



Machhapuchchhre Bank

# Annual 2024 Report

Transforming Banking  
with Digital Excellence





**Machhapuchchhre Bank Limited was registered in 1998 as the first regional commercial bank from the western region of Nepal and started its banking operations from Pokhara since year 2000.**

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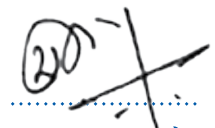
## माछापुच्छ्रे बैंक लिमिटेड

### प्रवेश-पत्र

शेयरधनीको नाम : .....  
 शेयरधनी परिचय (हितग्राही) नम्बर : .....  
 शेयर संख्या : .....  
 शेयरधनीको दस्तखत : .....

(मिति २०८१ साल पौष २८ गते आइतबारका दिन हुने माछापुच्छ्रे बैंक लिमिटेडको छब्बीसौं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेश पत्र)

द्रष्टव्य : १) शेयरधनी आफैले खाली कोष्ठहरु भर्नु होला ।  
 २) सभा कक्षमा प्रवेश गर्न यो प्रवेश पत्र लिई आउनु होला ।

  
 सुभाष जमरकेटेल  
 कम्पनी सचिव

## प्रोक्सी फाराम

श्री सञ्चालक समिति,  
 माछापुच्छ्रे बैंक लिमिटेड,  
 लाजिम्पाट, काठमाडौं ।

### विषय : प्रतिनिधि (प्रोक्सी) नियुक्त गरेको बारे ।

महाशय,

..... जिल्ला .....स.न.पा./न.पा./गा.पा. वडा नं. .... बस्ने म/हामी ..... ले  
 त्यस बैंकको शेयरधनीको हैसियतले संवत् २०८१ साल पौष २८ गते आइतबारका दिन हुने छब्बीसौं वार्षिक साधारण सभामा म/हामी स्वयं उपस्थित  
 भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकाले उक्त सभामा मेरो/हाम्रो तर्फबाट भाग लिन तथा मतदान गर्नको लागि .....  
 जिल्ला .....स.न.पा./न.पा./गा.पा. वडा नं. .... बस्ने त्यस बैंकका शेयरधनी श्री .....  
 ....लाई मेरो/हाम्रो प्रतिनिधि नियुक्त गरी पठाएको छु/ छौं ।

#### प्रोक्सी लिनेले भर्ने

प्रतिनिधि नियुक्त भएको व्यक्तिको :  
 हस्ताक्षरको नमुना:  
 नाम:  
 परिचय (शेयरधनी/हितग्राही) नं.  
 शेयर प्रमाणपत्र नं.:  
 शेयर संख्या:  
 मिति:

#### प्रोक्सी दिनेले भर्ने

निवेदक :  
 दस्तखत:  
 नाम:  
 ठेगाना:  
 परिचय (शेयरधनी/हितग्राही) नं.  
 शेयर प्रमाणपत्र नं.:  
 शेयर संख्या:  
 मिति:

नोट : यो निवेदन साधारण सभा हुनुभन्दा कम्तिमा ४८ घण्टा अगावै बैंकको शेयर शाखा, सुन्धारा, माछापुच्छ्रे क्यापिटल लि. रहेको भवन, जे डि ए  
 अफिस कम्प्लेक्स, काठमाडौंमा पेश गरी सक्नु पर्नेछ ।



# माछापुच्छ्रे बैंक लिमिटेडको

## छत्तीसौं वार्षिक साधारण सभा बस्ने सम्बन्धी सूचना

यस बैंकको मिति २०८१/०९/०५ मा बसेको संचालक समितिको ५१८ औं बैठकको निर्णयानुसार यस बैंकको छत्तीसौं वार्षिक साधारण सभा देहायका विषयहरूमा छलफल तथा निर्णय गर्न निम्न लिखित मिति, समय र स्थानमा बस्ने भएको हुँदा कम्पनी ऐन २०६३ को दफा ६७ अनुसार सम्पूर्ण शेयरधनी महानुभावहरूको जानकारी तथा सहभागिताको लागि यो सूचना प्रकाशित गरिएको छ ।

### साधारण सभा हुने मिति, समय र स्थान :

मिति : २०८१ साल पौष २८ गते (तदनुसार १२ जनवरी, २०२५) आइतबार ।

समय : विहान ११:०० बजे ।

स्थान : होटल पोखरा ग्राण्ड, पार्दी, पोखरा, कास्की ।

### छलफलका विषयहरू :

#### क. सामान्य प्रस्ताव :

- आर्थिक वर्ष २०८०/८१ को सञ्चालक समितिको २६ औं वार्षिक प्रतिवेदन छलफल गरी पारित गर्ने ।
- लेखापरीक्षकको प्रतिवेदन सहित बैंकको २०८१ आषाढ मसान्तको वित्तीय अवस्थाको विवरण तथा सोही मितिमा समाप्त भएको आर्थिक वर्ष २०८०/८१ को नाफा नोक्सान विवरण, अन्य विस्तृत आय विवरण, नगद प्रवाह विवरण लगायतका वार्षिक वित्तीय विवरणहरू छलफल गरी पारित गर्ने ।
- यस बैंकको सहायक कम्पनीहरू “माछापुच्छ्रे क्यापिटल लिमिटेड” र “माछापुच्छ्रे सेक्युरिटीज लिमिटेड” को आर्थिक वर्ष २०८०/८१ को वित्तीय विवरणहरू सहितको बैंकको एकीकृत वित्तीय विवरण (Consolidated Financial Statement) छलफल गरी पारित गर्ने ।
- कम्पनी ऐन, २०६३ को दफा १११ तथा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ६३ बमोजिम बैंकको लेखापरीक्षण समितिको सिफारिस बमोजिम आर्थिक वर्ष २०८१/८२ को लागि बाह्य लेखापरीक्षक नियुक्ति गर्ने र नियुक्तिका शर्त तथा पारिश्रमिक निर्धारण गर्ने । (कम्पनी ऐन २०६३ को दफा १११ (३) बमोजिम बहालवाला लेखापरीक्षक श्री जी.पी.राजबाहक एण्ड कम्पनी चार्टर्ड एकाउण्टेण्ट्स पुनः नियुक्त हुन योग्य रहेको)
- नेपाल चार्टर्ड एकाउण्टेण्ट्स संस्था (Institute of Chartered Accountants of Nepal) ले तोकेको न्यूनतम पारिश्रमिकको मापदण्ड बमोजिम हुने गरी आ.व.२०८०/८१ को लागि सञ्चालक समितिले थप गरेको लेखापरीक्षकको पारिश्रमिक उपर छलफल गरी अनुमोदन गर्ने ।
- सञ्चालक समितिमा संस्थापक शेयरधनी समूहको तर्फबाट रिक्त रहेको सञ्चालक पदमा सञ्चालक समितिले साविक सञ्चालकहरूको बाँकी कार्यकालसम्मको लागि गरेको सञ्चालकहरूको नियुक्ति अनुमोदन गर्ने तथा स्वतन्त्र सञ्चालकको नियुक्तिको जानकारी सम्बन्धमा ।
- सर्वसाधारण समूहका शेयरधनीहरूको तर्फबाट सञ्चालक समितिमा प्रतिनिधित्व गर्ने ३ (तीन) जना सञ्चालकहरूको निर्वाचन गर्ने ।

#### ख. विशेष प्रस्ताव :

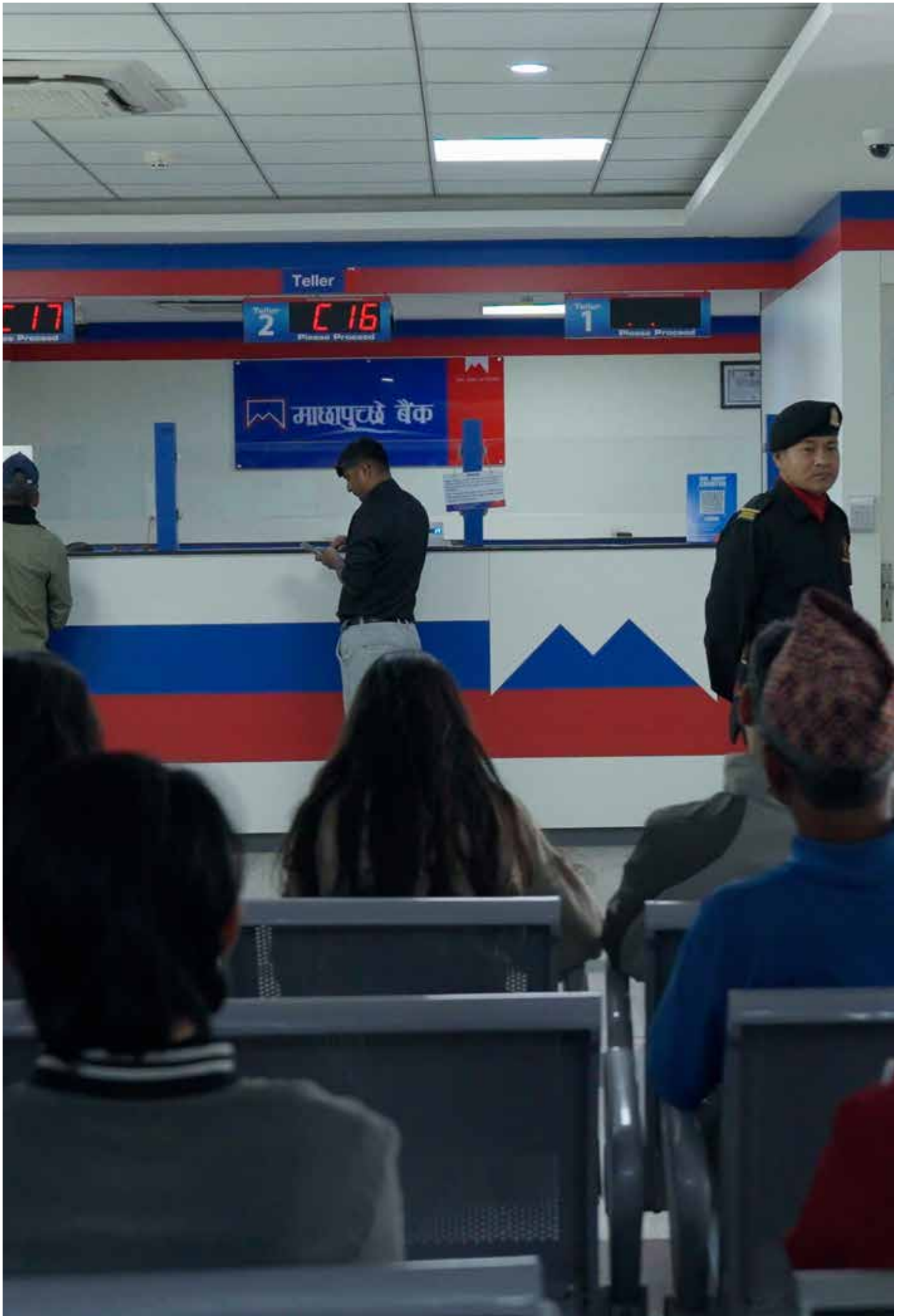
- माछापुच्छ्रे बैंक लिमिटेड र अन्य उपयुक्त बैंक तथा वित्तीय संस्था(हरू) एक आपसमा गाभ्ने/गाभिन (मर्जर गर्न वा प्राप्ती (एक्विजिशन) गर्न) तथा वैदेशिक रणनीतिक साझेदारीमा जान उपयुक्त देखिएमा बैंकको चल अचल सम्पत्ति र दायित्व तथा कारोबार को मूल्याङ्कनको लागि मूल्याङ्कनकर्ता नियुक्ति गर्न, गाभ्ने गाभिन वा प्राप्ती गर्ने सम्बन्धी सम्झौता गर्न, वैदेशिक रणनीतिक साझेदारीमा जाने सम्बन्धी निर्णय गर्न तथा सो सम्बन्धी आवश्यक सम्पूर्ण कार्य अगाडी बढाउन सञ्चालक समितिलाई अख्तियारी प्रदान गर्ने ।
- बैंकको शेयर संरचनामा अविमोच्य असञ्चित अग्राधिकार शेयर (Perpetual Non-Cumulative Preference Share) सम्बन्धि व्यवस्था थप गर्ने तथा सोही बमोजिम प्रबन्धपत्र तथा नियमावलीमा आवश्यक संशोधन गर्ने र सो सम्बन्धी आवश्यक सम्पूर्ण कार्य गर्न संचालक समितिलाई अख्तियारी प्रदान गर्ने ।
- विशेष प्रस्ताव अनुसार प्रबन्धपत्र तथा नियमावलीमा भएका संशोधन उपर नियमनकारी निकाय वा कार्यालयबाट कुनै विषयमा थप संशोधन गर्न वा भाषिक संशोधन वा फेरबदल गर्न कुनै निर्देशन वा सुझाव प्राप्त भएमा सोही बमोजिम संशोधन गर्न संचालक समितिलाई अख्तियारी प्रदान गर्ने ।

#### (ग) विविध ।

सञ्चालक समितिको निर्णयानुसार  
कम्पनी सचिव

### साधारण सभा सम्बन्धी थप जानकारीहरू :

- १) साधारण सभा प्रयोजनको लागि बैंकको शेयर दाखिल खारेजीको काम मिति २०८१ साल पौष १४ गतेका लागि बन्द रहनेछ। उक्त मितिभन्दा अगाडी नेपाल स्टक एक्स्चेन्ज लिमिटेडमा कारोबार भई सोको ७ कार्य दिन भित्र यस बैंकको शेयर शाखा, माछापुच्छ्रे क्यापिटल लि. रहेको भवन, जे डि ए अफिस कम्प्लेक्स, सुन्धारा काठमाडौंमा प्राप्त विवरणको आधारमा तथा हितग्राही खातामा कायम भएका शेयरधनीहरूले मात्र सो सभामा भाग लिन र मतदान गर्न पाउने छन्। नेपाल स्टक एक्स्चेन्जमा कारोबार भई धितो पत्र व्यवसायी (सदस्य दलाल) को Pool Account मा रहेको शेयरका आधारमा शेयरधनी कायम नहुने भएकाले उल्लेखित मिति भित्र शेयरधनीको खातामा शेयर समावेश गर्न समेत सम्बन्धित धितोपत्र व्यवसायीहरूलाई अनुरोध गरिन्छ।
- २) साधारण सभासँग सम्बन्धित वार्षिक आर्थिक विवरण, संचालक समितिको प्रतिवेदन, लेखापरीक्षकको प्रतिवेदन र छलफलका विषयहरू यस बैंकको वेबसाइट [www.machbank.com](http://www.machbank.com) मा पनि राखिएको हुँदा त्यहाँबाट समेत हेर्न सकिने व्यहोरा जानकारी गराउँदछौं।
- ३) सभा हुने दिन सभामा उपस्थितिका लागि हाजिर पुस्तिका विहान १०:०० बजे देखि खुल्ला रहने छ। सभामा भाग लिन आउँदा शेयर धनी महानुभावहरूले वार्षिक प्रतिवेदन पुस्तिकामा समावेश भएको प्रवेश पत्र साथमा लिई आउनु पर्नेछ। कुनै शेयरधनी महानुभावले कारणवस पुस्तिका नपाउनु भएमा आफ्नो फोटो भएको कुनै परिचयपत्र वा हितग्राही खाता (D-MAT Account) नम्बर वा BOLD Statement वा कुनै एक सक्कल शेयर प्रमाणपत्र साथमा लिई आउनु हुन अनुरोध गरिन्छ।
- ४) प्रतिनिधि (प्रोक्सी) नियुक्ती गर्न चाहने शेयरधनीहरूले आफ्नो सम्पूर्ण शेयरको प्रतिनिधि एउटै व्यक्ति हुने गरी प्रतिनिधि-पत्र (प्रोक्सी फाराम) भरी बैंकको शेयर शाखा, माछापुच्छ्रे क्यापिटल लि. रहेको भवन, जे डि ए अफिस कम्प्लेक्स, सुन्धारा काठमाडौंमा सभा शुरु हुनु भन्दा कम्तिमा ४८ घण्टा अगाडि अर्थात मिति २०८१ पौष २६ गते विहान ११:०० बजे भित्र दर्ता गरी सक्नु पर्नेछ।
- ५) शेयरधनीले एक भन्दा बढी व्यक्तिलाई आफ्नो शेयर विभाजन गरी वा अन्य कुनै किसिमबाट छुट्टयाई प्रतिनिधि (प्रोक्सी) नियुक्ती गर्न पाइने छैन। प्रतिनिधि (प्रोक्सी) प्रचलित कम्पनी कानूनले तोकेको ढाँचामा दिनु पर्नेछ। यसरी प्रतिनिधि (प्रोक्सी) नियुक्त गरिएको व्यक्ति बैंकको शेयरधनी हुनु अनिवार्य छ।
- ६) एक जना शेयरधनीले एक भन्दा बढीलाई प्रतिनिधि (प्रोक्सी) मुकरर गरेमा प्रतिनिधि (प्रोक्सी) स्वतः बदर हुनेछ। प्रोक्सी नियुक्त गर्ने शेयरधनीले कुनै कारणवश त्यस्तो प्रोक्सी बदर गरी आफैँ सभामा उपस्थित भई मतदान गर्न चाहेमा सभा शुरु हुनु अगावै सो को लिखित सूचना दिनु पर्नेछ। यसरी सूचना दिई सम्बन्धित शेयरधनी आफैँ उपस्थित भएमा निजले पूर्ववत दिएको प्रतिनिधि (प्रोक्सी) स्वतः बदर हुनेछ।
- ७) शेयर खरिद गरेको संगठित संस्था वा कम्पनीले बैंकको कुनै अर्को शेयरधनीलाई प्रतिनिधि (प्रोक्सी) मुकरर गर्न सक्नेछ। त्यसरी बैंकको शेयरधनीलाई प्रतिनिधि (प्रोक्सी) मुकरर नगरिएको अवस्थामा मनोनित गरेको प्रतिनिधिले निज बैंकको शेयरधनी नभएता पनि शेयरवालाको हैसियतले सभामा भाग लिन सक्ने छ। यसरी प्रतिनिधि पठाउँदा सभा शुरु हुनु भन्दा कम्तिमा ४८ घण्टा अगाडि बैंकको शेयर शाखा, माछापुच्छ्रे क्यापिटल लि. रहेको भवन, जे डि ए अफिस कम्प्लेक्स, सुन्धारा काठमाडौंमा लिखित रूपमा जानकारी दिनु हुन अनुरोध गरिन्छ।
- ८) संयुक्त रूपमा शेयर खरिद गरिएको अवस्थामा लगत कितावमा पहिले नाम उल्लेख भएको व्यक्ति अथवा सर्वसम्मतीबाट प्रतिनिधि नियुक्त गरिएको एक व्यक्तिले मात्र सभामा भाग लिन पाउने छन्।
- ९) नावालक तथा अशक्त शेयरधनीको हकमा निजको संरक्षक वा संरक्षकले तोकेको प्रतिनिधिले मतदानमा भाग लिन पाउने छ। तर संरक्षक स्वयम् शेयरधनी नभएमा अरु कसैको तर्फबाट प्रतिनिधि (प्रोक्सी) नियुक्त हुन योग्य हुने छैन।
- १०) अन्य जानकारीको लागि बैंकको प्रधान कार्यालय, लाजिम्पाट, काठमाडौंमा सम्पर्क राख्नु हुन अनुरोध छ।



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# BANK'S OVERVIEW

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The Bank facilitates its customers' need by delivering the best of services in combination with the latest state of the art technologies and prudent international practices. The bank provides modern banking facilities such as Any Branch Banking, Internet Banking, Mobile Banking, Safe Deposit Locker facilities, Utility Bill payment (Telephone & Mobile), ATM (VISA Debit Cards) to its valued customers. Besides these, the Bank is providing 365 Days Banking and Evening Counter services to the customers through many of its offices.

The Bank has been promoted by highly renowned Non-Residential Nepalese, prominent businessman

and industrialists with a vision and dedication to provide the best financial products and services in the most efficient and professional manner.

Now with a paid up capital of over 11.62 billion rupees, 165 Branch Offices, 105 Branchless Banking Units, 12 Extension Counters and 200 ATMs spread all across the country, it is one of the full fledged national level commercial banks operating in Nepal. It takes pride in having its own buildings for its Head and Corporate Office in Lazimpat, and Branch offices in Pokhara (Naya Bazar), Jomsom, Baglung, Damauli and Bhairahawa.





## MISSION

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



## VISION

To become the bank of the first choice of the people.



## VALUES

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



### INTEGRITY

Highest level of integrity / absolute honesty in all the business conduct and dealings with customers, staff, regulators, and other stakeholders.



### ACCESSIBILITY

Easy accessibility through traditional as well as modern means of communication.

For shareholders, customers, employees and the nation.



### QUALITY SERVICE

Through unmatched professionalism and excellent customer care.



### STEWARDSHIP OF RESOURCES

With the feeling of ownership and accountability.

165

BRANCHES ACROSS  
THE COUNTRY

1484

NO. OF EMPLOYEES

200

ATMS

12

EXTENSION COUNTERS

105

BRANCHLESS  
BANKING UNITS







# **I. BANK STRATEGIES FOR THE FORTHCOMING YEAR**

Nepalese economy in FY 2023-24 was seen as sluggish in terms of business. The Bank had started the year with aspiring strategies in the field of Loan business, Deposit solicitation & Digital business expansion & with the bottom line of achieving NPR 2.25 Billion net profit. However, due to adverse market condition, the Bank throughout the year mainly focused on management of NPL, **cost minimization and stepping up its digitization effort** with the spirit of accepting the change in strategy.

The Bank earned a net profit of NPR 1.05 b in FY 2023-24. The portfolio growth of the Bank in FY 2023-24 was NPR 5.3 b (NPR 3.0 b deposit growth, NPR 2.3 b loan growth) & the Net assets of the bank grew by NPR 1.71 b growth.

Among the strategies set for FY 2024-25, expanding the footprint in the digital banking segment holds considerable amount of importance. The Bank requires to double the initiative and cement our position as key digital enabler in the industry living true to our name (as the Smart Bank). Another priority is to achieve Cost Efficiency by conducting orientation on cost reduction initiatives. Further, automation in various operation internally is expected to downsize the turnaround work time. This shall enable staff to be more productive and creative in customer service.

In addition to this, the Bank shall actively contribute to the social and economic development and upliftment of the underprivileged communities through its CSR initiatives. The Bank has maintained a long legacy of contributing to the welfare of the society and coming fiscal year the Bank plans to strengthen it further.

## II. Country's Economic Condition (Economic Outlook of FY 2023-24)

### ● Economic Growth and Price Situation

National Statistics Office has estimated the economic growth of Nepal to be 3.87 percent in 2023/24. Economic growth is mainly supported by Agriculture, industry and service sector.

In 2023/24, the ratio of gross domestic savings to GDP stands at 7.61 percent.

The y-o-y consumer inflation stood at 3.57 percent in mid-July 2024 compared to 7.44 a year ago.

### ● International Trade, Remittances, and Balance of Payment Position

During the twelve months of 2023-24, merchandise exports decreased by 3 percent to Rs.152.38 billion, while merchandise imports decreased by 1.2 percent to Rs.1592.99 billion. As a result, the merchandise trade deficit decreased 1.0 percent to Rs.1440.60 billion.

Remittance inflow is improving in this year was well. The remittances inflows increased 16.5 percent to 1445.32 billion during 2023-24 compared to an increase of 23.2 percent in the previous year. In the 2023/24 remittances in US dollar terms increased by 14.5 percent to 10.86 billion compared to 13.9 percent in previous year.

In the FY 2021-22, the BoP remained at surplus stood at Rs.502.49 billion compared to Rs.285.82 billion during the same period of the previous year. As such, foreign currency reserves held by NRB increased by 37.4 percent to Rs 1848.55 billion from Rs 1345.78 billion in previous year. The current level of reserve is adequate to cover the prospective imports of goods of 15.6 months and goods and services for 13 months.

### ● Interest Rate

In mid-July 2024, the weighted average interest rate of 91-day treasury bills was 3.00 percent, which had reached 6.35 percent in mid-July 2023.

The average base rate of commercial banks was 10.03 percent in last months of 2022-23 which reached 8.00 percent in last month of 2023-24. In mid-July 2023, the weighted average interest rate of deposits of commercial banks was 7.86 percent, which reached 5.77 percent in mid-July 2024. Similarly, in mid-July 2023, the weighted average lending rate of commercial banks was 12.30 percent, which reached 9.93 percent in mid-July 2024.



- **Capital Markets**

The NEPSE index, which was 2,097.1 in mid-July 2023, increased to 2,240.4 in mid-July 2024 which is 6.8% growth in this FY. At mid-July 2024, market capitalization was Rs.3,553.68 billion which is 15.3% growth in comparison to FY 22-23 .

In the 2022-23, the Securities Board of Nepal has approved the issue of securities worth Rs.130.47 billion which includes ordinary shares worth Rs.86.81 billion, bonus share worth Rs. 21.65 billion, 21.29 billion of right share & 3 crore of FPO.

- **Financial Access**

The total number of BFIs licensed by NRB remained 107 in mid-July 2024. As of mid-July 2024, 20 commercial banks, 17 development banks, 17 finance companies, 52 microfinance financial institutions and 1 infrastructure development bank are in operation. The number of BFIs branches reached 11,530 in mid-July 2024 from 11,589 in mid-July 2023. Population per branch remained 2,529 in mid-July 2024 compared to 2517 a year ago.



# Board of Directors



**Mr. Roshan KC**  
Chairman

Mr. Roshan K.C is recognized as a successful and respected dynamic young businessman in Nepal. He has made significant contributions to the country's economic and social development through over a decade of success in the industrial, commercial, and trade sectors. Mr. K.C has been serving as Chairman of the Machhapuchchhre Bank since November 23, 2023. His association with the bank as a director began on December 12, 2014, and he previously held the position of Chairman from April 27, 2017, to January 4, 2020. In addition to his role as Chairman, Mr. K.C is the Managing Director of the esteemed K.C. Group of Industries. He is also involved in various capacities with notable companies and industries, including Sikles Hydropower Limited, Bhagwati Hydropower Development Limited, and Gandaki Hydropower Development Company Limited. Mr. K.C. holds a Master Degree in Business Administration (MBA) and a Bachelor Degree in Civil Engineering. His experience and leadership skills have positively impacted various projects and initiatives, playing a crucial role in the bank's reputation and development.

Mr. Jaya Mukunda Khanal holds Master Degree in Business Administration (MBA) and has a fine knowledge of finance, marketing and economics. Mr. Khanal is also the former Secretary of Ministry of Defense of Government of Nepal. He has an extensive work experience in various governmental organizations like Ministry of Industry, Ministry of Agricultural Development, Ministry of Home Affairs and, Office of the Prime Minister and Council of Ministers. He also has served as an Executive Director at Centre for Environmental and Agricultural Policy Research, Extension and Development (CEAPRED) a national level NGO of high repute.



**Mr. Jaya Mukunda Khanal**  
Public Director



**Mr. Mukunda Mahat**  
Promoter Director

Mr. Mukunda Mahat, a Chartered Accountant, brings a wealth of experience and strategic insight to his role as Director at Machhapuchchhre Bank Limited. With a career spanning over 30 years at Nepal Rastra Bank (NRB), Mr. Mahat held key leadership positions in several departments, including Chief of the Financial Information Unit (FIU), Director of the Bank Supervision Department and Human Resource Management Department of Nepal Rastra Bank. In addition to his remarkable tenure at NRB, Mr. Mahat has also served as an Independent Director at Machhapuchchhre Bank Limited from May 29, 2020 to May 28, 2024. During his tenure, he made a significant impact on the bank's strategic direction and corporate governance. His expertise in financial management, risk regulation, and institutional governance continues to serve as an invaluable asset in shaping Machhapuchchhre Bank's future trajectory.



**Mr. Bishow Prakash Gautam**  
Public Director

Mr. Bishow Prakash Gautam is a graduate in Business Administration and has a long standing experience in the field of business. He is the former Director of Pokhara Savings and Credit Cooperative Ltd and has remained as board member in United Irdi Mardi

Ms. Bandana Karki holds Master's Degree in Business Administration (MBA) from Sikkim Manipal University. She has working experience in different organizations from diverse fields and has outstanding administrative skills. Currently, she has been working as director of Gandaki Hydropower Development Company Pvt. Ltd and also worked as a Procurement Manager of Himshree Foods Pvt. Ltd.



**Ms. Bandana Karki**  
Public Director



**Mr. Peshal Raj Pokharel**  
Independent Director

Mr. Peshal Raj Pokharel is an experienced professional with extensive experience across banking, finance, and project management. He holds a Master's Degree in Public Administration (MPA) and a Bachelor's Degree in Law (BL) from Tribhuvan University. His career includes significant leadership roles, such as Director at Excel Development Bank Ltd and Managing Director at Hydro Connection Pvt. Ltd. and N.L. Gas Udhyog Pvt. Ltd. Mr. Pokharel through his diverse experiences has developed a strong reputation for effectively navigating the challenges across various sectors, leveraging his diverse experiences to drive organizational success.

Mr. Anish Shah holds a MBA degree and enhanced by certifications such as Risk-Based Internal Auditing (RIBA) from BIBM, Bangladesh, and Legal Aspects of Credit Appraisal from NBI, Kathmandu. Mr. Shah's profound knowledge spans finance, business development, regulatory compliance and general banking operations. He is a seasoned banking professional with over nine years of expertise in banking, audit, sales, and portfolio management. His experience extends beyond banking as he holds directorial positions in several successful companies, including Sopan Pharmaceuticals Limited, Sopan Properties Limited, Molnia Power Limited & so on. This diverse experience highlights his strategic vision and expertise in business management and corporate governance.



**Mr. Anish Shah**  
Promoter Director



**Mr. Roshan K.C**  
Chairman

*It is a proud moment for everyone associated with Machhapuchchhre Bank that the bank has completed its 24 years of remarkable operation. Machhapuchchhre Bank family is always grateful to the entire stakeholders for their deep trust and sincere support in this incredible journey.*



# Chairman's Speech

We are here today because of the continued goodwill and support of our shareholder and dignitaries trust and love of our customers towards us, the guidance of the regulatory bodies and the unwavering efforts of all the staffs. While embracing the new dimensions of technology and moving towards refined services, we have been able to adhere to the policies, directives, risk management and good governance of the existing laws and regulatory bodies.

By harnessing the power of digitalization and promoting sustainable business practices, we aim to drive enterprises' growth and contribute to our economy's sustainable development. We remain committed to furthering our organic growth supported by fundamentals which we have worked on through the years. We have included several offerings in our digital platform across deposits, payments, financing and wealth management. We shall remain adequately liquid, well capitalized and prepared to deliver growth targets for the year to come.

Moving forward with the main objective of increasing access to banking, Machhapuchchhre Bank is currently providing banking facilities to more than 1.5 million customers through 165 branches in seven provinces of the country, 105 branchless Banking services, 200 ATMs and 12 extension counters.

The FY 2023/2024 was quite a challenging year for the entire country. The occurrence of unanticipated events and activities in the International Economy had a direct and indirect impact on each and every sector of the Nepalese economy as well. Nepalese banking industry was also affected by the challenging scenario that had developed in the country and being a member of the industry, Machhapuchchhre Bank also faced its own share of challenges from the unpredictable scenario.

Amid challenges, bank has always given priority in increasing the quality of loans and has expanded its credit investment in agriculture, renewable energy, small and medium enterprises in order to contribute employment generation in the country along with a commitment in providing reasonable returns to shareholders. During the review year, the deposits and Loans of Machhapuchchhre Bank reached Rs. 161.8 Billion & Rs. 131.8 Billion respectively.

Machhapuchchhre Bank has always aspired to collaborate with the Government of Nepal in achieving national aims and goals. In its quest for contributing to the nation, our

bank is always aimed at making noteworthy contributions in raising the living standard of deprived sector, creating employment, increasing revenue collection, promoting cashless economy and enhancing the financial access. Embracing the slogan of **"Smart Bank"**, the Bank has adopted the strategy aimed at providing complete banking facility at home. As a part of this effort, we have made remarkable achievement in making the banking channel easily accessible to individuals residing in remote locations of the country.

We believe in the invaluable role of customer feedbacks and compliments in shaping our product and services offerings to better align with customer needs and enhance overall experiences. We have consistently improved our 24 x 7 customer Care Centre services, providing uninterrupted assistance throughout the year. The customer Care Centre serves as a vital channel for customers to submit requests, which are expected promptly post authentication, ensuring customers are left satisfied with their experience.

My fellow shareholders, it is with immense joy and a profound sense of accomplishment that we are working on a strategy to develop and expand new technologies in a timely manner and to add additional features to existing technologies. We believe our digital services will create a milestone towards a true cashless economy and those handy tools that enabled our customers to avail banking services from their own devices, providing them a greater freedom and control in managing their finances and payments.

Finally, I would like to offer my cordial appreciation to all our respected shareholders, other stakeholders, Board members, regulators, dedicated and hardworking staffs and our valued customers and well-wishers for their significant contribution. To conclude, I am sure that the bank shall continue to get the same constructive advice, suggestions, cooperation and supports from all of you in the future which will be a source of inspiration in our endeavor to take our bank to newer heights of success in the years to come.

Thank You

**Mr. Roshan K.C**  
Chairman





# CEO Message

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Having a successful completion of 24 years of contribution in the financial sector of the country, it feels pleasure to report that overall performance of the Bank remained robust thereby maintaining healthy financial position and standing strong in the financial market of the country.

## Ceo Message

With the determination to expanding banking access across all regions and communities, the bank has extended its services to remote and underdeveloped districts such as Mugu, Jumla, Dolpa, and Darchula—areas often considered challenging due to geographical and developmental constraints. Through this expansion, the bank remains dedicated to fostering financial inclusion and supporting economic growth nationwide.

During the review period, the bank achieved a net profit of Rs 1.05 billion. Deposits reached Rs 161.8 billion, while total loans stood at Rs 131.8 billion. The bank's balance sheet size grew by 1.63 percent, and investments increased by 29.83 percent, reaching Rs 3.86 billion. Additionally, the bank maintained a non-performing loan ratio of 3.67 percent. These accomplishments have been made possible by the strong trust, deep loyalty, and unwavering confidence of our valued customers.

With 165 branches, 105 branchless banking services, and a presence in all seven provinces, Machhapuchchhre Bank Ltd. continues to operate under its core vision of being a Smart Bank. Serving over 1.6 million satisfied customers through 200 ATMs and 12 extension counters, the bank has achieved remarkable milestones in delivering excellence in banking services.

Machhapuchchhre Bank is making significant steps in **digital banking by continuously introducing new services and enhancing quality of existing ones.** With a vision to become a SMART Bank by 2027, the bank is committed to offering world-class, reliable, and high-quality financial services tailored to customers' evolving needs. By simplifying, streamlining, and innovating its services, the bank is taking a proactive role in driving digital transformation.

During the review period, the bank introduced several smart services while maintaining its commitment to service excellence i.e dispute login through its mobile banking platform, voice notifications for transactions made via POS machines, tokenized P2P Cross-Border Payments and the EMV Standard to enhance security and efficiency etc. All new technologies undergo rigorous risk assessments before being deployed, ensuring a seamless and secure experience for customers.

As a result of these advancements, Machhapuchchhre Bank's digital services are gaining popularity among customers. Looking ahead, the bank has an ambitious plan to introduce more innovative service offerings while further refining its digital banking infrastructure to enhance user experience and convenience.

The bank has consistently engaged in various social initiatives, not only focusing on profitability but also embracing its responsibility toward society. MBL has been prioritizing on Corporate Social Responsibility (CSR) initiatives for past few years. Along with sustained economic performance, environmental and social stewardship is also a key factor for holistic business growth. MBL has been working in different sectors and regions continuously. We have actively contributed to the development of government schools by providing essential infrastructure, as well as investing significantly in medical equipment and infrastructure for government hospitals. Additionally, we have supported access to clean drinking water, sanitation facilities, educational materials, warm clothing for winter, and financial literacy campaigns through our branches nationwide.

Our approach prioritizes long-term, sustainable banking over short-term profits. We are on a mission to continually enhance and strengthen the bank, and with 165 branches across the country and a dedicated

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team of over 1,400 employees, we remain committed to this vision. The trust of our customers has been the foundation of our success, and we strive every day to reinforce that trust by ensuring customer satisfaction and convenience.

To maintain stability and long-term financial strength, we have adopted a strategic approach to further solidify the bank's structure. Recognizing the evolving banking landscape and increasing competition, we are committed to safe and sustainable financial growth while actively exploring new opportunities.

Finally, I would like to extend my heartfelt gratitude to everyone who has contributed to our journey. Our achievements would not have been possible without your hard work, trust, and support. I sincerely thank our valued customers, shareholders, regulatory bodies, media partners, banks and financial institutions, collaborating organizations, members of the board of directors, and our dedicated employees for their unwavering commitment. Your continued support will undoubtedly propel the bank to even greater heights in the future.

Thank you

**Santosh Koirala**

Chief Executive Officer

# INTERNATIONAL SCENARIO





**In 2023/2024, the global economic landscape demonstrated resilience despite a dynamic and challenging environment. The World Bank reported a steady growth rate of 2.7%, in line with the previous two years. While this figure falls short of pre-pandemic levels, it reflects progress amid ongoing efforts to foster sustainable development and global economic recovery.**

Global economic growth in 2024 was moderate, with advanced economies experiencing slower expansion compared to emerging markets. Factors such as high inflation, tight monetary policies, and ongoing geopolitical tensions, including trade disputes, continued to weigh on growth prospects. Despite these hurdles, technological advancements and investment in infrastructure have provided much-needed momentum for many regions. Emerging markets and developing economies continued to navigate hurdles, but positive developments emerged as many nations embraced structural reforms and innovative growth strategies. Likewise, emerging markets in Asia and Africa showed a stronger recovery, fueled by robust consumer demand and increasing foreign investments.

Most major central banks, except for the Bank of Japan, have initiated rate-cutting cycles last year. The US dollar initially weakened following the start of the Federal Reserve's first rate cut in September. However, the US dollar reversed course and moved up on higher inflation expected post-election. Russia and Turkey, along with Eastern European nations, are expected to struggle with inflation for longer. Global inflation has cooled in response to higher rates, slower growth, excess supply and a drop in energy prices.

Geopolitical risk remains elevated. With the outcome of the US election, inflationary trade and immigration policies are expected to slow the pace of credit easing. Bond yields have already moved up in response to fears of mounting federal debt and higher inflation. Any major shift in tariffs in the US could trigger retaliatory measures.

Technological innovation continued to be a game-changer for the global economy. The widespread adoption of artificial intelligence (AI), blockchain, and digital financial services redefined industries and enhanced productivity. Digital inclusion efforts expanded access to financial services in developing regions, supporting entrepreneurship and economic empowerment.

At domestic front, Nepal's economy showcased resilience despite facing both global and domestic challenges. The country's GDP grew by an estimated 3.9% for the fiscal year, driven by a revival in tourism, increased hydropower production, and modest gains in private consumption, which accounts for over 80% of the GDP. Private consumption saw a rise of 1.1%, up from 0.7% in the previous year, supported by robust remittance inflows.

Inflationary pressures eased significantly, with year-on-year consumer price inflation standing at 3.85% by mid-September 2024, compared to 8.19% during the same period the previous year. Food and beverage inflation was recorded at 5.03%, while non-food and service inflation stood at 3.19%.

Throughout the year, the Bank's ALCO has been able to effectively monitor the market and make timely strategic decisions. All necessary key indicators have been maintained in compliance with regulatory requirements throughout the year.



# BANK'S PERFORMANCE

## HORIZONTAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION

PARTICULARS	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21
<b>Assets</b>				
Cash and cash equivalent	80%	109%	118%	89%
Due from Nepal Rastra Bank	139%	205%	133%	196%
Placement with Bank and Financial Institutions	499%	1797%	0%	588%
Derivative financial instruments	7%	0%	0%	32%
Other trading assets	6%	231%	240%	8%
Loan and advances to B/FIs	206%	181%	106%	150%
Loans and advances to customers	137%	136%	139%	123%
Investment securities	298%	230%	202%	164%
Current tax assets	333%	281%	234%	152%
Investment in subsidiaries	200%	200%	100%	100%
Investment in associates				
Investment property	687%	349%	140%	157%
Property and equipment	119%	118%	119%	110%
Goodwill and Intangible assets	197%	205%	195%	194%
Deferred tax assets	438%	243%	140%	100%
Other assets	397%	380%	311%	85%
<b>Total Assets</b>	<b>120%</b>	<b>150%</b>	<b>144%</b>	<b>127%</b>
<b>Liabilities</b>				
Due to Bank and Financial Institutions	118%	155%	191%	108%
Due to Nepal Rastra Bank	0%	95%	26323%	30307%
Derivative financial instruments				
Deposits from customers	152%	148%	139%	126%
Borrowing	174%	282%	107%	100%
Current Tax Liabilities				
Provisions				
Deferred tax liabilities				
Other liabilities	172%	177%	206%	129%
Debt securities issued	175%	175%	175%	100%
Subordinated Liabilities				
Total liabilities	119%	151%	145%	129%
<b>Equity</b>				
Share capital	137%	121%	121%	107%
Share premium	100%	100%	100%	100%
Retained earnings	-37%	148%	61%	130%
Reserves	275%	209%	170%	119%
<b>Total equity attributable to equity holders</b>	<b>133%</b>	<b>139%</b>	<b>125%</b>	<b>111%</b>
<b>Non-controlling interest</b>				
<b>Total equity</b>	<b>133%</b>	<b>139%</b>	<b>125%</b>	<b>111%</b>
<b>Total liabilities and equity</b>	<b>120%</b>	<b>150%</b>	<b>144%</b>	<b>127%</b>

## HORIZONTAL ANALYSIS OF PROFIT OR LOSS

PARTICULARS	NOTE	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21
Interest income	4.29	146%	170%	134%	98%
Interest expense	4.30	155%	186%	138%	91%
<b>Net interest income</b>		<b>129%</b>	<b>139%</b>	<b>126%</b>	<b>113%</b>
Fee and commission income	4.31	144%	147%	143%	121%
Fee and commission expense	4.32	272%	251%	190%	130%
<b>Net fee and commission income</b>		<b>128%</b>	<b>135%</b>	<b>137%</b>	<b>119%</b>
<b>Net interest, fee and commission income</b>		<b>129%</b>	<b>138%</b>	<b>128%</b>	<b>114%</b>
Net trading income	4.33	82%	99%	77%	91%
Other operating income	4.34	114%	100%	136%	280%
<b>Total operating income</b>		<b>126%</b>	<b>136%</b>	<b>126%</b>	<b>115%</b>
Impairment charge/(reversal) for loans and other losses	4.35	238%	195%	85%	85%
<b>Net operating income</b>		<b>112%</b>	<b>128%</b>	<b>131%</b>	<b>119%</b>
<b>Operating expense</b>					
Personnel expenses	4.36	139%	141%	128%	118%
Other operating expenses	4.37	92%	90%	123%	100%
Depreciation & Amortisation	4.38	258%	258%	233%	118%
<b>Operating Profit</b>		<b>87%</b>	<b>124%</b>	<b>128%</b>	<b>129%</b>
Non operating income	4.39	1057%	111%	427%	121%
Non operating expense	4.40				
<b>Profit before income tax</b>		<b>89%</b>	<b>125%</b>	<b>130%</b>	<b>123%</b>
Income tax expense	4.41	102%	119%	124%	113%
Current Tax		111%	122%	122%	110%
Deferred Tax		429%	213%	42%	20%
<b>Profit for the year</b>		<b>83%</b>	<b>128%</b>	<b>133%</b>	<b>127%</b>
<b>Profit attributable to:</b>					
Equity holders of the Bank		83%	128%	133%	127%
Non-controlling interest					
<b>Profit for the year</b>		<b>83%</b>	<b>128%</b>	<b>133%</b>	<b>127%</b>
<b>Earnings per share</b>					
Basic earnings per share		60%	106%	110%	119%
Diluted earnings per share		60%	106%	110%	119%

## VERTICAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION

PARTICULARS	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20
<b>Assets</b>					
Cash and cash equivalent	4.11%	6%	6.43%	5.49%	7.85%
Due from Nepal Rastra Bank	3.34%	5%	3.38%	5.63%	3.66%
Placement with Bank and Financial Institutions	0.21%	1%		0.30%	0.07%
Derivative financial instruments	0.002%			0.01%	0.05%
Other trading assets	0.01%	0.26%	0.28%	0.01%	0.17%
Loan and advances to B/FIs	2.69%	2%	1.46%	2.35%	1.98%
Loans and advances to customers	66.85%	68%	71.94%	71.78%	74.31%
Investment securities	18.77%	15%	13.50%	12.39%	9.58%
Current tax assets	0.48%	0%	0.36%	0.26%	0.22%
Investment in subsidiaries	0.21%	0%	0.11%	0.13%	0.16%
Investment in associates				-	-
Investment property	0.63%	0.33%	0.14%	0.17%	0.14%
Property and equipment	0.84%	1%	0.89%	0.93%	1.07%
Goodwill and Intangible assets	0.07%	0.07%	0.07%	0.08%	0.05%
Deferred tax assets	0.08%	0.05%	0.03%	0.02%	0.03%
Other assets	1.70%	2%	1.41%	0.44%	0.65%
<b>Total Assets</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Liabilities</b>					
Due to Bank and Financial Institutions	1.65%	2%	2.84%	1.81%	2%
Due to Nepal Rastra Bank		0.01%	2.02%	2.63%	0.01%
Derivative financial instruments				-	
Deposits from customers	83.67%	83%	81.14%	83%	84%
Borrowing	1.10%	2%	0.72%	0.76%	1%
Current Tax Liabilities				-	
Provisions				-	
Deferred tax liabilities				-	
Other liabilities	1.65%	2%	2.10%	1.49%	1%
Debt securities issued	2.90%	3%	3.07%	1.99%	3%
Subordinated Liabilities				-	-
<b>Total liabilities</b>	<b>91%</b>	<b>91%</b>	<b>92%</b>	<b>92%</b>	<b>91%</b>
<b>Equity</b>					
Share capital	6.13%	5%	5.74%	6%	7%
Share premium	0.02%	0.02%	0.02%	0.02%	0.02%
Retained earnings	-0.19%	1%	0.33%	0.80%	1%
Reserves	3.07%	2%	2.01%	1.59%	2%
<b>Total equity attributable to equity holders</b>	<b>9%</b>	<b>9%</b>	<b>8%</b>	<b>8%</b>	<b>9%</b>
<b>Non-controlling interest</b>					
<b>Total equity</b>	<b>9.03%</b>	<b>9%</b>	<b>8%</b>	<b>8%</b>	<b>9%</b>
<b>Total liabilities and equity</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The percentage of each component of the statement of financial position items refers to the weightage based on total assets over the periods.



