is because of the high uncertainty on recoverability of DP income. The management estimates that the income when recognized on cash basis shall provide reliable and more relevant information about the effects of transactions, and conditions of financial performance of the company.

3.2.6 Annual Fee and Performance Fee from Portfolio Management Service

The annual fee and performance fee is recognized on cash basis. This is because of impracticability to reliably

measure the amount of fees to be received. The fee is calculated based on the value of portfolio of the client as on the date of one-year completion after the execution of PMS agreement with the client. As the value of the portfolio for future date cannot be measured reliably, the fee cannot be measured reliably as on the financial statement date.

3.2.7 *Dividend Income*

Dividend income is recognized in profit or loss on an accrual basis when the Entity's right to receive the dividend is established.

Dividends are presented as net realized gain/ (loss) on Financial Assets held at fair value based on the underlying classification of the equity investment along with the trading gain/(loss) from financial assets measured at fair value through profit & loss account.

3.2.8 *Interest Income*

Interest income are recognized in profit or loss using the effective interest rate. The "effective interest rate" is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset.

Interest income on all trading assets are considered to be incidental to the Entity's trading operations and are presented together with all other changes in the fair value of trading assets in net trading income.

3.2.9 *Gain on Disposal and Fair valuation of FVTPL Financial Instruments*

Gain on disposal of "FVTPL Financial Investments" comprises realized trading gains on disposal of government securities, quoted shares and listed debentures, are presented in statement of profit and loss as net gain/ (loss) from financial investments.

Fair valuation changes on "FVTPL Financial Investments" comprises unrealized gains on fair valuation (marked to market valuation) of government securities, quoted shares, investment in unit trust and listed debentures, are presented in profit or loss as Net Unrealized gain/(Loss) on Financial Assets held at fair value in the statement of profit or loss.

3.2.10 *Other Income*

Other incomes are recognized when it is probable that consideration associated with the transaction will flow to the company and the amount of revenue can be measured reliably.

3.3 *Interest Expenses*

The interest expense on financial liabilities measured at amortized cost is recognized using the effective interest rate. The "effective interest rate" is the rate that exactly discounts the estimated future cash payments through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability.

3.4 *Income Tax*

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in Other Comprehensive Income (OCI).

Current tax assets and liabilities and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intentions to settle on a net basis and it is allowed under the tax law of the relevant jurisdiction.

Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted on the reporting date, and any adjustment to tax payable in respect of previous years.

Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Income Tax Act, 2058 and the amendments thereto.

Deferred Tax

Deferred taxation is computed for temporary differences between the carrying amounts of assets and liabilities

for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted on the reporting date.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3.5 Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currency of Entity at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate (Closing rate) at that date. The foreign currency gains or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognized in profit or loss.

3.6 Financial Instrument

Recognition

The company initially recognizes a financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of an instrument. The company initially recognizes loans and advances, deposits and debt securities/subordinated liabilities issued on the date that they are originated which is the date that the company becomes party to the contractual provisions of the instruments. The investments in equity instruments, units of mutual funds, bonds, debenture, government securities and NRB bond are recognized on trade date at which the company commits to purchase/acquire the financial assets. Regular purchase and sale of financial assets are recognized on trade date.

Classification

The company classifies its financial assets and financial liabilities as per NFRS 9 into the following measurement categories:

Financial assets

- Financial assets held at fair value through profit or loss;
- Financial assets held at fair value through other comprehensive income, and
- Financial assets held at amortized cost.

Financial liabilities

- Held at fair value through profit or loss, or
- Held at amortized cost.

Financial assets

The company classifies the financial assets as subsequently measured at amortized cost or fair value on

the basis of the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Interest income from these financial assets is included in Interest Income using the effective interest rate method. The two classes of financial assets are as follows:

a. Financial assets recognized at amortized cost

The company classifies a financial asset measured at amortized cost if both of the following conditions are met:

- i. The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and;
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. Financial assets recognized at fair value

Financial assets other than those measured at amortized cost are measured at fair value. Financial assets measured at fair value are further classified into two categories as below:

i. Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as FVTPL if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs that are directly attributable to the acquisition are recognized in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in statement of profit or loss.

ii. Financial assets at fair value through other comprehensive income (FVTOCI)

Investment in an equity instrument that is not held for trading and at the initial recognition, the company makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as FVTOCI. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

Financial Liabilities

The company classifies financial liabilities as follows:

a. Financial liabilities recognized at fair value through profit or loss (FVTPL)

Financial liabilities are classified as FVTPL if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs that are directly attributable to the acquisition are recognized in statement of profit or loss as incurred. Subsequent changes in fair value is recognized at statement of profit or loss.

b. Financial Liabilities recognized at amortized cost

All financial liabilities other than measured at fair value though statement of profit or loss are classified as subsequently measured at amortized cost using effective interest method.

Measurement

a. Initial Measurement

Financial assets and financial liabilities are recognized when the company becomes party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities unless the same is measured at fair value through profit or loss. The transaction cost of financial assets and financial liabilities measured at fair value through profit or loss are expensed in profit or loss.

b. Subsequent Measurement

A financial asset or financial liability is subsequently measured either at fair value or at amortized cost based on the classification of the financial asset or liability.

Financial asset or liability classified as measured at amortized cost is subsequently measured at amortized cost using effective interest rate method. The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or non-collectability.

Further, once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter calculated by applying effective interest rate to the

gross carrying amount of a financial asset. Interest income on financial assets which has been individually impaired are not recognized.

Financial assets classified at fair value are subsequently measured at fair value. The subsequent changes in fair value of financial assets at fair value through profit or loss are recognized in statement of profit or loss whereas of financial assets at fair value through other comprehensive income are recognized in other comprehensive income.

De-recognition

a. De-recognition of Financial Assets

Financial assets are derecognized when the right to receive cash flows from the assets has expired, or has been transferred, and the company has transferred substantially all of the risks and rewards of ownership. Financial assets are also derecognized upon write off. Any gain or loss arising on the disposal or retirement of an item of financial asset is determined as the difference between the sales proceeds and its carrying amount and is recognized in the statement of profit or loss. The cumulative gain or loss that was recognized in other comprehensive income, is recognized to statement of profit or loss except for investment in equity instruments measured at fair value through other comprehensive income.

b. De-recognition of Financial Liabilities

A financial liability is derecognized when, and only when it is extinguished (i.e. when the obligation specified in contract is discharged, cancelled or expired). If the liability is renegotiated with the original lender on substantially different contractual terms, the original liability is derecognized and new liability is recognized.

The difference between the carrying amount of a liability (or portion) extinguished or transferred to another party (including related unamortized cost) and the amount paid for it (including any non-cash assets transferred or liability assumed), are included in statement of profit or loss.

Determination of Fair Value

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at that date.

The fair value of a liability reflects its non-performance risk. When available, the scheme measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The company uses

The fair value measurement hierarchy is as follows:

Level 1: These are quoted prices in active markets for identical assets or liabilities that the company can access at the measurement date. For the majority of its investments, the company relies on information provided by independent pricing services for the valuation of its investments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from NEPSE and are traded frequently i.e. traded within 30 days.

Level 2: These are the inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly. These would include prices for the similar, but not identical, assets or liabilities that were then adjusted to reflect the factors specific to the measured asset or liability.

Level 3: These are unobservable inputs for the assets or liability.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. Where available, the company measures the fair value of an instrument using quoted prices in an active market for that instrument. If a market for a financial instrument is not active, the company establishes fair value using an appropriate fair valuation technique.

For all unquoted investment in equity instruments, their cost has been considered as their fair value and accordingly these are recognized at cost, net of impairment if any.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial asset or group of financial assets not carried at fair value through the Statement of Profit or Loss are impaired.

A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the company on terms that the company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

a. Impairment of financial assets measured at amortized cost

Impairment of financial assets measured at amortized cost is based on the judgments of past experience of the assets' behavior. In assessing collective impairment, the company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Further, management has taken additional external risk (inflation, market risk and risk of data incompleteness) for the impairment of loans and advances.

Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate. Impairment losses on assets measured at amortized cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the company.

If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write off is later recovered, the recovery is recognized in the 'recovery of loan written off'.

b. Impairment of investment in equity instrument classified as fair value through other comprehensive income

Objective evidence of impairment of investment in an equity instrument is a significant or prolonged decline in its fair value below its cost. Impairment losses are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and the current fair value, less any impairment loss recognized previously in profit or loss.

3.7 Derivative assets and derivative liabilities

The company does not have any derivative assets and liabilities.

3.8 Trade and Other Payables

Amounts payable to creditors, TDS Payable, amounts refundable to investors, RTS and custodial dividend payable, Advance received/ transfer from DP clients are categorized as trade and other payables.

3.9 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts.

3.10 Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used during more than one period.

Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

If significant parts of an item of property or equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in profit or loss. The low value minor equipment below NRs 5,000 are not booked as Property, Plant and Equipment to ease record keeping and is shown under Office Accessories & Equipment's under Other Administrative Expenses in Explanatory Notes 4.31 as the cumulative impact of such amount is considered immaterial.

Subsequent Costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the Entity. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Entity will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives of significant items of property and equipment lives for the current and comparative periods are as follows are as follows:

Asset Type	Useful Life Time (Years)
Laptop and Computers	8 Years
Furniture & Fixtures	8 Years
Office Equipment	8 Years
Motor Vehicles	10 Years
Other Office Equipment	8 Years
Leasehold Developments	As estimated by the management, or within the lease period where applicable. The lease period of current lease agreement is 10 years.

De-recognition

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 or disposal. The gain or loss arising from de-recognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

3.11 Intangible Assets

Software

Software acquired by the Company is measured at cost less accumulated amortization and any accumulated

impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortized on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful lives for the current and comparative periods are as follows:

Asset Type	Useful Life Time (Years)
Software	5 years or license period whichever is earlier

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.12 Assets held for sale and discontinued operations

Non-current assets (such as property) and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when:

- i. their carrying amounts will be recovered principally through sale;
- ii. they are available-for-sale in their present condition; and
- iii. their sale is highly probable.

Immediately before the initial classification as held for sale, the carrying amounts of the assets (or assets and liabilities in a disposal group) are measured in accordance with the applicable accounting policies described above.

There are no assets that meet the recognition criteria for assets held for sale and discontinued operation.

3.13 Provisions

A provision is recognized if, as a result of a past event, the Entity 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.

3.14 Commitments & Contingencies

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.

3.15 Employee Benefits

Short-term Employee Benefit

Short-term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits. Salaries, leave benefits, bonus to be paid under Bonus Act, 2030 and non-monetary benefits paid to current employees.

The undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in an accounting period is recognized in that period. The expected cost of short-term compensated absences is recognized as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur, and includes any additional amounts an entity expects to pay as a result of unused entitlements at the end of the period.

Defined Contribution Plan

A defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognized as expense in the profit or loss as and when they are due.

a. Employee's Provident Fund

The company and employee contribute 10% of basic salary (including grade) of each employee to an approved retirement fund.

b. Gratuity

The company contributes 8.33% of basic salary (including grade) of each employee to an approved retirement fund.

Other Long-term Employee Benefits

Other long-term employee benefits are employee benefits other than short-term employee benefits and long-term employee benefits.

a. Leave Encashment

The company's liability towards the accumulated leave (Annual and Sick 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 company'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 calculation is performed by a qualified actuary using the projected unit credit method.

The Company recognizes all re-measurement gains and losses including all service cost and interest cost related to other long term employee benefits are expensed in profit or loss account

3.16 Statement of Cash flows

The Statement of Cash Flow has been prepared using the "Indirect Method" of preparing Cash Flows in accordance with the Nepal Accounting Standard - (NAS 7) "Statement of Cash Flows".

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

3.17 Events after Reporting Period

Events after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date the Financial Statements are authorized for issue.

All material and important events that occurred after the reporting date have been considered and appropriate disclosures if any are made in Note to the Financial Statements.

3.18 Earnings per Share (EPS)

The company presents basic and diluted Earnings per share (EPS) 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 all dilutive potential ordinary shares, if any. Earnings per share is calculated and presented in statement of comprehensive income.

3.19 Segmental Reporting

The company is organized for management and reporting purposes into segments such as: Merchant Banking and Fund Management. The segmental information is disclosed in notes.

3.20 Leasehold Assets

The company holds Leasehold Developments on the building leased to it.

4 Other Explanatory Notes

4.1 Property, plant and equipment

Details of property, plant and equipment are presented as follows:

Particulars	Amount in NPR							
	Leasehold Development	Computers & Accessories	Office Equipment	Furniture & Fixture	Electric Equipment & ACs	Vehicles	Total	
1. Cost								
a. Opening Balance	4,494,298	3,115,088	1,323,712	474,322	856,055	6,896,369	17,159,844	
b. Addition during the year	1,903,140	1,238,117	323,541	126,869	1,053,815	-	4,645,482	
c. Sales/Disposal	-	-	-	-	82,041	3,900,000	3,982,041	
d. Revaluation / written back this year	-	-	-	-	-	-	-	
e. Written off during the year	-	-	-	-	-	-	-	
Total Cost (a + b - c + d - e)	6,397,438	4,353,205	1,647,253	601,191	1,827,829	2,996,369	17,823,285	
2. Accumulated Depreciation								
a. Up to Previous Year	710,471	712,702	401,256	92,033	98,360	401,875	2,416,696	
b. For this year	528,727	447,060	193,197	67,828	165,971	590,908	1,993,691	
c. Depreciation on revaluation / written back	-	-	-	-	-	-	-	
d. Depreciation on Assets sold / written off	-	-	-	-	15,325	520,000	535,325	
Total Depreciation	1,239,196	1,159,763	594,453	159,861	249,006	472,783	3,875,062	
3. Carrying Value (WDV) (1 - 2)	5,158,242	3,193,442	1,052,800	441,330	1,578,823	2,523,586	13,948,223	

4.2 Intangibles

Intangibles comprises of Computer Software and Website Development cost. The details of the same is presented as follows:

Particulars	C-ASBA	Rigo: Accounts, HR & FA	Shareplus	Windows Server & CAL	SQL Server & CAL	Website	MF Management System	PBX-System	Wealth	Open-end MF Software	AML / CFT Solution	Total
1. Cost:												
a. Opening Balance	50,000	259,900	339,000	142,945	254,250	169,500	931,346	150,000	452,000	-	-	2,748,941
b. Addition during the year	-	-	56,500	-	-	-	-	-	-	1,141,300	113,000	1,310,800
c. Sales/Disposal	-	-	-	-	-	-	-	-	-	-	-	-
d. Revaluation / written back this year	-	-	-	-	-	-	-	-	-	-	-	-
e. Written off during the year	-	-	-	-	-	-	-	-	-	-	-	-
Total Cost (a + b - c + d - e)	50,000	259,900	395,500	142,945	254,250	169,500	931,346	150,000	452,000	1,141,300	113,000	4,059,741
2. Accumulated Amortization												
a. Up to Previous Year	25,000	147,277	197,750	81,002	144,075	84,750	231,469	14,062	52,733	-	-	978,119
b. For this year	10,000	51,980	67,800	28,589	50,850	33,900	186,269	18,750	90,400	38,043	-	576,581
c. Amortization on revaluation / written back	-	-	-	-	-	-	-	-	-	-	-	-
d. Amortization on Assets sold / written off	-	-	-	-	-	-	-	-	-	-	-	-
Total Amortization	35,000	199,257	265,550	109,591	194,925	118,650	417,738	32,812	143,133	38,043	-	1,554,700
3. Carrying Value (WDV) (1 - 2)	15,000	60,643	129,950	33,354	59,325	50,850	513,608	117,187	308,867	1,103,257	113,000	2,505,040

4.3 Deferred Tax Asset/Liability

The details of Deferred Tax Asset/Liability are presented are as follows:

S.N.	Particulars	Carrying Amount	Tax Base	Temporary Difference
A. Assets				
1	Property and Equipment	13,948,223	13,631,338	316,885
2	Intangible Assets	2,505,040	1,176,129	1,328,911
3	Financial Assets Held at FVTPL	52,494,299	55,826,450	(3,332,150)
Taxable/(Deductible) Temporary Difference on assets				(1,686,354)
B. Liabilities				
1	Provision for leave	1,266,550	-	(1,266,550)
Taxable/(Deductible) Temporary Difference on liabilities				(1,266,550)
Net Taxable/(Deductible) Temporary Difference				(2,952,904)
Current Tax Rate				30%
Deferred Tax (Assets)/Liability as of Ashadh 31, 2080				(885,871)
Opening Deferred Tax (Assets)/Liability				(3,736,561)
Deferred Tax (Income)/Expenses				2,850,689

4.4 Financial Assets measured at Amortized Cost

The financial assets measured at amortized cost include investment in fixed deposits and investment in bond and debentures. The details have been presented as below:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	Fixed Deposits with Banks	200,932,067	175,000,000
2	Investment in Debentures	157,883,000	157,883,000
	Total	358,815,067	332,883,000

The investments have been classified to current and non-current assets as below:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	Current Assets	115,000,000	115,000,000
2	Non-current Assets	243,815,067	217,883,000
	Total	358,815,067	332,883,000

4.5 Financial Assets measured at Fair Value through Profit and Loss (FVTPL)

The details of investment and analysis within the fair value hierarchy at reporting period end have been presented as below:

Investment in:	Ashadh 31, 2080				Ashadh 32, 2079			
	Fair Value as on Ashadh 31, 2080	L1	L2	L3	Fair Value as on Ashadh 32, 2079	L1	L2	L3
Mutual Fund Units	4,763,000	4,763,000	-	-	5,069,000	5,069,000	-	-
Equity Instruments	47,731,299	40,061,299	7,670,000	-	43,641,851	43,641,851	-	-
Total	52,494,299	44,824,299	7,670,000	-	48,710,851	48,710,851	-	-

The investment has been classified to non-current assets.

4.6 Inventories

Inventories include stock of stationery to be used in the ordinary course of business.

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	Inventories	109,455	88,114
	Total	109,455	88,114

4.7 Trade and Other Receivables

These current assets include the assets directly held for the ordinary purpose of business. Following are the details:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	Account Receivable	12,506,381	6,925,450
2	Less: Impairment	-	-
3	Prepaid Expenses	1,576,675	1,817,322
4	Security Deposit	70,000	70,000
5	Staff Loan	14,600,341	7,848,159
6	Employee Advance	278,000	10,000
7	Other Receivable	3,404	13,364
8	Prepaid Employee Benefit Cost	1,210,354	-
9	Other Assets	478	-
	Total	30,245,155	16,684,294

4.8 Current Tax Assets/(Liabilities)

The current tax assets include advance tax paid by the company and the tax deducted from payment made to the company by various parties (withholding tax). Similarly, tax liabilities include tax payable by the company computed as per the provision of Income Tax Act, 2058.

The details of current tax assets are presented as follows:

Particulars	Ashadh 31, 2080	Ashadh 32, 2079
Current Tax Assets		
Opening Balance (Net offset with current tax liabilities)	2,426,038	408,994
Add: Tax Receivable during the year	29,580,690	15,694,490
Closing balance	32,006,729	16,103,484
Current Tax Liabilities		

Opening Balance (Net offset with current tax assets)	-	-
Add: Current tax payable during the year	26,678,308	13,677,446
Closing balance	26,678,308	13,677,446
Net Current Tax Assets / (Liabilities)	5,328,421	2,426,038

4.9 Cash and Cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call accounts with banks, other short-term investments in an active market with original maturities of three months or less and bank overdrafts. The details of cash and cash equivalents are presented as follows:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	Cash in Hand	880	15,000
2	Cash at Bank	408,144,316	259,975,955
	Total	408,145,196	259,990,955

The cash and cash equivalents as presented above also includes restricted cash balances. Restricted cash balances are those which are not available for use by the company. Those includes amounts collected from investors during issue management, dividends uncollected by the investors, and right share amount yet to be refunded.

Following are the details of amount not available for use at reporting period end:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	Uncollected Dividend	373,568,295	119,942,903
2	Right Share Refund Payable	288,800	289,800
3	IPO Refund Payable	160,488	125,306,433
	Total	374,017,583	245,539,136

4.10 Employee Benefit Obligations

In order to fully provide for the liabilities against staff accumulated leave encashment, the company has made a provision of NPR. 1,266,550 up to July 16, 2023. The details have been presented as follows:

4.10.1 Amount Recognized in Profit and Loss Account

Particulars	FY 2079/80	FY 2078/79
Current Service Cost	433,881	320,534
Interest Cost	72,959	33,740
Expected Return on Plan Assets	-	-
Past Service Cost	-	-
Net Actuarial Losses/(Gains)	4,142	1,65,889
(Gain) / Loss due to Settlements / Curtailments / Acquisitions / Divestitures	-	-
Unrecognized Asset due to Limit in Para 58(b)	-	-
Total Expense/(Income) included in "Employee Benefit Expense"	510,982	5,20,163

4.10.2 Details of amount presented in Statement of Financial Position:

Particulars	FY 2079/80	FY 2078/79
Other Long-term Benefits	1,266,550	865,746
Fair Value of Plan Assets	-	-
Funded Status - (Surplus)/Deficit	1,266,550	865,746
Unrecognized Past Service Cost / (Credit)	-	-
Unrecognized Asset due to Limit in Para 58(b)	-	-
Liability/(Asset) recognized in Statement of Financial Position	1,266,550	865,746
- Current Liability/(Assets)	89,587	57,620
- Non-Current Liability/(Assets)	1,176,963	808,126

4.10.3 Change in Present Value of Benefit Obligation during the Period

Particulars	FY 2079/80	FY 2078/79
Other Long-term Benefit, Beginning of Period	8,65,746	404,194
Current Service Cost	4,33,881	320,534
Interest Cost	72,959	33,740
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	4,142	165,889
Acquisition/Business Combination / Divestiture	-	-
Actual Benefits Paid	(1,10,178)	(58,611)
Past Service Cost	-	-
Changes in Foreign Currency Exchange Rates	-	-
Loss / (Gains) on Curtailments	-	-
Liabilities Extinguished on Settlements	-	-
Other Long-term Benefits, End of Period	12,66,550	865,746

4.10.4 History of DBO, Asset values, Surplus / Deficit & Experience Gains / Losses

Particulars	FY 2079/80	FY 2078/79
Other Long-term Benefit	865,746	404,194
Plan Assets	-	-
(Surplus)/Deficit	865,746	404,194
Exp. Adj. - Plan Assets Gain/(Loss)	-	-
Assumptions (Gain)/Loss	-	-
Exp. Adj. - Plan Liabilities (Gains)/Loss	165,889	186,605
Total Actuarial (Gain)/Loss	165,889	186,605

4.10.5 Actuarial Assumptions**a. Financial Assumptions**

Particulars	FY 2079/80	FY 2078/79
Discount Rate	10%	9%
Salary Escalation Rate	6%	6%
Expected Return on Assets	0%	0%

b. Demographic Assumptions

Particulars	FY 2079/80	FY 2078/79
Mortality Table *	Nepali Assured Lives Mortality (2009)	Nepali Assured Lives Mortality (2009)
Withdrawal Rate	4%	4%
Retirement Age	60 years	60 years

*Mortality Rates: Representative mortality rates from Nepali Assured Lives Mortality (2009) are given in the table below.

c. Timing Related Assumptions

Time of Retirement	Immediately on achieving normal retirement
Salary Increase frequency	Once a year

4.10.6 Other Disclosures

Particulars	FY 2079/80	FY 2078/79
Actuarial (Gain)/Loss arising on DBO	4,142	165,889
Actuarial (Gain)/Loss arising on Plan Assets	-	-
Total (Gain)/Loss recognized during the period	4,142	165,889
Unrecognized Actuarial (Gain)/Loss, End of Year	-	-

4.11 Trade and other payables

Trade liabilities include the current liabilities directly related to the operating income or expenses.