## VERTICAL ANALYSIS OF PROFIT OR LOSS (PAST 5 YEARS)

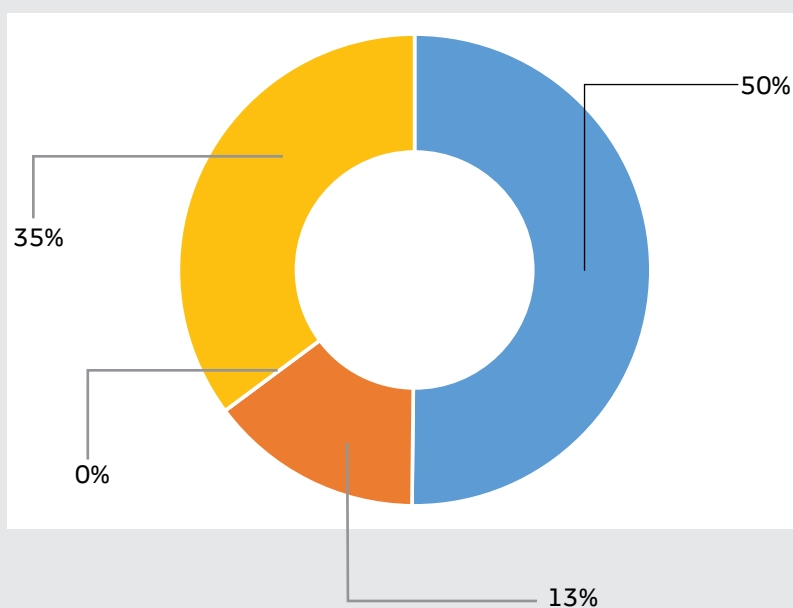
PARTICULARS	NOTE	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20
Interest income	4.29	90%	92%	90%	87%	90%
Interest expense	4.30	63%	66%	61%	53%	59%
<b>Net interest income</b>		<b>27%</b>	<b>26%</b>	<b>29%</b>	<b>34%</b>	<b>31%</b>
Fee and commission income	4.31	7%	7%	8%	9%	7%
Fee and commission expense	4.32	1%	1.20%	1.13%	1.03%	0.80%
<b>Net fee and commission income</b>		<b>6%</b>	<b>5%</b>	<b>7%</b>	<b>8%</b>	<b>7%</b>
<b>Net interest, fee and commission income</b>		<b>33%</b>	<b>31%</b>	<b>36%</b>	<b>42%</b>	<b>37%</b>
Net trading income	4.33	1%	1%	1%	2%	2%
Other operating income	4.34	0.44%	0.33%	1%	2%	0.55%
<b>Total operating income</b>		<b>35%</b>	<b>33%</b>	<b>38%</b>	<b>46%</b>	<b>40%</b>
Impairment charge/(reversal) for loans and other losses	4.35	8%	5%	3%	4%	5%
<b>Net operating income</b>		<b>27%</b>	<b>27%</b>	<b>35%</b>	<b>42%</b>	<b>35%</b>
<b>Operating expense</b>						
Personnel expenses	4.36	11%	10%	11%	14%	12%
Other operating expenses	4.37	4%	4%	6%	7%	7%
Depreciation & Amortisation	4.38	2%	2%	2%	1%	1%
<b>Operating Profit</b>		<b>9%</b>	<b>11%</b>	<b>14%</b>	<b>19%</b>	<b>15%</b>
Non operating income	4.39	0.46%	0.04%	0.20%	0.08%	0.06%
Non operating expense	4.40	1%	0.26%	0%	2%	1%
<b>Profit before income tax</b>		<b>9%</b>	<b>11%</b>	<b>14%</b>	<b>18%</b>	<b>15%</b>
Income tax expense	4.41	3%	3%	4%	5%	5%
Current Tax		4%	4%	4%	5%	5%
Deferred Tax		-0.39%	-0.17%	-0.04%	-0.03%	-0.13%
<b>Profit for the year</b>		<b>6%</b>	<b>8%</b>	<b>10%</b>	<b>13%</b>	<b>10%</b>
<b>Profit attributable to:</b>						
Equity holders of the Bank		6%	8%	10%	13%	10%
Non-controlling interest						
<b>Profit for the year</b>		<b>6%</b>	<b>8%</b>	<b>10%</b>	<b>13%</b>	<b>10%</b>

## VALUE ADDED STATEMENT

Value added statement is the wealth created by the MBL. Such statement shows detailed account of value creation towards employee, government as tax and towards the shareholder of the bank.

Fig In Million

	2023/24	
	AMOUNT	%
Total Operating Income	18,190	
Total Operating Expenses	12,704	
<b>Value Added from Core Banking Services</b>	<b>5,486</b>	
Other Incomes	80	
Non-Operating Income	85	
Non-Operating Expenses	97	
Impairment Charge	1,398	
<b>Total Value Added by the Bank</b>	<b>4,156</b>	<b>100%</b>
Number of Employees	1,484	
Value Added per Employee	3	
<b>Distribution of Value applied</b>		
To Employees (As salary and allowances)	2,085	50%
Towards Government (Corporate tax)	609	15%
To Shareholders (Cash and Stock)	0	0%
Cash Dividend		
Bonus Share		
For Expansion and Replacement of Assets	417	10%
As retained Income	190	25%
<b>Total Value Applied</b>	<b>4,156</b>	<b>100%</b>



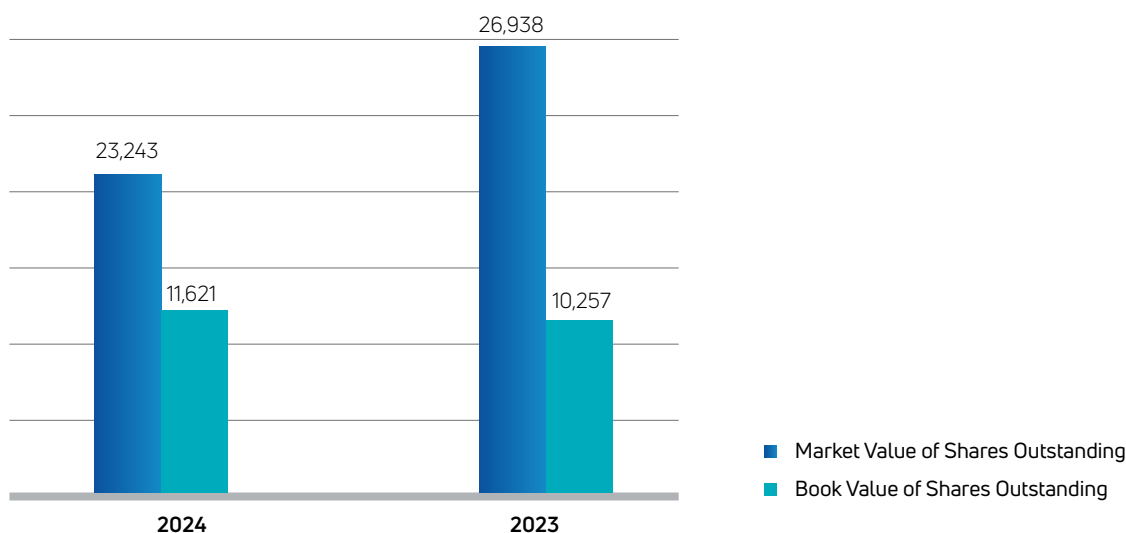
Employees	2,085
Government	609
Shareholders	
Retained in business	1,462

- Employees
- Government
- Shareholders
- Retained in Business

## MARKET VALUE ADDED (MVA) STATEMENT

Market value added statement is a reflection of the Company's performance evaluated by the market through the equity of the company. It is a measurement of external performance. It is a measure that shows how the market has judged the company's performance in terms of market value of shares compared to book value of shares. It is the difference between the market value of equity and the book value of equity invested in the company.

		Fig In Million	
MARKET VALUE ADDED STATEMENT FOR THE YEAR END		2024	2023
Market Value of Shares Outstanding		23,243	26,938
Book Value of Shares Outstanding		11,621	10,257
Market Value added		11,621	16,681



## ECONOMIC VALUE ADDED

Economic Value-Added is the surplus generated by an entity after meeting an equitable charge towards providers of capital. It is the post-tax return on capital employed (adjusted for the tax shield on debt) less the cost of capital employed. Companies which earn higher returns than cost of capital create value, and companies which earn lower returns than cost of capital are deemed harmful for shareholder value.

The aim of EVA is to provide management with a measure of their success in increasing shareholder's wealth: a better measure than profit of how much the company had made for shareholders. EVA has been calculated by the following formula:

### Economic Value Added (EVA) Statement [EVA=(NPAT-Cost of Average Equity)]

		Fig In Million
FOR THE YEAR ENDED ON		2023/24
SHAREHOLDERS FUND AT THE YEAR END		17,114
ACCUMULATED LOAN LOSS PROVISION		5,095
AVERAGE SHAREHOLDERS EQUITY		16,633
MARKET VALUE PER SHARE		200
NET OPERATING PROFIT AFTER TAXES BEFORE LLP		2,443
COST OF EQUITY		0
ECONOMIC VALUE ADDED		2,443

# HUMAN RESOURCES

The strength of our organization lies in the dedication and expertise of our talented workforce. We believe that our staffs are our most precious assets and they can largely manage the financial risks involved. Throughout the fiscal year, we remained steadfast in our commitment to fostering a vibrant, diverse, and inclusive workplace culture conducive to growth and innovation. We are constantly working to improve the quality of work life by creating and implementing various programs and policies. We believe that efficiently run human resources department can provide any organization with structure and the ability to meet business needs through managing company's most valuable resources that is our own people. The bank has continued to lay great emphasis on human resources development, to make its employees attain global standards in productivity, thereby maximizing value creation for its stakeholders. We are proud of our employees who are the foundation of the Bank who operates and performs consistently for the growth of the Bank.

Human Resources Department of the Bank monitors and ensures that Bank's HR policies are interpreted consistently across the Bank. It plays an essential role in developing a company's strategy as well as handling the employee-centered activities of an organization. The HRM function is

guided by its long-term vision of working in partnership to create an environment where employees can thrive and are enabled to deliver sustainable organizational performance. MBL's integrated Vision and Values framework advocates principles of ethical work culture, open communication, objective career development and transparency in remuneration and pay performance correlation support HR practices employees within the Bank.

## HR DETAILS

The total number of employees of the bank has declined to 1,484 in the year as compared to 1,558 last years, with the reduction of 74 employees in various positions. Total staffs at the end of FY 2023/24 constituted 60% male and 40% female staff. We are committed to recruiting top talent, nurturing employee development, ensuring compliance and maintaining a culture of inclusivity and equity. Diversity is a key enabler for long-term success which enables teams to bring diverse perspectives, make better decisions and manage risk. People with different backgrounds, education, skills and experiences can create sustainable values across the Bank. We are committed to gender diversity and have been providing equal employment opportunity to aspiring candidates who are fairly recruited through vacancies and internal job watch.



## GENDER DIVERSITY

We are committed to cultivating a diverse and inclusive workplace that celebrates individual differences. Our efforts continued in promoting diversity and fostering an environment where every individual feels valued, respected, and empowered to contribute their unique perspectives. We believe that the inclusive workforce can boost financial performance, reputation, innovation and staff motivation – and bring us closer to our customers. We believe in on equal opportunity and we recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed.

strengthen the capability of staff and holding them accountable to enable employees to thrive and meet

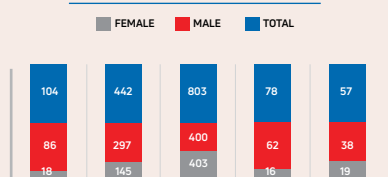
During the review period, 3669 staffs were benefitted with internal and external trainings by the Machhapuchhre Bank staff for skills and capacity development. The Bank has established itself as a platform for development of skills, knowledge, and capacity of employees, and various activities have been performed to ensure that the culture of gaining knowledge is developed among employees. Besides training and development activities, placement, transfer, job rotation, job enrichment, job enlargement, succession planning and cross functional teams are some of the tools we have been employing for the employee development.

Employees expect a fair return for what they contribute for their jobs. Employee motivation, satisfaction and commitment are the crucial factor towards high productivity which is affected by multiple factors among which financial benefits is a very important one. Market forces constantly pose a challenge to our HR strategy and retaining the best brains is not easy. Remuneration is one of the major factors affecting one's decision about joining, continuing or leaving an organization. Our Bank comprises of competitive Salary Packages along with various staff benefits and facilities. Our employee receives the benefit of housing loan, vehicle loan and other staff loan facilities as per their individual eligibility as guided by MBL Staff Service Byelaws.

Composition of Male and Female Employees 2022/23

SHAREHOLDER	FEMALE	MALE	TOTAL
Managerial	18	86	104
Officer	145	297	442
Assistant	403	400	803
Support	16	62	78
Contract	19	38	57
<b>Total</b>	<b>601</b>	<b>883</b>	<b>1484</b>

COMPOSITION OF MALE AND FEMALE EMPLOYEES



MANAGERIAL | OFFICER | ASSISTANT | SUPPORT | CONTRACT

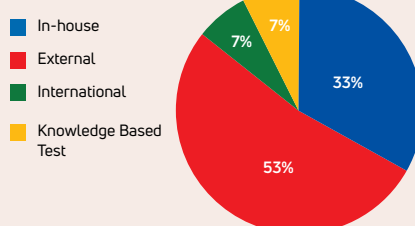
Attrition Rate 2022/23	5.85%
Attrition Rate 2023/24	6.77%

## LEARNING AND DEVELOPMENT (L&D)

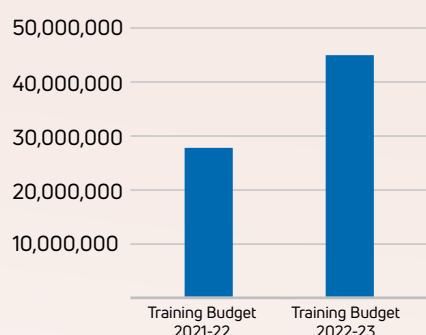
Bank recognizes the importance of continuous learning and growth within its workforce. The growth and development of employees has always been the bank's top priority. The Bank is committed towards fostering a culture of development and skill enhancements. Developing a learning culture is not merely an option but an absolute necessity in today's competitive world. Investment in skills and accelerating employees' professional and personal development are essential components of the Bank's people agenda. We recognize the importance of learning and development to each staff and as it is equally important to

AGE	NO. OF EMPLOYEES
18-25	14
26-34	922
35-44	389
45-54	151
55-64	8

COUNT OF EIN



TRAINING BUDGET







### **STAFF BENEFITS, FACILITIES AND RECOGNITION**

We value our employees and strive to provide a comprehensive array of benefits and facilities designed to support their well-being and enhance their work experience. The workforce has become increasingly fluid, and it has become a challenge for organizations to retain their valuable employees. In such a scenario, one of the most effective ways to reduce employee turnover is to ensure that the level of motivation of employees is maintained continuously at a high level. This results in high job satisfaction and high organizational commitment, which keeps the employees from switching to other organizations. Hence, the Bank has always put Employees First, as rightly said if we make our employees happy they make our customers happy, so taking care of the employees has been one of the major priorities of the Bank.

The Bank has been able to provide fair compensation to its employees, which is at par with the industry level. The Bank has been in the forefront in providing the best facilities be it in terms of the compensation packages or taking into consideration the health and wellbeing of the employees through attractive Insurance benefits, promoting the work life balance of the employees.

The bank provides the following benefits and facilities to the staffs:

- Wages, salaries, social security contributions and bonuses,
- Paid annual leave and paid sick leave,
- Staff loan facility at concessionary interest rate,
- Non-monetary benefits,
- Attractive Retirement package.

### **PERFORMANCE CULTURE:**

We believe that a high performance culture not only drives individual excellence but also fuels the bank's overall growth and success. What really matters in the workplace is helping



employees feel appreciated. It has been a continuous effort of the Bank to recognize the performers. The Bank is building a performance culture, where all employees are dedicated and determined to get results. The Bank is determined in setting up a culture which drives high-achievement and positive results. For this a robust mechanism for evaluating the performance of each individual has been designed which rules out the subjective and biased evaluations and promotes a fair and objective evaluation of all employees. Creating a culture of performance in the Bank also comes up with empowering the people, focus on continuous learning and employee development and also openness to change.

#### **EMPLOYEE RELATION:**

We believe that the employee relation is vital to every company in every industry you could possibly think of. A strong employee relationship results in the employee feeling respected, empowered, and supported. These feelings create passion and engagement in the workplace,

nurturing strong employee morale and a vibrant company culture. The Bank believes that happier/ satisfied employees are more likely to work their hardest and stick with their jobs for the long haul, which affects everything from revenue to employee retention.

We have a recognized Staff's Union Association in the Bank. The management and the Union execute a collective bargaining exercise once every two years. Collective Bargaining exercises have been harmonious throughout and has never resulted disruption in normal banking operations and customer.

The Employee Engagements programs like Annual Day Celebrations, Town Hall, celebrations of achievements and milestones, organizing and participation on socio-impact programs, conducting CSR programs at community level across the countries etc. have enabled to develop a strong bond and shared feeling between the team members leading to the engaged team.



## REMITTANCE SERVICE

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Machhapuchchhre Bank Limited has been providing easy and secure remittance services to Nepalese worldwide through its 165 branches and **global digital platforms**. To make this service more effective and to provide advanced services to customers, the bank has been expanding and managing its digital wallet service, Remitap.

The bank has been securely and conveniently handling remittance transactions from countries such as Cyprus, South Korea, Japan, Qatar, Hong Kong, Bahrain, and others. These transactions are made accessible through all the banks branches and payout centers, with over 14,000 payment centers across the country. Additionally, the bank collaborates with local partner companies such as Western Union, MoneyGram, IME, Prabhu Money Transfer, City Express Money Transfer, and CG. The bank has made arrangements for remittance payouts by partnering with Remit, Himal Remit, Samsara Remit, I-Pay Reliable, and others.

Additionally, the bank is preparing to establish remittance agreements with Exchange Houses in Kuwait, Saudi Arabia, and Malaysia in the near future.







## PRIORITY BANKING

**“The service sector is profoundly characterized by the level of service to win client’s trust and gain their loyalty. Indeed, level of service is the overarching tool, banks have been using for inducing the clients to make a choice for establishing firm footing in the market. MBL takes pride to announce that we have established Priority Banking service for our customer.**

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Priority banking is comparably innovative banking dimension which endeavors to differentiate the bank from the traditional banking. The segment is established and harnessed to build a stable client’s pedestal which the bank can rely on both during the spells of sufficiency and resource crisis in the market.

The unique value proposition offered with priority banking is expected to provide impetus for liabilities growth of the bank. The priority banking concept in banking primarily assist the bank to onboard affluent and prominent stature clients within its portfolio. Banks have been vying for winning those clients contemplating their capacity to avail multiple banking products which can contribute for higher revenue generation per client.

# **CORPORATE GOVERNANCE**

**The system of  
Process, Rules and  
Practices  
by which the bank  
is directed &  
Controlled.**







Corporate Governance encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure (timely release of information useful to an audience)

Ethical behavior compliance action rules of law, tracking administration within organization, approved authority matrix are the significances of Corporate Governance. Internal control, avoiding any situation of conflict of interest are primarily important while measuring governance within organization.

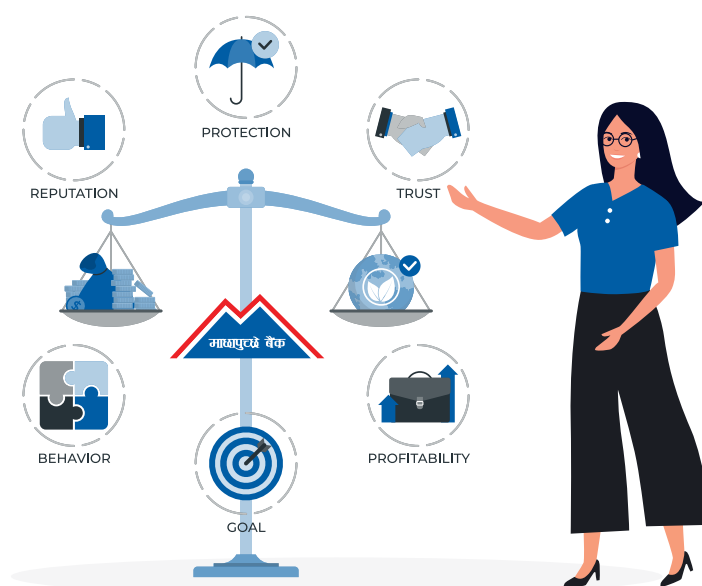
**Primarily there are six pillars of good governance which are;**

1. Accountability
2. Participation
- 3 Transparency
- 4 Integrity
- 5 Effectiveness and Efficiency
- 6 Consensus Oriented

To ensure corporate governance within an organization, it is important that all directors, management. Team and staffs should follow the rules and regulation to perform their duties.

Promoting a culture of working under fully compliance across the Bank there is a separate department called compliance and Governance Department which is primarily involved in ensuring compliance and governance status of the bank. Currently Compliance and Governance Department under taking various functions to ensure compliance across the bank including in testing the position of compliance through compliance checklist, extensive compliance & Governance training the concerns and test the knowledge of staffs related to compliance & governance.

MBL has developed and implemented 152 Policies, Plans, Guidelines, and Product papers, Byelaws, etc. which are periodically reviewed and recommend amendments to the Board for approval which ensures prudent risk management and helps to maintain the corporate governance across the bank. All the



staffs adhere with the internal documents as well as NRB directives, SEBON directives and other related prevailing rules, regulations and laws of country.

MBL has always been committed to achieving a high level of governance. Ethical and responsible business practices have been embedded in the Bank's culture since its inception in 1998. The Bank focuses on transparency and corporate communications with both internal & external audiences, including public financial reports, should be accurate, fair and transparent and trustworthy. Effective corporate governance responsive to emerging initiatives and changes in political, regulatory, social and environmental issues. disclosure to ensure it is in line with best national and international standards and practices. The bank continuously strives to enhance the level of trust amongst its stakeholders and to further focus on the principle of transparency. As such, it updates the shareholders on the recent corporate governance developments by publishing the Corporate Governance and Corporate Social Responsibility (CSR) report as part of its Annual Report. The Corporate Governance framework within the Bank is inspired by the model set by the Central Bank and the regulations of the Securities Board, the Federal and local legislations.

**The Bank has following current Board Structure.**

S.N.	DIRECTORS NAME	DESIGNATION	DATE OF APPOINTMENT	PROCEDURE
1.	Mr. Roshan KC	Chairman	2079/09/29	24th AGM (Appointed as Chairman by 491st Board Meeting dated 2080/08/07)
2.	Mr. Jaya Mukunda Khanal	Public Director	2081/09/28	26th AGM
3.	Mr. Mukunda Mahat	Promoter Director	2081/08/20	Appointed by 514th Board Meeting dated 2081/08/20 (Shall be Ratified by 26th AGM)
4.	Mr. Bishow Prakash Gautam	Public Director	2077/09/02	22nd AGM
5.	Ms. Bandana Karki	Public Director	2078/04/24	Appointed by 449th Board Meeting (Ratified by 23rd AGM)
5.	Mr. Peshal Raj Pokharel	Independent Director	2081/02/17	Appointed by 503rd Board Meeting dated 2081/02/17 (Shall be Ratified by 26th AGM)
6.	Mr. Anish Shah	Promoter Director	2081/08/20	Appointed by 514th Board Meeting dated 2081/08/20 (Shall be Ratified by 26th AGM)

The Bank has Four Board level committees. Each of the Board Committee has an independent role, operating as an overseer and a maker of recommendations to the Board for its consideration and final approval. The Committees will not assume the functions of management; that aspect of bank management lies completely with the CEO, EXCOM, and other members of Senior Management.

The Bank has following Board Committees structure.

**1. RISK MANAGEMENT COMMITTEE**

S.N.	RISK MANAGEMENT COMMITTEE	
1	Mr. Jaya Mukunda Khanal	Coordinator
2	Mr. Mukunda Mahat	Member
3	Chief Operating Officer	Member
4	Chief Risk Officer	Member Secretary

The Risk Management Committee (RMC) is established pursuant to Risk Management Guidelines (RMG) and Unified Directives issued by Nepal Rastra Bank. Chief Risk Officer (CRO) regularly report to RMC regarding the bank's risk profile, the prevailing risk culture, and the utilization of established risk limites. The bank's strategies implemented throughout the year and provides guidances to the Board on overall risk governance RMC advises the Board on the overall risk tolerance levels of the Bank. The strategic implementation process helps the Board, together with RMC, to ensure that a strong risk management framework is maintained.

**2. AML / CFT COMMITTEE**

S.N.	AML COMMITTEE	
1	Ms. Bandana Karki	Coordinator
2	Mr. Jaya Mukunda Khanal	Member
3	Chief Risk Officer	Member
4	Chief Compliance Officer	Member
5	Compliance Officer( AML/CFT Unit)	Member Secretary

In order to effectively control the activities related to money laundering and for prevention of financing in terrorist activities, the Bank has set out the necessary policies and procedures as prescribed by the Asset (Money) Laundering Prevention Act, 2064, Asset (Money) Laundering Prevention Rules, 2073, Directives issued by Nepal Rastra Bank. An AML committee has been formed with the main objective of formulating and implementing necessary policies and regulations in the field of prevention of money laundering and financial investment in terrorist activities.

In addition, a separate AML /CFT Unit under Chief Compliance Officer has been set up at the central office of the Bank to monitor the policies and activities and KYC / AML officer has been appointed in each branch office to give necessary instructions and implement money laundering prevention act and directives. Capacity building of employees and necessary training on asset laundering and prevention of financial investment in terrorist activities is being conducted periodically for BODs, senior management, officers and employees of the Bank. To test the effectiveness of understanding in employees, improve staff awareness and drive a culture of compliance in a sustainable manner, AML assessment is being conducted annually.

### 3. AUDIT COMMITTEE

S.N.	AUDIT COMMITTEE	
1	Mr. Mukunda Mahat	Coordinator
2	Mr. Peshal Raj Pokharel	Member
3	Head-Internal Audit Department	Member Secretary

The Audit Committee (AC) is formed and functions in compliance to the regulatory provisions of NRB Unified Directives and the provisions of Sections 164 and 165 of Company Act 2063. The role of AC committee secretary is performed by the Head of Internal Audit department. Internal Auditors and Statutory Auditors have direct access to the Audit Committee. The Committee's role is extensive and strongly supports the board in dealing with aspects of good corporate governance, internal control, risks management, financial reporting, legal and regulatory compliance and ethical conduct of business.

### 4. EMPLOYEE SERVICE FACILITY COMMITTEE

S.N.	HR COMMITTEE	
1	Mr. Bishow Praskash Gautam	Coordinator
2	Mr. Anish Shah	Member
3	Chief Executive Officer	Member
4	Head- Finance & Planning Department	Member
5	Head-Human Resource Department	Member Secretary

Under the coordination of one Director, HR Service Facility Committee has been constituted consisting of another Director as member. The committee also consists of the Chief Executive Officer, and the Deputy Chief Finance Officer as members, and Deputy Chief Human Resources Officer as the Member Secretary. Bylaws on the service provision of the employees, policies related to the employees and succession planning, employees' salary allowance and organizational structure are discussed in this committee.

#### Roles and Responsibilities of HR Services Committee are as follows

- To assist Board of Directors as required in formalizing "Staff Service Bylaws 2074" of the Bank.
- Ensure periodic review of compensation/salary structure of employee; to submit the report to the Board of Director with its recommendation for necessary change in compensation/salary structure in line with the market on a regular basis as well as prevailing rules and guidelines, if such revision is deemed essential.
- As per the "Staff Service Bylaws 2074" of the Bank according to and in compliance with the prevailing provision in the laws and regulations, recommend to the BOD for increment/adjustment in staff remunerations including CEO if deemed necessary with proper justification.
- To ensure that PMO, Job Description and business target be developed and provided to all staff of the Bank and implement/review performance management system in accordance with the same
- To formulate HRM Policy incorporating staff recruitment, sourcing, placement, transfer, promotion and development, reward and punishment, labor relation and ensure periodic review of the same.
- To evaluate HR plan and organization structure and to recommend staff Succession Plan for key positions to the Board.

Apart from these, the Bank has formed organizational structure & sub committees to define the authorities and channels for the day to day operation and enhance the good governance practice in the Bank as well. In compliance with the code of Corporate Governance under Section 9, Sub-section 2 of NRB Unified Directive No.6/2079 the Bank has formed a separate Corporate Governance Unit monitoring the overall corporate governance status of the Bank.

**Other important aspects undertaken by the Bank to ensure complete compliance and adherence to provisions of corporate governance:**

**Compliance & Governance Department:**

The Bank has always prioritized work culture where each staff works under complete compliance. Bank has set up an independent Compliance & Governance Department to support all staff, departments, and branches function by adhering to regulations & provisions issued by MBL itself, NRB, and other regulators. The Department advises top management and board about various lapses happening in the Bank and measures taken to control them with the help of quarterly reports & meetings. During the course of banking there may be some serious violations by any staff. All such cases of serious violations, especially those listed in NRB Directive 2081, Clause 6.5, are being reported to Banking Supervision Department and Banking Regulations Department of NRB by bank's Human Resource Department. Machhapuchhre Bank Limited is committed to maintaining a high standard of corporate governance in complying with the Code of Corporate Governance which forms a part of the continuing obligations of Nepal Rastra Bank's listing provisions. The bank has complied with all the principles and guidelines set out in the Code of Corporate Governance. Corporate Governance may not be seen as a core business function but without it, the basic business concerns would suffer.

**Whistleblowing Guidelines**

The Bank has recently launched Whistleblowing Guidelines. This guideline demands that it is the responsibility of each staff of the Bank to timely report his/her knowledge of any wrongdoing happening around him. Any wrong doings by any one irrespective of their corporate position may bring into

notice of concern official in line with Whistleblowing Guidelines of the Bank as soon as s/he knows/suspects about it. All cases reported are objectively investigated and appropriate remedial measures are taken where warranted. The objective of this guidelines is to safeguard bank from any kind of loss be it reputational loss or financial loss or loss to Bank's assets. The Bank has made provisions to reward staff who timely reports about the wrongdoing and help bank from any kind of losses. Having whistle blowing policy is important indicator of corporate Governance to report every wrongdoing within the organization for timely action and correction.

**Whistleblowing available in MBL Connect portal**  
**location of Whistleblowing :**  
**<https://mblconnect.machbank.com/whistleblowing>**

**Commitment to the professional development**

Bank has made a major investment in the training and development of its entire staff with the e-Learning Portal. Available online, these self-study courses make it easy to learn, test and improve competency levels across a wide variety of banking-related Policies, Plans, Guidelines, and Product papers, Byelaws other topics and skills. As an interactive training tool, each module is structured with an overview of the topic, a detailed topic review and a brief test to assess the user's comprehension of the material. Recently, the Bank has provided opportunity to a number of its staffs to enhance their professional and academic knowledge by joining CANBI, JANBI, and Moody's Courses.

**Positive Confirmation**

Positivity confirmation in the corporate governance which can be seen in the monthly, quarterly and annual report that they have adhered to the Laws of country, Rule & Regulation, NRB Directive, Circular, Principles, Bank's internal Policies, Manuals, Procedures, Guidelines and Product papers even the area of non-compliance has been addressed



# REPORT ON COMPLIANCE OF CORPORATE GOVERNANCE

As per “Directives 2074 on Corporate Governance issued for listed entity”

LISTED COMPANY	ADDRESS	FISCAL YEAR
Machhapuchchhre Bank Limited	MBL Tower, Lazimpat, Kathmandu. <b>PHONE NO:</b> 014528556, <b>TOLL FREE NO:</b> 1660-01-23234, <b>EMAIL:</b> machbank@mbml.com.np, <b>WEBSITE:</b> www.machbank.com	2080/81 BS

1. STATEMENT ON BOARD OF DIRECTOR:

A. Name & Date of appointment of Chairman of the Board of Directors

**NAME:** : Roshan KC

**APPOINT DATE:** 2080/08/07 BS by 491st Board meeting.  
**ELECTED ON DATED:** 2079/09/29 by 24th Annual General Meeting

B. Details regarding the organization's share Structure (Promoter, Public & other)

SHARE	NO. OF SHARE	PERCENTAGE
Promoter Share	5,92,68,922.23	51%
General Public Share	5,69,44,650.77	49%
Total Share	11,62,13,573.00	100%

C. Information of Board of Director

S.N.	DIRECTORS NAME & ADDRESS	REPRESENT GROUP	NO OF SHARE	DATE OF APPOINTMENT	DATE OF OFFICE &OATH TAKING	DIRECTOR APPOINTMENT PROCEDURE
1.	Name: Mr. Roshan K.C Address: Kaski District Pokahara, Metropolitan City-7, Mustangchwok. Citizenship No.: -80016, Issued District : Kaski	Promoter	17,24,093	2079/09/29 BS	2079/09/29 BS	24th Annual General Meeting
2.	Name: Haribhakta Sigdel Address: Kathmandu District, Budhanilkantha Municipality -11, Citizenship No.: 4087/2601/6280 Issued District : Kathmandu	Promoter	11,56,267 (Ram Janaki Investment & Petroleum Suppliers- 11,54,103 and Haribhakta Sigdel 1,910)	2079/09/29 BS	2079/09/29 BS	24th Annual General Meeting
3.	Name: Bishow Prakash Gautam Address: Kaski District, Pokhara Metropolian City-7, Mustang Chwok Citizenship No.: -20945, Issued District : Rupandehi	General Public	2,126	2077/09/02 BS	2079/09/02 BS	22nd Annual General Meeting
4.	Name: Jaya Mukunda Khanal Address: Kathmandu District, Kathmandu -4, Baluwatar Citizenship No.: -9516/6255 Issued District : Kathmandu	General Public	181 ( DBS International Pvt. Ltd)	2077/09/02 BS	2079/09/02 BS	22nd Annual General Meeting

Cont....

S.N.	DIRECTORS NAME & ADDRESS	REPRESENT GROUP	NO OF SHARE	DATE OF APPOINTMENT	DATE OF OFFICE & OATH TAKING	DIRECTOR APPOINTMENT PROCEDURE
5.	Name: Bandana Karki Address: Kaski District, Pokhara -7, Mustang Chowk Citizenship No.:- 169188 Issued District : Kaski	General Public	98,388	2078/04/24 BS	2078/04/24 BS	449th Board meeting held on 2078/04/24 BS
6.	Name: Peshal Raj Pokhrel Address: Jhapa District, Surunga -1, Citizenship No.:- 11804032 Issued District : Jhapa	General Public	Zero	2081/02/17 BS	2081/02/18 BS	503rd Board meeting held on 2081/02/17 BS

- Promoter Director Dr. Upendra Mahato's resignation was approved by the 491st meeting of the Board of Directors of the Bank held on 2080-08-07. This information was given to Nepal Securities Board and other regulatory bodies on 2080-08-07.
- Independent Director Mr. Mukunda Mahat's term end was approved by the 502nd meeting of the Board of Directors of the Bank held on 2081-02-15. This information was given to Nepal Securities Board and other regulatory bodies on 2081-02-16.

#### Information regarding Director appointed after General meeting & informed date to Securities Board of Nepal: NA

S.N.	DIRECTORS NAME & ADDRESS	REPRESENT GROUP	DATE OF APPOINTMENT	DATE OF OFFICE & OATH TAKING	DIRECTOR APPOINTMENT PROCEDURE	INFORMED DATE
1.	Name: Peshal Raj Pokhrel	Independent	2081/02/17 BS	2081/02/18 BS	503rd Board meeting held on 2081/02/17 BS	2081/02/17 BS

#### D. Board of Directors Meeting

Information of Board of Director Meeting:

S.N.	DATE OF BOD MEETING ON THIS FY 2079/80		NUMBER OF DIRECTOR PRESENT	NUMBER OF DIRECTOR DISSENTING ON DECISION	DATE OF BOD MEETING ON LAST FY 2078/79	
	DATE OF MEETING	NO. OF MEETING			DATE OF MEETING	NO. OF MEETING
1	2080/05/08 BS	485	7	None	2079/04/10 BS	467
2	2080/05/13 BS	486	7	None	2079/05/09 BS	468
3	2080/05/26 BS	487	7	None	2079/06/11 BS	469
4	2080/06/18 BS	488	7	None	2079/06/30 BS	470
5	2080/06/24 BS	489	6	None	2079/08/12 BS	471
6	2080/08/06 BS	490	7	None	2079/08/12 BS	472
7	2080/08/07 BS	491	7	None	2079/09/01 BS	473
8	2080/08/13 BS	492	7	None	2079/09/07 BS	474
9	2080/08/27 BS	493	7	None	2079/09/25 BS	475
10	2080/09/05 BS	494	7	None	2079/09/29 BS	476
11	2080/09/23 BS	495	6	None	2079/10/27 BS	477
12	2080/10/19 BS	496	7	None	2079/11/14 BS	478
13	2080/10/24 BS	497	7	None	2079/12/02 BS	479
14	2080/11/30 BS	498	6	None	2079/12/26 BS	480
15	2080/12/15 BS	499	6	None	2080/02/02 BS	481
16	2080/12/27 BS	500	7	None	2080/02/32 BS	482
17	2081/01/04 BS	501	7	None	2080/03/08 BS	483
18	2081/02/03 BS	502	7	None	2080/03/27 BS	484
19	2081/02/17 BS	503				
20	2081/02/27 BS	504				
21	2081/03/12 BS	505				
22	2081/03/27 BS	506				
23	2081/03/31 BS	507				

- Board meeting postponed due to lack of quorum: Not any
- Other Details Related to Board Meeting: Not any
- Information of alternate Director in Board Meeting: Not any

#### Information on absence of Directors in Board Meeting

S.N.	DATE OF MEETING	ABSENT DIRECTOR NAMESENT	REASON FOR ABSENT
1	2080/08/07 BS	Dr. Upendra Mahato	Resignation from Director.
2	2080/12/27 BS	Ms. Bandana Karki	Personal reason
3	2081/03/12 BS	Ms. Bandana Karki	Personal reason
Directors present in board meeting, agenda discussed & decision on (Minutes) kept separately or not.			Maintained properly
Maximum difference on two Board meeting (days)			42 days
Date of annual general meeting for determination of allowance of BOD meeting			2078/07/26 BS (23rd Annual General Meeting)
BOD meeting allowance (Per meeting)			Chairman: 18,000 Member : 15,500
Total Board Meeting Expenses for this FY			21,94,000/-

## 2. ARRANGEMENTS & OTHER DETAILS REGARDING THE CONDUCT OF BOARD OF DIRECTOR

Whether there is a code of conduct of the organization regarding the conduct of the Directors.	Yes
Details on more than one director of a single family (if applicable)	Not Applicable

Details of Directors' annual learning and refreshment program

S.N.	PARTICULAR	DATE	NUMBER OF PARTICIPATED DIRECTOR	TRAINING LOCATION
1.	Advance Leadership Program	2080/06/22 BS to 2080/06/26 BS	5	Texas, USA

Has each director submitted written information on following matter within 15 days from the date of appointment, details if not.

- Details of any contract entered into/to be entered by the director or any close member of his family with the organization.
- Details of shares or debentures held by the director or close member of his family of entity or of its holding or subsidiary company.
- Details of share hold or directorship in any other company
- Details of any close family member working as officer or employee of the entity,

Self-declaration obtained from directors pursuant to the section 92(1) of the Companies Act 2063 and Section 24 of the Banks & Financial Institutions Act 2073

Details of director who is also a director, officer, CEO or employee of other listed entity which has similar objective as the entity	Not applicable
A description of any action taken by the regulatory body and other agencies against member of the Board	There is no information that such action was taken

## 3. DETAILS REGARDING THE ORGANIZATION'S RISK MANAGEMENT & INTERNAL CONTROL SYSTEM

A. Risk management committee formed or not, if not, mentions reason for not formation: Formed (Risk Management Committee)

B. Information regarding Risk Management Committee

a. Committee Structure (Coordinator & Member: Names and Posts)

S.N	NAME	POST IN COMMITTEE	DESIGNATION IN BANK
1	Mr. Haribhakta Sigdel	Coordinator	Director
2	Mr. Jaya Mukunda Khanal	Member	Director
3	Mr. Sarju Kumar Thapa *	Member Secretary	Chief Risk Officer
4	Mr. Sunil Khatiwada	Member	Chief Operating Officer (COO)

\*Currently, Mr. Sarju Kumar Thapa retired from service and Mr Bishwambhar Neupane has become the Member Secretary.

b. Number of Committee Meeting: 10 time (FY 2080/081)

c. Short Details of Committee Work: The committee plays important role to manage overall risk associated with the bank. It is the bridge between BoD and management of the bank for implementation of overall risk management objective of the bank. The committee is carrying out the task, duties and responsibilities as per the position of Unified Directives issued by NRB.

**C. Whether or not there is an internal control mechanism: Yes,**

**D. Internal control system formed or not, if not, mentions reason for not formed: Formed**

**E. Details of Internal Control System Committee:**

**i. Credit Risk Management Committee**

a. Structure of Committee (Coordinator & Member name & post)

S.N	NAME	POST IN COMMITTEE	DESIGNATION IN BANK
1	Mr. Sarju Kumar Thapa *	Coordinator	Chief Risk Officer
2	Mr. Prasadha Raj Aryal **	Member	DGM -Business
3	Mr. Tika Bhattarai	Member	CBO- Province 3 Kha , 3 Ga & 3 Gha
4	Mr. Dilli Ram Giri	Member	CBO- Province 1 & 2
5	Mr. Ajay Acharya	Member	CBO- Province 3 Ka & 4
6.	Mr. Deependra Prasad Wagle	Member	Dy.Chief Risk Officer
7.	Mr. Manish Dahal	Member	Chief SAM
8.	Mr. Bineet Chandra Jha	Member	Chief Corporate & Infrastructure Loan
9.	Mr. Leela Raj Thapa	Member Secretary	Dy.Chief Credit Risk Officer
10.	Ms. Richa Pandey	Member	Deputy Chief Integrated Risk
11.	Ms. Reshma Shakya	Member	Head Treasury Front

\*Currently, Mr. Sarju Kumar Thapa retired from service and Mr Bishwambhar Neupane has become the Co-ordinator.

\*\*Presently, Mr. Prasadha Raj Aryal has been promoted to DCEO.

b. Number of Committee Meeting: 7 time (FY 2080/081)

c. Short Details of Committee Work: the Credit Risk Management Committee is responsible for developing policies, rules, and regulations aimed at reducing credit risk. It conducts periodic reviews of risk areas and provide strategic recommendations to management to enhance risk reduction.

## ii. Operation Risk Management Committee

a. Structure of Committee (Coordinator & Member name & post

S.N	NAME	POST IN COMMITTEE	DESIGNATION IN BANK
1	Mr. Sarju Kumar Thapa *	Member	Chief Risk Officer
2	Mr. Deependra Prasad Wagle	Member	Dy.Chief Risk Officer
3	Mr. Suvash Jamarkattel	Member	AGM, Operation
4	Mr. Sunil Khatiwada	Member	Chief Operating Officer
5	Ms. Richa Pandey	Member Secretary	Deputy Chief Integrated Risk

\*Currently, Mr. Sarju Kumar Thapa retired from service and Mr Bishwambhar Neupane has become the Member.

\*\*Presently, Mr. Suvash Jamarkattel has been promoted on DGM.

b. Committee Meeting held number : 4 time (FY 2080/081)

c. Committee Short Details of Committee Work: The Operations Risk Management Committee will submit proposals to the Risk Management Committee to revise the required rules and regulations in a timely manner, and periodically review the risk of operations and give necessary suggestions to the management of operations.

F. Whether or not Financial & Administrator Bylaw are in place: Yes,

## 4. INFORMATION AND DETAILS REGARDING INFORMATION FLOW

### A. Details of information and information flows made by the organization

PARTICULAR	MEDIUM	PUBLISHED DATE
Information of Annual General Meeting	News Paper	2080/05/27 BS , 2080/06/08 BS ,2080/06/10 BS
Information of Special General Meeting		No
Annual Report	News Paper, Website	2080/06/09 BS Place on Website
Quarterly Report	News Paper	2080/07/17 BS , 2080/10/05 BS , 2081/01/07 BS & 2081/04/21 BS
Price Sensitive Notice affecting the value of the security	News Paper	Financial statements are published on regular basis.
Other		

**B. Information related to action taken by the Securities Board of Nepal and other agencies to whether the information wasn't made public or for other reasons: No**

**C. Last Annual & Special General Meeting Held Date: 2080/06/18 BS**

## 5. DETAILS OF STAFF & INSTITUTIONAL STRUCTURE

**A. Whether or Not having the terms and conditions of the Employees Service Terms, Regulations / Arrangements, including the structure of employees, Recruitments, Job Development, training, salary, allowances, and other facilities, attendance and leave : Yes, Have**

**B. To attached the Organizational Structure: Has Been attached**



### C. Details regarding the names, educational qualifications and experience of employees at the higher management level

S.N	NAME	POSITION	EDUCATION	EXPERIENCE
1	Mr. Santosh Koirala	Chief Executive Officer	MBA	Pragya Acedemy- 1996 to 2000 Bank of Kathmandu 2000 to 2004 Sanima Bank 2004 to 2013 Machhapuchchhre Bank 2013 to till now
2	Mr. Prasidha Raj Aryal	DCEO	MBA	Nepal Investment Bank 2004 to 2007 Sunrise Bank 2007 to 2009 Civil Bank 2010 to 2020 Machhapuchchhre Bank 2020 to till now
3	Mr. Sarju Kumar Thapa	DCEO	MBA	Bank of Kathmandu 2000 to 2004 Machhapuchchhre 2004 to 2005 Sanima Bank 2005 to 2013 Machhapuchchhre Bank 2013 to till now
4	Mr. Bishwambhar Neupane	DCEO	MBA	Everest Bank 1997 to 1999 NIC Bank 1999 to 2004 Machhapuchchhre Bank 2004 to till now
5	Mr. Suvash Jamarkattel	DGM	CA	CSC & Co. July 2008 to May 2010 Vibor Bank May 2010 to February 2011 Machhapuchchhre Bank January 2011 to till now

### D. Other Details Regarding Staff

STRUCTURED STAFF POSITION	REMARKS
The Procedure adopted when recruited new staff	Written & Interview
Number of staff at Managerial Level	104
Total staff at service	1,484
Whether or not employee have a succession plan	Yes
Number of Participated staff & training on this FY 2080/81	No. of Training : 254 No. of participated staff: 3662
Training expenses on FY 2080/81	NPR 52,279,207
Percentage of Staff expenses on total expenses	13.63% (62.77 % of total Operational expenses)
Percentage of Training expenses on total staff expenses	2.51% ( Total expenses of FY 2080/81)

## 6. STATEMENT OF ACCOUNTING & AUDIT OF THE ORGANIZATION

### A. Accounting Details:

Reason for organization's last income year financial statement prepared or not in accordance with NFRS	Yes, Prepared
Date of financial statement approved by board of director	2081/08/26 BS
Published date of quarterly financial statement	2081/04/21 BS
Accomplish date of final audit	2081/08/26 BS
Approved date of Financial Statement from Annual General Meeting	2080/06/18 BS
<b>Internal Audit related details of Organization:</b>	
a. Internally audited or appointed external expert	No any external expert
b. Details if appointed external expert	appointed for Internal Audit
c. How much longer the internal audit done? (Quarterly or Annually	

## B. Details of Audit Committee

### Name, Post & Education of Coordinator & member:

S.N	NAME	POST IN COMMITTEE	DESIGNATION IN BANK	EDUCATION
1	Mr. Jaya Mukunda Khanal	Coordinator	Director	MBA
2	Mr. Bishwa Prakash Gautam	Member	Director	BBA
3	Mr. Surendra Pathak	Member Secretary	Head Internal audit	CA

### Date of Meeting & Number of Member Present:

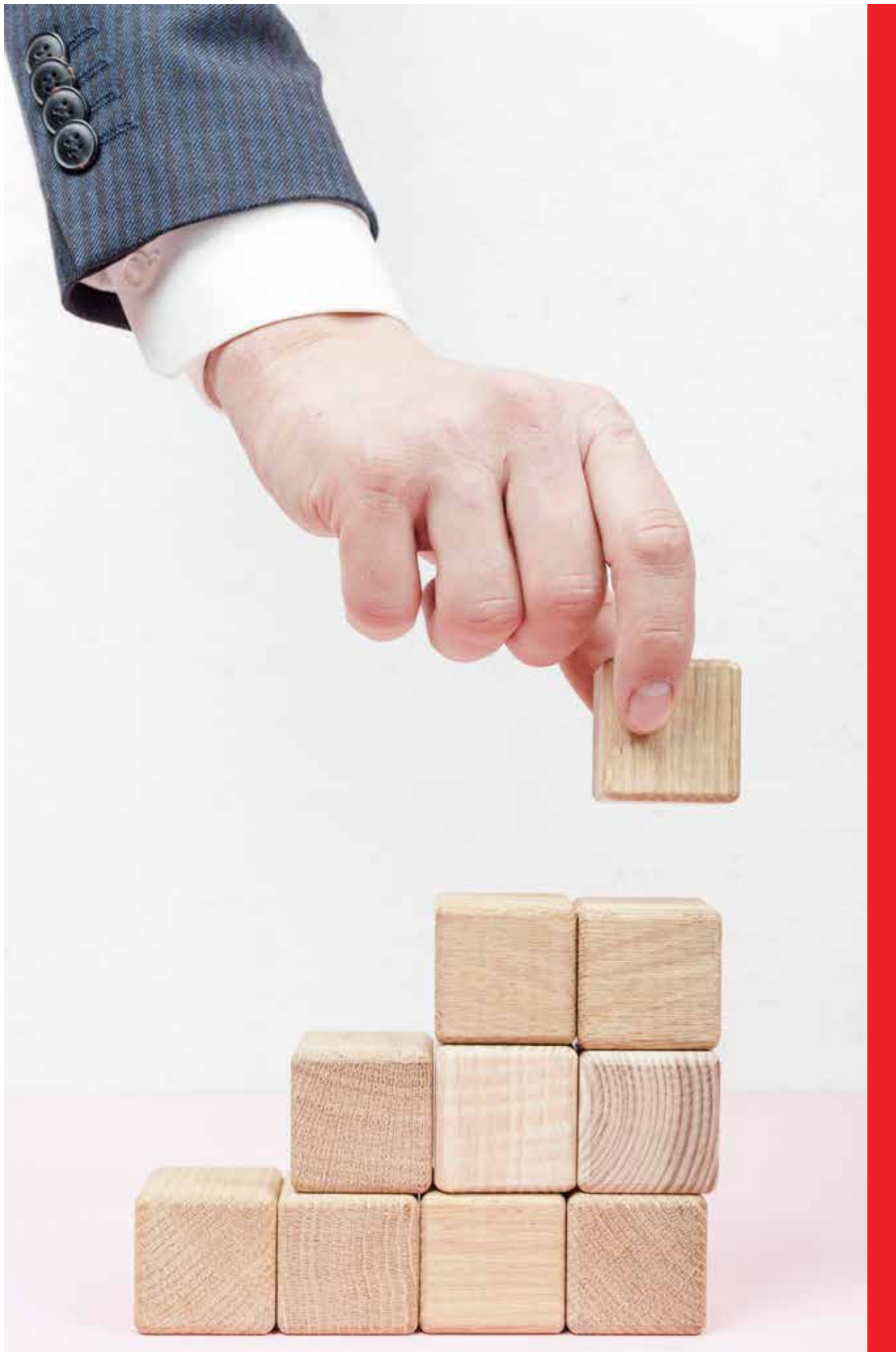
S.N.	DATE OF MEETING	NUMBER OF MEMBER PRESENT	S.N.	DATE OF MEETING	NUMBER OF MEMBER PRESENT
1	2080/04/16 BS	3	10	2080/09/19 BS	3
2	2080/04/25 BS	3	11	2080/10/04 BS	3
3	2080/05/13 BS	3	12	2080/11/24 BS	3
4	2080/05/26 BS	3	13	2080/12/15 BS	3
5	2080/06/12 BS	3	14	2081/01/06 BS	3
6	2080/06/15 BS	3	15	2081/01/24 BS	3
7	2080/06/26 BS	2	16	2081/02/03 BS	3
8	2080/07/16 BS	3	17	2081/03/24 BS	3
9	2080/09/02 BS	3			
Allowance per meeting			NPR 15,500 including tax to Board of director		
The date the Audit Committee submitted its report to Board of Directors			The Audit Committee has submitted its report of its proceedings and the Board of Directors meeting decisions of each committee to the Board of Directors		

## A. Other Details

The institution has taken money from the bank and financial institutions, loans or advances or any other form of financial interest to the director and his family	Not Taken
No person, firm, company, employee, consultant or consultant has any ownership of the assets of the organization in any way, except as per the laws of the company, as a director, shareholder, employee, consultant, consultant or beneficiary	Self-Declaration Submitted
Whether or not the regulatory body has complied with the terms and conditions of issuing the license	Complied
Whether or not the regulatory body has complied with the direction given to the organization while inspecting or supervising the organization	Complied
A statement of the case against the institution or operator if there is a case going on in the court	Since banking is a business entity, there are no significant issues other than those filed in connection with the regular operation of the organization and the loan transaction.

**Note: It was done as directed by the Nepal Rastra Bank during that period.**

<b>Name of Governing Officer</b>	:	Bhuvan Singh Khatri
<b>Post</b>	:	Chief Compliance Officer
<b>Imprint of Organization</b>	:	
<b>Date approved by the Reporting Board</b>	:	518th Board Meeting held on 2081/09/05
<b>Date of audit test Certified</b>	:	2081/09/05



# Directors Report

## Dear Shareholders,

On behalf of the board and the Bank, I would like to extend my warm welcome to all the respected Shareholders, the External Auditors, the Legal Advisors, the Chief Executive Officer, and the employees of the Bank. Thank you all for joining us in the 26th Annual General Meeting of Machhapuchchhre Bank Limited. As you have entrusted us with the responsibility of Board of Directors of the Bank for making it stronger, remarkable and ever growing; your trust, confidence and faith towards us have undoubtedly fueled up our efforts towards continued commitment for the prosperity and sustainability of the Bank. We assure you that we will always be working relentlessly and committed to staying afloat with even more conviction to live to up to the expectation and embody faith.

I would like to present to you the Statement of Financial Position as on 15 July 2024, Statement of Profit or Loss Cash Flow Statement along with the Bank's achievements during the period, challenges faced during operation, overall assessment of the

Banking Industry, Director's Report and all other Financial Information. This report has been prepared adhering to provisions of the Companies Act 2063, Bank and Financial Institutions Act 2073 and all directives/circulars issued by Nepal Rastra Bank.

I, on behalf of the BOD of the Bank, would like to present to you all the indicators of the Banking Industry along with the assessment of the work of previous Fiscal year, Business Strategies and future initiatives.

## International Economic Outlook

The global economy, pushed into recession by the tight monetary policy adopted to control high inflation, came out stronger than expected. However, due to the long term effects of the covid and the ongoing geopolitical issues in Russia, Ukraine and the middle east. International Monetary Fund (IMF) has projected a moderate improvement in economic growth rate



for the world, advanced, and emerging economies in 2025.

According to the IMF's projection, the world economy which expanded 3.3 percent in 2023 and 3.2 percent in 2024, is estimated to grow 3.3 percent in 2025. Advanced economies that expanded 1.7 percent in 2023 which is also remained at 1.7 percent in 2024, is estimated to grow 1.8 percent in 2025 as per the IMF projection. Emerging and developing economies which grew 4.4 percent in 2023 is projected to expand 4.3 percent in 2024 and 2025.

The economies of India and China are estimated to grow 7 percent and 5 percent respectively in 2024, compared to a growth of 8.2 percent and 5.2 percent respectively in 2023. The Fund projects economic growth of 6.5 percent for India and 4.5 percent for China in 2025.

The elevated inflationary situation faced by the global economy has been gradually easing. The inflation of the developed countries has improved significantly and they are on target while the inflation of developing economies is still high. As per the projection of the IMF, global inflation, which remained at 6.7 percent in 2023, is estimated to decrease to 5.9 percent in 2024 and further to 4.4 percent in 2025. Inflation of the developed economies is projected to be 2.7 percent and 2.1 percent respectively in 2024 and in 2025, compared to 4.6 percent for in 2023. Emerging and developing economies is projected to be 8.2 percent and 6 percent respectively in 2024 and in 2025, compared to 8.6 percent in 2023. The average inflation rate for India and China is 4.5 percent and 0.2 percent respectively in 2023 which is projected to be 4.6 percent and 1.0 percent respectively in 2024.

Some of the world's central banks have recently started to loosen the monetary policy, while most of the banks have continued the tight monetary policy. The US Federal Reserve has kept the federal funds rate unchanged at 5.25-5.50 percent in July 2023. The European Central Bank has reduced the policy rate as

inflation has come within the target range. The latest estimate of the international Monetary Fund is that the central banks of other developed countries will reduce the policy rates in the near future.

The Reserve Bank of India has reviewed the monetary policy in June 2024 and has kept the existing policy repo rate unchanged at 6.5 percent.

## **Economic Situation and Outlook of the Country**

### **Landscape**

The National Statistical Office has estimated that the economic growth will be 3.87 percent in the fiscal year 2022/23. In the fiscal year 2022/23, the expansion of the housing and food services, electricity and gas, and transport and storage sub-sectors is estimated to have had a positive impact on economic growth. The growth rate of the construction and manufacturing sectors is estimated to be negative.

The Government of Nepal has set a target of achieving an economic growth of 6.0 percent in the fiscal year 2023/24 through the budget. If the expenditures and policies and programs mentioned in the budgets of the federal, provincial and local levels are implemented, economic activity can be expected to be dynamic. Along with this, private sector investment will also increase, which seems to help achieve the targeted economic growth.

According to the Nepal Electricity Authority, it is estimated that 352 megawatts of additional electricity will be connected to the national transmission line in the fiscal year 2022/23 and 900 megawatts of electricity will be added in the fiscal year 2023/24. In addition, many hydropower projects of the Nepal Electricity Authority and the private sector are under construction. The development of this sector is expected to gain further momentum as the Nepal government has made legal and policy reforms to attract domestic and foreign investors in the hydropower sector through the Third Investment Summit. There has been a significant increase in tourist arrivals in the fiscal year 2022/23.



The Nepal government has announced that 2023-2033 will be celebrated as the Visit Nepal Decade, promotional programs have been planned with a target of attracting 1.6 million tourists in the fiscal year 2023/24, and tourism infrastructure including hotels and airports is being expanded. The tourism sector is expected to expand further due to factors such as the increase in the arrival of foreign tourists in the fiscal year 2023/24.

According to the Ministry of Agriculture and Livestock, Department of Agriculture, 68.6 percent of paddy planting has been completed as of 15 July 2024. 56.5 percent planting was completed as of July 2024. With the monsoon being active and above-average rainfall expected during this period, easy availability of chemical fertilizers, and the government removing price uncertainty by fixing the minimum support price for paddy, the growth rate of the agricultural sector is expected to be satisfactory in the fiscal year 2023/24.

## **Inflation**

Although there was pressure on prices until the first quarter of the fiscal year 2022/23, it gradually improved from the second quarter and annualized consumer inflation stood at 4.17 percent in June 2024. During this period, inflation in the non-food and services groups has improved more than inflation in the food and beverage group. In India, wholesale and consumer inflation has remained low due to stable import price index and wage and salary rate index growth rates, a decrease in the growth rate, and weak domestic demand. There is a risk that fuel and food prices may increase in the international market due to the recent increase in wholesale inflation in Nepal, the high prices of food grains, vegetables, legumes, and pulses in India, and the ongoing Russia-Ukraine war and geopolitical tensions in the Middle East. The Government of Nepal has projected inflation to remain within the 5.5 percent range in its budget statement for the fiscal year 2023/24. Although there are some risks, inflation is projected to remain within the same range in the fiscal year 2023/24, taking into account inflation factors.

## **Foreign Trade**

Total merchandise exports in the fiscal year 2022/23

decreased by 3.0 percent to Rs. 152.38 billion. The previous year, such exports had decreased by 21.4 percent. Based on destination, exports to India and other countries decreased by 3.3 percent and 4.3 percent respectively, while exports to China increased by 46.6 percent. On a commodity basis, exports of goods including zinc sheets, particle boards, juice, polyester yarn, and pine nuts increased, while exports of goods including palm oil, soybean oil, woolen carpets, brass, and jute goods decreased.

Total merchandise imports decreased by 1.2 percent to Rs. 1,592.99 billion in the review year. Such imports had decreased by 16.1 percent in the previous year. Based on the country of import, imports from India and other countries decreased by 3.0 percent and 17.6 percent respectively, while imports from China increased by 34.2 percent. On a commodity basis, imports of goods including transport equipment, vehicles and spare parts, ready-made garments, aircraft spare parts, electrical equipment, other machinery and parts increased, while imports of goods including crude soybean oil, gold, hot rolled sheet in coil, crude palm oil, paddy and rice decreased.

The total merchandise trade deficit decreased by 1.0 percent to Rs. 1,440.6 billion in the year under review. The deficit had decreased by 15.5 percent in the previous year. The export-import ratio reached 9.6 percent in the year under review. The ratio was 9.7 percent in the previous year.

## **Remittance Flow**

In the financial year 2022/23, remittance inflows increased by 16.5 percent to reach Rs. 1,445 billion 320 million. The previous year, remittance inflows had increased by 23.2 percent. Remittance inflows in US dollars have increased by 14.5 percent to reach Rs. 10 billion 860 million. The previous year, such inflows had increased by 13.9 percent.

During the review period, the number of Nepali's who obtained final work permits (institutional and individual-new) for foreign employment was 460,103 and the number of those who obtained re-work permits was 281,199. In the same period of the previous year, such numbers were 497,704 and 277,272, respectively.

## Foreign Exchange Reserve

The total foreign exchange reserves, which stood at Rs. 1,539.36 billion in mid-July 2023, have increased by 32.6 percent to Rs. 2,041.10 billion in mid-July 2024. In US dollars, such reserves have increased by 30.4 percent to Rs. 15.27 billion in mid-July 2024, from Rs. 11.71 billion in mid-July 2023. Out of the total foreign exchange reserves, the reserves held by Nepal Rastra Bank have increased by 37.4 percent to Rs. 1,848.55 billion in mid-July 2024, from Rs. 1,345.78 billion in mid-July 2023. Foreign exchange reserves held by banks and financial institutions (excluding Nepal Rastra Bank) have decreased by 0.5 percent to Rs. 192.55 billion in mid-July 2024 from Rs. 193.59 billion in mid-July 2023. The share of Indian currency in total foreign exchange reserves as of mid-July 2024 is 22.5 percent.

## Exchange Rate

The Nepali rupee has depreciated by 1.64 percent against the US dollar in mid-June 2024 compared to mid-June 2023. The Nepali rupee had depreciated by 2.79 percent in the previous year. In mid-June 2024, the buying exchange rate of one US dollar reached Rs. 133.36. In mid-June 2023, the exchange rate was Rs. 131.17.

## Deposit Collection and Loan Disbursement

During the year under review, deposits of banks and financial institutions increased by Rs. 742 billion 37 crore (13.0 percent). In the previous year, such deposits had increased by Rs. 627 billion 25 crore (12.3 percent). As of mid-July 2024, the share of current, savings and term deposits in the total deposits of banks and financial institutions was 5.8 percent, 30.3 percent and 56.4 percent respectively. In the previous year, such shares were 7.7 percent, 26.6 percent and 58.9 percent respectively. As of mid-July 2024, the share of institutional deposits in the total deposits of banks and financial institutions was 36.2 percent. As of mid-July 2023, the share of such deposits was 36.6 percent.

In the review year, credit flowed to the private sector from banks and financial institutions increased by Rs. 276.94 billion (5.8 percent). In the previous year, such

credit had increased by Rs. 175.94 billion (3.8 percent).

In the review year, among the loans flowing to the private sector, the loans of commercial banks increased by 5.8 percent, the loans of development banks by 5.0 percent, and the loans of finance companies by 7.7 percent.

In the review year, the share of loans flowing to the non-financial institutional sector and the share of loans flowing to the individual and household sector among the loans flowing to the private sector from banks and financial institutions was 63.3 percent and 36.7 percent, respectively. In the same period of the previous year, such shares were 62.7 percent and 37.3 percent, respectively.

In the fiscal year 2022/23, bank and financial institutions' credit to the agricultural sector increased by 0.9 percent, credit to the industrial production sector by 8.8 percent, credit to the transport, communication and public services sector by 16.7 percent, credit to the wholesale and retail trade sector by 1.5 percent, and credit to the service industry sector by 6.2 percent.

## Liquidity Management

In the financial year 2022/23, a total of Rs. 4,673 billion 600 million liquidity was absorbed through the standing deposit facility, including Rs. 3,522 billion 350 million and Rs. 1,151 billion 250 million through the deposit collection auction. During the year under review, banks and financial institutions have repeatedly utilized Rs. 1,200 billion 200 million through the standing liquidity facility and Rs. 803 billion 560 million through the overnight liquidity facility, totaling Rs. 804 billion 760 million. As a result, a net liquidity absorption of Rs. 3,868 billion 840 million was made in the year under review. In the previous financial year, a net liquidity of Rs. 5,409 billion 990 million was provided through various instruments including open market transactions and standing liquidity facility.

During the year under review, the bank has purchased US\$ 5.89 billion from the foreign exchange market (commercial banks) and infused liquidity of Rs. 783.47 billion. In the previous year, it had purchased US\$ 5.45 billion from the foreign exchange market and infused

liquidity of Rs. 712.50 billion. In the year under review, it sold US\$ 4.2 billion and purchased Indian rupees worth Rs. 535.7 billion. In the previous year, it had sold US\$ 4.56 billion and purchased Indian rupees worth Rs. 596.37 billion.

### Interest Rate

The weighted average interest rate on 91-day Treasury bills was 6.35 percent in July 2023, compared to 3.00 percent in July 2024. The weighted average interest rate on inter-bank transactions between banks and financial institutions was 2.99 percent in July 2024, compared to 3.14 percent in July 2023.

In July 2023, the average base rate of commercial banks was 10.03 percent, development banks 12.15 percent, and finance companies 13.41 percent. In July 2024, the average base rate has remained at 8.00 percent, 9.71 percent, and 11.21 percent, respectively.

In July 2023, the weighted average interest rate on deposits of commercial banks was 7.86 percent, development banks 9.14 percent, and finance companies 9.79 percent. In July 2024, the weighted average interest rate on deposits was 5.77 percent, 6.63 percent, and 7.93 percent, respectively.

In July 2023, the weighted average interest rate on loans of commercial banks was 12.30 percent, development banks 14.10 percent, and finance companies 14.82 percent. In July 2024, the weighted average interest rate on loans stood at 9.93 percent, 11.34 percent, and 12.55 percent, respectively.

### Financial Access

The number of licensed banks and financial institutions is 107 as of mid-July 2024. Out of these, 20 are commercial banks, 17 development banks, 17 finance companies, 52 microfinance financial institutions and 1 infrastructure development bank. The number of branches of banks and financial institutions has increased from 11,589 as of mid-July 2023 to 11,530 as of mid-July 2024. The population per branch has increased from 2517 as of mid-July 2023 to 2529 as of mid-July 2024.

### Deposit and Credit Guarantee

The Deposit and Credit Guarantee Fund has insured savings, current, call and fixed deposits of Rs. 1430 billion 460 million in 45.795 million accounts of natural persons in 56 banks and financial institutions as of mid-July 2024. As of mid-July 2023, deposits of Rs. 1232 billion 950 million in 41.381 million accounts of natural persons were insured.

The Deposit and Credit Guarantee Fund has insured micro and poor loans, small and medium industry loans and agricultural loans (including concessional loans provided at interest subsidies by the Government of Nepal) of banks and financial institutions as of mid-July 2024. Such loans worth Rs. 296 billion 450 million were insured as of mid-July 2023.

### Capital Market

The NEPSE index, which was 2,097.10 in mid-July 2023, has been maintained at 2,240.41 in mid-July 2024. The capitalization of the stock market has been maintained at Rs. 3,553.68 billion in mid-July 2024. The market capitalization in mid-July 2023 was Rs. 3,082.52 billion. The number of listed companies in Nepal Stock Exchange Limited has reached 270 in mid-July 2024. Among the listed companies, 132 are banks and financial institutions and insurance companies, while 91 are hydropower companies, 22 are manufacturing and processing industries, 7 hotels, 7 investment companies, 4 are trading institutions and 7 are from other groups. The number of listed companies in mid-July 2023 was 254. Among the listed companies, banks, financial institutions and insurance companies account for 58.6 percent of the stock market capitalization. Similarly, hydropower companies account for 15.1 percent, investment companies account for 7.3 percent, manufacturing and processing industries account for 6.4 percent, hotels account for 2.8 percent, trading institutions account for 0.5 percent and other groups of companies account for 9.2 percent. The paid-up value of 8.32 billion shares listed on the Nepal Stock Exchange Limited as of mid-July 2024 is Rs. 825 billion 50 million.

In the fiscal year 2022/23, additional securities worth a total of Rs. 130.47 billion have been listed, including ordinary shares worth Rs. 86.81 billion, right shares worth Rs. 21.98 billion, bonus shares worth Rs. 21.65

billion and FPO worth Rs. 30 million. During the review period, the Securities Board of Nepal has approved the public issuance of securities worth a total of Rs. 29.12 billion, including ordinary shares worth Rs. 10.75 billion, right shares worth Rs. 7.65 billion, debentures worth Rs. 6.2 billion and mutual funds worth Rs. 4.7 billion.

(Source: Nepal Rastra Bank)

Respected Shareholders, now I would like to present the brief financial statement and other progress details of the review period of Machhapuchchhre Bank Limited.

Glimpse of Bank Operations summary of Current Fiscal Year

The business position of the Bank till five months of Current Fiscal Year is depicted as below:

(NPR. in Crore)

S.N.	HEADING	15 JULY, 2024	15 NOVEMBER, 2024
1.	Paid Up Capital	1,162.14	1,162.14
2.	Deposit	16,133.41	16,597.06
3.	Investment	3,559.70	3,770.47
4.	Loan and Advances	13,185.56	13,770.47

\* Above details has been presented by accounting under NFRS.

Deposits have increased by NPR 4.19 Billion (2.59%), Investments has been increased by NPR 2.17 Billion (6.11%) and loans and advances has been increased by 4.85 Billion (4.44%) in five months of current fiscal year compared to Mid-July, 2024.

## An overview of business of Fiscal Year 2023/24

The key indicators of financial achievements of the Bank in Fiscal Year 2022/23 and 2023/24 are as follows:

Net interest income has decreased by 7.15% while interest income and interest expense have decreased by 13.93% and 16.54% respectively. Employee Expenses has been decreased by 2.18% whereas operating expenses has been increased by 2.27% in the review period.

The ratio of total Non-Performing Loan stands at 3.67% which was at 2.26% in the previous fiscal year. The ratio of Non-Performing Loan falls within the range as prescribed by International standards. In the review period, the Total Asset of the Bank has increased by 1.63% whereas Book

Value per Share and Net Profit has decreased by 6.48% & 35.70% respectively.

(NPR. in Million)

HEADING	2022/23	2023/24	INCREMENT (IN %)
Paid Up Capital	1,025.72	1,162.14	13.30%
Net Worth	1,615.18	1,711.37	5.96%
Deposit	15,828.47	16,133.41	1.93%
Investment	2,781.85	3,559.70	29.83%
Loans and Advances	13,060.19	13,185.56	0.01%
Interest Income	1,928.45	1,659.87	-13.93%
Interest Expense	1,391.21	1,161.05	-16.54%
Net Interest Income	537.24	498.82	-7.15%
Other Income	175.62	175.68	0.03%
Employee Expense			
(Excluding Bonus)	186.11	190.16	2.18%
Loan Loss Provision	114.82	139.81	21.77%
Operating Expense	80.19	82.01	2.27%
Operating Profit	238.05	166.59	-30.02%
Net Profit after tax	162.55	104.52	-35.70%
Non-Performing Loan	2.26%	3.86%	1.60%
Total Assets	18,657.42	18,961.08	1.63%
Capital Adequacy	13.56%	13.74%	0.18%
Book Value per Share	157.47	147.26	-6.48%
Market Price per Share	231.8	200	-15.90%
Number of branches			
(including extension counter)	178	177	-0.56%
Number of ATMs	204	200	1.96%
<b>Total Employees</b>	<b>1558</b>	<b>1484</b>	<b>-4.75%</b>

Details in the above table has been stated as per NFRS

## Paid Up Capital and Capital Adequacy Ratio

The Capital Adequacy Ratio (CAR) remains at 13.74 % during the Fiscal Year 2023/24.

This CAR ratio is higher by 2.74% than the minimum CAR (11%) prescribed by the Regulatory Authority Nepal Rastra Bank. It is therefore evident that the Bank is in a strong financial position.

## Deposit

Within the review period, Bank's total deposit increased by 1.93% from the previous fiscal year and reached to NPR 161.33 Billion. The average growth rate of commercial banks is about 5.93% during the Fiscal Year. During the review period, the bank decreased its term deposits by 8.99% and saving deposits by 26.75% resulting 1.93% increment in the total deposit of the bank. As per the strategic plan of the bank, the bank modified the services

and facilities in its saving account in the fiscal year 2022/23. As a result, the bank has been able to increase its previous year's saving account deposits by 26.75% and has been able to open 129,669 new saving accounts. The Bank aims to continue its strategy of increasing saving deposits and saving accounts in the coming years. At the end of the review year, the total number of saving accounts of the bank were 1,541,363. The bank's current and saving deposits accounted for 40.6% of the total deposit which was 34% in the previous year.

As per the directive of Nepal Rastra Bank, the ratio of institutional deposits to the total deposits of the bank should be maintained at a maximum of 50%. Therefore, the Bank is successful to maintain the both personal and institutional deposit with the prescribed instructions presented as:

DEPOSIT TYPE	IN %
Individual Deposit	72.13
Institutional Deposit	27.87
<b>Total Deposit</b>	<b>100.00</b>

### Loan and Loan loss provision

Bank's total loan amount has slightly increased by 0.01% from the previous year and reached NPR 131 Billion in the review period. Whereas the average growth of commercial banks during the same period was 5.93%.

With the view to increase investment, a total of 6.68 Billion deprived sector loans have been disbursed which is 5.03% of the total loan disbursed by the Bank.

During the review period, the Bank achieved a 2.87% share of credit growth in the overall banking sector. Bank has contributed 2.87% of the total loan portfolio growth of the market which was 3.03% last year. Deprived sector lending of the Bank is 5.03% which, as per NRB, shouldn't less than 5% of the total loans and advances (before 6 months).

The total loan loss provision has increased from last year's NPR 3.70 Billion and reached NPR 5.09 Billion. NPR 139.82 crore has been provisioned for loan loss purpose for this year which has increased by 24.99 crore as compared to last year.

The Bank has emphasized on disbursement of low risk loans as per its strategies to meet the objectives. In line with the same strategy, the Bank has put forward strategies to strengthen its loan recovery process and risk management system to reduce the possible risks that may arise from loans expansion in future.

### Investment

The investment has increased by 29.82% from last year and has reached 35.59 Billion within the review period. Out of the total investment, the Bank has invested 3.70%, 73.62% and 22.68% in Treasury Bills, Government Bills and other investments respectively.

The Bank has been expanding its investment horizon in order to make the maximum utilization of available investment funds, to diversify its investment portfolio and to get high yields from low investments. In the review period, Bank has invested NPR 45.01 crore in Mutual Funds and Shares. Major investments, made in the capital market, are in those companies which provide dividends as sustainable earnings on a long-run. The Bank has earned NPR 1.16 crore from such investments in the review period.

### Interest Income

The interest income of the Bank has decreased by 13.93% amounting 16.60 Billion in the review period. In the same period, the Bank's interest income from loan has decreased by 17.35% amounting 14.40 Billion whereas the interest income from other investments has increased by 18.04% amounting 2.20 Billion.

Interest income of the bank is affected as Nepal Rastra Bank issued directive to the bank and financial institutions where average interest spread rate of bank should not exceed 4% in mid July 2023.

In the review period, Bank's yearly average return on loan decreased by 1.13 point and the interest remained 10.97% due to various reasons.

### Interest Expenses

In the review period, Bank's interest expenses have decreased by 16.54% and reached 11.61 Billion. In the same duration, the Bank's interest expenses on deposit has decreased by 16.02% and reached 10.64 Billion. According to the strategy to increase CASA



ratio in overall deposit, the Bank has introduced various saving deposit schemes. The Bank is confident that the cost of the Bank's deposits will gradually improve in the coming days and the cost of the overall Bank's funds will be reduced. As a result, bank's yearly average interest on deposits decreased by 1.52 points and remained at 6.98%.

### **Net Interest Income**

The net interest income has reached 4.99 Billion which has decreased by 7.15 % from last year as a result of effective management. The Bank has put forward the strategy to make optimum utilization of the available funds by focusing on effective management of deposit and loan ratio and net interest difference.

### **Net Fees and Commission Income**

Net fees and commission income based on non-funded are also the major sources of income of the Bank. This year, the Bank has earned NPR 1.08 billion from commission and other operating income, which is decrement of 4.93% as compared to the previous year. In the review period, the Bank has achieved exciting increment in the incomes generated from loans, debit card, credit card, Bancassurance and remittance. With the aim of increasing the contribution of commission and other operating profit in net profit, Bank has introduced new features and services and has also made relevant amendments in the review period.

### **Other Operating Incomes**

Bank's other operating income has increased by 14.11% and reached NPR 80 Million in the review period which was NPR 70 Million in the previous year.

### **Staff Expenses**

Bank's net staff expenses has decreased by 1.66% and reached NPR 2.08 Billion in the review period which was NPR 2.92 Billion in the previous year.

Total number of staffs has reached 1,484 in the review period with the decrease in number of staff by 74 from 1,558 staffs of last year due to resignation without replacement. Bank has always prioritized on the training and skills development of the staffs. The staff training expenses in the review period is NPR 52.3 Million. As per the directives issued by Nepal Rastra Bank, it is necessary to spend 3% and the bank has allocated NPR 7.7 million for Skill enhancement fund.

Bank believes that human resources are the most valuable assets of the bank. The Bank also believes that the expenses made to hire required number of staffs and to strengthen their skills are not expenses but investments which shall make the Bank more capable and increase business along with the profit in the coming years.

### **Amortization and Depreciation**

Bank's amortization and depreciation has increased by 0.23% and reached NPR 416.6 Million in the review period which was NPR 415.7 Million in the previous year.

### **Other Operating Expenses**

In the review period, Bank's other operating expenses has increased by 2.27% and reached NPR 0.82 Billion, which was NPR 0.80 Billion in the previous year. Bank is able to reduce operating expenses by applying effective cost control and cost reduction techniques. Even though the expenses seems in higher side currently, the Bank believes that these investments will help in gradually increasing business in the coming days. Also, it shall increase work effectiveness and efficiency reducing the total expenses which shall have a positive impact on the Bank's financial results.

### **Return on Assets**

Bank's return on assets reached 0.55% in the review period which was 0.87% in the previous year.

### **Payment made by the Bank Regarding Income tax and Tax Deducted at Source**

The Bank has contributed towards country's revenue by depositing withholding tax payment of NPR 1.20 Billion and paying tax of NPR 0.83 Billion, thereby contributing total of NPR 2.03 Billion.

### **Details of distribution of Profit/ Loss**

Bank has earned a total profit of NPR 1.05 Billion in this fiscal year and the details of the profit distribution details is as follows:

In Million

Details	Current year NPR	Last year NPR
Accumulated profits up to last year	144.85	59.72
Adjustment	(0.07)	(1.82)
<b>Total</b>	<b>144.78</b>	<b>57.91</b>
Transfer from Share Premium		
This year's profits	104.52	162.55
Investment Adjustment Reserve		
<b>Total</b>	<b>249.3</b>	<b>220.46</b>
Distributions		
General Reserve	20.90	32.51
Cash Dividends	7.18	-
Skill Enhancement Fund	(0.58)	1.35
Bonus Shares issued	136.42	-
Exchange Equalization Reserve	1.33	1.43
Corporate Social Responsibility Reserve	1.04	1.63
Debenture Redemption Reserve	71.03	-
Other	(2.63)	(1.06)
Regulatory Reserve	50.59	39.75
<b>Total</b>	<b>285.28</b>	<b>75.61</b>
<b>Accumulated Profit/ Loss</b>	<b>(35.98)</b>	<b>144.85</b>

Bank has appropriated 20% of its net profit i.e. NPR 209.0 Million as General Reserve. Similarly, appropriation in Exchange Equalization Reserve, Corporate Social Responsibility Reserve and Regulatory Reserve stands at NPR 13.3 Million, 10.4 Million and 537.6 Million.

Bank has appropriated 1% of its net profit i.e. NPR 10.4 Million for CSR Reserve as per the Directive of Nepal Rastra Bank. This fiscal year, Bank has planned to spend the fund in various socially responsible activities as designated by Nepal Rastra Bank. Bank's has appropriated NPR 710.3 Million in Debenture Redemption Reserve.

## Branch Expansion

Machhapuchchhre Bank has been providing innovative, reliable and quality services according to the needs of customers. Currently, the bank has 165 branches, 200 ATMs, 12 extension counters, and 105 branchless banking services across the country, thus providing easy access to customers. In the financial year 2023/24, the bank focused on improving services from existing branches rather than opening new branches. The bank has contributed to financial inclusion by expanding its branch network in remote and rural areas. The bank is also strengthening its digital banking platform and providing services like mobile banking, internet banking and QR code payment to provide more convenience to the customers.

Machhapuchchhre Bank is serving more than 1.6 million customers through various branches and digital service facilities across the country, which is playing an important role in expanding financial access and financial literacy in Nepal. In the financial year 2022/23, the bank has been successful in winning the hearts of the customers by making the branches of the bank more efficient, customer friendly and flexible, keeping with the main slogan of the bank. In addition, the bank is committed to expand the branch network by identifying commercially feasible areas in the coming days as well.

## New Services

The bank has been providing the latest, modified, reliable and quality services keeping in mind the needs and demands of the customers. Since the beginning, the bank has been providing various financial plans according to the competitive demands of the market, expressing its commitment to provide refined and excellent service to the customers. Continuing this commitment, In FY 2023/24, Nari Shakti Nikshep Yojana was introduced with more customer-friendly financial facilities, due to which lakhs of women customers were directly benefited. Similarly, the "New Smart Salary Account" under the Salary Management Plan has also been made customer-friendly by modifying various services and conditions. Necessary technical upgrades have also been made to make the online account opening process more simple and secure for non-resident Nepalese living abroad and Nepalese abroad for employment. Thus, the Bank aims to continuously improve its services to make them timely and competitive as per the needs of the customers.

With the recent digital changes in financial transactions and the development of technology, Machhapuchchhre Bank is also establishing itself in the field of digital banking and moving forward to be Smart Bank within 2027 A.D in terms of digital transformation and digital banking.

The bank is continuously moving towards the long-term goal of becoming a fully technology-friendly Smart Bank. Machhapuchchhre Bank is committed to increasing financial access, financial literacy, and financial inclusion by digitizing the digital payments and banking system.

In the field of digital financial services, the bank is looking forward to providing high quality services to its customers by expanding the payment system such as mobile

banking, cards, e-commerce, and QR, and significantly increasing the number of merchants. Apart from this, the bank is running a campaign to include customers who are out of financial reach in the digital payment and banking system. As a result, more and more customers are getting attracted to the use of digital payment tools on a daily basis.

Machhapuchchhre Bank has continued its campaign to include more institutional customers in the digital system with the aim of making the daily operations of institutional customers fast, efficient and cashless. By partnering with various Payment Service Providers (PSP) licensed by Nepal Rastra Bank, acting as a settlement bank and through its own wallet (MBL Remit App), this bank has managed to include most of its customers and wallet users in the digital system.

The credit card facility has been improved over time. There is a plan to introduce card-based financial services with premium facilities in the coming year.

The M-Smart savings account, which can be opened immediately from the bank's mobile banking app (M-Smart) and can be used only through digital means, has been simplified and made more customer-friendly. The mobile banking (M-Smart) has been refined so that even the customers of the bank who are abroad for the purpose of employment and study can use the facility of mobile banking (M-Smart) of this bank using foreign mobile numbers. With this arrangement, customers living abroad will be able to receive remittances in their accounts in real time and can easily carry out financial transactions such as fund transfer, top-up, wallet load, QR payment through Machhapuchchhre Bank's mobile banking app (M-Smart) based abroad. Also, for the first time in the Nepalese banking industry, Machhapuchchhre Bank has added Dispute Management System service to the bank's mobile banking (M-Smart). Through this service, customers can request the bank to verify or adjust the transactions related to mobile banking chat and to resolve them properly if there is any complaint regarding the transaction in their bank account. After the implementation of this facility, Machhapuchchhre Bank's mobile banking service has become faster, more reliable and more convenient. In relation to the complaints registered by the customer, a system for self-tracking or checking the progress of the complaints

has been arranged in Mobile Banking (M-Smart), which has increased trust and confidence in the bank's digital products among the bank's customers.

Machhapuchchhre Bank by using Tokenized technology based on EMV Standard for the first time in the Nepalese banking industry. Launched 'contactless offline Tap and Pay' service in banking application. Tokenization is considered to be the most secure and reliable technology. In which the customer's details remain confidential and secure when transactions are done through system generated codes instead of customer details.

**Machhapuchchhre Bank has used Instant Payment Voice Notification technology in POS machines for the first time in Nepal. With this technology, the POS merchants of Machhapuchchhre Bank can receive information about the success of the transaction through Card, QR (Nepal Pay or FonePay) / NFC (M-Smart) and also through sound. In March this year, the bank has introduced Sound Box technology in QR for the first time in Nepal, which has made it easier for QR merchants to complete transactions through QR. In the current situation where there are various ambiguities in the transactions alerts received through SMS, this technique has proved to be reliable and trustworthy as the merchants receive information immediately through voice.**

Machhapuchchhre Bank has concluded an agreement with Nepal Clearing House Limited to implement **P2P Cross Border Payment** facility. Under this technology operated through the Cross Border National Payments Interface (NPix) system, Machhapuchchhre Bank's customers will be able to receive the amount sent by the Indian citizen in their account. Apart from this, the bank by coordinating Fone Pay Pvt. Ltd. P2M (Person to Merchant) Cross Border Payments has been implemented. In this system, the Fone Pay merchants of this bank can easily receive payments through QR when receiving payments from Indian citizens and customers who are members of the UPI network. The plan of Unified Merchant Management Systems (MMS) is in the stage of implementation so that all the QR and POS merchants of this bank can receive payments through digital means as well as provide integrated services that can help them keep their accounts in order. Last year, the Bank successfully completed the "Machhapuchchhre with the students" with the intention of providing an

overall financial literacy orientation among the youth and students. And in the coming year, the Bank plans to continue the Machhapuchchhre program with the students by drawing cartoons in different styles and publishing Animated Cartoon Series along with Digital Comics Book.

According to Nepal Rastra Bank's Digital Lending guidelines, the facility of MBL Smart Loan, which can be obtained immediately from Mobile banking (M-Smart) of Machhapuchchhre Bank, is effective and QR Merchant Loan is planned to be implemented in the coming year. The bank's strategy is to make the process of loan application and approval through electronic means more effective by creating a policy and guidelines for digital lending. Machhapuchchhre Bank, awarded by VISA for the best performance in POS business for 2 consecutive years (in 2023 and 2024), has aggressively increased the use of cards by qualitatively expanding its POS network, and the bank's future strategy is to encourage overall electronic payment transactions including card.