Details of trade and other payable are presented as follows:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	Accounts Payable	5,656,788	2,656,310
2	Employee Payable	12,553	2,937
3	Gratuity Payable	-	50
4	Provident Fund Payable	-	120
5	TDS Payable	414,673	325,117
6	Other Payables	3,505,103	1,137,688
7	Dividend Payable	373,568,295	119,942,903
8	Right Share Refund Payable	288,800	289,800
9	IPO Refund Payable	160,488	125,306,433
10	Advance Received	12,750	9,000
11	Staff Bonus Payable	10,895,222	3,447,088
12	VAT Payable	2,036	6,249
13	Debenture Interest Refund Payable	433,570	-
Total		394,950,278	253,123,696

4.12 Provisions

The details of provision are as follows:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	Provision for Expenses	31,363	-
	Total	31,363	-

4.13 Deferred Revenue

Deferred revenue is the revenue already received but related service is yet to be performed. The details are as follows:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	RTS Fee Received in Advance	801,693	123,500
2	Debenture Trusteeship Fee Received in Advance	179,673	201,667
	Total	981,365	325,167

4.14 Share Capital

The capital structure of the company is presented as follows:

Particulars	Value per Share	Ashadh 31, 2080		Ashadh 32, 2079	
		No. of Shares	Amount	No. of Shares	Amount
Authorized capital	100	5,000,000	500,000,000	5,000,000	500,000,000
Issued and subscribed capital	100	4,000,000	400,000,000	4,000,000	400,000,000
Paid-up capital	100	4,000,000	400,000,000	4,000,000	400,000,000

Following is the reconciliation of outstanding number of shares at the reporting period end.

Particulars	Ashadh 31, 2080	Ashadh 32, 2079
Number of paid-up outstanding shares at beginning	4,000,000	2,000,000
Add: Additional issue of equity instruments	-	2,000,000
Add: Issue of bonus shares	-	-
Number of paid-up shares outstanding at period end	4,000,000	4,000,000

4.15 Reserve and Surplus

All accumulated profit reduced by distribution is represented under Reserve and Surplus. Following is the details of Reserve and Surplus:

Particulars	Ashadh 31, 2080	Ashadh 32, 2079
Opening Balance	26,719,171	23,028,210
Add/(Less): Restatement/ Adjustment	-	-
Add: Net profit during the year	68,528,000	21,690,961
Less: Distribution during the year	(20,000,000)	(18,000,000)
Closing Balance	75,247,171	26,719,171

4.16 Income from Merchant Banking Activities

The income from merchant banking activities comprises income from RTS/RTS, income from depository participant (DP), income from issue management and underwriting. The following table summarizes the income earn from each of these activities:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	Income from Share Registrar	2,325,835	1,577,110
	Other Income from RTS	116,125	28,128
	RTS Fee	1,491,304	882,318
	Debenture Trusteeship Fee	30,110	10,000
	Bonus/Right Share Credit Charge	688,296	656,664
2	Income from DP	28,148,259	20,218,259
	Account Opening Fee	947,555	4,696,810
	Account Operation Annual Fee	19,317,276	7,209,800
	Mero Share Registration Fee	412,450	1,776,400
	Mero Share Renewal Fee	3,789,865	2,228,900
	Other Income from DP	44,238	10,774
	Securities Transfer Fee	3,485,575	3,966,125
	Pledge Acceptance Fee	133,750	276,450
	Pledge Set-up Fee	17,550	53,000
3	Income from Issue Management and Underwriting	8,100,069	6,506,522
	ASBA Fee	74,868	1,333,300
	Issue Management Fee	1,267,023	3,562,681
	Underwriting Fee	6,516,910	1,610,541
	Auction Management Fee	196,268	-
Grand Total		38,574,163	24,208,269

4.17 Income from Mutual Fund Operations

It includes the income earned from mutual fund schemes managed by the company. The company also earns income for providing depository service to the schemes. The details are presented as below:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	Fund Management Fee	36,114,308	17,515,497
	Fund Management Fee from Kumari Equity Fund	15,640,648	16,009,964
	Fund Management Fee from Kumari Dhanabiddhi Yojana	19,001,509	1,505,533
	Fund Management Fee from Kumari Sunaulo Lagani Yojana	1,472,151	-
2	Depository Fee	4,815,241	2,335,400
	Depository Fee from Kumari Equity Fund	2,085,420	2,134,662
	Depository Fee from Kumari Dhanabiddhi Yojana	2,533,535	200,738
	Depository Fee from Kumari Sunaulo Lagani Yojana	196,287	-
Total		40,929,549	5,808,647

4.18 Income from Portfolio Management Services

It includes the income earned from portfolio management service which includes entry fee, exit fee, fixed annual management fee and performance-based management fee. The details are presented as below:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	PMS Entry Fee	21,000	42,850
2	PMS Exit Charge	17,850	84,155
3	Performance Fee	237	399,538
4	Annual Fee	717,825	735,349
Total		756,913	55,581

4.19 Interest Income

It includes the interest income earned from Fixed Deposits, Bond and Debentures and Call Accounts maintained with various banks and financial institutions. The details are presented as below:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	Interest Income from Fixed Deposit	40,613,073	20,676,201
2	Interest Income from Call Deposit	11,971,785	5,449,605
3	Interest Income from Bond and Debenture	14,140,445	8,100,889
Total		66,725,302	16,629,320

4.20 Net gain/ (loss) on Financial Assets held at fair value

It includes the capital gain/(loss) realized on disposal of investment made in equity instruments including mutual fund units and the dividend income earned from such investments:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	Gain on Disposal of Financial Assets held at fair value	1,937,434	(2,493,959)
2	Dividend Income	664,094	2,200,046
	Total	2,601,528	8,901,528

4.21 Net Unrealized gain/(Loss) on Financial Assets held at fair value

Following table summarizes the change in fair value of FVTPL Financial Assets:

Investment in:	Ashadh 31, 2080			Ashadh 32, 2079		
	Cost	Fair Value	Gain/(Loss)	Cost	Fair Value	Gain/(Loss)
Mutual fund units	5,069,000	4,763,000	(306,000)	7,373,900	5,069,000	(2,304,900)
Equity Investments	46,970,784	47,731,299	760,515	56,554,590	43,641,851	(12,912,739)
Total	52,039,784	52,494,299	454,515	63,928,490	48,710,851	(15,217,639)

4.22 Other Income

The details of other income are presented as below:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	Miscellaneous Income	520,636	2,320
2	Interest on Staff Loan	648,132	380,055
3	Fund Raising Fee	378,000	-
4	Valuation Fee	20,000	-
	Total	1,566,768	147,041

4.23 Merchant Banking Related Expenses

These expenses represent the expenses directly related to the merchant banking service of the company.

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	Issue Management & Underwriting Expenses	-	-
2	Merchant Banking License Renewal Fee	700,000	710,000
3	SEBON Fee on Merchant Banking Income	1,801,540	1,410,455
4	CDS Service Fee	5,254,453	4,403,793
5	RTS Expenses	29,606	-
6	Account Opening Related Expenses	-	31,976
7	BO Correction Charge	400	6,500
	Total	7,785,999	5,341,943

4.24 Mutual Fund Related Expenses

These are the expenses directly related to the mutual fund operations. The details have been presented as follows:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	Licensing/Renewal Fee	125,000	125,000
2	SEBON Fee on Fund Management and Depository Fee	1,227,886	595,527
3	Fund Management Quality Rating Fee	633,958	160,989
	Total	1,986,845	1,113,259

4.25 Portfolio Management Related Expenses

These expenses represent the expenses directly related to the portfolio management service. The details have been presented as follows:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	PMS Administrative Expenses	9,625	19,580
2	SEBON Fee on PMS Income	22,707	37,857
	Total	32,332	57,437

4.26 Other Operating Expenses

The details of other operating expenses have been presented as below:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	Brokerage, DP and SEBON Charges	386,503	438,162
2	Corporate Social Responsibility Expenses	280,297	-
3	SEBON Service Fee on Fund Raising and Valuation Fee	11,940	-
	Total	678,740	738,627

4.27 Non-Operating Income/(Expenses)

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	Loss on Disposal of Property, and Equipment	571,115	377,462
2	Exchange Fluctuation Loss	438	310
	Total	571,553	377,772

4.28 Staff Cost

The details of staff cost have been presented as below:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	Festival Allowance	991,270	788,973
2	Forced Leave Allowances	688,817	555,768
3	Staff Insurance Premium	1,013,285	512,348
4	Intern Expenses	-	11,400
5	Leave Expenses	510,982	520,164
6	Gratuity Expenses	719,738	590,952
7	Overtime Allowance	-	6,820
8	Provident Fund Expenses	864,031	709,427
9	Salary and Allowance	13,598,576	11,299,574
10	Staff Bonus Expenses	10,895,222	3,447,088
11	Staff Refreshment and Recreation Expenses	395,070	330,570
12	Wages	-	275,655
13	Staff Welfare Expenses	13,591	33,753
14	Travelling Allowance and Daily Allowance (TADA)	45,500	99,878
15	Uniform Expenses	-	24,001
16	Amortization of Prepaid Employee Benefit Cost	130,495	-
17	Transportation Allowance	795,147	-
	Total	30,661,723	19,206,370

4.29 General Administrative Expenses

The details are as follows:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079
1	Annual General Meeting Expenses	9,560	26,935
2	Advertisement and Publicity Expenses	198,818	43,324
3	Annual Maintenance Charge	968,402	616,657
4	Audit Fees (External)	113,000	113,000
6	Audit Fees (Internal)	169,500	135,600
7	Audit Expenses	18,160	17,630
8	Business Development Expenses	15,989	9,871
9	Consultancy Fees	15,953	46,286
10	Electricity and Water	398,208	367,767
11	Fuel (Petrol)	644,656	482,707
12	Insurance Premium	98,506	92,471
13	Janitorial Expenses	209,749	100,601
14	Kitchen Expenses	170,527	158,653
15	Marketing Expenses	113,023	72,793
16	Meeting Allowance	422,500	307,500
17	Membership Fee	50,000	50,000
18	Miscellaneous Expenses	19,485	63,920
19	Notice Publication Charge	18,703	2,017

20	Office Upkeep Expenses	58,274	46,897
21	Office Rent	3,520,275	2,977,200
22	Other Meeting related Expenses	112,902	47,727
23	Other Office Expenses	201,321	93,113
24	Periodicals and Books	15,679	8,978
25	Postage, Telephone, Email, Internet	592,570	667,895
26	Printing and Stationery	361,707	456,446
27	Rates, and Taxes	30,000	44,800
28	Repair and Maintenance	137,078	77,121
29	Security Expenses	400,380	400,380
30	Training Expenses	37,000	120,985
31	Travelling Expenses	12,995	169,946
32	Vehicle Renewal Charge	49,306	3,600
33	Business Registration and Renewal Charge	25,000	20,000
34	Website Redesigning Expenses	55,050	15,450
17	Transportation Allowance	795,147	-
Total		9,264,277	7,858,268

4.30 Income Tax Expenses

Current year tax liability has been recognized on statement of profit or loss account at the rate of 30%, after required adjustment to arrive at taxable profit. Similarly, deferred tax is computed at 30% of the temporary differences between accounting base and tax base. Deferred tax assets/liabilities and the calculation of deferred taxes are given in Note 4.3.

Following are the details of tax expenses recognized in statement of profit or loss:

Particulars	Ashadh 31, 2080	Ashadh 32, 2079
Current Tax Expenses	26,678,308	13,756,183
-in respect of current year	26,678,308	13,677,446
-in respect of previous year	-	78,738
Deferred Tax (Income)/Expenses	2,850,689	(4,423,354)
-in respect of current year	2,850,689	(4,423,354)
Total Income Tax Expenses Recognized during the year	29,528,997	9,332,829

Following table shows the reconciliation of tax expenses with the product of accounting profit multiplied by applicable tax rate.

Particulars	Ashadh 31, 2080	Ashadh 32, 2079
Profit/ (loss) before tax for the year	98,056,998	31,023,791
Income tax expenses calculated at 30 %	29,417,099	9,307,137
Less: Effect of incomes that are not taxable for the year		
Net unrealized gain on financial asset measured at fair value	136,355	-
Net gain/ (loss) on FVTPL Financial Assets (Recognized based on fair value accounting)	581,230	-
Dividend Income received from resident companies	37,986	54,014
Interest on Staff Loan (Unwinding of Interest)	39,149	-
Add: Effect of expenses that are not deductible for taxation		
Leave Expenses (Provisioned based on actuarial valuation)	120,241	144,816
Amortization of Prepaid Employee Benefit Cost	39,149	-
Depreciation and Amortization	771,082	631,847
Repair & Improvement	41,123	23,136
Other Expenses	15,713	24,052
Non-operating Expenses	171,466	113,332
Net unrealized loss on financial asset measured at fair value	-	4,565,292
Less: Effect of expenses that are deductible for taxation		
Depreciation and amortization as per tax law	849,268	903,830
Repair & Improvement as per tax law	41,123	23,136
Other Expenses	-	151,186
Loss on FVTPL financial assets (Based on actual cost)	2,212,455	-
Tax credit (used)/carried forward	-	-
Current Tax Expenses in respect of current year	26,678,308	13,677,446
Effective Tax Rate	27.21%	44.09%

4.31 Status of Tax Assessment

The self-assessment returns filed by the company for FY 2074/75 to 2078/79, has not yet been opened for reassessment by the inland revenue office.

4.32 Statutory Reserves and Funds

The reserve & surplus of the company includes statutory reserves and funds set aside for specific purpose pursuant to Securities Businessperson (Merchant Bankers) Regulation, 2064.

i. Corporate Social Responsibility (CSR) Fund

The company has expensed Rs. 280,297 on activities relating to CSR during the year. Hence, the amount has been transferred from CSR Fund created in previous year to Accumulated Profit/Loss in the current year.

The company has created additional amount of Rs. 685,280 to CSR Fund being 1% of net profit after tax pursuant to Section 30Ka (2) of Securities Businessperson (Merchant Bankers) Regulation, 2064. The fund so created shall be used for CSR activities in the next fiscal year.

The total movement of Corporate Social Responsibility Fund has been presented in the Statement of Changes in Equity.

4.33 Related Party

A person or entity is considered a related party if it:

- controls or has significant influence to the Company
- is subsidiary, joint venture, associates or in which the Company can have significant influence
- is member of key management personnel of the company or its parent.

Directors and other Key Management Personnel (KMP)

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

Member of Board of Directors

Name of Key Management Personnel	Post
Mr. Bikas Khanal	Chairman
Mr. Chandan Karki	Director
Mr. Rohit Singh	Director
Mr. Anil Joshi	Independent Director
Ms. Namita Shakya	Independent Director
Mr. Puspa Sharma	Acting Chief Executive Officer
Mr. Bikranta Koirala	Company Secretary
Mr. Hari Prasad Wagle*	Former Independent Director

*Resigned from the post of chairman and director w. e. f. 2079/06/25.

Other Key Management Personnel

As of FY 2079/80, the Company has revised its definition of Key Management Personnel (KMP) for disclosure in the financial statements. Previously, only the Chief Executive Officer (CEO) and Company Secretary was considered as KMP. However, starting from the FY 2079/80, the definition has been expanded to include all staff holding positions of and above the level of Assistant Manager and/or staff acting as head of the department.

The revised definition of KMP now includes individuals who have the authority and responsibility for planning, directing, and controlling the activities of the Company. This change has been made to enhance transparency and align with corporate governance best practices.

As a result of the change, the number of Key Management Personnel has increased from two in FY 2078/79 to five in FY 2079/80.

Name	Designation
Mr. Puspa Sharma	Act. Chief Executive Officer
Mr. Bikranta Koirala	Company Secretary
Mr. Kaji Thebe	Head – Finance, Admin & HR
Mr. Sabin Budhathoki	Head – Merchant Banking
Mr. Mamin Shakya	Head – Investment Banking

Holding Company
Kumari Bank Limited (KBL)

A. Compensation to Members of Board of Directors

As per the provision of Articles of Association of the company, the directors are entitled to meeting allowance at Rs. 5,000 per meeting and the company secretary is entitled to Rs. 2,500 per meeting. The details relating to compensation paid to the directors are as follows:

Particulars	FY 2079/80	FY 2078/79
Meeting Allowance	380,000	270,000
Total	380,000	270,000

B. Compensation to other Key Management Personnel

The compensation paid to other member(s) of KMP is governed by Employee Service Byelaw of the company and the decisions made by the management from time to time.

In FY 2078/79, the Company reported the compensation of Key Management Personnel (KMP) based on the previous definition of KMP, which included only the Chief Executive Officer (CEO) and Company Secretary. As disclosed above, the definition of KMP has been revised FY 2079/80 to include all staff holding positions of and above the level of Assistant Manager and/or staff acting as head of the department.

Due to the change in the definition of KMP, the compensation paid to Key Management Personnel for the previous year has been reevaluated and adjusted accordingly. The details relating to compensation paid to other key management personnel along with the revised disclosure of KMP compensation for the previous year are as follows:

Particulars	FY 2079/80	FY 2078/79
Short term employee benefits		
Salary & Allowances	5,904,960	4,786,020
Employee Bonus*	1,562,033	1,562,033
Festival Allowance	492,080	339,440
Gratuity	321,951	259,231
Provident Fund	386,496	311,202
Forced Leave Allowance	322,080	268,155
Transportation Allowance	795,147	-
Meeting Allowance**	22,500	17,500
Total Short Term Employee Benefits (A)	9,784,747	7,526,081
Other Long-term Employee Benefits	-	-
Payment against annual leave	-	-
Total Other Long-term Employee Benefits (B)	-	-
Post-Employment Benefits	-	-
Total Post-Employment Benefits (C)	-	-
Total Benefits (A+B+C)	9,784,747	7,526,081

* Represents the bonus distributed in FY 2079/80 out of profit of FY 2078/79.

** Represents allowance paid to the company secretary who doesn't get other compensation.

C. Related Party Transactions

a. Related Party Transactions with Holding Company

The company has entered into the agreement with Kumari Bank Limited for providing Registrar to the Shares Service with respect the ordinary shares, 10.25% KBL Debenture 2086, 11% KBL Debenture 2089, and 9.5% NCC Rinpatra 2086 for annual fee of Rs. 1,500,000, Rs. 100,000, Rs. 100,000 and Rs. 100,000 respectively. The provisions led in the agreements are in line with arms-length principle.

The following is the related party transactions with the Holding Company:

S.N.	Particulars	Ashadh 31, 2080	Ashadh 32, 2079	Nature of Transactions	Remarks
1	Deposit at KBL (Operating Account)	17,159,450	7,885,339	Bank Deposit	
2	Deposit at KBL (Other Bank Balances)	19,682,353	137,623,613	Bank Deposit	Bank Deposit
3	Interest earned from accounts maintained at KBL	1,417,599	2,178,027	Interest Income	Interest Income
4	RTS fee from KBL for ordinary shares and Debentures	1,303,147	800,000	RTS Fee Income	Includes Rs. 51,230 received in FY 2078/79 and Rs. 726,575 received for FY 2080/81
5	Share/Debenture Credit Charge received from KBL	688,296	656,664	Share / Debenture Credit Charge Income	
6	ASBA Fee received from KBL	6,756	270	ASBA Fee Income	
7	Additional General Meeting Charge	25,000	25,000	Other Income	

b. Related Party Transactions with Kumari Samuhik Lagani Kosh

Kumari Capital Limited serves as both the Fund Manager and Depository for Kumari Samuhik Lagani Kosh in return the company receives Fund Management Fee and Depository Fee from the schemes. It manages three schemes, namely Kumari Equity Fund (KEF), Kumari Dhanabridhi Yojana (KDBY), and Kumari Sunaulo Lagani Yojana (KSLY). Below are the related party transactions made during the year:

Related Party	Relation	Fund Management Fee		Depository Fee		Outstanding Balance	
		FY 2079/80	FY 2078/79	FY 2079/80	FY 2078/79	FY 2079/80	FY 2078/79
KEF		15,640,648	16,009,964	2,085,420	2,134,662	4,512,098	4,512,817
KDBY	Fund Manager and Depository	19,001,509	1,505,533	2,533,535	200,738	5,613,408	1,680,677
KSLY		1,472,151	-	196,287	-	1,615,289	73,250

The outstanding related party balances have not been subjected to any provision or impairment allowances by the company. Additionally, the company has not recognized any expenses for bad or doubtful debts related to these outstanding balances. Furthermore, no guarantees have been obtained by the company in connection with these transactions.

4.34 Events after Reporting Period

There have been no events after reporting period that have come to our attention.

4.35 Operating Segment Information

A. General Information

The company has identified the reportable segment as the business activities from which it earns revenues and incurs expenses, whose operating results are reviewed by the management to make decision about the allocation of resources to each segment and assess its performance.

The following are the major business segments identified based on the nature of products and services:

- i. Mutual Fund Management
- ii. Merchant Banking
- iii. Portfolio Management
- iv. Investment

The segment results that have been reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Factors that management used to identify the entity's reportable segments

i. Mutual Fund Management

This segment includes fund management and depository service being provided to the mutual fund schemes operated under Kumari Samuhik Lagani Kosh. The segment generates revenue in the form of fund management fee and depository fee from the mutual fund schemes managed by it.

ii. Merchant Banking

This segment includes issue management and underwriting, registrar to the shares, depository services. The segment generates revenue from issue management and underwriting service, share/debenture registrar service, registration of demat account and meroshare account etc.

iii. Portfolio Management

This segment includes management of investment portfolio on behalf of the clients. This segment generates revenue from entry and exit fee, fixed annual management fee and management fee based on performance.

iv. Investment

This segment includes activities relating to investment/trading in equity instruments, investment in debentures and placement of fund in fixed deposits. The segment generates its revenue from the interest on debentures and fixed deposits, and gain on trading of equity instruments.

B. Information about profit or loss, assets and liabilities

Particulars	Mutual Fund Management	Merchant Banking	Portfolio Management	Investment	Total
Revenue from external customers	40,929,549	38,574,163	756,913	57,809,561	138,070,187
Expenses to external customers	1,986,845	7,785,999	32,332	386,503	10,191,679
Intersegment Revenue	-	-	-	-	-
Segment Profit	38,942,704	30,788,164	724,580	57,423,059	127,878,508
Segment Assets	11,887,295	375,004,256		- 411,309,366	798,200,917
Segment Liabilities	351,855	376,760,256		1,204	- 377,113,315

Notes having brief description for above items are provided below:

- Revenues from External Customers:** Revenue from external customers have been segregated according to the nature of segment.
- Expenses to External Customers:** Expenses to external customers have been segregated according to the nature of segment.
- Segment Profit:** Segment profit is revenue from external customers less expenses to external customers.