### **Corporate Social Responsibility**

Since banks and financial institutions are established with the aim of providing financial intermediation services to the economy, the role of financial institutions is important in the sustainable development of the country. Only if the human, social and external environment can be protected, will the public's credibility towards the financial sector increase, financial stability be maintained and it will be easier for the institutions to operate continuously for a long time. Financial institutions should pay sufficient attention to the interests and protection of stakeholders along with their daily financial transactions. This is the institutional social responsibility of the institution. Just as the government, social activists and every citizen in the society have the duty to make the social and external environment cleaner, inclusive and sustainable and make it livable for future generations, so too do banks and financial institutions established in the society. To fulfill their social responsibility towards the society and the country, every bank and financial institution should contribute to education, health, financial literacy, financial access and the upliftment of the backward classes.

In this context, Machhapuchchhre Bank has been contributing to various social works, embracing the

motto that as a part of society, it should contribute to the society as much as possible. As in previous years, in the last fiscal year too, the bank had focused its attention on various areas under corporate social responsibility, including environmental protection, assistance in the reconstruction and maintenance of schools and various hospitals, construction and maintenance of monasteries and temples, provision of physical materials to schools, drinking water supply, material assistance to old age homes, orphanages, and financial assistance to improve the living standards of people with disabilities. The bank had launched special programs to include communities deprived of financial access in the formal banking system. Under this, a financial literacy campaign was launched across the country to provide banking services to service recipients and the general public in every sector.

During the review period, the bank had invested a significant amount under its corporate social responsibility in the areas of education and health. The bank had contributed to the construction and maintenance of physical infrastructure in various schools and provided educational support to students who could not study due to financial difficulties. In the last fiscal year, the bank had constructed toilets at Shree Shaileshwari Secondary School in Godavari Municipality, Kailali, and provided necessary water supply and other physical infrastructure and handed it over to the school management committee. Similarly, it had provided assistance by installing a permanent drinking water pipe from the source to the Malneta Tribhuvan Jana Secondary School in Salyan District of Karnali Province and constructing drinking water tanks and taps in the school premises.

Similarly, the bank provided financial support for the construction of a cowshed for the protection of abandoned cattle at Pushkarini Paropakar Gokuldharm in Pokhara Bachchiduwa, Kaski district under Gandaki Province, and for the construction of a building at Basanta Mavi in Baglung district of the same province, which was incomplete due to lack of resources, and for the repair of school roofs in various districts of Madhesh Province, construction of school compounds, and various educational materials to support basic education for students. Similarly, various support programs were conducted in government schools in various other provinces for the provision of educational materials, library construction, and promotion of technology-

friendly education.

Along with the education sector, the bank also focused its attention on the health sector. The bank participated in various social activities, from providing financial support for ambulance purposes at Chilaune Health Post in Triyuga Municipality, Udayapur, providing a refrigerator for blood storage at Karnali Health Science Institute, Jumla, to reconstructing the Cardiology Department of Bir Hospital and arranging patient chairs for Bhimad Health Post in Tanahun district of Gandaki Province. In order to address the health problems faced by students in various areas due to lack of warm clothes during the winter season,

the bank took the initiative in various activities, from distributing warm clothes to students of various schools to providing essential food items to children living in a children's temple in Naxal, Kathmandu. Similarly, the bank was able to put itself at the forefront of the field of institutional social responsibility by providing necessary support in the health camp organized at Sobu English School in Okhaldhunga Bazaar. In the financial year under review, the bank had spent 97 percent of the amount deposited in the bank's Corporate Social Responsibility Fund, while the remaining amount was kept in the fund to be spent in the next financial year. During the review period, the bank had fully complied with the provision of spending a minimum of 10 percent in the provinces as per the consolidated guidelines of Nepal Rastra Bank.

### Details of CSR expense are as follows:

PROVINCE	CATEGORY	AMOUNT IN "NPR"	%
Koshi	Covid expense related to staff	5,000	12%
	प्रत्यक्ष अनुदान खर्च	533,345	
	सामाजिक परियोजनाहरूमा हुने खर्च	1,892,277	
	बित्तिय साक्षरता	802,462	
	<b>Total for Koshi Province</b>	<b>3,233,085</b>	
Madesh	Covid expense related to staff	-	11%
	प्रत्यक्ष अनुदान खर्च	500,000	
	सामाजिक परियोजनाहरूमा हुने खर्च	1,805,674	
	बित्तिय साक्षरता	712,978	
	<b>Total for Madhesh Province</b>	<b>3,018,652</b>	
Bagmati	Covid expense related to staff	120,163	26%
	सामाजिक परियोजनाहरूमा हुने खर्च	4,275,683	
	प्रत्यक्ष अनुदान खर्च	476,012	
	दिगो विकास लक्ष्य	997,508	
	बित्तिय साक्षरता	977,087	
	अनाथालय, बालमन्दिर र बुद्धाश्रमलाई दिइएको अनुदान तथा गरिष्ठका खर्च	14,928	
	<b>Total for Bagmati Province</b>	<b>6,861,381</b>	
Gandaki	Covid expense related to staff	7,230	16%
	प्रत्यक्ष अनुदान खर्च	1,301,470	
	सामाजिक परियोजनाहरूमा हुने खर्च	-	
	दिगो विकास लक्ष्य	1,874,134	
	बित्तिय साक्षरता	910,777	
	खैलो खाता अभियान २०७६ अन्तर्गतको खर्च	300	
	<b>Total for Gandaki Province</b>	<b>4,093,910</b>	
Lumbini	Covid expense related to staff	-	11%
	प्रत्यक्ष अनुदान खर्च	-	
	सामाजिक परियोजनाहरूमा हुने खर्च	1,246,567	
	बित्तिय साक्षरता	1,327,109	
	अनाथालय, बालमन्दिर र बुद्धाश्रमलाई दिइएको अनुदान तथा गरिष्ठका खर्च	342,093	
	<b>Total for Lumbini Province</b>	<b>2,915,770</b>	



PROVINCE	CATEGORY	AMOUNT IN "NPR"	%
Karnali	Covid expense related to staff	-	11%
	प्रत्यक्ष अनुदान खर्च	-	
	सामाजिक परियोजनाहरुमा हुने खर्च	2,665,533	
	बित्तिय साक्षरता	605,832	
	अनाथालय, बालमन्दिर र बुद्धाश्रमलाई दिइएको अनुदान तथा गरिष्टका खर्च	25,000	
	<b>Total for Karnali Province</b>	<b>3,296,365</b>	
Sudurpachim	प्रत्यक्ष अनुदान खर्च	50,000	11%
	बित्तिय साक्षरता	797,584	
	सामाजिक परियोजनाहरुमा हुने खर्च	2,086,095	
	<b>Total for Karnali Province</b>	<b>2,933,679</b>	
	<b>Total Expenses</b>	<b>26,352,843</b>	<b>100%</b>

### Remittance Service

Machhapuchchhre Bank Limited has been providing convenient and secure remittance services to Nepalese across the world through its 165 branches and digital channels worldwide. In order to make this service more effective and to provide cutting-edge services to its customers, the bank is now actively promoting its own wallet service, Remitap.

The bank has been securely and efficiently handling remittance transactions from countries including Cyprus, South Korea, Japan, Qatar, Hongkong, Bahrain. The bank distributes these remittances through all its branches, branchless banking, and over 14,000 payment centers spread across the country. Additionally, the bank has partnered with local companies like Western Union, Money Gram, IME, Prabhu Money Transfer, City Express Money Transfer, CG Remit, Himal Remit, I-Pay Reliable to facilitate seamless remittance payments.

Furthermore, the bank is preparing to launch remittance services with exchange house Kuwait, Saudi Arabia and Malaysia in the near future.

### Information Technology

Machhapuchchhre Bank, prioritizing customer satisfaction, has been providing reliable and high-quality services based on cutting-edge technology. Moving forward with a "Digital-First" approach, Machhapuchchhre Bank has been making significant changes to its services and transforming its employees' work processes to be more technology-friendly.

Digital technology has profoundly changed our daily lives and interactions. There has been a significant increase in the number of customers using digital technology for both small and large transactions. The rapid growth and development in information technology have presented numerous opportunities for the banking sector to make its services more convenient and accessible for its customers.

In line with the demands of the times, Machhapuchchhre Bank Ltd. has been operating 24/7 with services such as e-banking, SMS banking, ATM services, debit cards, credit cards, ICIC services, IPS services, e-wallets, and mobile banking for the convenience of its customers.

To further refine and simplify the services provided compared to other competitors, the bank encourages the use of innovative and cutting-edge digital technology. From artificial intelligence-based chatbots to automated loan disbursement through mobile banking, online dispute tracking, and other digital products, Machhapuchchhre Bank is accelerating, simplifying, and refining the banking experience for its customers.

The bank is continuously striving to make its additional financial services automated, technology-friendly, and environmentally friendly, making the banking experience even more convenient for its customers. To encourage the use and promotion of innovative services, the bank is rapidly transforming various internal and external processes, administrative procedures, and workflows into digital technology. The bank is also investing in building the necessary modern infrastructure.

High-quality services, convenience, and continuity require sophisticated and reliable technological infrastructure. The bank takes this seriously and considers it a top priority. As a prime example, the bank has established three different data centers (primary data center, auxiliary data center, and disaster recovery data center) and has conducted data drilling from time to time.

With the growth and development of technology, challenges and risks have also emerged. The bank is always aware of this. The bank has made significant investments to make its services as risk-free as possible, remaining vigilant against those who seek to misuse technology for short-term gains. Before introducing its services to customers, the bank conducts rigorous testing at various stages to ensure their success. To mitigate risks, the bank also updates its infrastructure, procedures, and services, and installs security mechanisms as needed.

The bank is committed to meeting the needs of its customers and stakeholders by leveraging information and technology to the fullest, based on its four core values and principles (Integrity, Accessibility, Quality Service, and Stewardship of Resources).

### Human Resource Management

As of Mid- July 2024, the total number of staffs is 1484 where the number of management level staff is 104 and the number of staffs working in other level is 1380. During the review year the Bank has appointed 27 new staffs whereas 103 staffs has discontinued serving the bank. Among the total staffs, Bank has 601 (i.e. 40%) of female employees. In order to motivate and enhance the work efficiency of the staff, the Bank has been implement performance based evaluation system (i.e. Performance Management System. This system helps to qualitative evaluation along with quantitative evaluation of work performed by employee.

Human Resource is the most important requisite in order to make the Bank strong, competitive, effective and successful. The professional excellence and efficiency development programs and trainings provided to employees determine the success of the Bank. The Bank has prioritized the effort related to professional development, leadership development, work skills and efficiency enhancement programs for the employees. In line with the same the Bank is determined to invest

minimum of 3% of the salary expenses (Salary and Allowances) as specified by regulatory body for the effective development of human resource. During the review period, different internal, external as well as international trainings were provided to the staff of different department. The practice of skills and abilities enhancement of the human resources through national and international trainings and seminars will be continued in future.

Similarly, Bank is well aware about the important role that human resource play for the progress of the bank in this competitive age. Further Bank is determined to hire qualified, efficient and honest employees as well as retain them. Improving the professional skills of human resources and managing them in timely manner and addressing the bank's human resources related issues will be carried out in a timely manner.

The Bank puts social security of its employees at utmost priority and guarantees implementation of all the plans introduced by Nepal government, Labor Act, Rules and laws related with social security as minimum guidelines.

### Employee Service and Facilities Committee

Banking business is service oriented as well as systematic risk taking business. Therefore, competent and professional manpower is required for providing excellent service and proper risk management. As competent manpower is a strong foundation of the bank, in order to attract qualified workforce, it is necessary to continuously review and adjust the management principles for the effective operation of the banking business and effective employee management.

The bank has the following five member Employee Services and Facilities committee under the coordination of the Non-Executive Director.

S.N.	Name	Position
1	Director- Mr Bishow Prakash Gautam	Coordinator
2	Director- Mr. Anish Shah	Member
3	Chief Executive Officer- Mr. Santosh Koirala	Member
4	Head-F&P- Mr. Khagendra Paudel	Member
5	Head- Human Resource Department- Mr. Anil Babu Adhikari	Member
		Secretary

The main objective of the Staff Services and Facilities Committee is to prepare the policy and criteria related to the Workforce Management of the Bank. Committee submit its report to the Board of Directors presenting all the decisions of the committee and works based on its decisions on periodic intervals. During review period from meeting no. 72 to meeting no.74 three meetings were held.

### Deprived Sector Lending

Machhapuchchhre Bank, operating under the directives of Nepal Rastra Bank, has been actively extending credit to the underprivileged both directly and indirectly. The bank identifies underprivileged individuals as defined by Nepal Rastra Bank and directly provides loans for self-employment-based micro-enterprises through its various branches.

Similarly, under the framework of concessional loan schemes, the bank has been providing loans such as: Educated Youth Self-Employment Loan, Youth Project Loan for Returnees from Foreign Employment, Women Entrepreneurship Loan, Dalit Community Business Development Loan, Technical Education and Vocational Training Loan.

The bank also provides concessional interest rate loans for business operations, with a focus on promoting commercial agriculture and livestock farming to increase production and employment. Under this concessional loan scheme, beneficiaries have been receiving up to 6% interest subsidies. Through these loans, over 1700 customers have benefited from affordable loan services.

Furthermore, the bank has been collaborating with various institutions and municipalities to provide concessional loans to uplift the economic and social lives of underprivileged individuals. In previous fiscal years, a tripartite partnership was formed between the National Youth Council, Api Himal Rural Municipality, Darchula, and Machhapuchchhre Bank to promote youth entrepreneurship and self-employment, empowering youth towards prosperity. This partnership led to financial literacy programs in the rural municipality, encouraging participation in loan programs.

The bank has also been continuously providing agricultural and women entrepreneur loans, previously implemented in collaboration with Sakchyam - Access to Finance and Heifer International Nepal, across various districts.

Indirectly, the bank continues to facilitate credit flow to the underprivileged through partnerships with other institutions. This includes providing loan services to various microfinance and multi-purpose cooperative institutions, youth and small self-employment funds, under the condition that they invest the loans in underprivileged communities.

### Corporate Governance

The Bank has always given high priority to corporate governance and has fully complied with the guidelines and circulars related to corporate governance. The prevailing laws related to banks and financial institutions, instructions and circulars issued by Nepal Rastra Bank have been fully complied with. As effective corporate governance is indispensable for the long term success of the bank, the board of directors and the management have been monitoring the institutional good governance on a monthly basis by forming a separate institutional good governance, Monitoring Unit, following the policy and directives issued by Nepal Rastra Bank and other regulatory bodies.

The Board of Directors is fully committed to comply with the unified directives issued by Nepal Rastra Bank and the conduct to be followed by the operators in accordance with the prevailing laws and regulations. The Board of Directors adheres to the directives on good governance issued by Nepal Rastra Bank and Securities Board of Nepal and other provision related to corporate governance as prescribed by prevailing law. The bank has been regularly publishing notices and necessary information to the stakeholders.

To expedite, streamline, and make banking operations efficient and scientific, and to formulate other necessary strategies, various committees are active in the bank as per clause no. 7 of Nepal Rastra Bank's Directive No. 6/080. These committees include the Audit Committee, Risk Management Committee, Employee Service and Benefits Committee, Anti-Money Laundering Committee, and the Executive Committee (EC) at the senior executive level, the Management Committee (MC) at the management level, the Financial Guidance Committee, the Asset/Liability Management Committee (ALCO), and others. These committees have been performing their assigned tasks, duties, and responsibilities within their respective jurisdictions. Similarly, the bank has established a Grievance Management Officer and a Chief Information

Officer at the top management level for information and communication and grievance management. In accordance with the policy directives of Nepal Rastra Bank, the bank has always been active in ensuring institutional governance by conducting all its operations fairly, transparently, and responsibly.

### **Internal control system**

The Bank has always been committed to have a strong internal control system to provide quality services to the customers and provide maximum returns to the investors by minimizing the risks inherent in the banking business such as credit, market, liquidity and operations. The Board of Directors is responsible for reviewing the bank's internal control system and its effectiveness. In order to maintain adequate internal control in the bank, the Board of Directors, Risk Management Committee, Audit Committee and various Management Level Committees have been effectively reviewing the internal control system.

More than 140 policies, rules and procedures have been formulated and implemented in line with the goal of making the internal control system of the bank more effective and efficient. Board of Directors of bank has continuously reviewed the internal control system of the bank and its effectiveness keeping in view the short-term, long-term and far-reaching impact of market risk, credit risk, operational risk, and other risks in bank.

The Board of Directors has always been committed to minimizing the short-term and long-term impacts of risk, taking into account the need to bear risk in order to achieve the financial objectives of the Bank. For this, we have been preparing and implementing the necessary procedures for the establishment of effective internal control system. Such procedures have consistently made significant contributions to the identification, reporting, evaluation and management of risks.

### **Prevention of Money Laundering**

In order to effectively control and curb the activities related to money laundering and prevention of financial investment in terrorist activities, the Bank has issued based on Prevention of Money Laundering Act, 2064 and Prevention of Money Laundering Regulations, 2073. Further, necessary policies, procedures and practices have been formulated and implemented in bank as prescribed by Nepal Rastra Bank and Financial Information Unit (FIU).

A committee has been formed under the coordination of Mrs. Bandana Karki, Director of the Bank, with the main objective of formulating and implementing necessary policies and regulations in the field of financial investment and prevention of financial activities in terrorist activities. The decisions made by this committee and the actions taken in accordance with the decision have been presented to the meeting of Board of Directors on regular basis. In addition, a separate AML / CFT unit has been set up at head office of the bank to monitor such policies and actions and KYC / AML officer has been appointed in each branch office giving necessary instructions and implementing money laundering prevention act and directive. AML and CDD policy and procedure in accordance with the directives of Nepal Rastra Bank and prevailing national and international provisions have been updated and implemented. Similarly, a management committee has been formed at the managerial level to prevent money laundering and financial investment in terrorist activities.

### **Appointment of Auditor**

On behalf of the Board of Directors, we would like to express our heartfelt thanks to G.P. Rajbahak and Co., Chartered Accountants, appointed on 24th Annual General Meeting, for their detailed reporting of the bank's transactions and accounts after comprehensive auditing. G.P. Rajbahak and Co., Chartered Accountants is eligible for reappointment as external auditor pursuant to section 111 and 112 of the Companies Act, 2063 and sections 62 and 63 of the Banking and Financial Institutions Act, 2073.

### **Board of Directors and Manipulation of the Board of Directors**

The Board of Directors of the Bank comprises total of 7 directors that includes 3 members from promoters, 3 members from general public, and 1 independent director.

The Board of Directors of the bank consists of a total of seven members, including three representatives from the Promoter shareholders, three representatives from the Public shareholders, and one independent director. Former Chairman and Director Dr. Upendra Mahato, who was appointed on behalf of Promoter shareholders, resigned from his position on personal grounds on 2023/08/07. His resignation was approved by the 491st meeting of the Board of Directors on the same date. Additionally, Independent Director Mr. Mukunda Mahat completed his four-year tenure on 2024/02/15 and therefore completed

his tenure. Consequently, in the 503rd meeting of the Board of Directors held on 2024/02/17, Mr. Peshal Raj Pokharel was appointed as the Independent Director for the next four years.

During the review period, the Board of Directors comprised the following members:

1. Chairman Mr. Roshan K.C.  
(On behalf of Promoter Shareholders)
2. Director Mr. Jaya Mukunda Khanal  
(On behalf of Public Shareholders)
3. Director Mr. Bishow Prakash Gautam  
(On behalf of Public Shareholders)
4. Director Mr. Haribhakta Sigdel  
(On behalf of Promoter Shareholders)
5. Director Ms. Bandana Karki  
(On behalf of Public Shareholders)
6. Director Mr. Peshal Raj Pokharel  
(Independent Director)

Moreover, Mr. Haribhakta Sigdel submitted his resignation to the Board on 2024/08/14, which was approved in the 514th Board meeting held on 2024/08/20. To fill the vacant position of the Promoter shareholders' representative, Mr. Mukunda Mahat was appointed. Furthermore, Mr. Anish Shah was appointed to the previously vacant director position representing the Promoter shareholders. With these changes, the current structure of the Board of Directors is as follows:

1. Chairman Mr. Roshan K.C.  
(On behalf of Promoter Shareholders)
2. Director Mr. Jaya Mukunda Khanal  
(On behalf of Public Shareholders)
3. Director Mr. Mukunda Mahat  
(On behalf of Promoter Shareholders)
4. Director Mr. Bishow Prakash Gautam  
(On behalf of Public Shareholders)
5. Director Ms. Bandana Karki  
(On behalf of Public Shareholders)
6. Director Mr. Peshal Raj Pokharel  
(Independent Director)
7. Director Mr. Anish Shah  
(On behalf of Promoter Shareholders)

### Board of Directors Meetings

The meetings of Board of Directors of the Bank is conducted regularly in accordance with the provisions of the existing act. A total of 23 meetings of the Board of Director have been held during the review period. The

Chief Executive Officer of the bank has been invited in the meeting of BODs. All Board meetings were conducted with the required quorum, and there were no instances where any director recorded a dissenting opinion. The attendance of the directors in the meeting and the details of meeting fee received are as follows:

MEMBERS	NUMBER OF MEETINGS ATTENDED	MEETINGS ALLOWANCES (IN NPR)
Former- Chairman Dr. Upendra Mahato	6	108,000
Chairman Mr. Roshan KC	23	396,500
Former- Director Mr. Mukunda Mahat	18	279,000
Director Mr. Jaya Mukunda Khanal	23	356,500
Director Mr. Bishow Prakash Gautam	23	356,500
Director Mr. Haribhakta Sigdel	23	356,500
Director Ms. Bandana Karki	21	325,500

The Board of Directors have been making appropriate decisions to make the bank more successful and strong by discussing all the areas that the Bank needs to pay attention to, including the condition of the Banks Capital Fund, Policy formulation, Corporate Governance, Loan, Operation and Market Risk. BODs has been reviewing the decisions taken in the previous meeting and the implementation status of that decision in each meeting. In addition, the implementation status of the decisions taken by the Board in the previous quarter is also reviewed on quarterly basis. The decisions made by the Internal Committees of the bank also have been presented in the meeting of the Board and necessary decisions have been taken. The Board of Directors is always committed to fulfill its roles and shall be ready for the coming days as well.

### Audit committee

Audit Committee has been carrying on its activities as per the directives given by NRB. Audit Committee of the Bank is responsible to review the financial condition of the bank, accounting, budget and internal audit procedures, monitor and supervise- whether the internal control system is appropriate or not, and if appropriate, is implemented or not, to regularly examine managerial and performance outcome of Management and Operation of the Bank for ensuring that the prevailing laws applicable to the Bank are fully complied with or not; to review the outcomes of the audit and audit plan, and the remarks in the Audit Report submitted by Internal and External auditors, and direct the Management of the Bank to apply corrective measures; to review if the direction/ remarks pointed out upon inspection and supervision by



NRB have been implemented or not, and to maintain the record of such subjects and inform the Board accordingly; to assist the Management team in making the Annual Financial Information of the Bank accurate and realistic and to provide necessary recommendations/feedbacks to the Board regarding Bank's actions. In addition to this, the committee assists the management in making the financial statement accurate and realistic, check whether bank's operation is carried with regularity, frugality, propriety, realistic or not and provide necessary suggestion to the BOD after reviewing operational activities, approve the internal audit plan and outcomes of internal audit, reviewing the quarterly financial statement of the bank, ensure whether the risk areas detected by risk based internal audit system the internal and external auditors of the bank can have direct access to the committee. As per the NRB Directives, the audit committee formed under the coordination of Non-Executive Director with additional one Non-executive director as Member and Head of Internal Audit Department as Member Secretary are as follows:

S.N.	Name	Title/Position
1	Director Mr. Mukunda Mahat	Coordinator
2	Director Mr. Peshal Rj Pokharel	Member
3	Head of Internal Audit Department Mr. Surendra Pathak	Member Secretary

**The Audit Committee held a total of 17 meetings in Fiscal Year 2023/24.**

S.N	MEETING NO:	Date of Meeting
1	252	2023-08-01
2	253	2023-08-10
3	254	2023-08-30
4	255	2023-09-12
5	256	2023-09-29
6	257	2023-10-02
7	258	2023-10-13
8	259	2023-11-02
9	260	2023-12-18
10	261	2024-01-04
11	262	2024-01-18
12	263	2024-03-07
13	264	2024-03-28
14	265	2024-04-18
15	266	2024-05-06
16	267	2024-05-16
17	268	2024-07-08

### Risk Management Committee

The main objective of this committee is to identify, monitor and manage various inherent risks of the Bank and risks that may arise in the future (credit, market operation, etc.) and submit report to the meeting of Board of Directors abiding by the functions, duties and responsibilities assigned to this Committee by the Unified Directives of Nepal Rastra Bank. Vis-à-vis give necessary suggestions to the Management of the Bank. In regards to the above, there is a four-member risk management committee in coordination of Non- Executive board as below:

S.N.	Name	Title/Position
1.	Director Mr. Jaya Mukunda Khanal	Coordinator
2.	Director Mr. Mukunda Mahat	Member
3.	Chief Operating Officer- Mr. Sunil Khatiwada	Member
4.	Deputy Chief Executive Officer- Mr. Bishwambhar Neupane	Member Secretary

### Committee on Anti-Money Laundering and Prevention of Financial Investment in Terrorist Activities

The Bank has been fully abiding the Asset (Money) Laundering Prevention Act, 2064, related Rules and Guidelines and directives issued by the Nepal Rastra Bank related to prevention/control of Money Laundering. The Bank has formulated and implemented effective Policies, Rules and Directives to prevent Money Laundering. The following five-member committee under the coordination of Non- Executive Director is formed with the primary objective to prepare and implement necessary policy/ guidelines on Asset (Money) Laundering Prevention and areas of terrorist financing:

S.N.	Name	Position
1.	Director Ms. Bandana Karki	Coordinator
2.	Director Mr. Jaya Mukunda Khanal	Member
3.	Deputy Chief Executive Officer- Mr. Bishwambhar Neupane	Member
4.	Chief Compliance Officer- Mr. Bhuvan Singh Khatri	Member
5.	Implementation Officer (AML/CFT Unit) Mr. Roshan Thapaliya	Member Secretary

In order to complying with the Acts and Directives on Money Laundering Prevention, separate AML/CFT unit has been set up at the Head office of the Bank to monitor the necessary policies and actions in the areas of prevention of Money laundering and Financial investment in terrorist

activities, and a KYC/AML officer has been nominated in each of the branch offices and necessary instructions for the same has been given. In FY 2023/24, total no. of four meeting from 26 to 29 were held for AML/CFT committee

### **Other Committees**

In addition to the above mentioned committee formed under the Directives of NRB and Bank and Financial Institutions Act, if required, Board of Directors formed other committees/sub-committees such as Merger and Acquisition Committee under the coordination of Non-Executive Director for specific purpose, time & work.

### **Information Management**

Bank has given utmost priority to information exchange among all shareholders and stake holders. In this regard, Bank has been disseminating information such as Annual Reports, Quarterly Reports, Progress Reports of other banks, and different services provided by the Bank, through various media and the Bank's website [www.machbank.com](http://www.machbank.com).

As the Annual General Meeting is a suitable and important place to draw appropriate conclusions from inquiries raised by investors and individuals from time to time, we have encouraged all shareholders to attend the annual general meeting and discuss the progress of the Bank.

### **Grievance and Hearing**

Bank has been providing services by operating a 24-Hour Customer Care Services with the objective of addressing the grievances received from customer and other stakeholders. Bank try to address grievances, suggestion and response received through Telephone, Email, Facebook, Instagram, Chatbot, Website, etc as early as possible. The Bank has set up a separate customer service centre through different mediums like mobile banking, website, email, chatbot to hear the grievances of public and customers for any inconvenience caused and disseminating information to the public. The bank has timely addressed the grievances, feedback, and suggestions received from the customer and forward it to the concerned bodies. In addition to this, Chief Grievances Handling officer has been assigned and contact details of grievances handling officer has been updated in the bank's website pursuant to direction provided by Nepal Rastra Bank for effective management of grievances received from customer and concerned stakeholder. The Bank has consistently addressed customer grievances with high priority and efficiently.

### **Capital Structure**

As of the end of 15 July 2024, the bank's total paid-

up capital stands at Rs. 11.62 billion. In line with the supplementary capital enhancement plan, the bank has already issued Rs. 5.25 billion worth of debentures in the past fiscal years. Furthermore, the bank is planning to issue non-convertible preference shares (NCPS) in accordance with the directives issued by Nepal Rastra Bank regarding capital and business expansion.

### **Note of Thanks**

We would like to express our sincere gratitude to all our esteemed customers who have been doing business in a cordial atmosphere by constantly believing in this Bank. Acknowledging the active support that the bank has been receiving from its valued customers, we are determined to provide more quality service to our customers in the days to come.

Due to the direct & indirect support, advice, suggestions, decisions and guidance extended by the shareholders of the bank, the bank has become strong, superior and expanded as of day. The Board extends its gratitude for the goodwill and trust shown towards the Bank by its shareholders. We also are committed to carry out the deepest responsibility entrusted to us by our esteemed shareholders with full dignity and decency. We would also like to express our gratitude for the continued support and inspiration from our shareholder and expect the same trust and goodwill to continue in future. We assure you that we are fully committed to the overall development of the Bank.

We would like to express our sincere gratitude to respected shareholder and regulatory bodies who have always been a guardian figure to us and provided guidance and support for the continuous progress and prosperity of the Bank, Government of Nepal, Nepal Rastra Bank, Securities Board of Nepal, Office of the Company Registrar, Nepal Stock Exchange Ltd., CDS and Clearing Ltd and all our other supportive bodies and personnel who have been providing direct or indirect support to the Bank. We are confident that we will continue to receive your support in the future as well.

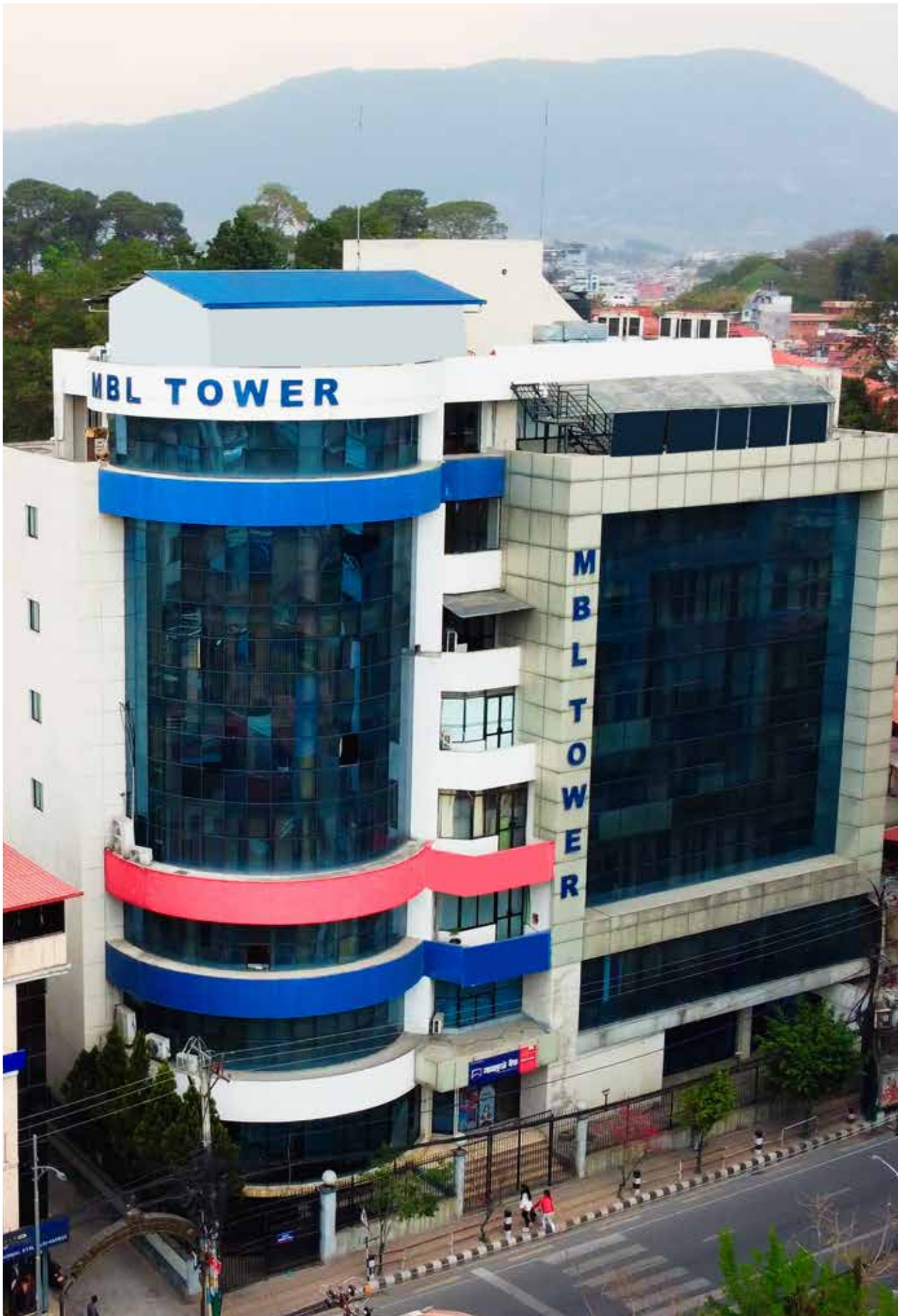
Last but not the least, I would like to express my special thanks to all the employees who are continuously working for the interest of the bank and are actively engaged to provide service, for their hard work and dedication to the customers. We would also like to take this opportunity to thank the participated shareholders and the all our well-wishers.

Thank you.

On behalf of Board of Directors,

**Mr. Roshan K.C**

Chairman







# Risk Management

The long-term financial security and success of the Bank is built on its robust risk management system. As a financial intermediary, the Bank is exposed to various risks, primarily Credit, Operational, Market, Liquidity, Information Security and other risks inherent in the bank. An independent risk management function ensures that the risk is managed through a risk management architecture as well as through policies and processes approved by the Board of Directors. The risk management function in the Bank strives to proactively anticipate vulnerabilities at the transaction as well as at the portfolio level, through quantitative or qualitative examination of the embedded risks.

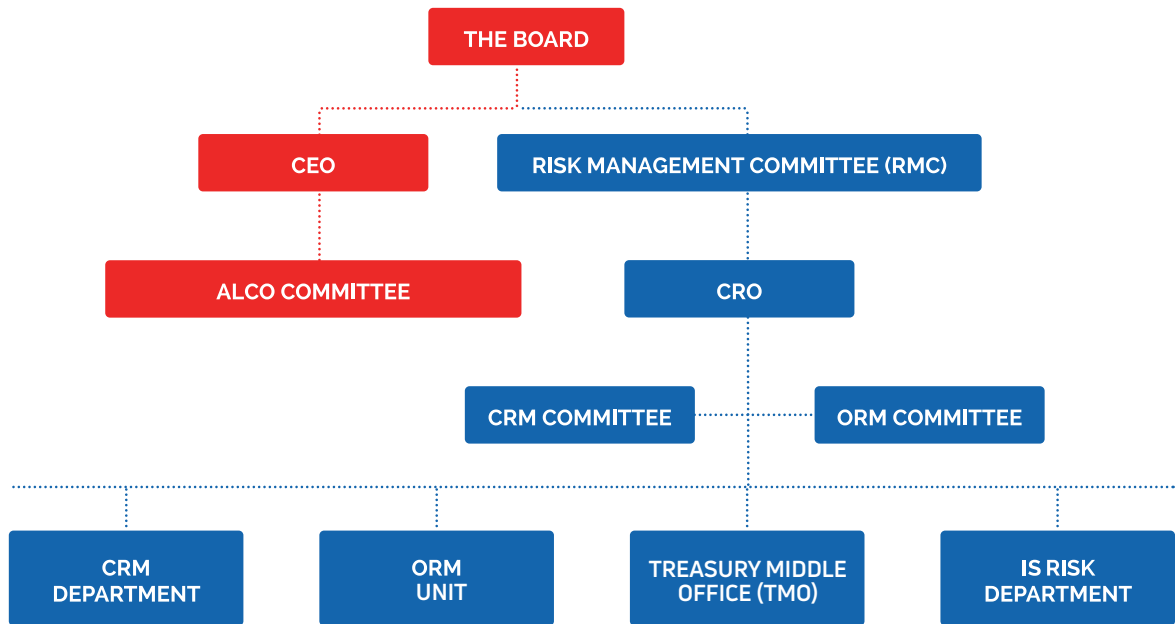
The Board of the Bank believes risk management is crucial for the Bank and even more so under uncertain circumstances, like the conditions we are currently living in. An adequate risk management involves the identification of risks and their management before they can affect the well-functioning of the Bank. Without proper risk management, Bank cannot define adequately its goals for the future.

The Board of the Bank is primarily responsible for setting out the risk policies, risk strategy, risk appetite, risk tolerance, risk mitigation etc. Such risk measures are communicated by the Board down the line for effective and timely implementation and adherence. The Board of the Bank also monitors and evaluates the risk on a regular interval and instructs Risk Management Committee (RMC) and other related departments, who are responsible for risk management of the Bank through CEO/CRO for its effective implementation.





In a broad sense, the Bank's functional structure for risk related matters are presented in the following diagrammatic exhibits:



## Risk Management Framework

A risk management framework encompasses the scope of risks to be managed, the process/systems and procedures to manage risk and the roles and responsibilities of individuals involved in risk management. The framework should be comprehensive enough to capture all risks a bank is exposed to and have flexibility to accommodate any change in business activities. An effective Risk Management Framework includes:

- Clearly defined risk management policies and procedures covering risk identification, acceptance, measurement, monitoring, reporting and control.
- A well constituted organizational structure defining clearly roles and responsibilities of individuals involved in risk taking as well as managing it. The structure should be such that ensures effective monitoring and control over risks being taken. The individuals/departments responsible for review function (Risk Departments, Internal Audit, Compliance etc.) should be independent from risk taking units and report directly to Board Committees or senior management who are not involved in risk taking.
- The framework should have a mechanism to ensure an ongoing review of systems, policies and procedures for risk management and procedure to adopt changes.

## Risk Management Committee

RMC is one of the important sub-committee of the Board, which plays a pivotal role in managing overall risk of the Bank. RMC has been working as a bridge between the Board and CRO/CEO for implementation of risk strategies and escalate important risk matters to Board that are originated from Management.

RMC comprises of maximum of 5 members: 2 from the Board of Directors or as may be decided by the Board of the Bank from time to time, and 2 from the management team. Coordinator of Audit Committee shall be ex officio member of the committee. CRO, as a member secretary, presents issues and agendas for the deliberations of the committee.



RMC examines Credit Risk, Market Risk, Liquidity Risk, Operation Risk and Information Security Risk, amongst other, at periodic interval.

Some of the major responsibilities of the RMC, but not limited to, with regards to risk management includes:

- Apprise the Board on Adequacy and Appropriateness of current Credit Risk Identification & Credit Risk Management System of the Bank and make suggestions and recommendations, as deemed appropriate, to the Board for improving and strengthening existing Credit Risk Management System of the Bank.
- Apprise and update the Board on existing Risk Management Process and Procedural Guidelines, on the level of Risk prevalent in its Business, Operation and about Risk Appetite of the Bank, Strategies developed for Credit Risk Management etc. and recommend the Board for necessary update and improvement.
- Update/ recommend the Board after discussing and analysing the Capital Adequacy based on Risk Assets, Internal Capital Adequacy Assessment Process (ICAAP), Stress testing, adequacy of the existing Policies with regard to the Business Strategy and the Bank's Credit Risk Tolerance.
- Appraise and review the stress testing carried out on a regular basis and discuss on its results. On the basis of result of stress testing, the offer suggestions to the Board for appropriate policies and decision making.
- Oversees the escalated Credit, Market, Liquidity, Operations, Information Security and other pertinent risks. Similarly, the committee also oversees the position of NPA/NBA/LLP, sectorial portfolio/portfolio diversification, ALCO report/minute, liquidity profile and many other indicators of the bank and provide advice and instructions to the management whenever necessary.
- Recommend the Board on any possible significant impact on the Bank's Financial Position arising from any problem/change in the economy. The Committee should also suggest mitigating factors to minimize the impact of such problems/changes.

## Chief Risk Officer (CRO)

CRO has important role to play in order to mitigate potential risk inherent in the Bank's business. CRO directly reports to RMC and does not have any business targets. Role of CRO in managing risk is an independent function. CRO should also be vigilant about ever changing risk profile of the bank in the dynamic environment and accordingly, propose for approval of adequate mitigating tools without hampering acceptable business activities of the bank in terms of risk tolerance and implement the same after approval. Ideally, CRO heads four separate departments/units related to overall risk management: namely Credit Risk, Operation Risk, Information Security Risk and Market/Liquidity Risk. These departments/functions directly report to CRO.

The roles and responsibilities of Chief Risk Officer shall be as follows:

- The CRO shall primarily be responsible for overseeing the development and implementation of the Bank's risk management function.
- The CRO shall be responsible for supporting the Board in its development of the Bank's risk appetite and Risk Appetite Statement for translating the risk appetite into a risk limits structure.
- The CRO, together with management, shall be actively engaged in the process of setting risk measures and limits for the various business lines and monitoring their performance relative to risk-taking and limit adherence.
- The CRO's responsibilities shall also include managing and participating in key decision-making processes (e.g. strategic planning, capital and liquidity planning, new products and services, compensation design, operations and other strategic areas).
- The CRO shall effectively implement/cause to implement all the directions/suggestions (pertaining to his area of work) of the Board and Risk Management Committee.
- The CRO shall ensure the establishment, robust implementation and strengthening the system of Internal Control, Credit/Operation/Market Risk Management System and Corporate Governance across all levels, functions and activities of the Bank.

## Three Lines of Defense

MBL's risk management philosophy is guided by the Three Lines of Defense Principle. When it comes to risk taking, each line of defense has a clear responsibility.

BOARD, CEO & SR. MGT	PROVIDES OVERSIGHT OF THE THREE LINES OF DEFENSE		
	FIRST LINE OF DEFENSE	SECOND LINE OF DEFENSE	THIRD LINE OF DEFENSE
Role	Own and manage risks in respective areas of responsibility	Provide independent risk oversight, monitoring and reporting	Provide independent assurance
Unit	Business Segments	Risk Management, Legal & Compliance	Internal Audit

### First Line of Defense

Each business owners are MBL's first line of defense. Their responsibilities include the identification and management of risks arising from and relating to their respective areas of responsibilities and ensuring that the Bank's operations remain within approved boundaries of set risk appetite and policies. As the business function are first point of contact, it is their responsibility to ensure that unwarranted risk are well filtered.

MBL has an established incident notification protocol that sets out processes for the escalation of incidents according to the level of severity. In this way, appropriate levels of management are made aware of such incidents and can take action accordingly.

### Second Line of Defense

MBL's independent oversight functions such as Risk Management Department, Legal and Compliance form the second line of defense. They are responsible for the development and maintenance of risk management policies and processes and they provide objective review and challenge on the activities undertaken by business segments.

The second line supports management to help ensure risk and controls are effectively managed. Management establishes various risk management and compliance functions to help build and/or monitor the first line-of-defense controls.

### Third Lines of Defense

The Bank's Internal Audit function independently reviews activities of the first two lines of defense based on a risk-based audit plan and methodology approved by the Audit Committee of the Board. Internal Audit provides independent assurance to the Board, the Audit Committee, senior management and regulators regarding the effectiveness of the Bank's governance and controls designed for Risk Mitigation Framework.

## Risk Exposure and Business Segments

The table below provides an overview of the risks arising from our business segments. The asset size of each business segment reflects its contribution to the balance sheet, and the Risk Weighted Assets (RWA) offer a risk-adjusted perspective.

Segment	Amt in NPR M*	Risk Weight Exposure	% of RWA*
Consumer Lending	32,938	Credit Risk	89.45%
Business Lending	40,931	Market Risk	0.81%
Corporate/Infra Lending	47,651	Operational Risk	5.63%
Microfinance+ Others	9,604	Others	4.11%
<b>Total Risk Assets</b>	<b>131,124</b>	<b>Risk Weighted Asset</b>	<b>158,425</b>

### 1. CREDIT RISK

Credit Risk is the risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. Credit Risk is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. The Bank has a robust Credit Risk Management (CRM) Department at the central level and province level; CRM Department identifies and manages Bank's credit exposures following the principle of diversification across products, geographies, and client and customer segments.

Nepal Rastra Bank, as the Central Bank of the country, has laid significant emphasis on the adequacy of a Bank's management of risk. Overall risk management is of utmost importance to Bank, and as such, policies and procedures should be endorsed and strictly enforced by the senior management and the Board of the Bank. In the dynamic environment the risk also changes. An enterprise, segment or an industry are influenced by many internal and external factors that the risk keep on changing which is why credit risks have to be evaluated on an ongoing basis. Credit risk is tied up with the potential return on an investment,

so as the quantum of risk rises so has to be the pricing, having said that, pricing alone might not be the exhaustive measure / mitigation of credit risk. Portfolio as a whole, its performance, individual capacity, net-worth, market trend etc. also plays influential role on pricing determination. The goal of credit risk management is to maximize Bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters.