C. Reconciliations of reportable segment revenues, profit or loss, assets and liabilities**a. Revenue**

Particulars	Amount
Total revenue for reportable segments	138,070,187
Other revenue	13,538,552
Elimination of intersegment revenue	-
Entity's Revenue	151,608,739

b. Profit and Loss

Particulars	Amount
Total profit and loss for reportable segments	127,878,508
Elimination of intersegment profit	-
Unallocated amounts	(29,821,511)
Entity's profit before tax	98,056,997

c. Assets

Particulars	Amount
Total assets for reportable segments	798,200,917
Unallocated amounts	74,275,810
Entity's Assets	872,476,728

d. Liabilities

Particulars	Amount
Total liabilities for reportable segments	377,113,315
Unallocated amounts	20,116,240
Entity's Liabilities	397,229,556

D. Information about products and services

Revenue from each type of product and services described in point no. B above:

Particulars	Amount
Mutual Fund Management	40,929,549
Merchant Banking	38,574,163
Portfolio Management	756,913
Investment	57,809,561
Total	138,070,187

4.36 Earnings per share (EPS)**i. Basic Earnings per Share (BEPS)**

Particulars	FY 2079/80	FY 2078/79
From continuing operations attributable to the ordinary equity holders of the company	17.13	6.04
From discontinued operation	-	-
Total basic earnings per share attributable to the ordinary equity holders of the company	17.13	6.04

ii. Diluted Earnings per Share (DEPS)

Particulars	FY 2079/80	FY 2078/79
From continuing operations attributable to the ordinary equity holders of the company	17.13	6.04
From discontinued operation	-	-
Total basic earnings per share attributable to the ordinary equity holders of the company	17.13	6.04

iii. Reconciliations of earnings used in calculating earnings per share**For Basic Earnings per Share**

Particulars	FY 2079/80	FY 2078/79
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:		
- From continuing operations	68,528,000	21,690,961
- From discontinuing operations	-	-
Total	68,528,000	21,690,961

For Diluted Earnings per Share

Particulars	FY 2079/80	FY 2078/79
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:		
- Used in calculating basic earnings per share	68,528,000	21,690,961
- Adjustments for income or expenses that would result from conversion of dilutive potential ordinary shares	-	-
Total	68,528,000	21,690,961

iv. Weighted average number of shares used as the denominator

Particulars	FY 2079/80	FY 2078/79
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	4,000,000	3,590,164
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	4,000,000	3,590,164

4.37 Interim Financial Reporting

NAS 34, "Interim Financial Reporting" doesn't mandate Kumari Capital Limited to publish interim financial reports. Since, the shares of KCL are not listed and is wholly owned by Kumari Bank Limited, KCL is not required by any regulatory or other bodies which may govern its operating activities to publish interim financial reports.

4.38 Risk Management

The Board of Directors has the overall responsibility for the establishment and oversight of the company's risk management framework. The wide-ranging risk categories that include Market, Liquidity, Credit, and Operational Risk are reviewed, measured, monitored and controlled.

A. Market Risk

Market risk is the risk that changes in market prices, interest rate, foreign exchange rate will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

B. Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the company. The company manages the credit quality of financial assets using internal credit ratings. The company's exposure and the credit rating of its counterparties are continuously monitored.

C. Liquidity Risk

Liquidity risk is the risk that the Entity will not have adequate financial resources to meet Entity's obligations as when the fall due. This risk arises from mismatches in the timing of cash flows. The management of liquidity risk includes taking steps to ensure, as far as possible, that it will always have adequate financial resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

D. Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Entity's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the business reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The compliance with company's internal controls and procedures is supported by a program of periodic reviews undertaken by internal audit. The results of internal audit reviews are discussed with the management of the business units with summaries submitted to the Audit Committee.

4.39 Proposed Dividend

The Board of Directors meeting of Kumari Capital Limited held on Shrawan 25, 2080 has proposed cash dividend amounting to NPR 600,00,000 (15% of paid-up capital) including tax from retained earning including current year profit.

4.40 Reclassification, and Rounding Off

The previous year figure has been reclassified wherever found necessary for better presentation of Financial Statements. Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended in the statement of profit or loss and other comprehensive income, and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

Particulars	Previously Reported	After Reclassification
PMS Administrative Expenses	37,857	19,580
SEBON Fee on PMS Income	19,580	37,857

The figures presented in financial statements have been rounded off to the nearest rupee.

Puspa Sharma
Chief Executive Officer

Kaji Thebe
Head - Finance, Admin & HR

Bikas Khanal
Chairman

Rohit Singh
Director

Chandan Karki
Director

Anil Joshi
Independent Director

Namita Shakya
Independent Director

As per our attached report of even date
On Behalf of G. Prakash & Associates
Chartered Accountants

CA Prakash Gautam
Proprietor

S. Moktan & Associates

Chartered Accountants

COP No.: 892
Membership No.: 998

Firm No.: 789
PAN No.: 104370410

Independent Auditor's Report

To

The shareholders K.B.L. Securities Ltd.

Naxal, Kathmandu

We have audited the accompanying Statement of Financial Position of the M/s. K.B.L. Securities Ltd. as of Ashad 31, 2080 (July 16, 2023) and the related Statement of Income, Statement of Other Comprehensive Income, Statement of Cash Flow, Statement of Changes in Equity and Notes to Financial Statements for the year Ashad 31, 2080.

Directors and management's responsibilities for the Financial Statements:

The management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance to relevant financial accounting standards and Acts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit.

Basis for Opinion:

We have conducted our audit in accordance with the generally accepted auditing principles, circulars and directives issued under relevant Act. Our objective was to obtain reasonable assurance whether those guidelines and standards are followed and are free of material misstatement. An audit is based on test, sampling test, checking of supporting and disclosure in financial statements as we considered necessary in the circumstances.

Opinion:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. The Statement of Financial Position, Statement of Income and the Statement of Cash Flow dealt with by this report are in the agreement with the books of account maintained and have been prepared as per the Company Act 2063.



1

Tower B-506, Suncity Apartment, Pepsicola, Kathmandu, Tel: 01-5150128, 9851170538
E-mail: sunisshit7@gmail.com

3. In our opinion and to the best of our information and according to the explanation given to us, members of the Board of Directors and any employees of the Company has not acted contrary to the legal provisions relating to accounts nor committed any misappropriation or cause loss or Damage to the Company.
4. In our opinion, except for the effects of the adjustments on the financial statements, if any, as mentioned in the preceding paragraph and notes to financial statements, the financial statement gives a true and fair view as at 31 Ashad 2080.

UDIN: 230724CA00998FLyFV

Place: Kathmandu

Date: 2080.04.08

CA. Sunischit Moktan
For and on behalf of
S.Moktan & Associates,
Chartered Accountants



Statement of Financial Position

As on Ashad 31, 2080

Amount in NPR

Particulars	Note	As on Ashad 31, 2080	As on Ashad 32, 2079
Assets			
Cash & Cash Equivalent	4.1	200,333,298	20,072,720
Current Tax Assets	4.2	358,759	12,366
Investment Property	4.3	-	-
Property & Equipment	4.4	-	-
Goodwill and Intangible Assets	4.5	-	-
Deferred Tax Assets	4.6	-	-
Other Assets	4.7	13,350	-
Total Assets		200,705,407	20,085,086
Liabilities			
Current Tax Liabilities	4.2	-	-
Provisions	4.8	-	-
Deferred Tax Liabilities	4.6	-	-
Other Liabilities	4.9	202,137	28,250
Total Liabilities		202,137	28,250
Equity			
Share Capital	4.10	200,000,000	20,000,000
Retained Earning	SOCE	503,271	56,836
Reserves	4.11	-	-
Total Equity Attributable to Equity Holders		200,503,271	20,056,836
Non-Controlling Interest			
Total Equity		200,503,271	20,056,836
Total Liabilities and Equity		200,705,407	20,085,086
Contingent Liabilities and Commitment	4.12		

Sipa Regmi
Chairman

Hari Prasad Niraula
Director

Pawan Budhathoki
Director

As per our report of even date attached
For: S. Moktan & Associates
 Chartered Accountants

Date: July 24,2023
 Place: Kathmandu, Nepal

CA. Sunisshit Moktan
 Proprietor

Statement of Income

For the Year Commencing on Shrawan 1, 2079 and Ending on Ashad 31, 2080

Amount in NPR

Particulars	Note	For the Year Ended Ashad 31, 2080	For the Year Ended Ashad 32, 2079
Commission Income	4.13	-	-
Other Business Income	4.14	3,632,434	244,844
Total Operating Income		3,632,434	244,844
Operating Expenses			
Personnel Expenses	4.15	50,505	-
Other Operating Expenses	4.16	2,937,022	33,250
Depreciation & Amortization	4.17	-	-
Operating Profit		644,907	211,594
Non Operating Income	4.18	-	-
Non Operating Expenses	4.19	-	-
Profit Before Income Tax		644,907	211,594
Income Tax Expenses	4.20	198,472	63,478
Current Tax		198,472	24,358
Deferred Tax Income/(Loss)		-	39,120
Profit For the Year		446,435	148,116
Profit Attributable to:			
Equity Holders of the Company		446,435	148,116
Non-Controlling Interest		-	-
Profit For the Year		446,435	148,116

Sipa Regmi
Chairman

Hari Prasad Niraula
Director

Pawan Budhathoki
Director

As per our report of even date attached
For: S. Moktan & Associates
Chartered Accountants

Date: July 24,2023
Place: Kathmandu, Nepal

CA. Sunisshit Moktan
Proprietor

Statement of Other Comprehensive Income

For the Year Commencing on Shrawan 1, 2079 and Ending on Ashad 31, 2080

Particulars	Amount in NPR	
	Ashadh 31, 2080	Ashadh 32, 2079
Profit for the Year	446,435	148,116
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	-	-
Gains/(Losses) on Revaluation	-	-
Atuarial Gains/(Losses) on Defined Benefit Plans	-	-
Income Tax relating to above items	-	-
Net Other Comprehensive Income that will not be reclassified to Profit or Loss	-	-
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 Equited Method	-	-
Other Comprehensive Income for the Year, Net of Income Tax	-	-
Total Comprehensive Income for the Year	446,435	148,116
Total Comprehensive Income Attributable to:		
Equity holders of the Bank	446,435	148,116
Non-controlling Interest	-	-
Total Comprehensive Income for the Period	446,435	148,116

Sipa Regmi
Chairman

Hari Prasad Niraula
Director

Pawan Budhathoki
Director

As per our report of even date attached

For: S. Moktan & Associates
Chartered Accountants

Date: July 24,2023
Place: Kathmandu, Nepal

CA. Sunischt Moktan
Proprietor

Statement of Cash Flow

For the Year Commencing on Shrawan 1, 2079 and Ending on Ashad 31, 2080

Amount in NPR

Particulars	For the Period Ended	
	Ashad 31, 2080	Ashad 32, 2079
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	3,087,569	208,120
Fees and other income received	-	-
Divided received	-	-
Receipts from other operating activities	-	-
Interest paid	-	-
Commission and fees paid	-	-
Cash payment to employees	-	-
Other expense paid	(2,785,390)	(33,250)
Net Cash Flow from Operating Activities	302,179	174,870
Increase/(Decrease) in current assets	(13,350)	-
Increase/(Decrease) in current liabilities	(28,250)	(102,150)
Net cash flow from operating activities before tax paid	260,579	72,720
Income taxes paid	-	-
Net cash flow from operating activities	260,579	72,720
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	-
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	-	-
Interest Received	-	-
Dividend Received	-	-
Net Cash used In Investing Activities	-	-
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	180,000,000	-
Dividends Paid	-	-
Interest Paid	-	-
Net Cash from Financing Activities	180,000,000	-
Net Increase (Decrease) In Cash And Cash Equivalents	180,260,579	72,720
Cash and Cash Equivalents at Shrawan 1, 2079	20,072,720	20,000,000
Effect of Exchange Rate Fluctuations on Cash and Cash Equivalents Held	-	-
Cash and Cash Equivalents at Ashad end 2079	200,333,299	20,072,720

Sipa Regmi
Chairman

Hari Prasad Niraula
Director

Pawan Budhathoki
Director

As per our report of even date attached
For: S. Moktan & Associates
Chartered Accountants

Date: July 24,2023
Place: Kathmandu, Nepal

CA. Sunisshit Moktan
Proprietor

Statement of changes in Equity

As on Ashadh 32, 2080 (Corresponding to July 16th, 2023)

Particulars	Share Capital	Share Premium	General Reserve	Retained Earning	Other-Reserve	Total	Non-controlling Interest	Total equity
Balance at Shrawan 1, 2079	20,000,000	-	-	56,836	-	20,056,836	-	20,056,836
Comprehensive Income for the year								
Profit for the year				446,435		446,435		446,435
Other Comprehensive Income, net of tax								
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	-	-
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-
Atuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	446,435		446,435		446,435
Transactions with owners, directly recognized in equity								
Share issued	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-
Share issue expenes directly charged to equity	180,000,000	-	-	-	180,000,000	-	180,000,000	-
Total Contributions By And Distributions	180,000,000	-	-	-	180,000,000	-	180,000,000	-
Balance at Ashad end 2080	200,000,000	-	-	503,271	-	200,503,271	-	200,503,271

Sipa Regmi
Chairman

Hari Prasad Niraula
Director

Pawan Budhathoki
Director

As per our report of even date attached
For: S. Moktan & Associates
Chartered Accountants

C.A. Sunisshit Moktan
Proprietor

Date: July 24, 2023
Place: Kathmandu, Nepal

Significant Accounting Policies

For the Year Ended Ashad 32, 2080

1 Reporting Entity

K.B.L Securities is incorporated on 2076/4/26, vide registration no 221079/076/077, under the Nepal Companies Act, 2063 having its registered Office at Naxal, Kathmandu. The company is registered at Inland revenue department with the PAN No 609514456 with the objective of dealing with brokerage of stock. K.B.L. securities Limited is fully owned subsidiary of Kumari Bank Limited. The company registered from SEBON as limited transaction broker on 23rd Jestha 2080 and is on process of getting approval from NEPSE for brokerage operation business.

2 Basis of Preparation

The financial statements are prepared on accrual basis in accordance with Nepal Financial Reporting Standards (NFRS) pronounced by Accounting Standard Board of Nepal as effective on September, 13, 2013 and the manner required by the Nepal Companies Act.

The financial statements comprise the Statement of Financial Position, Statement of Income and Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Accounts.

2.1 Statement of Compliance

The financial statements of the company have been prepared in accordance with Nepal Financial Reporting Standards (NFRS), as pronounced by the Institute of Chartered Accountants of Nepal (legally delegated authority under Companies Act to do so) issued by the Accounting Standard Board of Nepal so far as applicable. The applicable laws; Company Act, 2063 and Nepal Accounting Standards issued by ICAN, Bonus Act, Labour Act and other applicable laws.

The principal accounting policies adopted in the preparation of these financial statements are presented below and apply to the company. These policies have been consistently applied to all years presented, unless otherwise stated.

2.2 Reporting Period and Approval of Financial Statements

2.2.1 Reporting Period

The company follows the Nepalese financial year based on the Nepalese calendar. The reporting period for the financial statement is 2079.04.01 to 2080.03.31.

2.2.2 Responsibility for Financial Statements

The Board of Directors acknowledges the responsibility for the preparation and fair presentation of the financial statements of "K.B. L Securities Limited" in accordance with NFRS.

2.2.3 Approval of Financial Statements

The accompanied financial statements for the year ended on 16 July 2023 (Ashadh 31, 2080) have been adopted by the Board of Directors vide resolution passed through meeting held on 24/07/2023.

2.3 Functional and Presentation Currency

The financial statements are presented in Nepalese Rupees (Rs) which is the functional and presentation currency. All financial information presented in NPR has been rounded to the nearest rupee except where indicated otherwise.

2.4 Use of Estimates, Assumptions and Judgments

The company, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. Further the company is required to make judgement 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.

NFRS requires the company to make estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements.

The company applies estimates in preparing and presenting the financial statements. The estimates and underlying assumptions are reviewed periodically. Revision to accounting estimates are recognized in the period in which the estimates are revised and are applied prospectively.

Disclosures of the accounting estimates have been included in the relevant sections of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

2.5 Going Concern

The financial statements are prepared on a going concern basis, as the Board of the company is satisfied that the company has the resources to continue in business for the foreseeable future. In making this assessment, the Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

2.6 Changes in Accounting Policies

The company has applied uniform accounting policy as permitted by NFRS and applying NFRS in measurement of recognized assets and liabilities.

3 Significant Accounting Policies

3.1 Basis of Measurement

The company, while complying with the reporting standards, makes critical accounting judgement as having potentially material impact on the financial statements. The significant accounting policies that relate to the financial statements as a whole along with the judgements made are described herein.

Where an accounting policy is generally applicable to a specific item, the policy is described within that relevant note. NFRS requires the company to exercise judgement in making accounting estimates. Description of such estimates has been given in the relevant sections wherever they have been applied.

3.2 Cash and Cash Equivalent

Cash and cash equivalents include cash in hand, balances with BFIs, money at call & short notice and highly liquid financial assets with original maturities of three months or less from the acquisition dates that are subject to an insignificant risk of changes in their fair value and are used by the company in the management of its short-term commitments.

3.3 Income tax

Tax expenses comprises of current tax and deferred tax and are recognized in profit and loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

A. Current Tax

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

B. Deferred Tax

Deferred income tax is provided in full on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not

reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would flow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

3.4 Provisions

A provision is recognized when as a result of a past event, the licensed institution 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.

A) Provision for Redundancy

It shall include benefits payable as a result of employment being terminated or based on a dismissal plan of the licensed institution. It also includes provision for employees' termination benefits like voluntary retirement scheme.

B) Provision for Restructuring

Restructuring includes sale or termination of a line of business, closure of business locations or relocation in a region, changes in management structure, fundamental reorganizations that restructuring that is recognized as per the requirement of NFRSs. Provision for the same shall be done.

C) Pending Legal Issues and Tax Litigation

It includes provisions for pending legal issues and tax litigation.

3.5 Revenue Recognition:

Revenue are recognized on an accrual basis when the service has been provided or significant act performed whenever the benefit exceeds cost in determining such value.

3.6 Share capital and reserves

Financial instruments issued are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue available number of own equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction net of taxes from the proceeds.

Dividends on ordinary shares and preference shares classified as equity are recognized in equity in the period in which they are declared.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments considering the tax benefits achieved thereon.

The reserves include retained earnings and other statutory reserves such as general reserve, assets revaluation reserve, capital reserve and other reserve etc.

Notes to the financial Statements

For the Year Ended Ashad 32, 2080

4.1 Cash & Cash Equivalent

Cash & Cash Equivalent has been shown at carrying value which is fair value. Balance with B/FIs includes balance maintained at various banks and financial institutions. Highly Liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the licensed institution in the management of its short term commitments.

Particulars	As on Ashad 31, 2080	As on Ashad 32, 2079
Cash in Hand	-	-
Balances with B/FIs	200,333,298	20,072,720
Other	-	-
Total	200,333,298	20,072,720

4.2 Current Tax Assets/ Liabilities

Current Income Tax Assets includes advance income tax paid under the self assessment tax returns by the bank as per Income Tax Act 2058 & tax deducted at source (TDS) on behalf of the Bank. Similarly, the current income tax liabilities includes the tax payable to the Government computed as per the provision of the Income Tax Act 2058.

Particulars	As on Ashad 31, 2080	As on Ashad 32, 2079
Current tax assets	557,231	36,724
Current year income tax assets	544,865	36,724
Tax assets of prior periods	12,366	-
Current tax liabilities	198,472	24,358
Current year income tax liabilities	198,472	24,358
Tax liabilities of prior periods		-
Total	358,759	12,366

4.3 Investment Properties

KBL Securities Ltd. does not own any investment properties as on reporting date.

Particulars	As on Ashad 31, 2080	As on Ashad 32, 2079
Investment Properties measured at Fair value		
Balance as on shrawan 1,	-	-
Addition/disposal during the year	-	-
Net changes in fair value during the year	-	-
Adjustment/transfer	-	-
Net amount	-	-
Investment Properties Measured at Cost		
Balance as on shrawan 1,	-	-
Addition/disposal during the year	-	-
Adjustment/transfer	-	-
Accumulated depreciation	-	-
Accumulated impairment loss	-	-
Net amount	-	-
Total	-	-

4.4 Property & Equipment

KBL Securities Ltd does not own any Property & Equipment as on reporting date.

Particulars	As on Ashad 31, 2080	As on Ashad 32, 2079
Cost		
Balance as on Shrawan 2079	-	-
Addition during the Year	-	-
Acquisition	-	-
Capitalization	-	-
Disposal during the year	-	-
Adjustment/Revaluation	-	-
Balance as on Ashad end 2080	-	-
Depreciation and Impairment	-	-
As on Shrawan 1, 2079	-	-
Depreciation charge for the Year	-	-
Impairment for the year	-	-
Disposals	-	-
Adjustment	-	-
As on Ashad end 2080		
Capital Work in Progress		
Net Book Value		
As on Ashad end 2079		
As on Ashad end 2080		

4.5 Goodwill and Intangible Assets

KBL Securities Ltd does not have any Goodwill & Intangible Assets as on reporting date.

Particulars	As on Ashad 31, 2080	As on Ashad 32, 2079
Cost		
Balance as on Ashad end 2079	-	-
Addition during the Year	-	-
Acquisition	-	-
Capitalization	-	-
Disposal during the year	-	-
Adjustment/Revaluation		
Balance as on Ashad end 2080	-	-
Amortization and Impairment	-	-
As on Ashad end 2079	-	-
Amortization charge for the Year	-	-
Impairment for the year	-	-
Disposals	-	-
Adjustment		
As on Ashad end 2080		
Capital Work in Progress		
Net Book Value		
As on Ashad end 2079		
As on Ashad end 2080		

4.6 Deferred Tax

Deferred Tax is recognised as per the provisions of NAS 12, Income Taxes.

Particulars	As on Ashad 31, 2080		
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets/(Liabilities)
Deferred tax on temporary differences on following items			
Property & equipment	-	-	-
Employees' defined benefit plan	-	-	-
Lease liabilities	-	-	-
Provisions	-	-	-
Other temporary differences	-	-	-
Carry forward losses	-	-	-
Deferred tax on temporary differences	-	-	-
Deferred tax on carry forward of unused tax losses	-	-	-
Deferred tax due to changes in tax rate	-	-	-
Net Deferred tax asset/(liabilities) as on Ashad end of 2080 (Closing F.Y 79-80)	-	-	-
Deferred tax (asset)/liabilities as on Shrawan 1, 2079.(Opening FY 79-80)	-	-	-
Origination/(Reversal) during the year	-	-	-
Deferred tax expense/(income) recognised in profit or loss	-	-	-
Deferred tax expense/(income) recognised in other comprehensive income	-	-	-
Deferred tax expense/(income) recognised in directly in equity	-	-	-

4.7 Other Assets

KBL Securities Ltd does not have other assets as on reporting date.

Particulars	As on Ashad 31, 2080	As on Ashad 32, 2079
Assets held for sale	-	-
Bills receivable	-	-
Accounts receivable	-	-
Accrued income	-	-
Prepayments and Deposit	-	-
Others - Kumari Bank	13,350	-
Total	13,350	-

4.8 Provisions

KBL Securities Ltd does not have provisions as on reporting date.