Credit Risk Management is a discipline at the core of every financial institution and encompasses all the activities that affects its risk profile. It involves identification, measurement, monitoring and controlling risks to ensure that;

- The individuals who take or manage risks clearly understand it.
- The Bank's risk exposure is within the limits established by Board of Directors.
- Risk taking decisions are in line with the business strategy and objectives set by Board of Directors.
- The expected payoffs compensate for the risks taken.
- Risk taking decisions are explicit and clear.
- Sufficient capital as a buffer is available to take risk, etc.

Risk management, as commonly perceived, does not only mean minimizing risk; rather the goal of risk management is to optimize risk-reward trade-off. Notwithstanding, the fact that banks are in the business of taking risk, it should be recognized that an institution need not engage in business in a manner that unnecessarily imposes risk upon it, nor it should absorb risk that can be transferred to other participants. Rather it should accept those risks that are uniquely part of the array of bank's services.

Credit Risk Management Department is assigned the responsibility to undertake actions related to credit risk management of the Bank. The Bank has formulated and implemented a Credit Risk Management Policy and sets Credit Strategy, on an annual basis, to provide guidelines and direction for credit risk management.

### 1.1 Credit Risk Management at MBL

MBL's approach to Credit Risk Management comprises the following building blocks:

**Credit Risk Governance**

**Policies**

**Risk Methodologies**

**Processes, systems and reports**

## A. Credit Risk Governance

Risk Governance structure of MBL comprises of the following:



### Credit Risk Management Committee (CRMC)

CRMC is a management level risk management committee formulated in order to ensure that risk portfolios are understood, analyzed and addressed in a timely manner. CRMC comprises of the CRO as coordinator, DCEO Business, AGM Business, Head of Treasury Front & Correspondent Banking, Head of SAM, Head/s of Credit Risk Management Department and CPOs/Head of Credit Business. There could be other invitees in the Committee as per the requirement. The Committee meet at least every quarter to discuss various aspects of risk management.

### Credit Risk Management (CRM) Department

MBL has separate department called CRM department, an independent function of the Bank, which does not have any business targets; rather its objective is to reduce level of NPL, and delinquent borrowers and to improve risk assets quality of the Bank besides improving service standard. CRM of the MBL is a centralized function, however to have a better control and timely decision Risk RMs are also stationed at province level, which controls overall risk inherent in the lending portfolio. It reports to Chief Risk Officer (CRO). The responsibility of CRM Department is primarily credit risk management for the lending activities of the Bank. The Department identifies and points out the underlying risks in the credit proposal on ongoing basis and suggest appropriate mitigation, as and where applicable. It critically reviews the credit proposals and provides the integral observations to the competent authority of the bank, based on which the competent authority may support/approve or decline the credit proposal depending upon the merit of credit proposal and after ensuring sufficient mitigations are available on risk observations.

## B. Credit Risk Policies

The dimensions of credit risk and the scope of its application are defined in the Credit Risk Management Guidelines (CRMG) of MBL. Risk function of the Bank sets the guidelines and approves them by the Board through Head Risk, CRO, CEO and RMC. CRMG is supplemented by a number of operational standards and guidelines, ensures consistency in identifying, assessing, underwriting, measuring, reporting and controlling credit risk across MBL, and provides guidance in the formulation of business-specific and/ or location-specific credit risk policies and standards.

## C. Credit Risk Methodologies

Credit Risk is managed by thoroughly understanding our customers – the businesses they are in, their repayment capacity as well as the economies in which they operate in individual borrower level, it is also managed through statistical models and data analysis in portfolio level.

### Internal Risk Grading

The assignment of credit risk ratings and setting of lending limits are integral parts of MBL credit risk management process, and the Bank use a rating model for all customers.

Bank is in process of linking those ratings with pricing i.e. risk based pricing and capital allotment. Individual credit proposals are classified from Low Risk range to High Risk range according to the scores attained by individual borrower. Review frequency, acceptability of proposal and pricing are also substantiated with those scores.

A: Low Risk

C: Moderate Risk

E: Average Risk

G: High Risk

B: Minimal Risk

D: Better than Average Risk

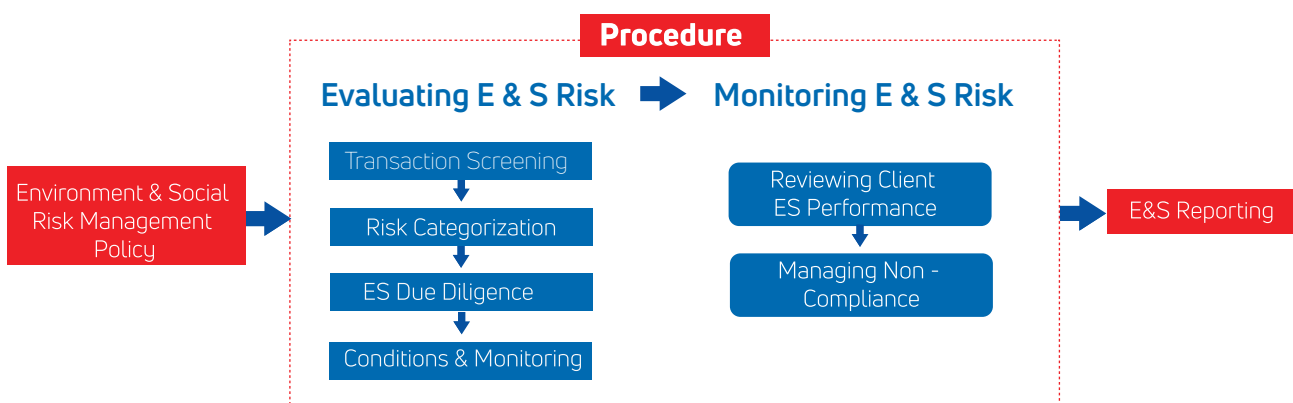
F: Acceptable Risk

Considering the dynamics in risk environment i.e. internal as well as external, bank in regular interval, reviews those rating parameters and incorporates required changes wherever required.

## Environmental and Social Risk Management (ESRM)

Responsible financing, covering Environmental & Social Risk (ESR) issues, is a topic of increasing importance to societal constituents, and one that affects investing and lending decisions across the bank. MBL recognizes that, our financing practices have a substantial impact in the society as well as environment and failure of our customers to appropriately manage ESR issues can directly impact their operations and long-term economic viability, and the communities and environment in which they operate.

Further, regulator has already directed to formulate and implement policy to manage those risk. In line with the above, MBL has already devised Environmental & Social Risk Management Policy to integrate Environmental & Social Risk Management into overall credit risk management process. The requirements of this policy represent the minimum standards for MBL and we have also sought alignment with Regulatory standards with best practices across the industry. Escalation is required to higher authority where significant ES risk issues are identified. Further, such findings are also communicated to credit approving authority before approval. Overall ES Risk process is depicted as below:





### Credit Risk Tolerance/Concentration Risk

Our risk management processes, which are aligned with our Risk Appetite, ensure that an acceptable level of risk diversification is maintained across MBL. Thresholds are set on major industry groups, nature of facility, product, single counterparty exposures as well as off balance sheet items are established. Governance processes are in place to ensure that our exposures are regularly monitored with these thresholds in mind, and appropriate actions are taken when the thresholds are breached. MBL continually examines how we can enhance the scope of our thresholds to improve the management of concentration risk.

### Industry Profiling

The CRM Department of the Bank periodically examines the risk profile based on industry wide risk as defined by the Bank and priority is given to the large exposure in a particular industry. The risk profile is forwarded to the Chief Executive Officer for review originated from CRM Department through the line manager; the available documents shall be referred by Business Unit prior to processing of any credit facilities related to such sector. Inherent and potential risk identified by the document are considered while onboarding customers and credit underwriting.

### Training & Capacity Development

MBL perceives the importance of a strong risk culture, which refers to our shared attitudes, values and standards that shape behaviors related to risk awareness, risk taking and risk management. All our people are responsible for the management of risk, with the ultimate accountability residing with the Board. In order to develop the organization wide risk culture and develop common understanding between risk function and business function, risk department periodically conducts interaction, training & capacity development programs to bank's staffs.

## D. Processes, Systems & Reports

MBL constantly invests in systems to support risk monitoring and reporting for our business processes. The end-to-end credit process is continually being reviewed and improved through various front-to-back initiatives involving business, operations, risk management and other key stakeholders. Day-to-day monitoring of credit exposures, portfolio performance and external environmental factors potentially affecting credit risk profiles is key to our philosophy of effective credit risk management. Credit trends, which may include industry

analysis, early warning alerts and significant weak credits, are submitted to the risk committees as well as senior management, allowing key strategies and action plans to be formulated and evaluated.

### Credit Stress Testing

MBL engages in various types of credit stress testing, and these are driven either by regulators or internal requirements and management. Our credit stress tests are performed at the total portfolio or sub-portfolio level, and are generally performed to assess the impact of changing economic conditions on asset quality, earnings performance, capital adequacy and liquidity. MBL's stress testing program is comprehensive and covers all major functions and areas of business.

### Risk Register

A Risk Register is a tool for documenting identified credit risks, analyze & quantify the severance of impact, formulate appropriate risk mitigation measures, assign risk owners and calculate residual risk in case risks are not completely mitigated/avoided.

- Identification & Root Cause Analysis
- Determining Risk Ownership
- Risk Mitigation measures
- Calculating Residual Risk

MBL maintains comprehensive portfolio wise Credit Risk Register covering overall risks inherent in those portfolios. Maintenance of risk register and related reporting is done according to the guidelines formulated regarding the same. Each risk events are assessed as Low, Medium or High considering likelihood of the events and severity of consequences.

### 1.1 Credit Risk Mitigation

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, risk transfer through credit insurance and other guarantees. MBL carefully assesses reliance that can be placed on these mitigates in light of issues such as legal certainty and enforceability, market standing and counterparty risk of the guarantor etc. Although, the credit risk cannot be brought down to zero, the same can be managed through appropriate mitigating tools. Major risk that MBL faces in current scenario and mitigation measures being opted has been detailed as below:

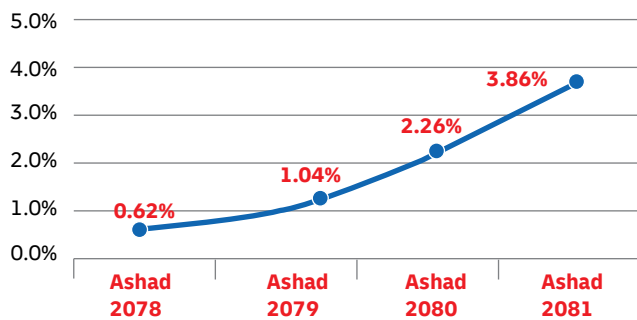
SPECIFIC RISK	SHORT DESCRIPTION AND SOURCE	RISK IMPACTS	MITIGATION TECHNIQUES OPTED BY MBL
Default Risk	Borrower's failure to repay debt. The risk arises from fund diversion, cash crunch, wrong product and over financing, borrower's willful non-payment etc.	Severe	<p>MBL Mitigates risk of Default opting following Measures (list is not exhaustive):</p> <ul style="list-style-type: none"> <li>■ Existing and projected cash flow &amp; financial analysis,</li> <li>■ Analysis &amp; Purpose Assessment,</li> <li>■ Market/industry review,</li> <li>■ Obtaining Appropriate level/Additional real estate collateral to mitigate credit risk exposures, though it must not be considered as an alternate for the source of repayment,</li> <li>■ The inspection and site visit of the business / collateral must be conducted in a frequent interval as prescribed, to ensure that the unit is a going concern and the fund is being used for purpose stipulated,</li> <li>■ Identification and analysis of early warning signals, borrower wise as well as industry wise to take timely remedial action as required,</li> <li>■ Assessment &amp; implement of Credit Structuring strategy or other remedial action wherever required etc.</li> </ul>
Recovery Risk	The risk arises from Client's business failure, Death or departure of key management people, Double financing against same asset, Decline in Collateral Value, Repossession of Collateral and Owner's Financial Capability.	Severe	<p>MBL Mitigates risk of recovery opting following measure (list is not exhaustive):</p> <ul style="list-style-type: none"> <li>■ Valuation of property accepted as collateral from authorized valuator only. Further, revaluation is required to be done by alternate valuator other than last valuator,</li> <li>■ Legal opinions and verified documentation are obtained where there are doubts on the enforceability and marketability of the collateral,</li> <li>■ Strong internal mechanism for verification of security including requirement of regular site visit,</li> <li>■ Obtaining Personal Guarantee with substantiation of net worth details, where the Personal Guarantee is taken; net worth statement of the guarantor has to be taken on best effort basis,</li> <li>■ Ensuring the insurable assets financed by the bank remain insured at all times.</li> </ul>

SPECIFIC RISK	SHORT DESCRIPTION AND SOURCE	RISK IMPACTS	MITIGATION TECHNIQUES OPTED BY MBL
Concentration Risk	Loss triggered by loss in a heavily concentrated individual concern / group / product / region / business segment. The risk arises from macro impact on particular industry, macro impact on particular product, macro impact on particular region and name / group concentration	Medium	<p>MBL Mitigates risk of recovery opting following measure (list is not exhaustive):</p> <ul style="list-style-type: none"> <li>■ Maintaining portfolio ceiling on RA concentration in particular product / sector / industry / nature / single borrower / within specific rating of loan,</li> <li>■ Fully complying with NRB directives regarding concentration risk,</li> <li>■ Stress testing and analysis of correlation within various segments/industries.</li> </ul>
External Risk	External risk may arise due to pandemic situation like outbreak of corona virus, climate change, political instability etc.	Severe	<p>External risk generally arises from the events/incident which could not be controlled by bank. Bank shall opt appropriate measures to cope with impact of such events/situations. Risk department of MBL regularly assesses credit risk that may arise from such external sources and suggests for appropriate measures to lower the impact of such incidents/events.</p>

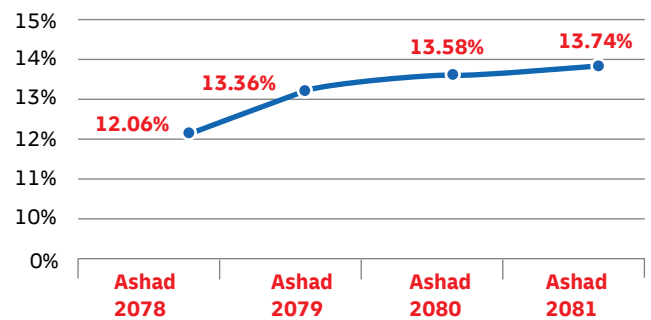


## MOVEMENT IN KEY RISK PARAMETERS

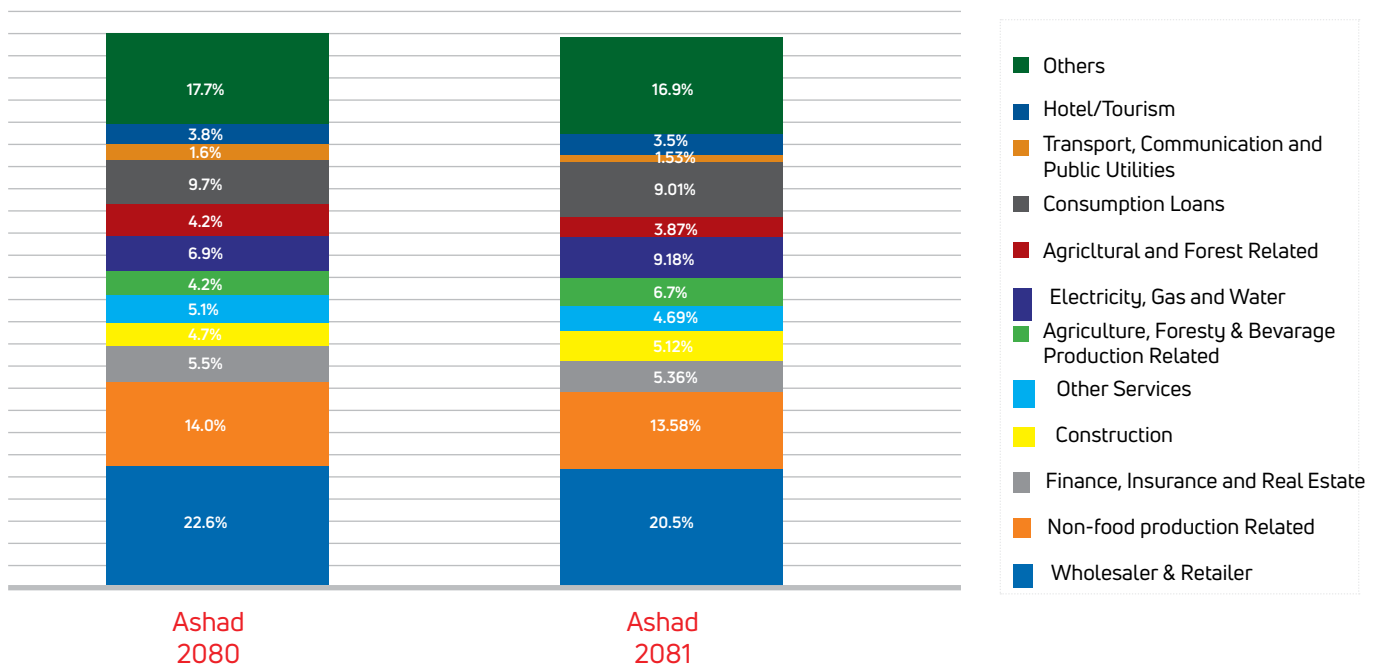
### Movement in NPA



### Movement in Total capital / RWA (CAR)



### Industrywise Concentration of RA



## 2. OPERATIONAL RISK

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. It is inherent in the Bank's day-to-day business activities. Operational Risk arises from a failure to properly control principal aspects of the Bank's activities. Basel II has projected seven types of operational risks that banks and financial institutions should bring into focus such as i) Internal Fraud, ii) External Fraud, iii) Employment Practices and Workplace Safety, iv) Clients, Products, and Business Practice, v) Damage to Physical Assets, vi) Business Disruption and Systems Failures, and vii) Execution, Delivery, and Process Management. MBL's objective is to manage and control operational risk in a cost-effective manner within targeted levels as defined in the risk appetite.

MBL's approach to operation risk management comprises the following building blocks:

- Operation Risk Governance
- Policies
- Risk Methodologies
- Processes, systems and reports

### A. Operation Risk Governance

Risk Governance structure of MBL comprises of the following:



### Operation Risk Management Committee (ORMC)

ORMC is a management level risk management committee consisting of Senior Management of the Bank for implementation and monitoring of the Operational Risk Framework throughout the Bank. The Committee is also responsible for reviewing Operational Risk profiles of the business units, understand future changes and threats, and concur on areas of highest priority and related mitigation strategy.

The RMC at the apex level is the policy making body and is supported by the Operational Risk Management Committee (ORMC), responsible for the implementation of the Operational Risk framework of the Bank and the management of operational risks across the Bank.

### Operational Risk Unit

MBL has separate independent function called Operational Risk Unit established for effective management of operational risks in the bank. The Unit performs the jobs related to identify, measure, monitor and report operational risks as a whole and ensure that the management of operational risk in the bank is carried out as per strategy and policy. It evaluates the adequacy of tools and techniques to reduce the operational risk to acceptable level. It helps to establish policies and standards and coordinate various risk management activities. Besides, it should also provide guidance relating to various risk management tools, monitors and handle incidents and prepare reports for management and BOD.

### B. Operation Risk Policies

The Bank has implemented a robust and comprehensive Operational Risk Framework defined as part of the Board-approved Operational Risk Policy to identify, assess and monitor risks, strengthen controls and minimize Operational Risk losses. The policy sets our overall approach for managing operational risk in a structured, systematic and consistent manner. The policy establishes a process to ensure that any new or changed activity will be evaluated for operational risk prior to come into effect. The management ensures that it is communicated and understood throughout the bank. The policy is regularly reviewed and updated, to ensure it continues to reflect the environment within which the bank operates. The key policies address risk areas relating to compliance, fraud (internal or external), money laundering, damage to physical assets, clients, products & business practices, business disruptions & system failures, employment practices and workplace safety.

### C. Operation Risk Methodologies

The Bank has a strong internal control system so that material fraud and errors can be easily traced. Further, the Bank follows a scientific process for segregation of duty so that internal check be maintained. The Bank follows the Operational Risk Management Manual approved by management. In order to meet bank's operational risk management objectives, each function of the Bank identify, measure, control and report its operational risk in line with



Bank's Operational Risk Management Policy approved by Board of Directors. Operational risk appetite is defined for managing operational risk within acceptable levels through an appropriate level of management. Likewise, thresholds are predefined depending on the nature of the risk and the organization's risk tolerance which is essential for effective risk monitoring and management. Various Risk Tool kits such as ILDR, KRI and RCSA are used for identifying and analyzing the operational risks. Further, with a view to bring about an ongoing improvement in the standard of internal housekeeping and identifying and mitigating operational risk, Quality Assurance Check (QAC) are done in the branches by verifying the documents on sample basis. Each and every selected sample shall be scrutinized and graded based on its quality and compliance to related policy & guidelines.

Branches are categorized as Red, Amber and Green based on their grading where Red category denotes that the branches/ department in this category is in need of the strongest supervisory attention and monitoring as these branch/department/unit is substantially in non-compliance with procedures/ guidelines/ rules/ regulations and risk management is weak. Likewise, Amber category denotes that the branch/department in this category is in a general compliance position and Green category denotes the branch/department/unit is in a strong compliance/risk management position. The bank ensures that the operational risk mitigation/control strategies and responses effectively address all identified major operational risks in line with the operational risk tolerance set by Operational Risk Management Policy.

Additional methodologies are in place to address subject-specific risks, including, but not limited to, the following:

#### Reputational Risk

Reputational Risk is the risk of possible damage to the Bank's brand and reputation resulting in loss of earnings or adverse impact on market capitalization or could be perceived as by the stakeholders to be inappropriate, unethical, or inconsistent with bank values and beliefs. The Bank's Corporate Governance Policy establishes the framework for the governance and management of reputational risk. The framework aims to protect the Bank's reputation and restrict the ability to undertake any activities that may cause material damage to the Bank's branding. The bank has clearly set the code of conduct / code of ethics which defines acceptable and unacceptable behaviors and explicitly disallow behavior that could lead to any reputation risks or improper or illegal activity,

such as financial misreporting, money laundering, fraud, anti-competitive practices, bribery and corruption, or the violation of consumer rights and make clear that employees are expected to conduct themselves ethically in addition to complying with laws, regulations and company policies.

Reputation Risk can emerge at all business levels and has the following key components:

- i. Corporate reputation risk which relates to a bank's performance, strategy, execution and delivery of its services. This is closely knotted with management's reputation risk in their ability to create shareholder value and managing capital pricing.
- ii. Operational or business reputation risk where an activity, action, or stance taken by a bank, any of its affiliates or its officials will impair its image with one or more of its stakeholders resulting in loss of business, and/or disproportionate decrease in the value of a banking bank.

#### Contingency Planning

MBL have disaster recovery and business continuity plans to ensure its ability to operate as a going concern and minimize losses in the event of severe business disruption. The business disruption and contingency plans should take into account different types of scenarios to which the bank may be vulnerable and should be commensurate with the size and complexity of its operations. Management should identify critical business processes, including those where there is dependence on external vendors or other third parties, for which rapid resumption of service would be most essential.

#### D. Process, systems and reports

Robust internal control processes and systems are integral to identifying, assessing, monitoring, managing and reporting operational risk.

All units are responsible for the day-to-day management of operational risk in their products, processes, systems and activities, in accordance with the various frameworks and policies. The Operational Risk Unit oversight and control the following functions:

- Oversee and monitor the effectiveness of operational risk management
- Assess key operational risk issues with the units
- Report and/ or escalate key operational risks to risk committees with recommendations on appropriate risk mitigation strategies

### 3. MARKET AND LIQUIDITY RISK

Market Risk is the risk that earnings or capital will be adversely affected by changes in market variables such as interest rates, foreign exchange rates, volatilities, credit spreads, commodity and equity prices. The risk may pertain to interest rate related instruments (interest rate risk), equities (equity price risk) and foreign exchange rate risk (currency risk).

Liquidity is a bank's capacity to fund increase in assets and meet both expected and unexpected cash and collateral obligations at a reasonable cost and without incurring unacceptable losses. Liquidity risk is the inability of a bank to meet such obligations as they become due, without adversely affecting the bank's financial condition.

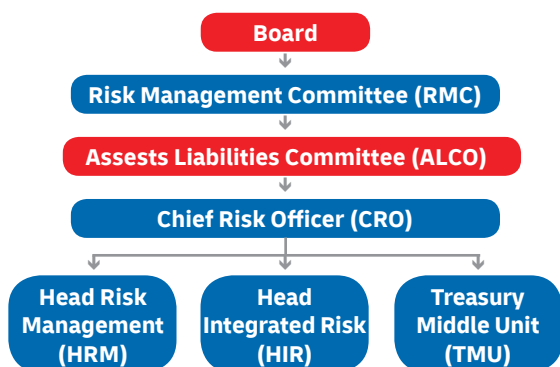
The obligations could be both 'On' and 'Off' balance sheet. By the inherent nature of its business model, banks are always vulnerable to liquidity and solvency problems that can arise from mismatches in the tenor of its assets and liabilities.

MBL's approach to market & liquidity risk management comprises the following building blocks:

- Market/Liquidity Risk Governance
- Policies
- Risk Methodologies
- Processes, systems and reports

#### A. Market/Liquidity Risk Governance

Risk Governance structure of MBL comprises of the following:



#### Assets Liabilities Committee (ALCO)

ALCO is a management level risk management committee consisting of Senior Management of the Bank for implementation and monitoring of the market/liquidity Risk Framework throughout the Bank. ALCO currently comprises of the Chief Executive Officer, DCEOs, DGM Business, AGM Operations, AGM Business, Chief Liability Management, Chief/ Dy. Chief Risk Officer, Chief/ Dy. Chief Finance Officer, Head Institution & Corporate Deposit, Head-Treasury Front & Correspondent Banking and Treasury Middle Unit. The ALCO defines its liquidity risk management strategy and risk tolerances. It also reviews the liquidity risk management policies and procedures. Major responsibilities of the committee include:

- Keeping an eye on the structure/composition of bank's assets and liabilities and deciding about product pricing for deposits and advances,
- Deciding on required maturity profile and mix of incremental assets and liabilities,
- Articulating interest rate view of the bank and deciding on the future business strategy,
- Reviewing contingency funding sources in the stress scenario,
- Deciding on the transfer pricing policy of the bank,
- Evaluating market risk involved in introducing new products.

#### B. Market & Liquidity Risk Policy

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

The Policy of the Bank stipulates a broad framework for liquidity risk management to ensure that the Bank is in a position to meet its liquidity obligation.

## C. Risk Methodologies

### Interest Rate Risk

When interest rates fluctuate, the bank's earnings and expenses change as do the economic value of assets, liabilities, and off-balance sheet positions. The net effect of these changes is reflected in the banks' overall income and capital. Interest Rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specified period. The bank's lending, funding and investment activities give rise to interest rate risk. The risks are re-pricing risk, yield curve risk, basis risk and options risk. However, in the context of the Nepalese financial market, risk is very confined to Re-Pricing Interest Rate risk.

### Re-Pricing Risk

It arises from timing differences in the maturity of fixed rates and the re-pricing of the floating rates of the bank's assets, liabilities and off-balance-sheet positions. If the interest rate for deposits increases by 1%, the Bank may not be able to increase the interest rate on all interest-bearing assets by the same margin. Further, the maturing fixed deposit of the bank may also not be renewed at the existing interest rate. Such changes in interest rates can severely affect the Bank's profitability and net worth.

MBL uses Re-Pricing Risk Management Model to measure the impact of the interest rate change in the market and RMC can take necessary steps to make sure it does not affect the banks' profitability and net-worth. The model allows the bank to plan and take necessary action in advance to help grow its profit and net worth according to the changes expected in the market.

The risk monitoring table for interest rate risk is prepared by Treasury Middle Unit on a quarterly basis and presents report to Risk Management Committee for policy reviewing.

Foreign Exchange Risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency position. The key exchange risks are spot risk, swap risk, etc.

Commodity risk is the risk that a bank may suffer losses as a result of adverse commodity price movements during a period in which it has an open position in spot or forward open commodity position.

Net Open Position approach has been devised to measure the capital requirement for market risk. Treasury is responsible to monitor net open position on daily basis. If any open position exceeds the given limit, Treasury Middle Unit should report it to the CRO immediately. The CRO should notify to the Risk Management Committee about the breach in limit as early as possible. The excess net position shall be offloaded the very next working day with the help of NRB's intervention/ interbank transaction. In order to minimize the risk arising from changes in exchange rates, bank has maintained Exchange Fluctuation Fund as directed by Nepal Rastra Bank.

Stress Testing is conducted to assess the vulnerability of their strategies and positions.

### Equity Price Risk

It is the risk due to adverse changes in the value of investment due to price volatility. The risk arises from macroeconomic instability, market volatility, political unrest and under performance of investee company, among other factors.

### Liquidity Risk

The primary measure used by MBL to manage liquidity within the tolerance defined by the Board is cash flow maturity mismatch analysis/liquidity gap analysis. This form of analysis is performed on a regular basis under normal and adverse scenarios. It assesses the adequacy of our counterbalancing capacity to fund or mitigate any cash flow shortfalls that may occur as forecasted in the cash flow movements across successive time bands. Any occurrences of forecasted shortfalls that cannot be covered by our counterbalancing capacity will be escalated to the relevant committees for evaluation and action.

Liquidity Risk Stress Testing is performed regularly using cash flow maturity mismatch analysis, and covers adverse scenarios including general market and idiosyncratic stress scenarios. Stress tests assess our vulnerability when liability run-offs increase, asset rollovers increase and/ or liquid asset buffers decrease. In addition, ad hoc stress tests are performed as part of our recovery planning and ICAAP exercises.

Liquidity Risk control measures liquidity related ratios and balance sheet analysis are complementary tools for cash flow maturity mismatch analysis, and they are performed regularly to obtain deeper insights and finer control over our liquidity profile across different locations.

Further, regulatory ratios like CRR, SLR and the net liquid assets to total deposits ratio are well maintained by MBL as required by NRB.

#### D. Processes, systems and reports

Robust internal control processes and systems support our overall approach in identifying, measuring, aggregating, controlling and monitoring market and liquidity risk across MBL. The Market and Liquidity Risk unit manages the day-to-day market/liquidity risk monitoring, control reporting and analysis.

Treasury Middle Unit staff prepares report for the information of senior management and forecasts (simulations) showing the effects of various possible changes in market conditions related to risk exposures.

RMC/ALCO shall review following on quarterly basis;

- Detail cash flows, liabilities using Balance sheet and “off-Balance sheet values”,
- Asset product(s) profile covering sanctions, disbursements, and interest rate/fee income/spread, repayments, assets quality and collection parameters,
- Liabilities/resource mobilization products in terms of target, maturities, payment schedules, interest costs, fees, etc.,
- Hedging, transactions booked, outflows expected to arise from contingencies (letter of credit, guarantees, etc.),
- Review of liquidity/Interest rate GAP Reports,
- Stress test/simulation analysis.

## 4. INFORMATION TECHNOLOGY RISK

Information Technology Risk is the risk that could threaten the Bank’s information technology infrastructure and supported business application. Information Security is an integral part of IT Control that applies to both infrastructure and data and generally ensure Confidentiality, Integrity and Availability. Bank has separate Information Security Department that aims to ensure information security throughout the bank.

### 4.1 Information Security Principles

The basic components of information security are most often summed up by the so-called CIA triad: confidentiality, integrity, and availability.

- **Confidentiality** is perhaps the element of the triad that most immediately comes to mind when you think of information security. Data is confidential when only

those people who are authorized to access it can do so; to ensure confidentiality, you need to be able to identify who is trying to access data and block attempts by those without authorization. Passwords, encryption, authentication and defense against penetration attacks are all techniques designed to ensure confidentiality.

- **Integrity** means maintaining data in its correct state and preventing it from being improperly modified, either by accident or maliciously. Many of the techniques that ensure confidentiality will also protect data integrity—after all, a hacker cannot change data they cannot access—but there are other tools that help provide a defense of integrity in depth: checksums can help you verify data integrity, for instance, and version control software and frequent backups can help you restore data to a correct state if need be. Integrity also covers the concept of non-repudiation; you must be able to prove that you've maintained the integrity of your data, especially in legal contexts.
- **Availability** is the mirror image of confidentiality; while you need to make sure that your data can't be accessed by unauthorized users, you also need to ensure that it can be accessed by those who have the proper permissions. Ensuring data availability means matching network and computing resources to the volume of data access you expect and implementing a good backup policy for disaster recovery purposes.

MBL’s approach to Information Technology risk management comprises the following building blocks:

- Information Technology Risk Governance
- Policies
- Risk Methodologies
- Processes, systems and reports

#### A. Information Security Risk Governance

Risk Governance structure of MBL comprises of the following:



## Information Security Department

MBL has separate independent function called Information Security Department established for effective management of Information Security risks in the bank. The Department performs the jobs related to identify, measure, monitor and report Information security risks as a whole and ensure that the management of information security risk in the bank is carried out as per strategy and policy.

### B. Information Security Policies and Procedure:

The Bank has implemented board approved sound and robust Information Security Policies and Procedures that strengthen system security, reliability, availability, business continuity etc. The policies and procedures define the Key Risks, Potential Impact, and Recommended Control Activities and are related to:

- IT Governance,
- Continuous monitoring and Incident management,
- Information security,
- Data Privacy,
- Identity and Access Management,
- Physical Security,
- Business Continuity, Backup and Recovery,
- Third Party Vendors,
- Industry Issues etc.

## C. Information Technology Risk and Control (ITRC)

ITRC assures the bank around all the risks, including those introduced or enabled by the implementation of Information Technology (IT). The goal of ITRC is to help the bank become more comfortable with general IT risks and control. Moreover, it sets the stage for other ITRCs that cover in greater detail specific IT topics and associated business roles and responsibilities.

## D. IT Controls

They are specific activities performed by a person or system that have been designed to prevent or detect the occurrence of a risk that could threaten the Bank's information technology infrastructure and supported business applications. The hierarchy of IT Control and its classification are depicted below:

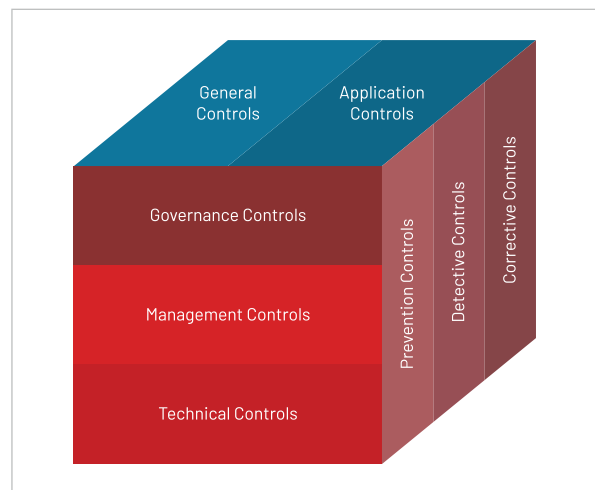


Fig: IT Control Classification

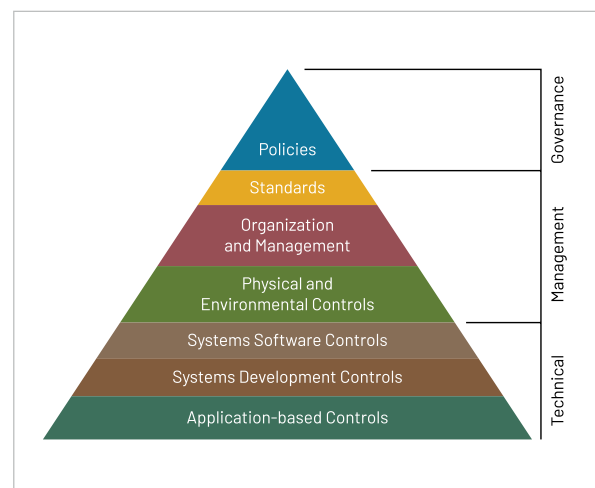
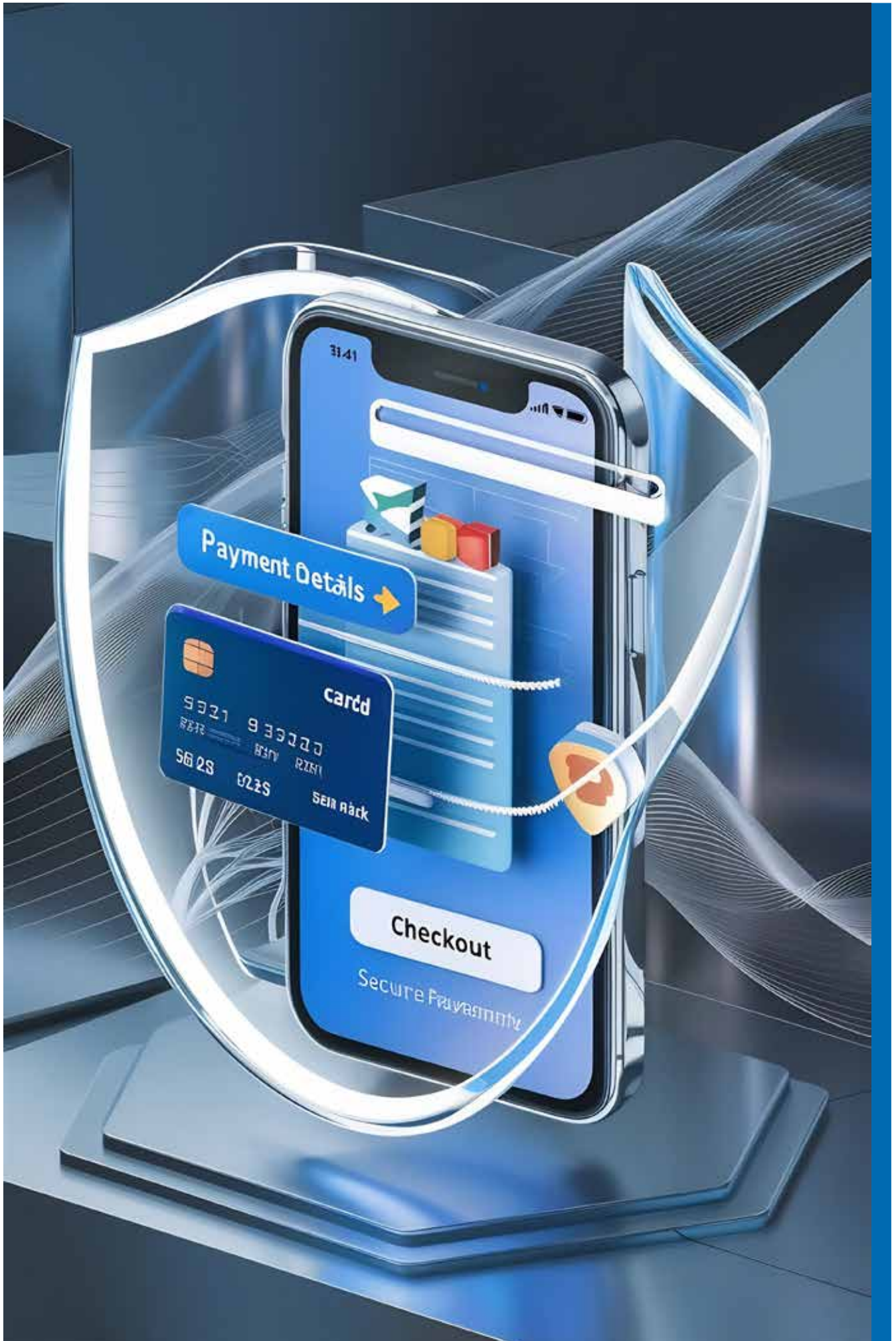


Fig: Hierarchy of IT Controls





# CORPORATE SOCIAL RESPONSIBILITY

*Banks and financial institutions play a crucial role in economic development by providing financial intermediation services. However, their responsibility extends beyond profitability—they must also contribute to the well-being of society. Ensuring a stable, inclusive, and sustainable social and environmental landscape is essential for maintaining public trust, financial stability, and long-term institutional success. While managing daily financial transactions, financial institutions must also prioritize the interests and well-being of stakeholders. To fulfill this obligation, banks and financial institutions must actively contribute to education, health, financial literacy, financial inclusion, and the upliftment of underprivileged communities.*

In line with this commitment, Machhapuchchhre Bank has embraced the philosophy that as an integral part of society, it must contribute to its betterment. In the review period, the bank continued its Corporate Social Responsibility (CSR) efforts, focusing on various areas such as environmental conservation, infrastructure development in schools and hospitals, support for monasteries and temples, provision of clean drinking water, aid to old age homes and orphanages, and assistance for individuals with disabilities.

## Financial Inclusion and Literacy

The bank launched nationwide financial literacy programs to integrate underserved communities into the formal banking system. These initiatives aimed to educate customers and the general public on financial services, thereby promoting greater financial inclusion.

## Education Sector Contributions

Education remained a major focus of the bank's CSR initiatives. A significant portion of funds was allocated to constructing and maintaining physical infrastructure in schools and providing financial support to underprivileged students.



## Bank's Major CSR Activities:-

- Construction of toilets with a water supply system at Shree Shaileshwari Secondary School in Godavari Municipality, Kailali, which was then handed over to the school management.
- Installation of a water pipeline from natural springs to Tribhuvan Jan Secondary School in Salyan District, Karnali Province, along with the construction of water tanks and a stream for the school premises.
- Support to the Pushkarini Paropakar Gokuldharm in Pokhara Bachchiduwa, Kaski District, under Gandaki Province, for the construction of cow shed for the protection of abandoned cattle.
- Financial assistance to Basant Mavi in Baglung District, supporting school building construction and renovation of school roofs in various districts of Madhesh Province.
- Provided various educational materials to basic-level students to enhance their learning experience in different districts.
- Donation of refrigerators for blood storage to Karnali

Institute of Health Sciences, Jumla.

- Support for the reconstruction of the cardiology department and arrangement of patient seating facilities at Bhimad Health Post in Tanahun District, Gandaki Province.

## CSR Fund Utilization

In the reviewed period, out of total CSR budget 97% of was utilized for various social initiatives and remaining 3% was carry forward to the current fiscal year. Additionally, the bank fully complied with the Nepal Rastra Bank's CSR guidelines, ensuring that a minimum of 10% of CSR spending was allocated to each province as required.

## Conclusion

Machhapuchchhre Bank remains committed to sustainable banking, balancing profitability with social responsibility. By investing in education, healthcare, and financial literacy, the bank continues to play an active role in improving communities nationwide. With a firm commitment to making a positive impact, the bank looks forward to further strengthening its CSR initiatives in the years ahead.

## Province wise CSR spending details.

STATE	CATEGORY	AMOUNT SPENT	%	STATE	CATEGORY	AMOUNT SPENT	%
Bagmati	Covid related expenses	120,163.31	25	Koshi	Covid related expenses	5000	12
	Direct grant	476,012			Direct grant	533,345	
	Financial Literacy Program	741,793.035			Financial Literacy Program	802,462.26	
	Digital Literacy Program	235,395.12			Social project	1,892,277.47	
	Sustainable Development Goals	997,507.50			<b>Total</b>	<b>3,233,084.73</b>	
	Social project	4,275,683.20		Lumbini	Financial Literacy Program	1,298,132	12
	Support to old age homes, kindergartens, orphanages and other institutions	14,928.32			Digital Literacy Program	28,976.86	
Gandaki	<b>Total</b>	<b>6,861,381.48</b>			Social project	124,657.42	
	Covid related expenses	7230	15		Support to old age homes, kindergartens, orphanages and other institutions	342,093.32	
	Direct grant	1,301,469.58			<b>Total</b>	<b>2,915,769.93</b>	
	Financial Literacy Program	910,776.65		Madesh	Direct Grant	500,000	12
	Open a bank account	300			Financial Literacy Program	712,978.28	
Karnali	Social project	1874134.18			Social project	1,805,674.15	
	<b>Total</b>	<b>4,093,910.40</b>		Sudurpashim	<b>Total</b>	<b>3,018,652.43</b>	
	Financial Literacy Program	605,832.28	15		Direct Grant	50,000	11
	Social project	2,665,532.51			Financial Literacy Program	797,584.28	
	Support to old age homes, kindergartens, orphanages and other institutions	25,000			Social project	2,086,094.73	
	<b>Total</b>	<b>3,296,364.79</b>			<b>Total</b>	<b>2,933,679.016</b>	
<b>Amount in Institutional Social Responsibility Fund in FY 2080-81</b>		<b>27,404,964</b>		<b>Total amount spent</b>		<b>26,352,842.81</b>	<b>97</b>
<b>Amount remaining to be spent in the fund</b>		<b>1,052,121.19</b>					

## **A. SAVING DEPOSIT PRODUCT**

- I. MBL Balbalika Bachat Khata
- II. MBL Digi Yuva Saving Account
- III. MBL Karmashil Bachat Khata
- IV. M'Smart Bachat Khata
- V. Machhapuchchhre Bachat Khata
- VI. Mero Lagani Bachat Khata
- VII. MBL Normal Saving Account
- VIII. MBL NRN Saving Deposit Account
- IX. MBL Pewa Bachat Khata
- X. MBL Samman Bachat Khata
- XI. MBL Shareholders Saving Account
- XII. MBL Smart Bachat Khata
- XIII. MBL Smart Plus Saving Account
- XIV. MBL Ek Byakti Ek Khata Yojana
- XV. MBL FCY Saving Account
- XVI. Payroll Accounts:
  1. MBL Surakshit Talab Khata
  2. MBL Smart Salary account
  3. MBL New Smart Talab Khata
  4. MBL Salary Management Account

## **B. TERMS DEPOSITS**

- I. MBL Fixed Deposit
- II. MBL Recurring Deposit





# PRODUCTS & SERVICES





## MBL Balbalika Bachat Khata

MBL's "Balbalika Bachat Khata " is a popular children's savings account in Nepal. MBL Balbalika Bachat Khata is a product designed for children aged up to 15 and below. It also favors parents who want to create an early financial plan to save a significant amount of money for their children's future. The authorized person for the child's account can make deposits and transactions via the internet and mobile banking.