Particulars	As on Ashad 31, 2080	As on Ashad 32, 2079
Provisions for redundancy	-	-
Provision for restructuring	-	-
Pending legal issues and tax litigation	-	-
Onerous contracts	-	-
Other	-	-
Total	-	-

4.9 Other Liabilities

Particulars	As on Ashad 31, 2080	As on Ashad 32, 2079
Liability for long-service leave	-	-
Short-term employee benefits	-	-
Bills payable	-	-
Creditors and accruals	-	-
Liabilities under Finance Lease	-	-
Provision for Audit Fee	27,875	27,875
Employee bonus payable	-	-
Other	-	-
Liabilities under Operating Lease	-	-
Salary Payable	50,000	-
TDS Payable	61,443	375
Other Payable-(Kumari Bank Ltd)	62,818	-
Total	202,137	28,250

4.10 Share Capital

Particulars	As on Ashad 31, 2080	As on Ashad 32, 2079
Ordinary shares		
Ordinary Equity Share Capital	20,000,000	20,000,000
Convertible preference shares (equity component)	-	-
Irredeemable preference shares (equity component)	-	-
Perpetual debt (equity component only)	-	-
Total	20,000,000	20,000,000
Authorized Capital		
a) 500,000 Ordinary Shares of Rs.100 each	50,000,000	50,000,000
b) Non- redeemable preference shares of Rs.each	-	-
c) Redeemable Preference Shares of Rs.each	-	-
Issued capital		
a) 200,000 Ordinary Shares of Rs.100 each	20,000,000	20,000,000
b) Non- redeemable preference shares of Rs.each	-	-
c) Redeemable Preference Shares of Rs.each	-	-
Subscribed and paid up capital		
a(i) 200,000 Ordinary Shares of Rs.100 each	200,000,000	20,000,000
b) Non- redeemable Preference Shares of Rs.each	-	-
c) Redeemable Preference Shares of Rs.each	-	-
Total	200,000,000	20,000,000

4.11 Reserves

Particulars	As on Ashad 31, 2080	As on Ashad 32, 2079
Capital Redemption Reserve	-	-
Capital Reserve	-	-
Assets Revaluation Reserve	-	-
Actuarial Gain	-	-
Special Reserve	-	-
Other Reserve	-	-
Total	-	-

4.12 Contingent Liability

Contingent liabilities are potential future cash out flows, where the likelihood of payment is considered more than remote, but is not considered probable or cannot be measured reliably. Where the entity undertakes to make a payment on behalf of its customers for guarantees issued for which an obligation to make a payment has not arisen at the reporting date, those are included in these financial statements as contingent liabilities.

Where the company has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not and the company has not made payments at the reporting date, those instruments are included in these financial statement as commitments.

KBL Securities Ltd does not have contingent liability to be disclosed as on reporting date.

4.13 Commission Income

Particulars	As on Ashad 31, 2080	As on Ashad 32, 2079
Purchase Transaction Income	-	-
Sales Transaction Income	-	-
Total Commission income	-	-

4.14 Other Business Income

Particulars	As on Ashad 31, 2080	As on Ashad 32, 2079
Interest Income	3,632,434	244,844
Other Miscellaneous Income	-	-
Total Other Business income	3,632,434	244,844

4.15 Personnel Expense

Particulars	As on Ashad 31, 2080	As on Ashad 32, 2079
Salary	50,505	-
Allowance	-	-
Gratuity Expense	-	-
Provident fund	-	-
Uniform	-	-
Training & Development Expense	-	-
Leave Encashment	-	-
Medical	-	-
Insurance	-	-
Employees Incentive	-	-
Cash-settled share-based payments	-	-
Pension Expenses	-	-
Other expenses related to staff	-	-
Sub total	50,505	-
Employees Bonus	-	-
Grand Total	50,505	-

4.16 Other Operating Expense

All operating expenses other than those relating to personnel expense are recognized and presented under this account head.

Particulars	As on Ashad 31, 2080	As on Ashad 32, 2079
Directors' fee	153,000	-
Directors' expense	-	-
Auditors' remuneration	28,250	28,250.00
Other audit related expense	-	-
Registration Fee	2,747,240	5,000.00
Professional and legal expense	-	-
Office administration expense	-	-
Branding Expenses	5,707	-
Domain Registration Expenses	2,825	-
Operating lease expense	-	-
Onerous lease provisions	-	-
Other	-	-



नेपाल राष्ट्र बैंक

बैंक सुपरिवेक्षण विभाग

प.सं: बै.सु.वि./अफसाइट/ /२०८०/०८१
चं.नं. ९०२

कुमारी बैंक लिमिटेड,
ठाँगाल, काठमाडौं

दरबारसमार्ग, काठमाडौं।

फोन नं.: ४४९९८०५७

फैक्स नं.: ४४०९५९

Site: www.nrb.org.np

Email: bsd@nrb.org.np

पोस्ट बक्स: ७३

मिति : २०८०/०९/०६

विषय: वित्तीय विवरण प्रकाशन सम्बन्धमा।

महाशय,

त्यस बैंकबाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातका आधारमा यस बैंकद्वारा जारी गरिएको एकीकृत निर्देशन नं. ४/०८० को बुँदा नं. १(भ) मा भएको व्यवस्था बमोजिम आ.व. २०७९/८० को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गर्ने प्रयोजनार्थ देहायका निर्देशन सहित सार्वजनिक गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउँदछु।

१. लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरु पूर्ण रूपले सुधार गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिने व्यवस्था मिलाउनु हुन।
२. बैंकले FVTOCI मा मूल्याङ्कन गरिएको शेयर(इक्विटी) मा भएको लगानीको लेखाङ्कन गर्दा लगानीको Fair Value मा वृद्धि भई सृजित हुने कुल Fair Value Change को ७० प्रतिशतले हुन आउने रकम Fair Value Reserve मा राख्नुपर्नेमा रु. ४,१४,८९,६६० ले कम लेखाङ्कन गरेकोले सो बराबरको रकम सञ्चित मुनाफा खाताबाट Fair Value Reserve मा रकमान्तर गर्नुहुन।
३. यस बैंकबाट जारी एकीकृत निर्देशन नं. १६ को बुँदा नं. ५ बमोजिम डिवेञ्चर/अन्य ऋण उपकरण जारी गर्ने बैंक तथा वित्तीय संस्थाले निष्काशन गरिएको आर्थिक वर्ष र भुक्तानी हुने आर्थिक वर्ष बाहेकका प्रत्येक वर्ष वार्षिक मुनाफाबाट समानुपातिक आधारमा रकम भुक्तानी कोष (Capital Redemption Reserve) अनिवार्य रूपमा राख्नु पर्ने व्यवस्था भएकोमा यस आ.व. मा बैंकले “9.50% NCC Debenture 2086” वापत राख्नुपर्ने रु. ३७,५०,००,००० बराबरको रकम Capital Redemption Reserve मा रकमान्तर नगरेकोले आ.व. २०८०/८१ मा सो रकम थप गुरी रकमान्तर गर्नुहुन।

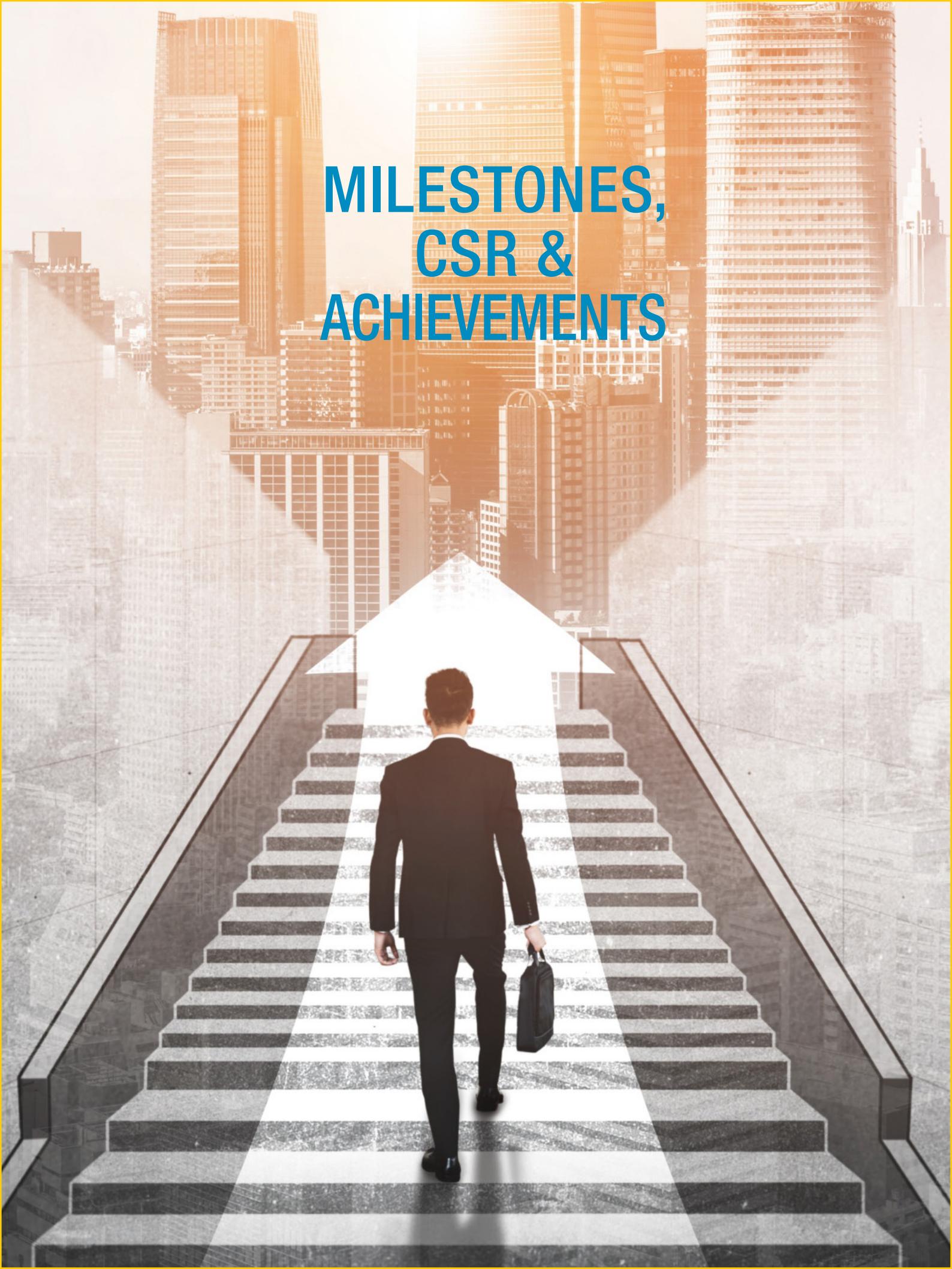
उपरोक्त निर्देशनहरूलाई त्यस बैंकको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नुहुन।

भवदीय,

(आकृति के सी)
सहायक निर्देशक

वोधार्थ

१. नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग।
२. बैंक सुपरिवेक्षण विभाग, प्रतिवेदन कार्यान्वयन इकाई, कुमारी बैंक लिमिटेड।



MILESTONES, CSR & ACHIEVEMENTS

CORPORATE SOCIAL RESPONSIBILITY

At Kumari Bank Limited, we firmly stand by the motto: 'Do well by doing Good'. We believe that we can enhance our competitive edge and profitability, while fostering projects and commitments that contribute to the well-being of our communities and promote societal order. We ensure this belief is carried for the long-run by ensuring our social investments (CSR spending) are funneled towards sustainable, social initiatives that aim to deliver long-term returns.

As a responsive and responsible corporate citizen, Kumari Bank will continue to accord very high priority to our CSR engagement. This commitment accounts for why we are one of the few Banks in Nepal that maintains a full-fledged CSR unit.

Ever since its inception, as a Bank, CSR has remained a key plan of our strategic drive for the overall well-being of our society in which we operate. In fact, next to our corporate citizenship obligations is our unwavering commitment and efforts in CSR, a dedication that has won for us commendations from within the Nepali Banking realm.

Investing for shared Sustainable Prosperity

Initiatives in Education, Health, Health, Environment and Social Development forms a sizeable chunk of Kumari Bank's community-outreach programs.

We contribute to the well-being of people by introducing sustainable measures and providing assistance to various institutions and welfare organizations, across Nepal, reaching well beyond our business locations, impacting the lives of marginalized communities. Over the years, our initiatives have positively affected thousands of individuals.

Social Responsibility: Along with business objectives, the Bank is also very aware of its social responsibility. The bank makes special contributions in five main areas.

a. Education:

- To support them in their pursuit of higher education, the Bank established the Kumari Education Fund in honor of the Goddess Kumari of Kumari Ghar, Basantpur and her bright future. NPR. 100,000.00 of subsidy is given every year.
- Kumari Bank provided financial support to improve the quality of education and restructure the physical infrastructure of community schools in various remote areas of Nepal.
- To make education easier, uniforms were provided to the students of Shree Bal Sudhar Secondary School by the Nayapati Branch, and educational materials were provided to the students of Shree Batkuwa Basic School by the Ridi Branch.
- Tulsipur, Bijauri, and Dillibazar branches have distributed laptops and projectors to Janata Campus, Nepal Sanskrit University, and Dillibazar Kanya Multiple Campus to improve the quality of education.
- The bank has provided financial assistance to establish the E-Library and ICT Lab at Saraswati Higher Secondary School in Rukum West.
- Bank has supported Lions Club International project "One Child, One Bag" to provide stationery materials and school bags to children who are deprived of the basic facilities of education due to the poor financial condition of their families.
- The bank has provided financial support to the Nepal Hydropower Academy to provide training to the youth of Nepal. This training will help the youth get employment opportunities in hydropower projects.

b. Health:

- The bank has provided support to Sainik Kalyankari Nirdeshanalaya for the free distribution of sanitary pads.
- The bank has provided financial support to The Nepal Heart Foundation to purchase two ECG machines with the main objective of reducing heart-related problems and making heart treatment easier for the patients of the marginalized communities of Nepal who find difficult to perform such treatment on their own.
- The bank has provided financial support to Marwadi Seva Samiti to expand the service of the hemodialysis center, i.e., free dialysis service, to needy patients in Nepal.
- The bank has provided financial support to the Wish Nepal Foundation to support financially weak cancer-afflicted children and their families.
- The bank has provided support to Nobel Medical College Teaching Hospital Pvt. Ltd. for organizing a free health camp in Biratnagar.

c. Heritage:

- The bank has been providing financial and material support to various festivals, pujas, and temples in the local area through various branches to promote cultures and traditions.
- Bank has been providing financial support for the establishment and protection of religious areas and different tourist areas in Nepal.
- With the aim of preserving the culture and passing it on to the present and future generations, bank has been helping in the fields of different culture preservation, historical tradition, and art programs.

d. Environment:

- In an effort to protect the Himalayas, the bank has provided financial support to the Sainik Kalyankari Nirdeshanalaya, with the motto to clean the mountains, "Safa Himal Abhiyan" (Clean Himal Campaign).
- With the aim of environmental cleanliness, the bank's branches have placed dustbins in different areas in collaboration with the local residents.
- With the objective of environmental sanitation, the Bansgarhi branch has provided financial support to the Bansgarhi Drinking Water Consumers and Sanitation Committee in the tree plantation program.

e. Financial Literacy:

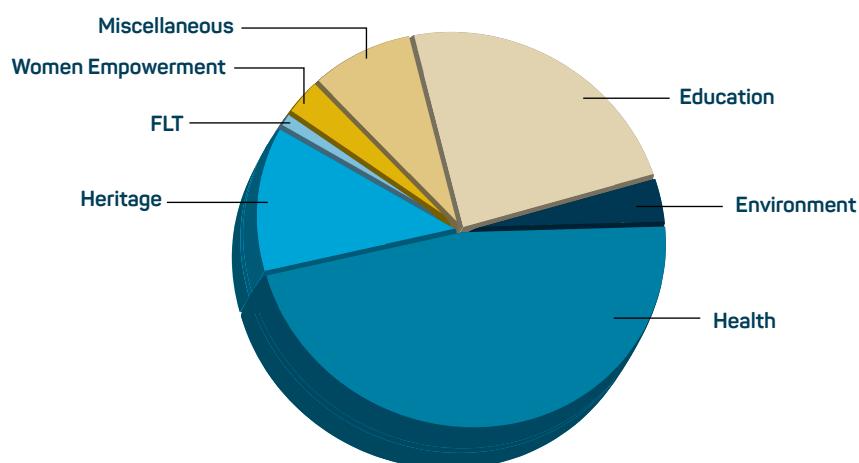
- Various events and activities were held in all branches situated in different provinces to raise awareness about money management and financial concerns on the occasion of Global Money Week, which focuses on financial literacy.

f. Other:

- For the safety of the local people, CCTV has been installed in Baglung Bazar by Baglung Branch.
- For the welfare of stray dogs and cows, bank has supported the Society for Prevention of Cruelty to Animals Nepal (SPCA Nepal) to make a better future for animals in Nepal with the vision to create a more humane world for animals and the mission to control the street animal's population.
- The bank's Chhabispathera and Chandani Dodhara branches have provided water dispensers in different public schools.

Province wise and Sector wise CSR Spending

Province	Education	Environment	Health	Heritage	FLT	Women Empowerment	Miscellaneous	Total
Koshi	94,550	500,000	445,000	61,000	23,540		22,500	1,146,590
Madhesh	300,000				20,050			320,050
Bagmati	1,701,284	71,700	6,597,000	887,240	72,847	512,000	515,915	10,357,986
Gandaki	545,500			320,000	24,190		191,125	1,080,815
Lumbini	223,000	24,125		500,000	26,730		305,795	1,079,650
Karnali	697,000				21,225		70,000	788,225
Sudurpaschim				80,100	11,050		170,750	261,900
Total	3,561,334	595,825	7,042,000	1,848,340	199,632	512,000	1,276,085	15,035,216





Payments Excellence Awards 2023

Kumari Bank has been the force to be reckoned in the area of Card and Digital Payments. The Bank has been awarded by VISA for "**PAYMENT EXCELLENCE IN CONSUMER CARDS - CREDIT**" at **VISA LEADERSHIP CONCLAVE NEPAL 2023** held at Kathmandu on 19 Dec 2023. We are highly committed in providing excellent service through convenient and secure Card and Digital Payment Channels.



Excellence in E-commerce Business 2022

Excellence in E-commerce Business 2022 VISA International felicitated the Bank in the Leadership & Conclave Payments Innovation Awards in the category: "**Excellence in E-commerce Business 2022**" for garnering highest e-commerce business volume in the Nepalese card payment industry.



Infosys Finacle Client Innovation Awards 2019

Kumari Bank Limited has been awarded with international recognition: the "Accelerated Transformation Award" at the **Infosys Finacle Client Innovation Awards 2019**. Kumari Bank is first ever Nepali bank to receive the said-award by Finacle Infosys. The said-award has recognized the competence and potential of the comprehensive Nepali banking industry.



Kumari Bank has set up a historical record for successful migration of CBS Finacle Version 10.2.19 in the shortest recorded time of 4.5 months.



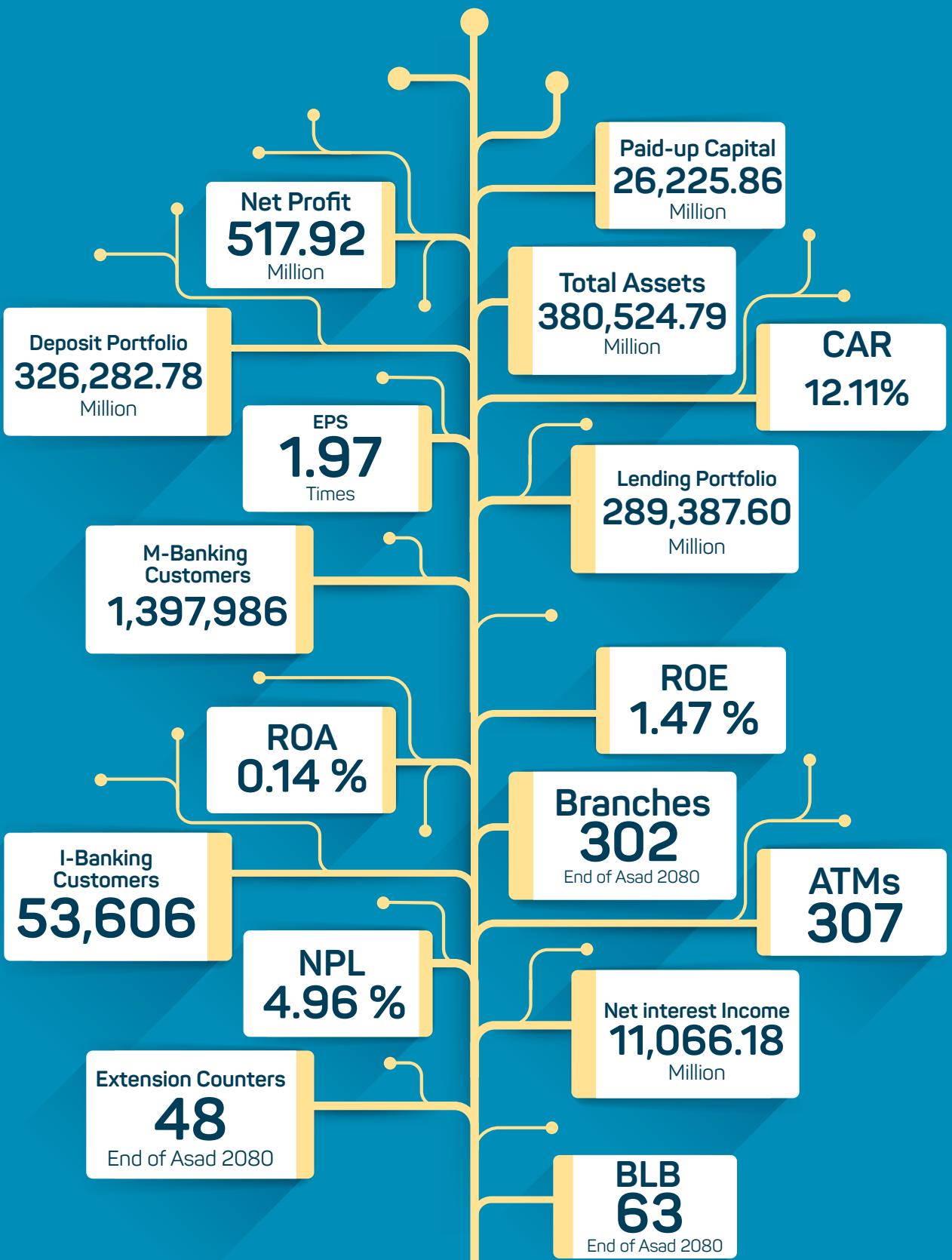
mBillionth Award South Asia 2011

The Bank received the coveted international recognition "**mBillionth Award south Asia 2011**" for its mobile cash products. It is a platform that recognizes some of the key innovative applications and services and honored excellence in the arena of mobile communications across South Asia.



Manthan Award South Asia 2011

The first of its kind, Kumari mobile cash pioneered the "mobile wallet" concept in Nepal, which allowed users to store cash balances in their mobile phones. Users are then able to deposit and withdraw cash from their mobile phones, and use the stored cash value for various purposes such as remittance, bill payment, and airtime recharge, with the push of a few buttons. For this, Kumari Bank won the **Manthan Award South Asia 2011** for the concept and introduction of Kumari Mobile Cash in Nepal, out of 481 participants across 30 categories.



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Branch Network



कुमारी बैंक लिमिटेड
KUMARI BANK LIMITED
सदैका लागि, सधैका लागि

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