### Product Features/Benefits:

- Minimum Account Balance: Zero
- This is a personal saving account for minors.
- The account will be automatically converted to the Normal Saving Account once account holder turns major legally.
- Free subscription of Internet Banking.\*

\*Charges are free for the first year only. Charges as per Standard Tariff of Charges shall be levied from second year onwards.

## MBL Digi Yuva Saving Account

Digi Yuva Saving Account is the account that are targeted to Students and Youths of 18 years and above.

### Product Features/Benefits:

- Minimum Balance: NPR 100.00
- Targeted Group: 18 years and above
- Free subscription of MBL M-Smart\* for 1st year
- 10% Discount on first top up from M-Smart.
- Free subscription of Debit Card\* and Credit Card\* for 1st year.
- Free subscription on MBL Dollar Prepaid Card\* for 1st year
- 25% Discount on issuance of Smart dollar card for 5 years.
- Free online/E-commerce transaction fee.
- Credit card limit of NPR 10,000/- and NPR 20,000/- for graduate and post-graduate levels respectively\*
- Free DMAT Account Opening\*/ Mero Share\* for 1st Year
- Free Connect IPS registration.
- Waiver of 0.25 basis points on processing fee of Education loan.

- Free Cheque Book and Account Statement on Demand.
- Free Email Bank Statement.
- Discount at various Retail Outlet on use of MBL Debit and Credit Card.
- Free Any Branch Banking Service (ABBS) Facility.

\*Charges/Discounts are free for the first year only. Charges as per Standard Tariff of Charges shall be levied from second year onwards.

## MBL Ek Byakti Ek Khata Yojana

As a part of Government's "Kholau Bank Khata Abhiyan, 2076" campaign, MBL has come up with an attractive deposit product for individuals who don't have account in any BFIs. Now, customers can easily open account with minimum documentation requirement.

### Product Features/Benefits:

- Bank will deposit NPR 100/- in the account
- Minimum Balance: NPR 100
- Interest Payment Frequency: Quarterly
- Simplified account opening form
- Annual transaction limit of the account shall be NPR 100,000.00. Customer needs to change/convert account category if the transaction exceeds NPR 100,000.00. Customer needs to provide additional information by filling up Bank's standard account opening form.
- Customer having bank account with any BFIs shall not be eligible for this account. Declaration regarding same is included on separately designed account opening form.



## MBL FCY Saving Account

Aside from Nepalese living abroad, many people residing in Nepal, both Nepalese and Foreigners, occasionally or frequently need to make traction with foreign currency due to their earnings or business. Banks in Nepal have developed foreign currency savings accounts to make foreign currency transactions safer and more convenient. Individuals must follow the Nepal Rastra Bank's guidelines/directives in order to open an FCY Account (NRB). MBL offers a Foreign Currency Saving Account to ease the burden of foreign currency salary earners. This account's opening balance is USD 10.00 or a convertible foreign currency equivalent to USD 10.00.

Description	Opening Amount
MBL Foreign Currency Saving Account – (USD/EUR/GBP)	USD 10.00 or convertible foreign currency equivalent to USD 10.00

### Eligibility:

- Nepalese nationals residing, working and earning in abroad.
- Nepalese nationals residing, working and earning in Nepal in terms of foreign currency.
- Eligible NGOs/NGOs to operate FCY Account as per the directives of NRB.
- Foreign nationals residing and working in Nepal.
- All the prospective customers who can open an FCY Account as per the guidelines/ directives of Nepal Rastra Bank (NRB).

## MBL Karmashil Bachat Khata

MBL Karmashil Bachat Khata is a remittance nature saving account. Such account is eligible to be opened by Nepalese employed/working in foreign countries with Foreign Employment Permit issued by Nepal Government Department of Foreign Employment.

### \* To be Eligible to apply IPO

As per Securities Board of Nepal (SEBON), migrant workers will get at least 10% of the primary shares (IPOs) issued by companies. Therefore, to be eligible to apply IPO share under 10% reservation, NPR 50,000 must be remitted in this account in the last six months.

### Product Features/Benefits:

- Minimum Balance: Zero
- Free Cheque Book and Account Statement on Demand
- Free ABBS Facility
- Free Subscription of Internet Banking Facility
- Free DEMAT
- Free Mero share
- Free CASBA charges
- Eligible: Nepalese employed in foreign countries with Foreign Employment Permit issued by Government of Nepal Department of Foreign Employment is eligible to open this account.

## M'Smart Bachat Khata

M'Smart Bachat Khata is online account opening service to such type of customer through web platform. Customer can open saving account through online platform i.e. Mobile Application (MBL M-SMART) for domestic customers without visiting our branches.

### Product Features/ Benefits:

- Minimum Balance: Zero
- No other debit tools like Cheque, Debit card, Internet banking, Connect IPS, wallet linking shall be issued under this saving account except mobile banking.
- Subscription fee of Mobile Banking: Free for 1st year and Re. 1 from 2nd year onward
- Credit transaction through teller is also restricted.
- Annual Transaction: Debit: Max NPR 100,000/- ; Credit: Max NPR 100,000/-
- This account can be opened by Nepali Citizens and Non-Residential Nepalese having registered mobile number of Nepal.
- Account category conversion is allowed after updating KYC. The charges shall be waived for the category conversion under this account.



## Machhapuchchhre Bachat Khata:

Machhapuchchhre Bachat Khata is one of our premium saving deposit products catering both Individual and Institutional customers (Non Profit Making Organizations). MBK customers get to enjoy highest interest rate in savings along with various benefits:

### Product Features/Benefits:

#### Features for Individual Customer:

- Minimum Balance: NPR 500.00
- Free withdrawal facility from any ATM within Nepal
- Free Subscription of Debit/Credit Card \*
- Free Cheque Book and Account Statement on Demand
- 50% Discount on Annual Rental Charge of Locker\*
- Free Subscription of internet Banking, MBL M-Smart\*
- Free Any Branch Banking Service (ABBS) Facility
- Free DMAT Account Opening/Mero Share\*
- Free C-ASBA

#### Features for Institutional Customer (NGOs/INGOs/ Trusts/other Non Profit Making Organizations):

- Minimum Balance: Zero
- Free Cheque Book and Account Statement on Demand
- Free Subscription of internet Banking\*
- Free Any Branch Banking Service (ABBS) Facility

Note: Institutional customer here means organizations (such as NGOs, INGOs, Trust and other non-profit making organizations) that are legally eligible to operate through savings accounts.

\*Charges are free for the first year only. Charges as per Standard Tariff of Charges shall be levied from second year onwards.

## Mero Lagani Bachat Khata

We have designed a new product “Mero Lagani Bachat Khata” in order to target those customers who are engaged in share transactions and sensitive towards associated cost like DEMAT, MeroShare, C-ASBA etc.

### Product Features/ Benefits:

- Minimum Balance: Zero
- All time Free - MBL M-Smart (Mobile Banking)
- All time Free - DMAT Account
- All time Free - Mero Share
- All time Free - CASBA charges
- Free - Subscription of BLB Card (if account is opened from BLB touch point)

## MBL Normal Saving Account:

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

### Product Features/ Benefits:

- Account Minimum Balance: Zero
- Free subscription of internet banking.\*

\*Charges/Discounts are free for the first year only. Charges as per Standard Tariff of Charges shall be levied from second year onwards.



## MBL NRN Saving Deposit Account:

NRN saving deposit is a specialized saving deposit account that caters the need of NRNs, who wants to invest their amount and wants to earn highest interest rate in their NRN saving account.

### MBL NRN Saving Deposit Account-FCY

- 0.15 paisa premium/rebate on FYC exchange
- Deposit and repatriation of the deposit amount can be done only through banking channel including swift and remittance through corresponding foreign bank.
- In case a customer requests to use the amount in local currency, settlement can be done in local currency upon receiving requests from the customer.
- Above mentioned terms and conditions may vary time to time as per the guidelines of the central bank of Nepal.

Currency	USD	GBP	EURO	AUD	JPY
Minimum Balance Required	1,000	1,000	1,000	1,600	150,000

### MBL NRN Savings Deposit Account NPR

- Minimum Balance: zero
- 50% waiver on charge for the locker fee\*.
- Waiver of 25 basis points for processing fee on consumer loans i.e. home loan and auto loan (Also applicable for immediate family member of NRN which includes NRN's parents, children, spouse).
- Free Internet banking facility\*

\*Charges are waived for the first year only. Charges as per Standard Tariff of Charges shall be levied from second year onwards.





## MBL Nari Shakti Bachat Khata

Women must begin saving money because they face numerous challenges, including a large Gender Pay Gap, less consistent income, and increased risks of chronic diseases, most notably uterine or breast cancer. And having their expenses paid for with their own money will make their life much easier and boost their self-esteem. Women's money, earned through numerous obstacles and struggles, must be saved to deal with future issues, whether they are single, married, divorced, or simply retired. You should look for Best Women Saving Accounts in Nepal to do so. In fact, MBL's "MBL NARI SHAKTI BACHAT KHATA." is best suited for women's savings. Nari Shakti Bachat Khata is a product offered by Machhapuchhre Bank that allows women to enjoy various banking benefits.

### Product Features/benefits:

- Minimum Account Balance: NPR 100
- Only females can open this account. (However, account operator can be male if account holder authorizes so).
- 50%, 25% and 10% discount on consecutive 1st to 3rd year annual locker rental charge.\*
- Free Subscription for 1st year or 1st Subscription of MBL M-Smart.\*
- Free Subscription for 1st year or 1st Subscription of Debit/Credit Card.\*
- Free Subscription for 1st year for DMAT/Mero Share.\*
- Free ABBS Facility

\*Charges/Discounts are free for the first year only. Charges as per Standard Tariff of Charges shall be levied from second year onwards.

## MBL Samman Bachat Khata

Bank has also developed MBL's Samman Bachat Khata, where senior citizens can begin their financial planning. MBL's Samman Bachat Khata is dedicated to honoring the years of experience of senior citizens. The Samman Bachat Khata aims to help people live self-sufficient lives after retirement by setting aside money for their financial needs.

### Product Features/Benefits:

- Minimum Account Balance: NPR 100.00
- Free subscription of Internet Banking\*
- 50% Discount on Charge of Locker\*
- Free Any Branch Banking Annual Rental Service (ABBS) facility
- 50 years and above are only eligible to open this account
- This account may be opened in the joint name with immediate family members whose age is more than 50 Years.

\*Charges/Discounts are free for the first year only. Charges as per Standard Tariff of Charges shall be levied from second year onwards.

## MBL Shareholders Saving Account

This saving deposit scheme aims to serve the banking need of shareholders of MBL by providing complete financial solutions.

### Product Features/Benefits:

- Minimum Account Balance: Zero
- Free subscription of Debit Card\*
- Free Any Branch Banking Service (ABBS) facility
- Free subscription of Internet Banking\*
- 50% Discount on Annual Rental Charge of Locker\*
- Free DMAT Account Opening/Mero Share\*
- This account can be opened by the Shareholder of MBL

\*Charges/Discounts are free for the first year only. Charges as per Standard Tariff of Charges shall be levied from second year onwards.



## MBL Smart Bachat Khata:

Machhapuchhre Bank's Smart Bachat Khata matches your financial expectation as it has the perfect ratio of merging digitalization in banking services with an interesting interest rate and lucrative insurance benefits, making it the Best Saving Accounts in Nepal. The best thing about MBL's New Smart Bachat Khata is that customers can open an account with MBL's Smart Bachat Khata from anywhere in the world and they provide impressive interest rate and other insurance benefits.

### Product Features/Benefits:

- Minimum Balance: NPR 1,000.00
- 50% Discount on Annual Rental Charge of Locker\*
- Free Subscription of Internet Banking, MBL M-Smart\*
- Free Subscription of Debit/Credit Card \*
- Free Any Branch Banking Service (ABBS) Facility
- Free DMAT Account Opening/Mero Share\*
- Free C-ASBA

\*Charges are free for the first year only. Charges as per Standard Tariff of Charges shall be levied from second year onwards.

## MBL Smart Plus Saving Account

MBL Smart plus Saving Account is a premium product designed for the customers who are seeking better return in saving account. All the valued customers of all age groups will get highest interest rate from this product.

### Product Features/Benefits:

- Minimum Balance: NPR 5,000/-
- Free Cheque Book and Account Statement on Demand
- 50% Discount on Locker Charge shall be provided to the customer\*
- Free Subscription of Internet Banking Facility\*

- Free Subscription of MBL M-Smart\*
- Free Subscription of Debit Card \*
- Free ABBS Facility
- Free DMAT Account Opening\*
- Free Subscription of Credit Card\*
- Free Subscription of Mero Share\*
- Free activation of Debit/Credit/ Dollar card for E-commerce transaction (online payment).

\*Charges are free for the first year only. Charges as per Standard Tariff of Charges shall be levied from second year onwards.

## MBL Surakshit Talab Khata

MBL Surakshit Talab Khata is a payroll management scheme that focuses on cash management of organizations having wider network across country. Employees get to enjoy the insurance benefits from the payroll scheme.

### Product Features/Benefits:

- Minimum Account Balance: Zero
- Free Cheque Book and Account Statement on Demand
- 50% Discount on Annual Rental Charge of Locker\*
- Free subscription of Internet Banking Facility, MBL M-Smart\*
- Free Any Branch Banking Service (ABBS) facility
- Free subscription of Debit Card\*
- Free DMAT Account Opening/Mero Share\*
- Insurance Coverage: Accidental Insurance of NPR 700,000.00 (including partial impairment)\*\*

\*Charges/Discounts are free for the first year only. Charges as per Standard Tariff of Charges shall be levied from second year onwards.

\*\*Conditions Apply

## MBL Smart Salary account

our Smart Salary Account is a payroll management solution for organization whilst offering the employees with insurance coverage benefits.

### Product Features/Benefits:

- Minimum Balance: Zero
- 50% Discount on Annual Rental Charge of Locker\*
- Free Subscription of Internet Banking, and MBL MBL M-Smart\*
- Free Subscription of Debit/Credit Card\*
- Free Any Branch Banking Service (ABBS) facility
- Free DMAT Account Opening/ Mero Share\*
- Free Cheque Book and Account Statement on Demand

### Health and Accidental Insurance benefits\*\*:

- Accidental Death Insurance upto NPR 700,000 (including partial impairment)
- Medical Insurance upto 50,000 (Hospitalization upto NPR 40,000 and Domiciliary upto NPR 10,000)
- Critical Illness cost upto NPR 100,000

\*Charges/Discounts are free for the first year only. Charges as per Standard Tariff of Charges shall be levied from second year onwards.

\*\*Conditions Apply

## MBL New Smart Talab Khata

Our New Smart Talab Khata is a payroll management solution for organization whilst offering the employees with insurance coverage benefits.

### Product Features/Benefits:

- Minimum Balance: NPR 20,000.00
- 1st Year or Free Subscription-Debit Card
- 1st Year or Free Subscription-Credit card
- Free for 1st Year-Demat Account Opening
- Free for 1st Year Enrollment-Mero Share
- 50% Waiver for 1st Year-Locker charge
- Free Any Branch Banking Service (ABBS) Facility

- 1st Year or Free Subscription-Internet Banking
- 1st Year or Free Subscription-Mobile Banking
- Free C-ASBA

### Health and Accidental Insurance benefits\*\*:

- Accidental Death Insurance up to NPR 1,000,000 (including partial impairment)
- Hospitalization cost up to NPR 100,000 (Hospitalization upto NPR 80,000 and Domiciliary upto NPR 20,000)
- Critical Illness cost up to NPR 300,000

\*Charges/Discounts are free for the first year only. Charges as per Standard Tariff of Charges shall be levied from second year onwards.

\*\*Conditions Apply

## MBL Salary Management Account

MBL Salary Management Account is also a payroll management scheme which focuses on cash management requirements of organizations.

### Product Features/Benefits:

- Minimum Account Balance: Zero
- Statement of each staff provided every quarter upon request
- 50% Discount on Annual Rental Charge of Locker\*
- Free Internet Banking Facility, MBL Mobile Money (M-Smart)\*
- Free Any Branch Banking Service (ABBS) facility
- Free Subscription of Debit Card\*
- Account to be automatically downgraded to Normal Saving Account if salary is not received in the customer's account for six consecutive months.

\*Charges/Discounts are free for the first year only. Charges as per Standard Tariff of Charges shall be levied from second year onwards.

## MBL Fixed Deposit:

MBL Fixed Deposit Account is a financial instrument provided by MBL to its valued customer which provides investors with higher rate of interest than a regular saving account.

### a) Individual Fixed Deposit (NPR):

- Tenure: 3 months and above
- Minimum amount : NPR 50,000/-
- Fixed Deposits can be opened directly from MBL M-Smart App, Internet Banking and website in real time.
- Up to 90% of the Fixed Deposit amount can be taken as Loan

### b) Institutional Fixed Deposit (NPR):

- Tenure: 6 months and above
- Minimum amount : NPR 50,000/-
- Up to 90% of the Fixed Deposit amount can be taken as Loan

### c) MBL NRN Fixed Deposit (FCY):

MBL NRN Fixed deposit account (FCY) nurture the needs of NRN by providing fixed deposit facility in different currencies.

- Deposit Period: 1- 5 years
- The repatriation of the interest earned from the accounts will be repatriated to the bank account of the sender remittance amount sent country only. The amount of these accounts can be spend in Nepal or transfer to the NPR account as requested from the account holders.
- Interest earned from the amount deposited in the fixed deposit and saving accounts will be deposited on a quarterly basis in the saving accounts of the account holders and the interest tax will be imposed as per the Nepalese tax laws.
- In case of the principal of fixed deposit, it should be returned only after the expiry of the payment

period. But if the tenure of fixed deposit is more than one year, it can be returned by prematuring the FD upon completion of one year period and as per the desire of depositor.

- Above mentioned terms and conditions may vary time to time as per the guidelines of the central bank of Nepal.

Currency	USD	GBP	EURO	AUD	JPY
Minimum Balance Required	1,000	1,000	1,000	1,600	150,000

### d) MBL Recurring Deposit Account:

MBL Recurring Deposit is a tool to mobilize small deposits in the form of regular savings for future investments. Be it for your children's education, marriage ceremony, retirement days or investment, our customers will be able to save sizeable amount of money with this scheme

#### Features:

- Flexible saving option: from 6 months to 20 years
- Standing Instruction for debit authority
- Higher interest rate than saving deposit schemes





# TECHNOLOGIES

“**Banking sector is experiencing a significant transformation driven by remarkable technological disruptions. The traditional legacy banking models have evolved into dynamic digital ecosystems that offer convenient and efficient financial services.**

The integration of cutting-edge technologies has revolutionized the way customers interact with banks, enhancing security, speed, and accessibility like never before. Customers are now demanding seamless services to meet their banking requirements.

Since, people have easy access to banking, and can access their bank accounts at any time. As a result, customers are becoming less likely to visit actual bank offices for simple tasks like fund transfers or bill payments as well as longer

processes like Account Opening or DEMAT Account opening. People's preference for quick and fast banking interactions and their increasingly hectic schedules can be the reason for this aversion to branch visits.

MBL provides a wide variety of banking services through its digital platforms in response to the changing needs of its customers and in an effort to provide a smooth digital banking experience. Customers can execute various banking activities using these

platforms. These platforms let users open accounts, transfer money, pay bills, and perform other banking tasks all from the convenience of their homes or other remote locations. MBL seeks to meet the needs of its clients and give them a better, more convenient banking experience by embracing digital solutions.

The bank guarantees that customers have access to a wide range of financial services conveniently, securely, and effectively by providing complete digital banking services.



## MBL M-SMART: AN OMNI CHANNEL MOBILE BANKING APPLICATION OF BANK

MBL M-Smart application revolutionizes banking with its "Banking on-the-go" concept by providing a wide range of banking services (financial and non-financial) through a single, user-friendly mobile application there by limiting branch visit by customer. This cutting-edge strategy has established M-Smart as the pinnacle of convenience by allowing users securely to easily access their accounts whenever and wherever they choose. Over 800,000 MBL users have accessed this service, attesting to its widespread popularity and user satisfaction.

### 1. VIEW ACCOUNT INFORMATION

- Balance Enquiry
- View Statements
- Share Account Information

### 2. FUND TRANSFER

- Intra-Bank Fund Transfer
- Inter-Bank Fund Transfer

### 3. UTILITY BILL PAYMENTS (TOP-UP, ELECTRICITY, AIR TICKETS, WATER LANDLINE, INTERNET AND SO ON)

### 4. QR PAYMENTS

### 5. CREDIT CARD BILL PAYMENT

### 6. LOAD DIGITAL WALLETS SUCH AS ESEWA, KHALTI, ETC.

### 7. OPEN FIXED DEPOSITS

### 8. INSTANT LOAN AGAINST FD



### 9. SAVE AND SCHEDULE PAYMENTS OF REGULAR NATURE

### 10. SMS BANKING – BANKING SERVICES WITHOUT INTERNET

### 11. SMART LOAN- PREAPPROVED INSTANT LOAN

### 12. SCHEDULE PAYMENTS

### 13. CARD WEB SERVICES

### 14. NFC PAYMENTS

MBL Express Banking: Web based Internet Banking solution

Customers of MBL Express Banking can conveniently manage their accounts from the convenience of their homes or offices with flawless online banking experience. A variety of services and functionalities are offered to clients through the retail module of MBL Express Banking.

### 1. View Account Information

- Balance Enquiry
- Extract Account Statements

### 2. Fund Transfer

- Intra-Bank Fund Transfer
- Inter-Bank Fund Transfer

### 3. Utility Bill Payments (Top-up, electricity, landline, internet and so on)

### 4. Credit Card Bill Payment

### 5. Load Digital Wallets such as eSewa, Khalti, etc.

### 6. Open Fixed Deposits

### 7. Schedule and save payments of regular nature

MBL Express Banking offers Corporate Express Banking in addition to the retail module, giving businesses easy access to a full range of banking services right from their workplaces. Processes like staff management, vendor payments, and salary transfers can all be done in bulk. Even for corporate houses with numerous signatories, the corporate module

of MBL Express Banking is developed with a strong “Maker” and “Checker” philosophy, ensuring a secure and effective online banking experience.

## MBL CARDS

Carrying large amounts of cash is impractical and poses risks. MBL provides a variety of card alternatives in both NPR and USD currencies in order to address this. These include:

1. Visa Debit Cards (NPR)
2. Visa Credit Cards (NPR)
3. Visa International Credit Cards (USD)
4. Visa Prepaid Dollar Cards (USD)
5. MBL Smart Dollar Card (USD) with a load limit of USD 500 per year for international e-commerce transactions

## PRIORITY PASS FACILITY

MBL has embarked on a journey of Priority Pass Facility for our valued customer with the motive to provide prominent service. Priority Pass is the world’s largest independent airport lounge access program, providing member with quick and easy access to 1300+ airport lounges worldwide. The customers can use the priority pass on the different lounge associated with VISA. This priority pass scheme facilitates our customer to get benefit during travel through air way.

## ATM

Customers have the freedom to conduct various financial operations, such as cash

withdrawals, and balance enquiries, at any hour of the day using automated teller machines (ATMs). The need to visit busy bank branches is replaced by these self-service machines, which offer quick and convenient cash withdrawal services. Customers can also examine mini statements and conveniently check the balances of their accounts.

A comprehensive network of 200 ATM locations has been built by MBL throughout the nation. Customers are guaranteed convenient access to ATM services in various locations. The round-the-clock availability and accessibility of MBL’s ATMs reduces reliance on conventional brick-and-mortar branches and promotes a seamless banking experience.

MBL gives its customers the ability to do necessary banking chores at their convenience by utilizing the power of ATMs, facilitating quick and simple financial transactions.

## QR PAYMENTS

Two-dimensional barcodes, Quick Response (QR) codes are used to store data. They have developed into a practical way for businesses and retail consumers to quickly and easily receive payments from their customers. Users can scan QR code and make contactless payments using MBL M-Smart app or digital wallets. This kind of payment has been crucial in accelerating the shift to a cashless society.

The fact that Machhapuchchhre Bank Limited has over 70,000

registered QR merchants’ shows how widely accepted QR code payments are. By utilizing this technology, MBL makes transactions more secure and effective, improving the practicality and simplicity of the payment procedures for both businesses and customers. The transition to a cashless world is accelerated by the frictionless and contactless payment experience provided by QR code payments. With dynamic QR integration in client’s payment platforms, MBL is providing convenience the merchants and hassle free payment to its customers. MBL stands itself at forefront to drive the digital payments in Nepal by constantly innovating itself to simplify the payment centering on safety and convenience.

## MBL QR SOUND BOX

For the First time in Banking Industry, MBL have successfully introduced revolutionary MBL QR SOUND BOX instant payment notification system, a cutting-edge device that will significantly enhance our merchant relationships, retention of the QR merchants and streamline the validation process for QR payments. This unique product is currently unparalleled in the Nepalese market, providing us with a distinct competitive advantage.

The MBL QR Sound Box is an

innovative tool that not only validates QR payments but also provides real-time feedback to customers. Upon scanning the QR code and making a payment, the device will audibly announce the transaction amount. This feature is designed to help merchants identify and confirm the payment amount, ensuring transparency and enhancing their overall experience.

## POS TERMINALS

The shift of Nepal's economy to a cashless one is greatly aided by POS (Point of Sale) systems. By placing over 2,237 POS terminals in various outlets around the nation, MBL has made great progress in this area. These POS terminals offer a variety of payment choices and accept cards from the VISA, MasterCard, and Union Pay networks.

The convenience of electronic payment transactions is offered to businesses and customers through MBL's wide network of POS terminals. These terminals help grow digital transactions and lessen dependency on cash-based transactions by providing secure and effective card payment processing. MBL's aim to promoting a cashless economy and offering clients a variety of payment choices is demonstrated by its commitment to increasing the accessibility of POS terminals.

MBL actively contributes to the development of Nepal's digital payment infrastructure by deploying smart POS terminals,

enabling smoother and more secure transactions for both clients and companies.

## BRANCHLESS BANKING

For people living in distant places with little access to conventional bank branches, branchless banking services are essential for achieving financial inclusion. Machhapuchchhre Bank Ltd has established a network of more than 130 Branchless Banking Agents. These representatives are committed to providing the public with practical and easily accessible financial solutions while providing crucial banking services in rural and remote locations.

The Branchless Banking Agents of MBL function as bridge builders, connecting the bank with remote areas. MBL expands its reach to these areas by utilizing technology and strategic alliances, ensuring that they have access to crucial financial resources. Through these agents, people who live in rural locations can now take use of the convenience and advantages of financial services, promoting empowerment and economic growth in previously underserved areas.

## BUY NOW, PAY LATER (BNPL)

Instapay, a BNPL value-added product offered by MBL through its credit card services, provides financing options for consumer durables. With Instapay, customers can conveniently purchase a wide

range of items such as home appliances, electronic gadgets, furniture, jewelry, and more, and repay the amount in easy installments.

MBL has partnered with over 250 businesses, guaranteeing that Instapay consumers have access to a wide range of goods and services. This makes it possible for people to satisfy their shopping demands while taking advantage of the convenience of installment payments with their MBL credit cards. Customers using Instapay services benefit from a smooth and delightful purchasing experience because of MBL's vast network of merchant partnerships.

## ONLINE ACCOUNT OPENING

At present context, people have started to interact with banks virtually rather than visiting actual bank offices to complete chores like opening bank accounts or Demat accounts in today's hectic world. Understanding the scenario, MBL has made the procedure very simple and convenient by introducing online account opening capabilities through its website and other digital banking channels. Customers no longer need to physically visit banks in order to open bank accounts; they may do so at their own leisure and from anywhere. Due to the flexible and convenient access provided by this digital innovation, people can now conveniently fit banking services into their hectic modern schedules.

## REMITAP NEPAL

A state-of-the-art digital wallet created to streamline and speed up domestic and international transactions is RemiTap Nepal. RemiTap Nepal provides a number of features with a focus on security and efficiency, such as direct fund transfers to banks, transactions through cash pickup agents, a flexible virtual money card for merchant payments at retail stores and online e-commerce platforms, utility bill payments, and remittances. With the help of an all-inclusive digital wallet,

customers can easily manage their financial activities.

## WE CHAT

MBL being the first bank in Nepal to provide WeChat Pay, has accomplished a critical milestone. WeChat Pay, which already has over 6,000 enrolled shops, provides a simple and secure payment option that is especially useful to Chinese tourists. By using WeChat Pay QR codes, this cutting-edge platform allows MBL merchants to accept payments from abroad, acting as acquirers for global trade.

The addition of WeChat Pay by MBL strengthens convenience and broadens the range of payment alternatives available to both domestic and foreign clients, further establishing the bank as a pioneer in online banking services.



# FINANCIAL STATEMENT





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

**Opinion**

We have audited the financial statements of Machhapuchchhre Bank Limited., which comprise the Statement of Financial Position as at Ashadh 31, 2081 (July 15, 2024), and the Statement of Profit or Loss, and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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 of the Bank as at Ashadh 31, 2081 (July 15, 2024), and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards [NFRS].

**Basis for Opinion**

We conducted our audit in accordance with Nepal Standards on Auditing [NSA]. 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 Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

S.No.	Key Audit Matters	Auditor's Response
a)	<b>Interest Income:</b> The interest income of the bank has to be recognized on accrual basis and following the Interest Income Guidelines 2019 issued by NRB. The Guidelines specify condition for collateral testing in case of the interest overdue for 3-12 months and suspension of accrual interest recognition for more than 12 months. Furthermore, the guidelines specify conditions for collective impairment of the loan. In case of improper application of the guidelines and determination of the Fair Value of the collateral, it imposes risk on the part of interest income. Thus, we have considered it as key audit matters.	Our audit approach included:  a. Obtained a clear understanding of the Core Banking Software of the bank, i.e. how the interest income is daily accrued regarding the loans and advances.  b. We have relied on the engineer's valuation of the collateral for determination of fair value regarding collateral testing and test checked the haircut regarding collateral fair value as per the NRB Income recognition guidelines.  c. We have test checked the interest income booking with manual



		computation and we did not find any deviation.
b)	<p><b>Investment valuation, identification and impairment:</b></p> <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 NRB Directive number 8. The investment in the government and NRB bonds and T-bills has been done on Amortized cost and rest have been valued through Fair Value through Other Comprehensive Income. The valuation of the investment requires special attention and further in view of the significance of the amount of the investment in the financial statement the same has been considered as Key Audit Matters in our audit.</p>	<p>Our audit approach regarding Investment of the bank is based on the NRB Directive 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.</p> <p>For the investment valued through OCI i.e. for quoted investment, we relied on the Last transaction price in NEPSE as on 15.07.2024. 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>
c)	<p><b>Impairment of Loans and Advances:</b></p> <p>As per NFRS 9 (carve-out issued by ICAN ), bank shall measure impairment loss on loans and advances at the higher of:</p> <ol style="list-style-type: none"> <li>Amount derived as per norms prescribed by NRB for loan loss provisioning and;</li> <li>Amount determined as per para 5.5 of NFRS adopting the incurred loss model</li> </ol> <p>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.</p> <p>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 loan that are not considered individually significant.</p> <p>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</p>	<p>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.</p> <p>Sample credit files were reviewed for the purpose of assuring the utilization of loan &amp; advances for the intended purpose, account movement and account turnover.</p> <p>We also assessed the expected future cash on the loans of loans and of the facility, 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.</p>





	<p>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.</p> <p>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.</p>	
d)	<p><b>Information Technology:</b> Since most of the information of the bank is digitally stored and transactions are carried out digitally/electronically in today's scenario, we have considered information technology status of the bank as our key audit areas.</p>	<p>We verified the interest income and expense booking regarding loan and deposit on test basis with the CBS of the bank.</p> <p>We relied on the IT audit conducted by the bank.</p> <p>We verified the provisioning of the loan and advances based on ageing on the test check basis as on 15.07.2024.</p>

#### Other Matter

We did not audit the Financial Statement and other Financial Statement of Subsidiaries namely Machhapuchchhre Capital Ltd and Machhapuchchhre Securities Ltd. The Financial Statements and other Financial Information have been audited by other auditor whose report has been furnished to us by the management. Our opinion on the Financial Statement so far as it relates to the accounts and disclosures included in respect of the subsidiary is based solely on the report of other auditor.

The auditor's report is intended solely for the intended users and should not be distributed to or used by other parties.

#### Other Information

Management is responsible for the preparation of other information. The other information comprises the information included in the Annual Report but does not include the consolidated Financial Statements and our auditor's report thereon.

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

Our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the course of our 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.

### **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 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 Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether caused 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.

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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to related disclosures in the financial statements or, if such disclosure are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidences obtained up to date of our auditor's report. However, future events or conditions may cause the Group to cease as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Group's Activities to express an opinion on Financial Statements.





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**

We have determined to communicate following matters in accordance with the requirements of NRB Directives, Companies Act, 2063, BAFIA, 2073 and other regulatory requirements: -

- We have obtained all the information and the explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- Based on our audit, proper books of accounts as required by law have been kept by the Bank.
- The Statement of Financial Position, the Statement of Profit or Loss and Other Comprehensive Income, the Cash Flow Statement, and the Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts maintained by the Bank.
- Returns received from the branch offices of the Bank were adequate for the purpose of our audit though the statements are independently not audited.
- The capital fund, risk bearing fund and the provisions for possible impairment of assets of the bank are adequate considering the Directives issued by Nepal Rastra Bank.
- In our opinion and to the best of our information and according to the explanations and from our examination of the books of accounts of the Bank, we have not come across any case where the Board of Directors or any office bearer of the Bank have acted contrary to the provisions of law, or committed any misappropriation or caused any loss or damage to the Bank and violated Directives issued by Nepal Rastra Bank or acted in a manner, as would jeopardize the interest and security of the Bank, its shareholders and its depositors.
- The business of the Bank has been conducted satisfactorily and operated within its jurisdiction and has been functioning as per NRB Directives.



**Ashesh Rajbahak, FCA**  
Partner  
**G. P. Rajbahak & Co.,**  
Chartered Accountants

Date: December 11, 2024  
Place: Kathmandu, Nepal

UDIN: 241219CA00278Nvekz



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As on 31st Asar 2081 (15 July 2024)

	NOTE	GROUP		BANK	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Assets					
Cash and cash equivalent	4.1	7,815,387,018	10,633,520,357	7,790,318,696	10,632,385,826
Due from Nepal Rastra Bank	4.2	6,340,167,398	9,309,107,697	6,340,167,398	9,309,107,697
Placement with Bank and Financial Institutions	4.3	404,770,066	1,458,314,182	404,770,066	1,458,314,182
Derivative financial instruments	4.4	4,541,338	-	4,541,338	
Other trading assets	4.5	13,272,822	489,503,750	13,272,822	489,503,750
Loan and advances to B/FIs	4.6	5,101,443,477	4,464,244,271	5,101,443,477	4,464,244,271
Loans and advances to customers	4.7	126,605,243,298	126,137,682,798	126,754,174,782	126,137,682,798
Investment securities	4.8	35,846,361,774	27,616,958,757	35,597,019,374	27,418,529,296
Current tax assets	4.9	935,648,006	784,948,803	919,481,176	774,948,142
Investment in subsidiaries	4.10	-	-	400,000,000	400,000,000
Investment in associates	4.11	-	-	-	-
Investment property	4.12	1,201,902,408	609,937,111	1,201,902,408	609,937,111
Property and equipment	4.13	1,599,778,853	1,587,805,143	1,585,982,262	1,582,407,853
Goodwill and Intangible assets	4.14	130,047,962	134,617,368	128,014,808	133,499,177
Deferred tax assets	4.15	157,434,488	91,232,820	154,282,111	85,784,940
Other assets	4.16	3,362,264,194	3,117,777,701	3,215,414,907	3,077,854,086
Total Assets		189,518,263,102	186,435,650,758	189,610,785,625	186,574,199,129
Liabilities					
Due to Bank and Financial Institutions	4.17	3,128,492,210	4,105,067,655	3,128,492,210	4,105,067,655
Due to Nepal Rastra Bank	4.18	-	13,000,000	-	13,000,000
Derivative financial instruments	4.19	-	-	-	-
Deposits from customers	4.20	158,438,188,462	153,911,739,911	158,646,909,170	154,179,631,821
Borrowing	4.21	2,091,129,011	3,395,002,561	2,091,129,011	3,395,002,561
Current Tax Liabilities	4.9	-	-	-	-
Provisions	4.22	-	-	-	-
Deferred tax liabilities	4.15	-	-	-	-
Other liabilities	4.23	3,155,880,717	3,263,462,278	3,135,039,988	3,235,672,094
Debt securities issued	4.24	5,495,481,482	5,494,038,946	5,495,481,482	5,494,038,946
Subordinated Liabilities	4.25	-	-	-	-
Total liabilities		172,309,171,882	170,182,311,351	172,497,051,861	170,422,413,077
Equity					
Share capital	4.26	11,621,357,273	10,257,155,581	11,621,357,273	10,257,155,581
Share premium		30,881,765	30,881,765	30,881,765	30,881,765
Retained earnings		(357,785,606)	1,456,169,382	(359,804,768)	1,448,531,597
Reserves	4.27	5,824,615,930	4,418,527,890	5,821,299,494	4,415,217,107
Total equity attributable to equity holders		17,119,069,362	16,162,734,618	17,113,733,764	16,151,786,050
Non-controlling interest		90,021,859	90,604,789	-	-
Total equity		17,209,091,221	16,253,339,407	17,113,733,764	16,151,786,050
Total liabilities and equity		189,518,263,102	186,435,650,758	189,610,785,625	186,574,199,129
Contingent liabilities and commitment	4.28	36,393,626,895	42,567,016,872	36,393,626,895	42,567,016,872
Net assets value per share		147.31	157.58	147.26	157.47

**Khagendra Paudel**  
Head-Finance & Planning

**Santosh Koirala**  
Chief Executive Officer

**Roshan KC**  
Chairman

As per our report of event date

**Jaya Mukunda Khanal**  
Director

**Mukunda Mahat**  
Director

**Bishow Prakash Gautam**  
Director

**Bandana Karki**  
Director

**Peshal Raj Pokharel**  
Director

**Anish Shah**  
Director

**Ashesh Rajbahak**  
Partner  
G.P. Rajbahak & Co.  
Chartered Accountants

Date: 26/08/2081  
Place: Kathmandu, Nepal

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st Asar 2081 (15 July 2024)

	NOTE	GROUP		BANK	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Interest income	4.29	16,602,004,586	19,289,214,677	16,598,693,546	19,284,514,241
Interest expense	4.30	11,595,286,036	13,897,204,568	11,610,500,770	13,912,114,688
<b>Net interest income</b>		<b>5,006,718,550</b>	<b>5,392,010,109</b>	<b>4,988,192,776</b>	<b>5,372,399,553</b>
Fee and commission income	4.31	1,393,735,487	1,429,385,210	1,361,141,856	1,396,773,457
Fee and commission expense	4.32	287,056,830	252,730,753	273,515,325	252,730,753
<b>Net fee and commission income</b>		<b>1,106,678,657</b>	<b>1,176,654,457</b>	<b>1,087,626,531</b>	<b>1,144,042,704</b>
<b>Net interest, fee and commission income</b>		<b>6,113,397,207</b>	<b>6,568,664,566</b>	<b>6,075,819,307</b>	<b>6,516,442,257</b>
Net trading income	4.33	230,382,782	280,406,792	230,382,782	280,406,792
Other operating income	4.34	88,653,754	80,830,827	79,965,526	70,074,616
<b>Total operating income</b>		<b>6,432,433,743</b>	<b>6,929,902,185</b>	<b>6,386,167,615</b>	<b>6,866,923,665</b>
Impairment charge/(reversal) for loans and other losses	4.35	1,398,187,605	1,148,259,669	1,398,187,605	1,148,259,669
Net operating income		5,034,246,138	5,781,642,516	4,987,980,010	5,718,663,996
<b>Operating expense</b>					
Personnel expenses	4.36	2,112,290,566	2,138,037,268	2,085,352,325	2,120,527,655
Other operating expenses	4.37	837,295,248	831,100,932	820,119,318	801,938,597
Depreciation & Amortization	4.38	422,287,570	418,596,302	416,619,226	415,654,232
<b>Operating Profit</b>		<b>1,662,372,754</b>	<b>2,393,908,014</b>	<b>1,665,889,141</b>	<b>2,380,543,512</b>
Non operating income	4.39	85,318,448	8,931,154	85,318,448	8,931,154
Non operating expense	4.40	97,371,670	54,232,174	97,371,670	54,232,174
<b>Profit before income tax</b>		<b>1,650,319,532</b>	<b>2,348,606,994</b>	<b>1,653,835,919</b>	<b>2,335,242,492</b>
Income tax expense	4.41	609,341,942	712,881,573	608,636,732	709,716,503
Current Tax		680,098,799	764,079,210	680,098,799	763,209,642
Deferred Tax		(70,756,857)	(51,197,637)	(71,462,067)	(53,493,139)
<b>Profit for the year</b>		<b>1,040,977,590</b>	<b>1,635,725,421</b>	<b>1,045,199,187</b>	<b>1,625,525,989</b>
<b>Profit attributable to:</b>					
Equity holders of the Bank		1,040,955,409	1,633,097,045	1,045,199,187	1,625,525,989
Non-controlling interest		22,182	2,628,376	-	-
<b>Profit for the year</b>		<b>1,040,977,590</b>	<b>1,635,725,421</b>	<b>1,045,199,187</b>	<b>1,625,525,989</b>
<b>Earnings per share</b>					
Basic earnings per share		8.96	14.05	8.99	13.99
Diluted earnings per share		8.96	14.05	8.99	13.99

**Khagendra Paudel**  
Head-Finance & Planning

**Santosh Koirala**  
Chief Executive Officer

**Roshan KC**  
Chairman

As per our report of event date

**Jaya Mukunda Khanal**  
Director

**Mukunda Mahat**  
Director

**Bishow Prakash Gautam**  
Director

**Ashesh Rajbahak**  
Partner  
G.P. Rajbahak & Co.  
Chartered Accountants

**Bandana Karki**  
Director

**Peshal Raj Pokharel**  
Director

**Anish Shah**  
Director

Date: 26/08/2081  
Place: Kathmandu, Nepal

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st Asar 2081 (15 July 2024)

	NOTE	GROUP		BANK	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Profit for the year</b>		<b>1,040,977,590</b>	<b>1,635,725,421</b>	<b>1,045,199,187</b>	<b>1,625,525,989</b>
<b>Other comprehensive income, net of income tax</b>					
<b>a) Items that will not be reclassified to profit or loss</b>					
Gain /(losses) from investments in equity instrument: measured at fair value		(4,963,116)	(3,391,904)	(4,963,116)	(3,391,904)
Gain /(losses) on revaluation		-	-	-	-
Actuarial gains/(loss) on defined benefit plans		14,846,104	61,054,033	14,846,104	61,054,033
Income tax relating to above items		1 (2,964,896)	1,017,571	(2,964,896)	1,017,571
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>		<b>6,918,092</b>	<b>58,679,700</b>	<b>6,918,092</b>	<b>58,679,700</b>
<b>b) Items that are or may be classified to profit or loss</b>					
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		-	-	-	-
<b>Net other comprehensive income that are or may be reclassified to profit or loss</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>c) Share of other comprehensive income of associate accounted as per equity method</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the period, net of income tax</b>		<b>6,918,092</b>	<b>58,679,700</b>	<b>6,918,092</b>	<b>58,679,700</b>
<b>Total comprehensive income for the year</b>		<b>1,047,895,682</b>	<b>1,694,405,121</b>	<b>1,052,117,279</b>	<b>1,684,205,689</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Bank		1,047,873,500	1,691,776,745	1,052,117,279	1,684,205,689
Non-controlling interest		2 22,182	2,628,376	-	-
<b>Total comprehensive income for the period</b>		<b>1,047,895,682</b>	<b>1,694,405,121</b>	<b>1,052,117,279</b>	<b>1,684,205,689</b>

**Khagendra Paudel**  
Head-Finance & Planning

**Santosh Koirala**  
Chief Executive Officer

**Roshan KC**  
Chairman

As per our report of event date

**Jaya Mukunda Khanal**  
Director

**Mukunda Mahat**  
Director

**Bishow Prakash Gautam**  
Director

**Bandana Karki**  
Director

**Peshal Raj Pokharel**  
Director

**Anish Shah**  
Director

**Ashesh Rajbahak**  
Partner  
G.P. Rajbahak & Co.  
Chartered Accountants

Date: 26/08/2081  
Place: Kathmandu, Nepal

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st Asar 2081 (15 July 2024)

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest received	14,675,297,937	17,664,689,577	14,671,986,897	17,659,989,141
Fees and other income received	1,393,735,487	1,429,385,210	1,361,141,856	1,396,773,457
Dividend received	-	-	-	-
Receipts from other operating activities	392,694,956	366,926,604	384,006,728	356,170,393
Interest paid	(11,095,146,304)	(13,397,165,022)	(11,110,361,038)	(13,412,075,142)
Commission and fees paid	(287,056,830)	(252,730,753)	(273,515,325)	(252,730,753)
Cash payment to employees	(2,112,290,566)	(2,138,037,268)	(2,085,352,325)	(2,120,527,655)
Other expense paid	(934,666,918)	(885,575,006)	(917,490,988)	(856,170,771)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>2,032,567,762</b>	<b>2,787,493,342</b>	<b>2,030,415,805</b>	<b>2,771,428,670</b>
<b>((Increase)/Decrease in operating assets</b>	<b>1,721,942,591</b>	<b>(5,881,047,656)</b>	<b>1,599,516,555</b>	<b>(6,090,262,221)</b>
Due from Nepal Rastra Bank	2,968,940,299	(3,261,754,152)	2,968,940,299	(3,261,754,152)
Placement with bank and financial institutions	1,053,544,116	(1,458,314,182)	1,053,544,116	(1,458,314,182)
Other trading assets	471,689,590	18,472,172	471,689,590	18,472,172
Loan and advances to bank and financial institutions	(637,199,206)	(1,856,701,228)	(637,199,206)	(1,856,701,228)
Loans and advances to customers	(1,865,748,105)	1,287,208,287	(2,014,679,589)	1,287,208,287
Other assets	(269,284,103)	(609,958,553)	(242,778,656)	(819,173,118)
<b>Increase/(Decrease) in operating liabilities</b>	<b>2,140,264,098</b>	<b>6,108,729,386</b>	<b>2,088,042,352</b>	<b>6,240,650,302</b>
Due to bank and financial institutions	(976,575,445)	(967,768,217)	(976,575,445)	(967,768,217)
Due to Nepal Rastra Bank	(13,000,000)	(3,599,515,768)	(13,000,000)	(3,599,515,768)
Deposit from customers	4,526,448,550	8,996,761,538	4,467,277,349	9,153,581,972
Borrowings	(1,303,873,550)	2,108,758,660	(1,303,873,550)	2,108,758,660
Other liabilities	(92,735,457)	(429,506,827)	(85,786,002)	(454,406,345)
Net cash flow from operating activities before tax paid	5,894,774,452	3,015,175,072	5,717,974,712	2,921,816,751
Income taxes paid	(824,753,878)	(885,965,571)	(820,178,002)	(891,945,208)
<b>Net cash flow from operating activities</b>	<b>5,070,020,573</b>	<b>2,129,209,502</b>	<b>4,897,796,710</b>	<b>2,029,871,543</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investment securities	(8,234,366,133)	(3,354,409,679)	(8,183,453,194)	(3,494,517,835)
Receipts from sale of investment securities	-	-	-	-
Purchase of property and equipment	(436,549,233)	(423,313,398)	(340,087,059)	(155,271,324)
Receipt from the sale of property and equipment	2,287,953	3,247,383	2,287,953	1,463,940
Purchase of intangible assets	2,500,671	(6,730,414)	3,415,634	(6,604,328)
Receipt from the sale of intangible assets	2,068,735	166,920	2,068,735	166,920
Purchase of investment properties	(799,981,811)	(387,052,089)	(799,981,811)	(387,052,089)
Receipt from the sale of investment properties	208,016,514	21,297,548	208,016,514	21,297,548
Interest received	1,926,706,649	1,624,525,100	1,926,706,649	1,624,525,100
Dividend received	11,660,028	3,242,169	11,660,028	3,242,169
<b>Net cash used in investing activities</b>	<b>(7,317,656,626)</b>	<b>(2,519,026,460)</b>	<b>(7,169,366,551)</b>	<b>(2,392,749,899)</b>

Contd... CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipt from issue of debt securities	1,442,536	1,279,839	1,442,536	1,279,839
Repayment of debt securities	-	-	-	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	-	-	-
Dividends paid	(71,800,089)	-	(71,800,089)	-
Interest paid	(500,139,732)	(500,039,546)	(500,139,732)	(500,039,546)
Other receipt/payment		-	-	
<b>Net cash from financing activities</b>	<b>(570,497,285)</b>	<b>(498,759,707)</b>	<b>(570,497,285)</b>	<b>(498,759,707)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,818,133,338)</b>	<b>(888,576,666)</b>	<b>(2,842,067,126)</b>	<b>(861,638,063)</b>
Cash and cash equivalents at Sawan 1, 2080	10,633,520,357	11,522,097,022	10,632,385,826	11,494,023,887
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-		
<b>Cash and cash equivalents at Asar end 2081</b>	<b>7,815,387,018</b>	<b>10,633,520,357</b>	<b>7,790,318,696</b>	<b>10,632,385,826</b>

**Khagendra Paudel**  
Head-Finance & Planning

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As per our report of event date

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Director

**Peshal Raj Pokharel**  
Director

**Anish Shah**  
Director

Date: 26/08/2081  
Place: Kathmandu, Nepal



## STATEMENT OF DISTRIBUTABLE PROFIT OR LOSS

For the year ended 31st Asar 2081 (15 July 2024)

(As per NRB Regulation)

	BANK	
	CURRENT YEAR	PREVIOUS YEAR
<b>Net profit or (loss) as per statement of profit or loss</b>	1,045,199,187	1,625,525,989
<b>Appropriations:</b>		
a. General reserve	209,039,837	325,105,198
b. Foreign exchange fluctuation fund	13,322,547	14,334,160
c. Capital redemption reserve	710,258,429	
d. Corporate social responsibility fund	10,451,992	16,255,260
e. Employees' training fund	(5,784,596)	13,472,551
f. Other	-	-
- Deferred Tax Reserve	-	-
- Investment Adjustment Reserve	-	-
- Corporate Social responsibility reserve through PL	(26,352,843)	(10,588,725)
<b>Profit or (loss) before regulatory adjustment</b>	<b>134,263,821</b>	<b>1,266,947,545</b>
<b>Regulatory adjustment :</b>		
a. Interest receivable (-)/previous accrued interest received (+)	(44,571,576)	(188,175,252)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(372,938,137)	(230,425,361)
e. Deferred tax assets recognised (-)/ reversal (+)	(71,462,067)	(36,531,608)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	14,846,104	61,054,033
i. Other (+/-)	(31,743,325)	(3,391,904)
- Interest Capitalized Reserve (ICR)	(26,780,210)	-
- Fair Value Reserve	(4,963,116)	(3,391,904)
<b>Net Profit for the Qtr end 31 Asar, 2081 available for distribution</b>	<b>(371,605,181)</b>	<b>869,477,453</b>
Opening Retained Earning as on Shrawan 1, 2080	1,448,531,596	597,244,914
Adjustment (+/-)	(729,404)	(18,190,771)
<b>Distribution</b>		
Bonus shares issued	1,364,201,692	-
Cash Dividend paid	71,800,089	-
<b>Total distributable profit or (loss) as on year end date</b>	<b>(359,804,768)</b>	<b>1,448,531,595</b>
Annualised as per Distributable Profit/Loss per share	-3.10	14.12

## CASH AND CASH EQUIVALENT

4.1

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Cash in hand	2,720,811,505	2,890,908,058	2,720,811,505	2,890,908,058
Balances with B/FIs	1,924,065,197	2,556,754,685	1,898,996,875	2,555,620,154
Money at call and short notice	3,154,955,742	4,686,691,414	3,154,955,742	4,686,691,414
Other	15,554,574	499,166,200	15,554,574	499,166,200
<b>Total</b>	<b>7,815,387,018</b>	<b>10,633,520,357</b>	<b>7,790,318,696</b>	<b>10,632,385,826</b>

Balance with B/FIs includes balance maintained at various banks and financial institutions. Cash held in foreign currency is subject to risk of changes in the foreign exchange rates. These are closely monitored, and risks, if identified, are promptly managed. Other items on cash and cash equivalents includes treasury bills within maturity below 3 months.

## DUE FROM NEPAL RASTRA BANK

4.2

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Statutory balances with NRB	6,253,748,757	5,605,741,451	6,253,748,757	5,605,741,451
Securities purchased under resale agreement	-	-	-	-
Other deposit and receivable from NRB	86,418,641	3,703,366,246	86,418,641	3,703,366,246
<b>Total</b>	<b>6,340,167,398</b>	<b>9,309,107,697</b>	<b>6,340,167,398</b>	<b>9,309,107,697</b>

Balance with the NRB is principally maintained as a part of the regulatory cash reserve ratio required by the NRB. Other deposit and receivable from NRB includes Foreign Currency balance in Nepal Rastra Bank Account. In previous Fiscal Year there was reverse repo balance of NPR 3.5 billion out of which NPR 2.5 billion was settled on 25 July 2023 and 1 billion was settled on 26 July 2023.

## PLACEMENTS WITH BANK AND FINANCIAL INSTITUTIONS

4.3

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Placement with domestic B/FIs	-	-	-	-
Placement with foreign B/FIs	404,770,066	1,458,314,182	404,770,066	1,458,314,182
Less: Allowances for impairment	-	-	-	-
<b>Total</b>	<b>404,770,066</b>	<b>1,458,314,182</b>	<b>404,770,066</b>	<b>1,458,314,182</b>

Placements with foreign Bank and financial institutions with original maturities of more than three months from the acquisition date are presented above.

## DERIVATIVE FINANCIAL INSTRUMENTS

4.4

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Held for trading</b>	-	-	-	-
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Others	-	-	-	-
<b>Held for risk management</b>	<b>4,541,338</b>	-	<b>4,541,338</b>	-
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	4,541,338	-	4,541,338	-
Other	-	-	-	-
<b>Total</b>	<b>4,541,338</b>	-	<b>4,541,338</b>	-

## OTHER TRADING ASSETS

4.5

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Treasury bills	-	-	-	-
Government bonds	-	-	-	-
NRB Bonds	13,272,822	489,503,750	13,272,822	489,503,750
Domestic Corporate bonds	-	-	-	-
Equities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>13,272,822</b>	<b>489,503,750</b>	<b>13,272,822</b>	<b>489,503,750</b>
Pledged	-	-	-	-
Non-pledged	13,272,822	489,503,750	13,272,822	489,503,750

Trading assets are those assets that the bank acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit shall be presented under this account head. It includes Citizens Saving Bond (Nagarik Bachatpatra) including any interest receivable from NRB thereon.

## LOAN AND ADVANCES TO B/FIS

4.6

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Loans to microfinance institutions	5,163,163,799	4,522,667,095	5,163,163,799	4,522,667,095
Other	-	-	-	-
Less: Allowances for impairment	61,720,322	58,422,824	61,720,322	58,422,824
<b>Total</b>	<b>5,101,443,477</b>	<b>4,464,244,271</b>	<b>5,101,443,477</b>	<b>4,464,244,271</b>

Loans to microfinance institutions also includes accrued interest receivable .

## ALLOWANCES FOR IMPAIRMENT

4.6.1

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Balance at Sawan 1	58,422,824	33,983,096	58,422,824	33,983,096
Impairment loss for the year:	3,297,498	24,439,728	3,297,498	24,439,728
Charge for the year	-	-	-	-
Recoveries/reversal	3,297,498	24,439,728	3,297,498	24,439,728
Amount written off	-	-	-	-
<b>Balance at Asar end</b>	<b>61,720,322</b>	<b>58,422,824</b>	<b>61,720,322</b>	<b>58,422,824</b>

## LOANS AND ADVANCES TO CUSTOMERS

4.7

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Loan and advances measured at amortized cost	131,638,368,142	129,783,292,536	131,787,299,626	129,783,292,536
Less: Impairment allowances	5,033,124,844	3,645,609,738	5,033,124,844	3,645,609,738
Collective impairment	1,320,939,594	1,500,373,372	1,320,939,594	1,483,237,148
Individual impairment	3,712,185,250	2,145,236,366	3,712,185,250	2,162,372,590
Net amount	126,605,243,298	126,137,682,798	126,754,174,782	126,137,682,798
Loan and advances measured at FVTPL	-	-	-	-
<b>Total</b>	<b>126,605,243,298</b>	<b>126,137,682,798</b>	<b>126,754,174,782</b>	<b>126,137,682,798</b>

## ANALYSIS OF LOAN AND ADVANCES - BY PRODUCT

4.7.1

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Product</b>				
Long Term loans	68,404,409,081	62,912,727,261	68,404,409,081	62,912,727,261
Personal	35,944,162,296	34,131,797,229	35,944,162,296	34,131,797,229
Business	18,215,219,922	19,396,922,488	18,215,219,922	19,396,922,488
Working Capital	14,245,026,863	9,384,007,544	14,245,026,863	9,384,007,544
Overdraft (Personal)	948,385,654	383,459,987	948,385,654	383,459,987
Cash Credit Loan	21,043,132,807	22,917,316,546	21,043,132,807	22,917,316,546
Trust receipt/Import loans	3,093,069,898	1,462,042,737	3,093,069,898	1,462,042,737
Short Term WC/Demand Loan	12,736,268,447	14,700,953,274	12,736,268,447	14,700,953,274
Personal residential loans	6,373,354,402	6,196,713,645	6,373,354,402	6,196,713,645
Real estate loans	1,556,314,013	1,915,233,000	1,556,314,013	1,915,233,000
Margin lending loans	467,069,650	551,827,533	467,069,650	551,827,533
Hire purchase loans	3,999,906,215	5,456,780,809	3,999,906,215	5,456,780,809
Deprived sector loans	1,526,435,885	2,222,441,138	1,526,435,885	2,222,441,138
Bills purchased	436,118,975	13,874,257	436,118,975	13,874,257
Staff loans	3,092,375,807	3,212,134,337	3,092,375,807	3,212,134,337
Other	5,247,021,039	5,540,801,489	5,395,952,523	5,540,801,489
<b>Sub total</b>	<b>128,923,861,874</b>	<b>127,486,306,012</b>	<b>129,072,793,358</b>	<b>127,486,306,012</b>
Interest receivable	2,714,506,269	2,296,986,519	2,714,506,269	2,296,986,519
<b>Grand total</b>	<b>131,638,368,142</b>	<b>129,783,292,536</b>	<b>131,787,299,626</b>	<b>129,783,292,536</b>

## ANALYSIS OF LOAN AND ADVANCES - BY CURRENCY

4.7.2

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Nepalese rupee	129,762,071,374	129,613,072,053	129,911,002,858	129,613,072,053
Indian rupee	-	-	-	-
United State dollar	1,876,296,768	170,220,483	1,876,296,768	170,220,483
Great Britain pound	-	-	-	-
Euro -	-	-	-	-
Japenese yen	-	-	-	-
Chinese yuan	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>131,638,368,142</b>	<b>129,783,292,536</b>	<b>131,787,299,626</b>	<b>129,783,292,536</b>

## ANALYSIS OF LOAN AND ADVANCES - BY COLLATERAL

4.7.3

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Secured</b>				
Movable/immovable assetst	78,573,112,960	75,703,189,742	78,573,112,960	75,703,189,742
Gold and silver	131,371,795	12,062,088	131,371,795	12,062,088
Guarantee of domestic B/FIs	-	-	-	-
Government guarantee	-	-	-	-
Guarantee of international rated bank	-	-	-	-
Collateral of export document	-	-	-	-
Collateral of fixed deposit receipt	740,637,017	1,112,586,156	889,568,501	1,112,586,156
Collateral of Governement securities	-	-	-	-
Counter guarantee	-	-	-	-
Personal guarantee	918,061,081	895,671,120	918,061,081	895,671,120
Other collateral	50,920,562,228	51,711,283,410	50,920,562,228	51,711,283,410
<b>Subtotal</b>	<b>131,283,745,079</b>	<b>129,434,792,516</b>	<b>131,432,676,564</b>	<b>129,434,792,516</b>
Unsecured	354,623,062	348,500,014	354,623,062	348,500,014
<b>Grant Total</b>	<b>131,638,368,142</b>	<b>129,783,292,536</b>	<b>131,787,299,626</b>	<b>129,783,292,536</b>



## ALLOWANCES FOR IMPAIRMENT

4.7.4

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Specific allowances for impairment</b>				
<b>Balance at Sawan 1</b>	<b>2,162,372,590</b>	<b>942,430,287</b>	<b>2,162,372,590</b>	<b>942,430,287</b>
Impairment loss for the year:	1,549,812,660	1,219,942,303	1,549,812,660	1,219,942,303
Charge for the year	1,549,812,660	1,219,942,303	1,549,812,660	1,219,942,303
Recoveries/reversal during the year	-	-	-	-
Write-offs	-	-	-	-
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	-	-	-	-
Balance at Asar end	3,712,185,250	2,162,372,590	3,712,185,250	2,162,372,590
Collective allowances for impairment				
Balance at Sawan 1	1,483,237,148	1,579,359,510	1,483,237,148	1,579,359,510
Impairment loss for the year:	(162,297,554)	(96,122,362)	(162,297,554)	(96,122,362)
Charge/(reversal) for the year	(162,297,554)	(96,122,362)	(162,297,554)	(96,122,362)
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	-	-	-	-
Balance at Asar end	1,320,939,594	1,483,237,148	1,320,939,594	1,483,237,148
<b>Total allowances for impairment</b>	<b>5,033,124,844</b>	<b>3,645,609,738</b>	<b>5,033,124,844</b>	<b>3,645,609,738</b>

## INVESTMENT SECURITIES

4.8

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Investment securities measured at amortized cost	35,396,246,372	27,291,880,239	35,146,903,972	27,093,450,778
Investment in equity measured at FVTOCI	450,115,402	325,078,518	450,115,402	325,078,518
<b>Total</b>	<b>35,846,361,774</b>	<b>27,616,958,757</b>	<b>35,597,019,374</b>	<b>27,418,529,296</b>

## INVESTMENT SECURITIES MEASURED AT AMORTIZED COST

4.8.1

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Debt securities	-	50,904,457	-	-
Government bonds	26,204,345,968	22,907,851,171	26,204,345,968	22,907,851,171
Government treasury bills	1,317,561,473	2,688,320,248	1,317,561,473	2,688,320,248
Nepal Rastra Bank bonds	-	-	-	-
Nepal Rastra Bank deposits instruments	6,000,986,301	-	6,000,986,301	-
Other	1,873,352,630	1,644,804,363	1,624,010,230	1,497,279,359
Less: specific allowances for impairment	-	-	-	-
<b>Total</b>	<b>35,396,246,372</b>	<b>27,291,880,239</b>	<b>35,146,903,972</b>	<b>27,093,450,778</b>

Other includes investment in USD Srilankan Bond, Energy Bond and Agriculture Bond. Development bond and Treasury Bill are inclusive of Accrued Interest Receivable. Bank has invested in SDF amounting NPR 6 billion on 14 July 2024 which is shown under Nepal Rastra Bank Deposit instruments with accrued interest receivable.

## INVESTMENT IN EQUITY MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOMET

4.8.2

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Equity instruments	450,115,402	325,078,518	450,115,402	325,078,518
Quoted equity securities	255,450,542	225,413,658	255,450,542	225,413,658
Unquoted equity securities	194,664,860	99,664,860	194,664,860	99,664,860
<b>Total</b>	<b>450,115,402</b>	<b>325,078,518</b>	<b>450,115,402</b>	<b>325,078,518</b>

## INFORMATION RELATING TO INVESTMENT IN EQUITIES

4.8.3

	GROUP				BANK			
	CURRENT YEAR		PREVIOUS YEAR		CURRENT YEAR		PREVIOUS YEAR	
	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
<b>Investment in quoted equity</b>								
Nepal Life Insurance Corporation (5,768 Ordinary Shares of Rs.100 paid up )	2,480,925	3,570,392	2,480,925	4,291,392	2,480,925	3,570,392	2,480,925	4,291,392
Butwal Power Company Ltd (8,690 Ordinary Shares of Rs.100 paid up )	4,839,157	2,693,900	4,839,157	2,872,045	4,839,157	2,693,900	4,839,157	2,872,045
Sanima Large Cap Fund (20,00,000 Unit of Rs. 10 each)	20,000,000	18,580,000	20,000,000	17,840,000	20,000,000	18,580,000	20,000,000	17,840,000
Kumari Equity Fund (20,00,000 Unit of Rs. 10 each)	20,000,000	19,320,000	20,000,000	20,340,000	20,000,000	19,320,000	20,000,000	20,340,000
Sunrise Bluechip Fund (20,00,000 Unit of Rs. 10 each)	20,000,000	16,540,000	20,000,000	15,700,000	20,000,000	16,540,000	20,000,000	15,700,000
NIBL Samriddhi Fund-2 (30,00,000 Unit of Rs. 10 each)	30,000,000	24,750,000	30,000,000	27,330,000	30,000,000	24,750,000	30,000,000	27,330,000
Prabhu Select Fund (14,68,090 Unit of Rs. 10 each)	14,680,900	14,372,601	14,680,900	12,992,597	14,680,900	14,372,601	14,680,900	12,992,597
NIC Asia Select 30 Index Fund (NICSF) (2,00,00,000 Unit of Rs. 10 each)	20,000,000	19,200,000	20,000,000	17,980,000	20,000,000	19,200,000	20,000,000	17,980,000
RBB Mutual Fund-1 (RMF1) (1,00,00,000 Unit of Rs. 10 each)	10,000,000	8,160,000	10,000,000	8,080,000	10,000,000	8,160,000	10,000,000	8,080,000
NABIL BALANCED FUND- 3 (NBF3) (16,680 Unit of Rs. 10 each)	166,800	130,104	166,800	126,268	166,800	130,104	166,800	126,268
MEGA MUTUAL FUND-1 (MMF1) (436,340 Unit of Rs. 10 each)	4,363,400	3,368,545	4,363,400	3,486,357	4,363,400	3,368,545	4,363,400	3,486,357
KUMARI DHANABRIDDDHI YOJANA (3,00,00,000 Unit of Rs. 10 each)	30,000,000	29,010,000	30,000,000	30,120,000	30,000,000	29,010,000	30,000,000	30,120,000
Global IME Balanced Fund-1 (GIBF1) (15,00,000 unit of Rs. 10 each)	15,000,000	13,650,000	15,000,000	14,010,000	15,000,000	13,650,000	15,000,000	14,010,000
NMB sulav Investment Fund-2 (NSIF2) (15,00,000 unit of Rs. 10 each)	15,000,000	15,090,000	15,000,000	14,985,000	15,000,000	15,090,000	15,000,000	14,985,000
Sanima Growth Fund (SAGF) (10,00,000 unit of Rs. 10 each)	10,000,000	10,140,000	10,000,000	9,990,000	10,000,000	10,140,000	10,000,000	9,990,000
NIBL Growth Fund (NIBLGF) (10,00,000 unit of Rs. 10 each)	10,000,000	10,640,000	10,000,000	10,640,000	10,000,000	10,640,000	10,000,000	10,640,000
Sunrise Focused Equity Fund (SFEF) (10,00,000 unit of Rs. 10 each)	10,000,000	8,240,000	10,000,000	9,680,000	10,000,000	8,240,000	10,000,000	9,680,000
Prabhu Smart Fund (PRSF) (5,00,000 unit of Rs. 10 each)	5,000,000	4,805,000	5,000,000	4,950,000	5,000,000	4,805,000	5,000,000	4,950,000

Contd...Information relating to investment in equities

	GROUP				BANK			
	CURRENT YEAR		PREVIOUS YEAR		CURRENT YEAR		PREVIOUS YEAR	
	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
RBB Mutual Fund 2 (RMF2) (5,00,000 unit of Rs. 10 each)	5,000,000	4,750,000			5,000,000	4,750,000		
Siddhartha Investment Growth Scheme-III (SIGS3) (5,00,000 unit of Rs. 10 each)	5,000,000	4,725,000			5,000,000	4,725,000		
Citizens Super 30 Mutual Fund ( C30MF) (5,00,000 unit of Rs. 10 each)	5,000,000	5,000,000			5,000,000	5,000,000		
Laxmi Value Fund 2 (LVF2) (5,00,000 unit of Rs. 10 each)	5,000,000	4,620,000			5,000,000	4,620,000		
Himalayan 80-20(H8020) (5,00,000 unit of Rs. 10 each)	5,000,000	4,995,000			5,000,000	4,995,000		
NIC Asia Growth Fund 2 (Close Ended Mutual Fund) (5,00,000 unit of Rs. 10 each)	5,000,000	4,100,000			5,000,000	4,100,000		
NIBL STABLE FUND(NIBLSTF) (5,00,000 unit of Rs. 10 each)	5,000,000	5,000,000			5,000,000	5,000,000		
<b>Investment in unquoted equity</b>								
Credit Information Bureau Ltd (166,215 Ordinary Shares of Rs. 100 paid up )	1,330,000	1,330,000	1,330,000	1,330,000	1,330,000	1,330,000	1,330,000	1,330,000
National Banking Institute Ltd (18,348 Ordinary Shares of Rs. 100 paid up)	1,834,860	1,834,860	1,834,860	1,834,860	1,834,860	1,834,860	1,834,860	1,834,860
Nepal Clearing House Ltd (167,772 Ordinary Shares of Rs. 100 paid up)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Nepal Electronic Payment Systems Ltd(NEPS) (180,000 Promoter Share of Rs. 100 paid up)	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
NATIONAL FUND MANAGEMENT (600,000 Promoter Share of 100)	60000000	60000000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
PEVC FUND(National Equity Fund 1) (1,00,000 unit of Rs. 100 each)	100,000,000	100,000,000			100000000	100000000		
RBB Mutual Fund 2 (RMF2) (5,00,000 unit of Rs. 10 each)			5,000,000	5,000,000			5,000,000	5,000,000
Mahila Laghubitta Bittiya Sastha Ltd (304,587 Promoter Shares of Rs.100 paid up )	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
<b>Total</b>	<b>471,196,042</b>	<b>450,115,402</b>	<b>341,196,042</b>	<b>325,078,519</b>	<b>471,196,042</b>	<b>450,115,402</b>	<b>341,196,042</b>	<b>325,078,518</b>

## CURRENT TAX ASSETS

4.9

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Current tax assets</b>	<b>4,329,601,905</b>	<b>5,415,904,230</b>	<b>4,313,435,075</b>	<b>5,405,903,569</b>
Current year income tax assets	(1,086,302,325)	883,398,700	(1,092,468,494)	891,945,207
Tax assets of prior periods	5,415,904,230	4,532,505,530	5,405,903,569	4,513,958,362
<b>Current tax liabilities</b>	<b>3,393,953,899</b>	<b>4,630,955,427</b>	<b>3,393,953,899</b>	<b>4,630,955,427</b>
Current year income tax liabilities	(1,237,001,528)	745,828,738	(1,237,001,528)	763,421,310
Tax liabilities of prior periods	4,630,955,427	3,885,126,689	4,630,955,427	3,867,534,117
<b>Total</b>	<b>935,648,006</b>	<b>784,948,803</b>	<b>919,481,176</b>	<b>774,948,142</b>

## INVESTMENT IN SUBSIDIARIES

4.10

	BANK	
	CURRENT YEAR	PREVIOUS YEAR
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	400,000,000	400,000,000
<b>Total investment</b>	<b>400,000,000</b>	<b>400,000,000</b>
Less: Impairment allowances	-	-
<b>Net carrying amount</b>	<b>400,000,000</b>	<b>400,000,000</b>

## INVESTMENT IN QUOTED SUBSIDIARIES

4.10.1

	BANK			
	CURRENT YEAR		PREVIOUS YEAR	
	COST	FAIR VALUE	COST	FAIR VALUE

## INVESTMENT IN UNQUOTED SUBSIDIARIES

4.10.2

	BANK			
	CURRENT YEAR		PREVIOUS YEAR	
	COST	FAIR VALUE	COST	FAIR VALUE
Machhapuchhre Capital Ltd (2,000,000 Ordinary Shares of 100 each)	200,000,000	200,000,000	200,000,000	200,000,000
Machhapuchhre Securities Ltd (2,000,000 Promoter Share of Rs. 100 paid up)	200,000,000	200,000,000	200,000,000	200,000,000
<b>Total</b>	<b>400,000,000</b>	<b>400,000,000</b>	<b>400,000,000</b>	<b>400,000,000</b>



## INFORMATION RELATING TO SUBSIDIARIES OF THE BANK

4.10.3

	PERCENTAGE OF OWNERSHIP HELD BY THE BANK	
	CURRENT YEAR	PREVIOUS YEAR
Machhapuchchhre Capital Ltd	69.85%	69.85%
Machhapuchchhre Securities Ltd	100.00%	100.00%
<b>Total</b>	<b>169.85%</b>	<b>169.85%</b>

## NON CONTROLLING INTEREST OF THE SUBSIDIARIES

4.10.4

	GROUP
	MACHHAPUCHCHHRE CAPITAL LTD
Equity interest held by NCI (%)	30.15%
Profit/(loss) allocated during the year	22,182
Accumulated balances of NCI as on Asar end	90,021,859
Dividend paid to NCI	-
No dividend paid to NCI till date.	

## INVESTMENT IN ASSOCIATES

4.11

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Investment in quoted associates			-	-
Investment in unquoted associates			-	-
<b>Total investment</b>			-	-
Less: Impairment allowances			-	-
<b>Net carrying amount</b>	-	-	-	-

## INVESTMENT IN QUOTED ASSOCIATES

4.11.1

	GROUP				BANK			
	CURRENT YEAR		PREVIOUS YEAR		CURRENT YEAR		PREVIOUS YEAR	
	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
<b>Total</b>								

## INVESTMENT IN UNQUOTED ASSOCIATES

4.11.2

	GROUP				BANK			
	CURRENT YEAR		PREVIOUS YEAR		CURRENT YEAR		PREVIOUS YEAR	
	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
<b>Total</b>								

## INFORMATION RELATING TO ASSOCIATES OF THE BANK

4.11.3

	GROUP		BANK	
	PERCENTAGE OF OWNERSHIP HELD BY THE BANK		PERCENTAGE OF OWNERSHIP HELD BY THE BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Total</b>				

## EQUITY VALUE OF ASSOCIATES

4.11.4

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Total</b>				

## INVESTMENT PROPERTIES

4.12

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Investment properties measured at fair value</b>				
Balance as on Sawan 1, 2080	-	-	-	-
Addition/disposal during the year	-	-	-	-
Net changes in fair value during the year	-	-	-	-
Adjustment/transfer	-	-	-	-
<b>Net amount</b>	-	-	-	-
<b>Investment properties measured at cost</b>				
Balance as on Sawan 1, 2080	609,937,111	244,182,570	609,937,111	244,182,570
Addition/disposal during the year	591,965,297	365,754,541	591,965,297	365,754,541
Adjustment/transfer	-	-	-	-
Accumulated depreciation	-	-	-	-
Accumulated impairment loss	-	-	-	-
Net amount	1,201,902,408	609,937,111	1,201,902,408	609,937,111
<b>Total</b>	<b>1,201,902,408</b>	<b>609,937,111</b>	<b>1,201,902,408</b>	<b>609,937,111</b>

The bank has during the year assumed additional Non Banking Assets of 799,981,811 and sold NBA of NPR 208,016,514.

## PROPERTY AND EQUIPMENT

4.13

PARTICULARS	GROUP									
	LAND	BUILDING	LEASEHOLD PROPERTIES	COMPUTER & ACCESSORIES	VEHICLES	FURNITURE & FIXTURE	MACHINERY	EQUIPMENT & OTHERS	TOTAL ASHAD END 2081	TOTAL ASHAD END 2080
Cost										
As on Sawan 1, 2079	267,358,472	218,756,907	660,068,715	539,194,556	239,427,633	238,106,113	-	454,760,898	2,617,673,294	2,379,684,486
Addition during the Year	-	-	83,869,952	22,662,945	968,541	17,067,297	-	34,063,012	158,631,747	283,481,498
Acquisition	-	-	83,869,952	22,662,945	968,541	17,067,297	-	34,063,012	158,631,747	283,481,498
Capitalization										
Disposal during the year			19,773,773	15,763,109	2,561,936	2,987,933	-	17,529,550	58,616,301	45,492,689
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-
Balance as on Asar end 2080	267,358,472	218,756,907	724,164,894	546,094,392	237,834,237	252,185,477	-	471,294,360	2,717,688,740	2,617,673,295
Addition during the Year	159,533,991	84,794,045	53,595,403	16,492,029	7,536,700	11,757,525		18,192,377	351,902,071	158,631,747
Acquisition	159,533,991	84,794,045	53,595,403	16,492,029	7,536,700	11,757,525		18,192,377	351,902,071	158,631,747
Capitalization										
Disposal during the year	-	-	3,512,144	3,018,360	527,332	1,197,900		5,608,416	13,864,152	58,616,301
Adjustment/Revaluation										
Balance as on Asar end 2081	426,892,463	303,550,953	774,248,153	559,568,061	244,843,605	262,745,103	-	483,878,321	3,055,726,659	2,717,688,741
Depreciation and Impairment										
As on Sawan 1, 2079	-	55,110,407	251,664,643	292,543,833	117,809,527	134,527,702	-	212,273,045	1,063,929,156	900,588,088
Depreciation charge for the Year	-	4,375,138	60,091,440	76,756,182	27,135,326	17,692,354	-	41,660,797	227,711,238	203,947,298
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	17,558,828	15,722,258	2,561,926	2,938,893	-	17,163,655	55,945,561	40,606,230
Adjustment	-									
As on Asar end 2080	-	59,485,545	294,197,255	353,577,756	142,382,926	149,281,163	-	236,770,187	1,235,694,833	1,063,929,156
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the Year	-	4,698,609	64,283,639	70,583,026	28,088,850	18,448,065		43,815,971	229,918,160	227,711,238
Impairment for the year										
Disposals	-	-	1,568,029	3,018,277	527,327	483,927		4,067,626	9,665,186	55,945,561
Adjustment										
As on Asar end 2081	-	64,184,154	356,912,865	421,142,504	169,944,449	167,245,301	-	276,518,532	1,455,947,807	1,235,694,833
Capital Work in Progress										
Net Book Value	-	-	-	-	-	-	-	-	-	-
As on Asar end 2079	267,358,472	196,237,792	408,404,072	246,650,723	121,618,106	103,578,411	-	242,487,853	1,586,335,430	1,479,096,398
As on Asar end 2080	267,358,472	257,238,443	437,811,793	192,516,636	95,451,311	102,904,314	-	234,524,172	1,587,805,143	1,586,335,430
As on Asar end 2081	426,892,463	239,366,799	417,335,288	138,425,556	74,899,156	95,499,802	-	207,359,789	1,599,778,853	1,587,805,143

PARTICULARS	BANK									
	LAND	BUILDING	LEASEHOLD PROPERTIES	COMPUTER & ACCESSORIES	VEHICLES	FURNITURE & FIXTURE	MACHINERY	EQUIPMENT & OTHERS	TOTAL ASHAD END 2081	TOTAL ASHAD END 2080
Cost										
As on Sawan 1, 2079	267,358,472	218,756,906	659,094,187	537,477,800	239,201,822	237,747,849	-	454,099,637	2,613,736,674	2,373,987,070
Addition during the Year	-	-	82,541,455	21,138,545	968,541	16,755,911	-	33,866,872	155,271,324	283,174,387
Acquisition			82,541,455	21,138,545	968,541	16,755,911		33,866,872	155,271,324	283,174,387
Capitalization									-	-
Disposal during the year			19,773,773	15,763,109	2,561,936	2,987,933		17,529,550	58,616,301	43,424,782
Adjustment/Revaluation										
Balance as on Asar end 2080	267,358,472	218,756,906	721,861,870	542,853,236	237,608,426	251,515,828	-	470,436,958	2,710,391,697	2,613,736,675
										-
Addition during the Year	159,533,991	84,794,045	51,306,117	16,153,029	1,401,700	10,630,284		16,267,892	340,087,059	155,271,324
Acquisition	159,533,991	84,794,045	51,306,117	16,153,029	1,401,700	10,630,284		16,267,892	340,087,059	155,271,324
Capitalization										-
Disposal during the year			3,512,144	3,018,360	527,332	1,197,900		5,608,416	13,864,152	58,616,301
Adjustment/Revaluation										
Balance as on Asar end 2081	426,892,463	303,550,952	769,655,843	555,987,905	238,482,794	260,948,212	-	481,096,434	3,036,614,604	2,710,391,698
Depreciation and Impairment										
As on Sawan 1, 2079	-	55,110,407	251,518,378	291,811,229	117,734,804	134,468,792	-	212,178,480	1,062,822,090	899,898,636
Depreciation charge for the Year		4,375,138	59,930,342	76,296,328	27,103,066	17,633,112		41,580,564	226,918,551	203,245,220
Impairment for the year										
Disposals			17,558,828	15,722,258	2,561,926	2,938,893		17,163,655	55,945,561	40,321,766
Adjustment										
As on Asar end 2080	-	59,485,545	293,889,892	352,385,299	142,275,944	149,163,011	-	236,595,388	1,233,795,080	1,062,822,090
Impairment for the year	-									
Depreciation charge for the Year		4,593,876	63,477,973	70,101,545	27,172,786	18,087,071		43,069,198	226,502,449	226,918,551
Disposals			1,568,029	3,018,277	527,327	483,927		4,067,626	9,665,186	55,945,561
Adjustment										
As on Asar end 2081	-	64,079,421	355,799,836	419,468,567	168,921,403	166,766,155	-	275,596,960	1,450,632,343	1,233,795,080
Capital Work in Progress	-			-	-	-	-	-	-	105,811,236
Net Book Value										
As on Asar end 2079	267,358,472	196,237,792	407,575,809	245,666,570	121,467,017	103,279,058	-	241,921,157	1,583,505,876	1,474,088,434
As on Asar end 2080	267,358,472	257,238,443	435,816,132	190,467,937	95,332,482	102,352,817	-	233,841,570	1,582,407,853	1,583,505,876
As on Asar end 2081	426,892,463	239,471,531	413,856,007	136,519,338	69,561,391	94,182,057	-	205,499,475	1,585,982,262	1,582,407,853

**GOODWILL AND INTANGIBLE ASSETS**
**4.14**

PARTICULARS	GROUP					
	GOODWILL	SOFTWARE		OTHER	TOTAL ASHAD END 2081	TOTAL ASHAD END 2080
		PURCHASED	DEVELOPED			
<b>Cost</b>						
As on Sawan 1, 2079	-	169,225,769	-	-	169,225,769	153,388,755
Addition during the Year	-	26,209,497	-	-	26,209,497	18,113,964
Acquisition	-	26,209,497	-	-	26,209,497	18,113,964
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	2,276,950
Adjustment/Revaluation	-	-	-	-	-	-
<b>Balance as on Asar end 2080</b>	<b>-</b>	<b>195,435,266</b>	<b>-</b>	<b>-</b>	<b>195,435,266</b>	<b>169,225,769</b>
					-	-
Addition during the Year	-	17,135,055	-	-	17,135,055	26,209,497
Acquisition	-	17,135,055	-	-	17,135,055	26,209,497
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
<b>Balance as on Asar end 2081</b>	<b>-</b>	<b>212,570,321</b>	<b>-</b>	<b>-</b>	<b>212,570,321</b>	<b>195,435,266</b>
Amortization and Impairment						
As on Sawan 1, 2079	-	41,171,895	-	-	26,057,513	26,057,513
Amortization charge for the Year	-	19,646,003	-	-	17,391,331	17,391,331
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	2,276,949	2,276,949
Adjustment	-	-	-	-	-	-
<b>As on Asar end 2080</b>	<b>-</b>	<b>60,817,898</b>	<b>-</b>	<b>-</b>	<b>60,817,898</b>	<b>41,171,895</b>
Amortization charge for the Year		23,120,281			23,120,281	19,646,003
Impairment for the year		-			-	-
Disposals		-			-	-
Adjustment		-			-	-
<b>As on Asar end 2081</b>	<b>-</b>	<b>83,938,179</b>	<b>-</b>	<b>-</b>	<b>83,938,179</b>	<b>60,817,898</b>
<b>Capital Work in Progress</b>	<b>-</b>	<b>1,415,820</b>	<b>-</b>	<b>-</b>	<b>1,415,820</b>	<b>-</b>
<b>Net Book Value</b>						
<b>As on Asar end 2079</b>	<b>-</b>	<b>128,053,874</b>	<b>-</b>	<b>-</b>	<b>128,053,874</b>	<b>127,331,242</b>
<b>As on Asar end 2080</b>	<b>-</b>	<b>134,617,368</b>	<b>-</b>	<b>-</b>	<b>134,617,368</b>	<b>128,053,874</b>
<b>As on Asar end 2081</b>	<b>-</b>	<b>130,047,962</b>	<b>-</b>	<b>-</b>	<b>130,047,962</b>	<b>134,617,368</b>



Contd... GOODWILL AND INTANGIBLE ASSETS

PARTICULARS	BANK					
	GOODWILL	SOFTWARE		OTHER	TOTAL ASHAD END 2081	TOTAL ASHAD END 2080
		PURCHASED	DEVELOPED			
<b>Cost</b>						
As on Sawan 1, 2079	-	167,685,465	-	-	167,685,465	151,848,451
Addition during the Year	-	25,694,150	-	-	25,694,150	18,113,964
Acquisition	-	25,694,150	-	-	25,694,150	18,113,964
Capitalization	-		-	-	-	-
Disposal during the year	-		-	-		2,276,950
Adjustment/Revaluation	-	-	-	-	-	-
<b>Balance as on Asar end 2080</b>	<b>-</b>	<b>193,379,615</b>	<b>-</b>	<b>-</b>	<b>193,379,615</b>	<b>167,685,465</b>
					-	
Addition during the Year	-	15,509,482	-	-	15,509,482	25,694,150
Acquisition	-	15,509,482	-	-	15,509,482	25,694,150
Capitalization	-		-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
<b>Balance as on Asar end 2081</b>	<b>-</b>	<b>208,889,097</b>	<b>-</b>	<b>-</b>	<b>208,889,097</b>	<b>193,379,615</b>
<b>Amortization and Impairment</b>						
As on Sawan 1, 2079	-	40,623,696	-	-	40,623,696	25,817,375
Amortization charge for the Year	-	19,256,742			19,256,742	17,083,270
Impairment for the year	-					-
Disposals	-					2,276,949
Adjustment	-	-	-	-	-	-
<b>As on Asar end 2080</b>	<b>-</b>	<b>59,880,439</b>	<b>-</b>	<b>-</b>	<b>59,880,439</b>	<b>40,623,696</b>
Amortization charge for the Year		22,409,670			22,409,670	19,256,742
Impairment for the year					-	-
Disposals		-			-	-
Adjustment					-	-
<b>As on Asar end 2081</b>	<b>-</b>	<b>82,290,109</b>	<b>-</b>	<b>-</b>	<b>82,290,109</b>	<b>59,880,438</b>
<b>Capital Work in Progress</b>	<b>-</b>	<b>1,415,820</b>	<b>-</b>	<b>-</b>	<b>1,415,820</b>	<b>-</b>
<b>Net Book Value</b>						
<b>As on Asar end 2079</b>	<b>-</b>	<b>127,061,769</b>	<b>-</b>	<b>-</b>	<b>127,061,769</b>	<b>126,031,076</b>
<b>As on Asar end 2080</b>	<b>-</b>	<b>133,499,177</b>	<b>-</b>	<b>-</b>	<b>133,499,177</b>	<b>127,061,769</b>
<b>As on Asar end 2081</b>	<b>-</b>	<b>128,014,809</b>	<b>-</b>	<b>-</b>	<b>128,014,808</b>	<b>133,499,177</b>

## DEFERRED TAX

4.15

CURRENT YEAR (FY 2080-81)	GROUP			BANK		
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET DEFERRED TAX ASSETS/ (LIABILITIES)	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET DEFERRED TAX ASSETS/ (LIABILITIES)
<b>Deferred tax on temporary differences on following items</b>						
Loan and Advance to B/FIs	-	-	-	-	-	-
Loans and Advances to customers	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Investment securities	-	(6,324,192)	6,324,192		(6,324,192)	6,324,192
Property & equipment	-	18,313,021	(18,313,021)	-	18,313,021	(18,313,021)
Employees' defined benefit plan	109,061,993	-	109,061,993	105,909,615	-	105,909,615
Lease liabilities	292,280,262	(248,959,326)	43,320,936	292,280,262	(248,959,326)	43,320,936
Provisions	-	-	-	-	-	-
Other temporary differences	34,359,292	17,318,903	17,040,388	34,359,292	17,318,903	17,040,388
Deferred tax on temporary differences	435,701,547	(219,651,594)	157,434,488	432,549,169	(219,651,594)	154,282,110
Deferred tax on carry forward of unused tax losses	-	-	-	-	-	-
Deferred tax due to changes in tax rate	-	-	-	-	-	-
<b>Net Deferred tax asset/(liabilities) as on year end of 2081</b>	<b>435,701,547</b>	<b>(219,651,594)</b>	<b>157,434,488</b>	<b>432,549,169</b>	<b>(219,651,594)</b>	<b>154,282,111</b>
Recognised in Profit or loss			151,110,296			147,957,918
Recognised in other comprehensive income			6,324,192			6,324,192
Recognised directly in equity			-			-
Deferred tax (asset)/liabilities as on Sawan 1, 2080			(91,232,820)			(85,784,940)
<b>Origination/(Reversal) during the year</b>			<b>(66,201,668)</b>			<b>(68,497,171)</b>
<b>Deferred tax expense/(income) recognised in profit or loss</b>			<b>(69,166,564)</b>			<b>(71,462,067)</b>
<b>Deferred tax expense/(income) recognised in other comprehensive income</b>			<b>2,964,896</b>			<b>2,964,896</b>
<b>Deferred tax expense/(income) recognised in directly in equity</b>			<b>-</b>			<b>-</b>

Contd... DEFERRED TAX

PREVIOUS YEAR ( FY 2079-80)	GROUP			BANK		
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET DEFERRED TAX ASSETS/ (LIABILITIES)	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET DEFERRED TAX ASSETS/ (LIABILITIES)
<b>Deferred tax on temporary differences on following items</b>						
Loan and Advance to B/FIs	-	-	-	-	-	-
Loans and Advances to customers	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Investment securities	-	(4,835,257)	4,835,257		(4,835,257)	4,835,257
Property & equipment	-	29,986,269	(29,986,269)	-	29,986,269	(29,986,269)
Employees' defined benefit plan	93,715,836	-	93,715,836	88,267,955	-	88,267,955
Lease liabilities	311,319,061	(272,148,310)	39,170,751	311,319,061	(272,148,310)	39,170,751
Provisions	-	-	-	-	-	-
Other temporary differences	816,148	17,318,903	(16,502,756)	816,148	17,318,903	(16,502,756)
Deferred tax on temporary differences	405,851,045	(229,678,396)	91,232,820	400,403,164	(229,678,396)	85,784,940
Deferred tax on carry forward of unused tax losses	-	-	-	-	-	-
Deferred tax due to changes in tax rate	-	-	-	-	-	-
<b>Net Deferred tax asset/(liabilities) as on year end of 2080</b>	<b>405,851,045</b>	<b>(229,678,396)</b>	<b>91,232,820</b>	<b>400,403,164</b>	<b>(229,678,396)</b>	<b>85,784,940</b>
Recognised in Profit or loss			86,397,563			80,949,682
Recognised in other comprehensive income			4,835,257			4,835,257
Recognised directly in equity			-			-
Deferred tax (asset)/liabilities as on Sawan 1, 2079			(54,701,213)			(49,253,332)
<b>Origination/(Reversal) during the year</b>			<b>(36,531,607)</b>			<b>(36,531,608)</b>
<b>Deferred tax expense/(income) recognised in profit or loss</b>			<b>(35,514,036)</b>			<b>(35,514,037)</b>
<b>Deferred tax expense/(income) recognised in other comprehensive income</b>			<b>(1,017,571)</b>			<b>(1,017,571)</b>
<b>Deferred tax expense/(income) recognised in directly in equity</b>			-			-

## OTHER ASSETS

4.16

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Assets held for sale	-	-	-	-
Other non banking assets	-	-	-	-
Bills receivable	-	-	-	-
Accounts receivable	915,595,624	670,982,210	787,394,669	644,711,363
Accrued income	-	-	-	-
Prepayments and deposit	84,519,508	94,252,095	84,119,508	93,852,095
Income tax deposit	-	-	-	-
Deferred employee expenditure	1,479,404,232	1,385,097,671	1,479,404,232	1,385,097,671
Other	882,744,830	967,445,725	864,496,496	954,192,957
a. Stationery at stock	41,439,620	47,083,781	34,632,076	47,031,922
b. Branch adjustment account	-	-	-	-
c. Right of Use Assets (NFRS 16)	841,305,210	920,361,944	829,864,421	907,161,033
d. Others	-	-	-	-
<b>Total</b>	<b>3,362,264,194</b>	<b>3,117,777,701</b>	<b>3,215,414,905</b>	<b>3,077,854,086</b>

## DUE TO BANK AND FINANCIAL INSTITUTIONS

4.17

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Money Market Deposits	-	-	-	-
Interbank borrowing	441,270,054	-	441,270,054	-
Other deposits from BFIs	2,687,222,156	4,105,067,655	2,687,222,156	4,105,067,655
Settlement and clearing accounts	-	-	-	-
<b>Total</b>	<b>3,128,492,210</b>	<b>4,105,067,655</b>	<b>3,128,492,210</b>	<b>4,105,067,655</b>

## DUE TO NEPAL RASTRA BANK

4.18

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Refinance from NRB	-	13,000,000	-	13,000,000
Standing Liquidity Facility	-	-	-	-
Lender of last report facility from NRB	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Other payable to NRB	-	-	-	-
<b>Total</b>	<b>-</b>	<b>13,000,000</b>	<b>-</b>	<b>13,000,000</b>

There is no any due to Nepal Rastra Bank as of Ashadh End 2081.

## DERIVATIVE FINANCIAL INSTRUMENTS

4.19

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Held for trading</b>	-	-	-	-
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Others	-	-	-	-
<b>Held for risk management</b>	-	-	-	-
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Other	-	-	-	-
<b>Total</b>		-	-	-

## DEPOSITS FROM CUSTOMERS

4.20

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Institutions customers:</b>	<b>42,069,325,139</b>	<b>48,138,785,452</b>	<b>42,278,045,847</b>	<b>48,406,677,362</b>
Term deposits	24,962,759,565	31,781,191,677	25,157,759,565	32,020,191,677
Call deposits	9,238,122,439	6,714,017,826	9,245,917,699	6,742,909,735
Current deposits	6,449,326,477	7,991,482,963	6,455,251,924	7,991,482,963
Other	1,419,116,658	1,652,092,986	1,419,116,658	1,652,092,986
<b>Individual customers:</b>	<b>116,368,863,323</b>	<b>105,772,954,459</b>	<b>116,368,863,323</b>	<b>105,772,954,459</b>
Term deposits	58,941,631,133	60,384,040,528	58,941,631,133	60,384,040,528
Saving deposits	56,231,757,379	44,362,893,310	56,231,757,379	44,362,893,310
Current deposits	1,182,864,519	1,020,266,782	1,182,864,519	1,020,266,782
Other	12,610,292	5,753,840	12,610,292	5,753,840
<b>Total</b>	<b>158,438,188,462</b>	<b>153,911,739,911</b>	<b>158,646,909,170</b>	<b>154,179,631,821</b>

## CURRENCY WISE ANALYSIS OF DEPOSIT FROM CUSTOMERS

4.20.1

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Nepalese rupee	156,522,831,051	148,953,749,324	156,731,551,759	149,221,641,234
Indian rupee	5,125,562	6,733,115	5,125,562	6,733,115
United State dollar	1,892,992,520	4,811,754,201	1,892,992,520	4,811,754,201
Great Britain pound	5,433,806	3,045,055	5,433,806	3,045,055
Euro	11,655,003	132,417,118	11,655,003	132,417,118
Japanese yen	29,827	3,922,298	29,827	3,922,298
Chinese yuan	-	-	-	-
Other (AUD)	120,694	118,802	120,694	118,802
<b>Total</b>	<b>158,438,188,462</b>	<b>153,911,739,911</b>	<b>158,646,909,170</b>	<b>154,179,631,821</b>



## BORROWING

4.21

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Domestic Borrowing</b>				
Nepal Government	-	-	-	-
Other Institutions	-	-	-	-
Other	-	-	-	-
Sub total	-	-	-	-
<b>Foreign Borrowing</b>				
Foreign Bank and Financial Institutions	2,091,129,011	3,395,002,561	2,091,129,011	3,395,002,561
Multilateral Development Banks	-	-	-	-
Other Institutions	-	-	-	-
Sub total	2,091,129,011	3,395,002,561	2,091,129,011	3,395,002,561
<b>Total</b>	<b>2,091,129,011</b>	<b>3,395,002,561</b>	<b>2,091,129,011</b>	<b>3,395,002,561</b>

Foreign borrowing includes USD 15 million from Doha Qatar on 26 Jan 2023 for a period of 3 Years. Loan is for the period of 3 years and interest is payable on semi-annual basis. It also includes accrued interest payable thereon. Foreign Borrowing of USD 10 million from Mashreq Bank PSC, Dubai has been settled on 4 Feb, 2024.

## PROVISIONS

4.22

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Provisions for redundancy	-	-	-	-
Provision for restructuring	-	-	-	-
Pending legal issues and tax litigation	-	-	-	-
Onerous contracts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## MOVEMENT IN PROVISION

4.22.1

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Balance at Sawan 1	-	-	-	-
Provisions made during the year	-	-	-	-
Provisions used during the year	-	-	-	-
Provisions reversed during the year	-	-	-	-
Unwind of discount	-	-	-	-
<b>Balance at Asar end</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## OTHER LIABILITIES

4.23

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Liability for employees defined benefit obligations	62,965,624	8,568,111	62,965,624	8,568,111
Liability for long-service leave	312,823,741	284,304,154	310,847,903	282,736,035
Short-term employee benefits	9,610	89,082	-	-
Bills payable	-	-	-	-
Creditors and accruals	372,249,588	588,419,018	367,894,512	579,321,455
Interest payable on deposit	46,260,084	62,357,290	46,260,084	62,357,290
Interest payable on borrowing	-	14,083	-	14,083
Liabilities on deferred grant income	4,546,640	7,651,195	4,546,640	7,651,195
Unpaid Dividend	66,249,236	71,209,610	66,249,236	71,209,610
Liabilities under Finance Lease	974,267,541	1,037,730,205	974,267,541	1,037,730,205
Employee bonus payable	183,804,335	260,770,091	183,759,547	259,471,388
Other	1,132,704,318	942,349,439	1,118,248,901	926,612,722
<b>Total</b>	<b>3,155,880,717</b>	<b>3,263,462,278</b>	<b>3,135,039,988</b>	<b>3,235,672,094</b>

## DEFINED BENEFIT OBLIGATIONS

4.23.1

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

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Present value of unfunded obligations	62,965,624	8,568,111	62,965,624	8,568,111
Present value of funded obligations	683,707,849	646,374,031	683,707,849	646,374,031
<b>Total present value of obligations</b>	<b>746,673,473</b>	<b>654,942,142</b>	<b>746,673,473</b>	<b>654,942,142</b>
Fair value of plan assets	683,707,849	646,374,031	683,707,849	646,374,031
Present value of net obligations	-	-	-	-
<b>Recognised liability for defined benefit obligations</b>	<b>62,965,624</b>	<b>8,568,111</b>	<b>62,965,624</b>	<b>8,568,111</b>

## PLAN ASSETS

4.23.2

PLAN ASSETS COMPRISE	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Equity securities	-	-	-	-
Government bonds	-	-	-	-
Bank deposit	-	-	-	-
Other (Deposit with CIT)	683,707,849	646,374,031	683,707,849	646,374,031
<b>Total</b>	<b>683,707,849</b>	<b>646,374,031</b>	<b>683,707,849</b>	<b>646,374,031</b>
Actual return on plan assets	20,638,786	50,990,523	20,638,786	50,990,523

### MOVEMENT IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

4.23.3

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Defined benefit obligations at Sawan 1	654,942,142	592,461,137	654,942,142	592,461,137
Actuarial losses	(27,345,222)	(55,394,309)	(27,345,222)	(55,394,309)
Benefits paid by the plan	(20,781,478)	(11,034,684)	(20,781,478)	(11,034,684)
Current service costs and interest	139,858,031	128,909,998	139,858,031	128,909,998
<b>Defined benefit obligations at Asar end</b>	<b>746,673,473</b>	<b>654,942,142</b>	<b>746,673,473</b>	<b>654,942,142</b>

### MOVEMENT IN THE FAIR VALUE OF PLAN ASSETS

4.23.4

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Fair value of plan assets at Sawan 1	646,374,031	523,512,045	646,374,031	523,512,045
Contributions paid into the plan	8,568,111	82,906,147	8,568,111	82,906,147
Benefits paid during the year	(20,781,478)	(11,034,684)	(20,781,478)	(11,034,684)
Actuarial (losses) gains	(12,499,118)	5,659,724	(12,499,118)	5,659,724
Expected return on plan assets	62,046,303	45,330,799	62,046,303	45,330,799
<b>Fair value of plan assets at Asar end</b>	<b>683,707,849</b>	<b>646,374,031</b>	<b>683,707,849</b>	<b>646,374,031</b>

### AMOUNT RECOGNISED IN PROFIT OR LOSS

4.23.5

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Current service costs	77,383,323	77,373,781	77,383,323	77,373,781
Interest on obligation	428,405	6,205,418	428,405	6,205,418
Expected return on plan assets	-	-	-	-
<b>Total</b>	<b>77,811,728</b>	<b>83,579,199</b>	<b>77,811,728</b>	<b>83,579,199</b>

### AMOUNT RECOGNISED IN OTHER COMPREHENSIVE INCOME

4.23.6

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Actuarial (gain)/loss	(14,846,104)	(61,054,033)	(14,846,104)	(61,054,033)
<b>Total</b>	<b>(14,846,104)</b>	<b>(61,054,033)</b>	<b>(14,846,104)</b>	<b>(61,054,033)</b>

## ACTUARIAL ASSUMPTIONS

4.23.7

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Discount rate	10%	10%	10%	10%
Expected return on plan asset	10%	10%	10%	10%
Future salary increase	7%	7%	7%	7%
Withdrawal rate	8%	8%	8%	8%

## DEBT SECURITIES ISSUED

4.24

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Debt securities issued designated as at fair value through profit or loss	-	-	-	-
Debt securities issued at amortised cost	5,495,481,482	5,494,038,946	5,495,481,482	5,494,038,946
<b>Total</b>	<b>5,495,481,482</b>	<b>5,494,038,946</b>	<b>5,495,481,482</b>	<b>5,494,038,946</b>

## SUBORDINATED LIABILITIES

4.25

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Redeemable preference shares	-	-	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## SHARE CAPITAL

4.26

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Ordinary shares	11,621,357,273	10,257,155,581	11,621,357,273	10,257,155,581
Convertible preference shares (equity component only)	-	-	-	-
Irredeemable preference shares (equity component only)	-	-	-	-
Perpetual debt (equity component only)	-	-	-	-
<b>Total</b>	<b>11,621,357,273</b>	<b>10,257,155,581</b>	<b>11,621,357,273</b>	<b>10,257,155,581</b>

## ORDINARY SHARES

4.26.1

	BANK	
	CURRENT YEAR	PREVIOUS YEAR
<b>Authorized Capital</b>		
150,000,000 Ordinary shares of Rs. 100 each share	15,000,000,000	15,000,000,000
<b>Issued capital</b>		
116,213,573 Ordinary shares of Rs.100 each share (Previous Year 102,571,556 Ordinary shares of Rs.100 each share)	11,621,357,273	10,257,155,581
<b>Subscribed and paid up capital</b>		
116,213,573 Ordinary shares of Rs.100 each share (Previous Year 102,571,556 Ordinary shares of Rs.100 each share)	11,621,357,273	10,257,155,581
<b>Total</b>	<b>11,621,357,273</b>	<b>10,257,155,581</b>

## ORDINARY SHARE OWNERSHIP

4.26.2

	BANK			
	CURRENT YEAR		PREVIOUS YEAR	
	PERCENT	AMOUNT	PERCENT	AMOUNT
<b>Domestic ownership</b>				
Nepal Government	-	-	-	-
"A" class licensed institutions	-	-	-	-
Other licensed institutions	-	-	-	-
Other Institutions	21	2,486,719,200	12	1,237,846,100
Public	79	9,134,638,073	88	9,019,309,481
Other	-	-	-	-
<b>Foreign ownership</b>	-	-	-	-
<b>Total</b>	<b>100</b>	<b>11,621,357,273</b>	<b>100</b>	<b>10,257,155,581</b>

## SHAREHOLDER HOLDING 0.5% OR MORE SHARE

NAME OF SHAREHOLDERS	BANK			
	CURRENT YEAR		PREVIOUS YEAR	
	PERCENT	AMOUNT	PERCENT	AMOUNT
EMPLOYEES PROVIDENT FUND	9.24	1,073,700,000	-	-
UPENDRA MAHATO SUDI	9.14	1,061,834,000	9.14	937,188,000
PREM KUMARI KC	8.68	1,008,489,700	8.68	890,105,600
PKR INVESTMENT COMPANY PVT. LTD.	6.07	705,131,600	6.35	651,360,200
RAM ASHISH SAHU SUDI	4.24	492,178,200	4.24	434,402,700
DR.DHARMA RAJ SHRESTHA	2.03	235,961,600	2.03	208,262,600
KRISHNA GOPAL SHRESTHA	1.78	206,821,300	2.06	211,669,300
SURENDRA MAHATO	1.71	198,951,200	11.11	1,139,107,300
KARAN MOTOR COMPANY PVT.LTD	1.51	175,986,900	1.51	155,328,200



CONTD...SHAREHOLDER HOLDING 0.5% OR MORE SHARE

NAME OF SHAREHOLDERS	BANK			
	CURRENT YEAR		PREVIOUS YEAR	
	PERCENT	AMOUNT	PERCENT	AMOUNT
ROSHAN K.C.	1.48	172,409,300	1.48	152,170,700
KIRAN K.C.	1.48	172,279,200	1.48	152,055,800
PRAKASH K.C.	1.29	150,283,700	1.29	132,642,300
RAM JANAKI INVESTMENT AND PETROLEUM SUPPLIERS PRIVATE LIMITED	0.99	115,410,300	0.99	101,862,600
ASSOCIATED AUTOMOBILES PVT.LTD	0.93	108,190,800	0.93	95,490,600
GANESH BAHADUR SHRESTHA	0.91	105,691,700	1.18	82,730,600
SHREE HIMALAYAN ENTERPRISES PVT.LTD	0.77	89,598,800	0.80	81,905,200
PRANESHWOR POKHAREL	0.72	83,145,200	0.72	73,385,100
BIRENDRA PRASAD MAHATO	0.61	70,819,000	0.61	62,505,700
AJAD SHRESTHA	0.57	66,169,100	0.64	38,428,900
NMB SARAL BACHAT FUND-E	0.54	63,063,100	-	-
DINESH LAL SHRESTHA	0.51	59,108,800	0.51	53,344,500
RAJAN LAL SHRESTHA	-	-	0.52	52,170,200

RESERVES

4.27

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Statutory general reserve	2,902,630,745	2,693,585,769	2,899,542,179	2,690,502,342
Exchange equalization reserve	80,436,805	67,114,258	80,436,805	67,114,258
Corporate social responsibility reserve	11,731,983	27,632,320	11,504,113	27,404,964
Capital redemption reserve	-	-	-	-
Regulatory reserve	1,835,134,609	1,329,265,607	1,835,134,609	1,329,265,607
Investment adjustment reserve	-	-	-	-
Capital reserve	-	-	-	-
Assets revaluation reserve	-	-	-	-
Fair value reserve	(14,756,448)	(11,282,267)	(14,756,448)	(11,282,267)
Dividend equalization reserve	-	-	-	-
Debenture redemption reserve	1,138,829,857	428,571,429	1,138,829,857	428,571,429
Actuarial gain	(137,079,576)	(147,471,849)	(137,079,576)	(147,471,849)
Special reserve	-	-	-	-
Other reserve	7,687,955	31,112,623	7,687,955	31,112,623
a) Employee Skill Enhancement Reserve (Training Reserve)	7,687,955	31,112,623	7,687,955	31,112,623
b) Deferred Tax Reserve	-	-	-	-
c) Other Reserve	-	-	-	-
<b>Total</b>	<b>5,824,615,930</b>	<b>4,418,527,890</b>	<b>5,821,299,494</b>	<b>4,415,217,107</b>

## CONTINGENT LIABILITIES AND COMMITMENTS

4.28

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Contingent liabilities	30,686,496,086	37,430,282,242	30,686,496,086	37,430,282,242
Undrawn and undisbursed facilities	5,310,376,111	4,755,166,280	5,310,376,111	4,755,166,280
Capital commitment	5,312,386	19,375,067	5,312,386	19,375,067
Lease commitment	-	-	-	-
Litigation	391,442,311	362,193,283	391,442,311	362,193,283
<b>Total</b>	<b>36,393,626,895</b>	<b>42,567,016,872</b>	<b>36,393,626,895</b>	<b>42,567,016,872</b>

## CONTINGENT LIABILITIES

4.28.1

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Acceptance and documentary credit	-	2,945,681,203	-	2,945,681,203
Bills for collection	9,487,475,538	12,261,341,871	9,487,475,538	12,261,341,871
Forward exchange contracts	-	-	-	-
Guarantees	21,199,020,548	22,223,259,168	21,199,020,548	22,223,259,168
Underwriting commitment	-	-	-	-
Other commitments	-	-	-	-
<b>Total</b>	<b>30,686,496,086</b>	<b>37,430,282,242</b>	<b>30,686,496,086</b>	<b>37,430,282,242</b>

## UNDRAWN AND UNDISBURSED FACILITIES

4.28.2

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Undisbursed amount of loans	-	-	-	-
Undrawn limits of overdrafts	4,375,480,046	4,390,493,648	4,375,480,046	4,390,493,648
Undrawn limits of credit cards	934,896,065	364,672,632	934,896,065	364,672,632
Undrawn limits of letter of credit	-	-	-	-
Undrawn limits of guarantee	-	-	-	-
<b>Total</b>	<b>5,310,376,111</b>	<b>4,755,166,280</b>	<b>5,310,376,111</b>	<b>4,755,166,280</b>

## CAPITAL COMMITMENTS

4.28.3

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

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Capital commitments in relation to Property and Equipment</b>				
Approved and contracted for	1,347,479	19,375,067	1,347,479	19,375,067
Approved but not contracted for	-	-	-	-
<b>Sub total</b>	<b>1,347,479</b>	<b>19,375,067</b>	<b>1,347,479</b>	<b>19,375,067</b>
<b>Capital commitments in relation to Intangible assets</b>				
Approved and contracted for	3,964,907	-	3,964,907	-
Approved but not contracted for	-	-	-	-
<b>Sub total</b>	<b>3,964,907</b>	<b>-</b>	<b>3,964,907</b>	<b>-</b>
<b>Total</b>	<b>5,312,386</b>	<b>19,375,067</b>	<b>5,312,386</b>	<b>19,375,067</b>

## LEASE COMMITMENTS

4.28.4

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Operating lease commitments</b>				
<b>Future minimum lease payments under non cancellable operating lease, where the bank is lessee</b>				
Not later than 1 year	-	-	-	-
Later than 1 year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
<b>Sub total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Finance lease commitments</b>				
<b>Future minimum lease payments under non cancellable operating lease, where the bank is lessee</b>				
Not later than 1 year	-	-	-	-
Later than 1 year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
<b>Sub total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Lease commitments has calculated as per NFRS 16-"Leases".

## LITIGATION

4.28.5

Under the self-assessment process, bank files its income tax returns which is then reviewed by Large Tax Payers Office usually within four years from the end of financial year. On completion of assesment till FY 2076-77, Large Taxpayers Office(LTO) has raised an assessment order for disputed tax liability of NPR 391,442,311. Bank has contended such tax liability and has filed appeal to higher authorities. These cases are under administrative review and pending before Revenue Tribunal/Supreme Court.

## INTEREST INCOME

4.29

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Cash and cash equivalent	17,986,273	17,306,886	17,986,273	17,306,886
Due from Nepal Rastra Bank	-	-	-	-
Placement with bank and financial institutions	273,785,409	153,844,178	273,785,409	153,844,178
Loan and advances to bank and financial institutions	8,400,977	9,968,373	8,400,977	9,968,373
Loans and advances to customers	14,390,833,968	17,411,221,851	14,390,833,968	17,411,221,851
Investment securities	1,621,908,997	1,462,064,802	1,624,758,231	1,470,680,922
Loan and advances to staff	282,928,688	221,492,031	282,928,688	221,492,031
Other 6,160,274	13,316,556	-	-	-
<b>Total interest income</b>	<b>16,602,004,586</b>	<b>19,289,214,677</b>	<b>16,598,693,546</b>	<b>19,284,514,241</b>

Loan and advances to staff includes interest income from fair value of staff loan.

## INTEREST EXPENSE

4.30

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Due to bank and financial institutions	152,689,134	199,552,926	152,689,134	199,552,926
Due to Nepal Rastra Bank	375,917	292,104,461	375,917	292,104,461
Deposits from customers	10,474,312,646	12,459,360,427	10,491,244,530	12,474,270,547
Borrowing	393,898,695	363,750,190	393,898,695	363,750,190
Debt securities issued	500,139,732	500,039,546	500,139,732	500,039,546
Subordinated liabilities	-	-	-	-
Other	73,869,912	82,397,018	72,152,762	82,397,018
<b>Total interest expense</b>	<b>11,595,286,036</b>	<b>13,897,204,568</b>	<b>11,610,500,770</b>	<b>13,912,114,688</b>

Other includes interest expense on Finance Lease as per NFRS 16 - "Leases"

## FEES AND COMMISSION INCOME

4.31

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Loan administration fees	162,225,842	164,940,886	162,225,842	164,940,886
Service fees	257,995,550	233,373,582	215,614,343	212,650,816
Consortium fees	21,451,184	22,003,140	21,451,184	22,003,140
Commitment fees	806,702	1,786,845	806,702	1,786,845
DD/TT/Swift fees	106,147,956	66,706,129	106,147,956	66,706,129
Credit card/ATM issuance and renewal fees	183,294,118	191,346,849	183,294,118	191,346,849
Prepayment and swap fees	92,992,878	105,364,485	92,992,878	105,364,485
Investment banking fees	14,290,212	13,730,459	14,290,212	13,730,459
Asset management fees	-	-	-	-
Brokerage fees	-	-	-	-
Remittance fees	23,955,199	27,851,109	23,955,199	27,851,109
Commission on letter of credit	139,894,112	138,597,642	139,894,112	138,597,642
Commission on guarantee contracts issued	191,774,538	199,180,078	191,774,538	199,180,078
Commission on share underwriting/issue	-	-	-	-
Locker rental	16,627,958	14,809,000	16,627,958	14,809,000
Other fees and commission income	182,279,238	249,695,006	192,066,814	237,806,019
<b>Total fees and Commission Income</b>	<b>1,393,735,487</b>	<b>1,429,385,210</b>	<b>1,361,141,856</b>	<b>1,396,773,457</b>

Other fees and commission income includes education loan fee, IPS fee, CIC income, CASBA income, etc.

## FEES AND COMMISSION EXPENSE

4.32

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
ATM management fees	47,944,021	44,283,548	47,944,021	44,283,548
VISA/Master card fees	109,312,544	105,967,738	109,312,544	105,967,738
Guarantee commission	-	-	-	-
Brokerage	-	-	-	-
DD/TT/Swift fees	12,561,214	11,839,470	12,561,214	11,839,470
Remittance fees and commission	15,597,569	14,369,534	15,597,569	14,369,534
Other fees and commission expense	101,641,482	76,270,463	88,099,977	76,270,463
<b>Total fees and Commission Expense</b>	<b>287,056,830</b>	<b>252,730,753</b>	<b>273,515,325</b>	<b>252,730,753</b>

Other fees and commission expense includes cheque clearing fee, sms service charges, other bank charges, BLB Commission expenses, etc.



## NET TRADING INCOME

4.33

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
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	230,382,782	280,406,792	230,382,782	280,406,792
Other	-	-	-	-
<b>Net trading income</b>	<b>230,382,782</b>	<b>280,406,792</b>	<b>230,382,782</b>	<b>280,406,792</b>

## OTHER OPERATING INCOME

4.34

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Foreign exchange revaluation gain	60,665,189	57,336,639	60,665,189	57,336,639
Gain/loss on sale of investment securities	6,994,755	8,877,213	-	-
Fair value gain/loss on investment properties	-	-	-	-
Dividend on equity instruments	12,763,232	3,924,770	11,660,028	3,242,169
Gain/loss on sale of property and equipment	478,381	(835,602)	478,381	(835,602)
Gain/loss on sale of investment property	(12,376,296)	1,729,061	(12,376,296)	1,729,061
Operating lease income	-	-	-	-
Gain/loss on sale of gold and silver	19,538,224	8,602,349	19,538,224	8,602,349
Other	590,269	1,196,397	-	-
<b>Total</b>	<b>88,653,754</b>	<b>80,830,827</b>	<b>79,965,526</b>	<b>70,074,616</b>

## IMPAIRMENT CHARGE/(REVERSAL) FOR LOAN AND OTHER LOSSES

4.35

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Impairment charge/(reversal) on loan and advances to B/FIs	3,297,498	24,439,728	3,297,498	24,439,728
Impairment charge/(reversal) on loan and advances to customer	1,387,515,107	1,123,819,941	1,387,515,107	1,123,819,941
Impairment charge/(reversal) on financial Investment	7,375,000	-	7,375,000	-
Impairment charge/(reversal) on placement with banks & financial institutions	-	-	-	-
Impairment charge/(reversal) on property and equipment	-	-	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-	-	-
Impairment charge/(reversal) on investment properties	-	-	-	-
<b>Total</b>	<b>1,398,187,605</b>	<b>1,148,259,669</b>	<b>1,398,187,605</b>	<b>1,148,259,669</b>

Impairment charge on financial Investment includes the revaluation adjustment of 50% provision on investment of Srilankan Bond as directed NRB.

## PERSONNEL EXPENSE

4.36

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Salary	622,117,578	620,144,496	604,663,969	609,243,530
Allowances	475,753,099	477,605,570	473,087,519	477,605,570
Gratuity expense	78,437,427	84,129,851	77,811,728	83,579,199
Provident fund	62,217,026	61,585,398	60,466,397	60,924,351
Uniform	20,994,976	21,732,176	20,994,976	21,732,176
Training & development expense	52,625,338	44,209,256	52,279,207	43,888,478
Leave encashment	79,003,434	77,511,503	78,140,980	77,021,221
Medical	-	-	-	-
Insurance	22,197,684	18,749,179	21,901,829	18,749,179
Employees incentive	-	-	-	-
Cash-settled share-based payments	-	-	-	-
Pension expense	-	-	-	-
Finance expense under NFRSs	69,554,291	27,073,469	69,554,291	27,073,469
Other expenses related to staff	445,585,378	444,526,279	442,691,882	441,239,094
a. Dashain allowance	92,908,726	92,389,861	92,732,845	92,213,980
b. Others	352,676,652	352,136,418	349,959,037	349,025,114
<b>Subtotal</b>	<b>1,928,486,231</b>	<b>1,877,267,177</b>	<b>1,901,592,778</b>	<b>1,861,056,267</b>
Employees bonus	183,804,335	260,770,091	183,759,547	259,471,388
<b>Grand total</b>	<b>2,112,290,566</b>	<b>2,138,037,268</b>	<b>2,085,352,325</b>	<b>2,120,527,655</b>

The total leave encashment expense shown in the above schedule includes encashment of accrued sick leave above 120 days and accrued annual leave above 90 days apart from the provision for leave expense as per actuarial valuation. The provision for leave expense for the year as per actuarial valuation report is NPR 49,546,171.

## OTHER OPERATING EXPENSE

4.37

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Directors' fee	4,324,500	3,612,000	3,263,500	2,905,000
Directors' expense	2,124,099	2,233,455	2,079,011	1,859,824
Auditors' remuneration	2,971,900	2,413,367	2,825,000	2,260,000
Other audit related expense	-	-	-	-
Professional and legal expense	14,812,565	20,711,515	14,590,655	20,711,515
Office administration expense	750,643,737	769,460,832	736,753,205	741,532,495
Operating lease expense	36,065,604	22,081,038	34,255,104	22,081,038
Operating expense of investment properties	-	-	-	-
Corporate social responsibility expense	26,352,843	10,588,725	26,352,843	10,588,725
Onerous lease provisions	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>837,295,248</b>	<b>831,100,932</b>	<b>820,119,318</b>	<b>801,938,597</b>

## OFFICE ADMINISTRATION EXPENSE

4.37.1

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Water and Electricity	39,386,498	38,347,291	39,386,498	38,347,291
<b>Repair and Maintenance</b>	<b>18,473,087</b>	<b>18,862,723</b>	<b>18,473,087</b>	<b>18,862,723</b>
a) Building	101,402	269,787	101,402	269,787
b) Vehicle	6,230,594	5,836,527	6,230,594	5,836,527
c) Computer and accessories	671,464	953,498	671,464	953,498
d) Office equipment and furniture	6,432,171	6,376,274	6,432,171	6,376,274
e) Other	5,037,456	5,426,637	5,037,456	5,426,637
Insurance	7,929,362	8,852,914	7,929,362	8,852,914
Postage, Telex, Telephone, Fax	27,549,780	29,672,972	27,549,780	29,672,972
Printing and Stationery	34,933,306	33,647,172	34,933,306	33,647,172
News Paper, books and journals	307,307	270,363	307,307	270,363
Advertisements	40,220,228	42,315,060	40,220,228	42,315,060
Donation	-	-	-	-
Security Expenses	162,739,404	167,809,490	162,739,404	167,809,490
Deposit and loan guarantee premium	66,905,513	59,593,736	66,905,513	59,593,736
Traveling Allowances and Expenses	21,160,361	16,404,739	21,160,361	16,404,739
Entertainment	2,023,325	3,241,983	2,023,325	3,241,983
Legal Expenses	-	-	-	-
Annual/special General Meeting	2,891,335	2,409,912	2,891,335	2,409,912
<b>Other</b>	<b>326,124,229</b>	<b>348,032,476</b>	<b>312,233,697</b>	<b>320,104,141</b>
a) Annual Maintenance Expenses	14,776,770	17,336,944	14,776,770	17,336,944
b) Fuel	18,654,382	19,396,432	18,654,382	19,396,432
c) Business Promotion/Annual Function Expenses	16,659,081	32,027,119	16,659,081	32,027,119
d) Rates And Taxes	11,117,652	12,159,133	11,117,652	12,159,133
e) Outsource Staff Expenses	75,883,888	68,796,278	75,883,888	68,796,278
f) Other	189,032,456	198,316,570	175,141,924	170,388,235
<b>Total</b>	<b>750,643,737</b>	<b>769,460,832</b>	<b>736,753,203</b>	<b>741,532,497</b>

## DEPRECIATION & AMORTISATION

4.38

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Depreciation on property and equipment	399,167,291	398,950,297	394,209,558	396,397,488
Depreciation on investment property	-	-	-	-
Amortisation of intangible assets	23,120,279	19,646,005	22,409,668	19,256,744
<b>Total</b>	<b>422,287,570</b>	<b>418,596,302</b>	<b>416,619,226</b>	<b>415,654,232</b>

Depreciation on property and equipment includes depreciation on Right of Use Assets amounting to NPR 167,706,904 as per NFRS 16 -"Leases" due to which depreciation amount does not match with 4.13 Property, Plant and Equipment schedule.

## NON OPERATING INCOME

4.39

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Recovery of loan written off	85,318,448	8,931,154	85,318,448	8,931,154
Other income	-	-	-	-
<b>Total</b>	<b>85,318,448</b>	<b>8,931,154</b>	<b>85,318,448</b>	<b>8,931,154</b>

## NON OPERATING EXPENSE

4.40

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Loan written off	95,463,054	52,633,551	95,463,054	52,633,551
Redundancy provision	-	-	-	-
Expense of restructuring	-	-	-	-
Other expense	1,908,616	1,598,623	1,908,616	1,598,623
<b>Total</b>	<b>97,371,670</b>	<b>54,232,174</b>	<b>97,371,670</b>	<b>54,232,174</b>

## INCOME TAX EXPENSE

4.41

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Current tax expense</b>	<b>680,098,799</b>	<b>764,079,210</b>	<b>680,098,799</b>	<b>763,209,642</b>
Current year	577,331,788	753,571,568	577,331,788	752,702,000
Adjustments for prior years	102,767,011	10,507,642	102,767,011	10,507,642
<b>Deferred tax expense</b>	<b>(70,756,857)</b>	<b>(51,197,637)</b>	<b>(71,462,067)</b>	<b>(53,493,139)</b>
Origination and reversal of temporary differences	(70,756,857)	(51,197,637)	(71,462,067)	(53,493,139)
Changes in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
<b>Total income tax expense</b>	<b>609,341,942</b>	<b>712,881,573</b>	<b>608,636,732</b>	<b>709,716,503</b>

## RECONCILIATION OF TAX EXPENSE AND ACCOUNTING PROFIT

4.41.1

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Profit before tax	1,650,319,532	2,348,606,994	1,653,835,919	2,335,242,492
Tax amount at tax rate of 30%	495,095,860	704,582,098	496,150,776	700,572,748
Add: Tax effect of expenses that are not deductible for tax purposes	9,665,977	2,332,338	7,905,853	3,176,618
Less: Tax effect on exempt income	1,543,142	875,386	1,543,142	875,386
Add/less: Tax effect on other items	106,123,246	(3,665,119)	106,123,246	(3,665,119)
<b>Total income tax expense</b>	<b>609,341,942</b>	<b>702,373,931</b>	<b>608,636,732</b>	<b>699,208,861</b>
<b>Effective tax rate</b>	<b>36.92%</b>	<b>29.91%</b>	<b>36.80%</b>	<b>29.94%</b>

**COMPARISON UNAUDITED AND AUDITED FINANCIAL STATEMENTS AS OF FY 2080/81**

STATEMENT OF FINANCIAL POSITION	AS PER UNAUDITED FINANCIAL STATEMENT	AS PER AUDITED FINANCIAL STATEMENT	VARIANCE		REASONS FOR VARIANCE
			IN AMOUNT	IN %	
<b>Assets</b>					
Cash and cash equivalent	7,838,318,696	7,790,318,696	(48,000,000)	-0.61%	Receivable amount transferred to Other Assets
Due from Nepal Rastra Bank	12,340,167,398	6,340,167,398	(6,000,000,000)	-48.62%	Realigned the investment in SDF of Nepal Rastra Bank
Placement with Bank and Financial Institution :	404,770,066	404,770,066	-	0.00%	
Derivative financial instruments	-	4,541,338	4,541,338	0.00%	Reclassification
Other trading assets	12,304,900	13,272,822	967,922	7.87%	Reclassification of AIR
Loan and advances to B/FIs	5,101,443,477	5,101,443,477	-	0.00%	
Loans and advances to customers	127,106,705,172	126,754,174,782	(352,530,390)	-0.28%	AIR Realignment and Adjustment of LLP from External Audit
Investment securities	29,473,961,215	35,597,019,374	6,123,058,159	20.77%	Realigned the investment in SDF of Nepal Rastra Bank
Current tax assets	866,599,831	919,481,176	52,881,345	6.10%	Tax effect of adjustments in Profit or loss
Investment in subsidiaries	400,000,000	400,000,000	-	0.00%	
Investment in associates	-	-	-	0.00%	
Investment property	1,201,902,408	1,201,902,408	-	0.00%	
Property and equipment	1,585,982,262	1,585,982,262	-	0.00%	
Goodwill and Intangible assets	128,014,808	128,014,808	-	0.00%	
Deferred tax assets	129,739,258	154,282,111	24,542,853	18.92%	Final Deferred Tax adjustment
Other assets	3,032,656,746	3,215,414,907	182,758,161	6.03%	Reclassification of AIR and Other Assets
<b>Total Assets</b>	<b>189,622,566,237</b>	<b>189,610,785,625</b>	<b>(11,780,611)</b>	<b>-0.01%</b>	



Contd... COMPARISON UNAUDITED AND AUDITED FINANCIAL STATEMENTS AS OF FY 2080/81

STATEMENT OF FINANCIAL POSITION	AS PER UNAUDITED FINANCIAL STATEMENT	AS PER AUDITED FINANCIAL STATEMENT	VARIANCE		REASONS FOR VARIANCE
			IN AMOUNT	IN %	
<b>Liabilities</b>					
Due to Bank and Financial Institutions	3,833,581,133	3,128,492,210	(705,088,923)	-18.39%	Realignment of Deposit from BFI's
Due to Nepal Rastra Bank	-	-	-	0.00%	
Derivative financial instruments	244,356,165	-	(244,356,165)	-100.00%	Reclassification
Deposits from customers	157,941,820,247	158,646,909,170	705,088,923	0.45%	Realignment of Deposit from BFI's
Borrowing	2,091,129,011	2,091,129,011	-	0.00%	
Current Tax Liabilities	-	-	-	0.00%	
Provisions	-	-	-	0.00%	
Deferred tax liabilities	-	-	-	0.00%	
Other liabilities	2,721,807,970	3,135,039,988	413,232,019	15.18%	As per final actuarial valuation report
Debt securities issued	5,495,481,482	5,495,481,482	-	0.00%	
Subordinated Liabilities	-	-	-	0.00%	
<b>Total liabilities</b>	<b>172,328,176,008</b>	<b>172,497,051,861</b>	<b>168,875,853</b>	<b>0.10%</b>	
<b>Equity</b>					
Share capital	11,621,357,273	11,621,357,273	-	0.00%	
Share premium	30,881,765	30,881,765	-	0.00%	
Retained earnings	466,454,362	(359,804,768)	(826,259,130)	-177.14%	Due to change in Profit
Reserves	5,175,696,828	5,821,299,494	645,602,666	12.47%	Due to change in Profit
Total equity attributable to equity holders	17,294,390,229	17,113,733,764	(180,656,465)	-1.04%	
Non-controlling interest					
<b>Total equity</b>	<b>17,294,390,229</b>	<b>17,113,733,764</b>	<b>(180,656,465)</b>	<b>-1.04%</b>	
<b>Total liabilities and equity</b>	<b>189,622,566,237</b>	<b>189,610,785,625</b>	<b>(11,780,611)</b>	<b>-0.01%</b>	

STATEMENT OF FINANCIAL POSITION	AS PER UNAUDITED FINANCIAL STATEMENT	AS PER AUDITED FINANCIAL STATEMENT	VARIANCE		REASONS FOR VARIANCE
			IN AMOUNT	IN %	
<b>Statement of Profit or Loss</b>					
Interest income	16,619,586,454	16,598,693,546	(20,892,908)	-0.13%	Adjustment of interest suspense and reclassification
Interest expense	11,610,500,770	11,610,500,770	-	0.00%	
Net interest income	5,009,085,684	4,988,192,776	(20,892,908)	-0.42%	
Fee and commission income	1,361,141,855	1,361,141,856	-	0.00%	
Fee and commission expense	273,515,325	273,515,325	-	0.00%	
<b>Net fee and commission income</b>	<b>1,087,626,530</b>	<b>1,087,626,531</b>	<b>-</b>	<b>0.00%</b>	
<b>Net interest, fee and commission income</b>	<b>6,096,712,214</b>	<b>6,075,819,307</b>	<b>0</b>	<b>0</b>	
Net trading income	202,219,772	230,382,782	28,163,010	13.93%	Reclassification
Other operating income	79,965,526	79,965,526	-	0.00%	
<b>Total operating income</b>	<b>6,378,897,512</b>	<b>6,386,167,615</b>	<b>7,270,103</b>	<b>0.11%</b>	
Impairment charge/(reversal) for loans and other losses	1,072,199,315	1,398,187,605	325,988,290	30.40%	Adjustment of LLP from External Audit and Regulatory
<b>Net operating income</b>	<b>5,306,698,197</b>	<b>4,987,980,010</b>	<b>(318,718,187)</b>	<b>-6.01%</b>	
<b>Operating expense</b>				<b>0.00%</b>	
Personnel expenses	2,117,224,143	2,085,352,325	(31,871,818)	-1.51%	Bonus effect of adjustment in PL
Other operating expenses	820,119,318	820,119,318	-	0.00%	
Depreciation & Amortization	416,619,226	416,619,226	-	0.00%	
<b>Operating profit</b>	<b>1,952,735,510</b>	<b>1,665,889,141</b>	<b>(286,846,369)</b>	<b>-14.69%</b>	
Non operating income	85,318,448	85,318,448	-	0.00%	
Non operating expense	97,371,670	97,371,670	-	0.00%	
<b>Profit before income tax</b>	<b>1,940,682,288</b>	<b>1,653,835,919</b>	<b>(286,846,369)</b>	<b>-14.78%</b>	
Income tax expense	690,514,761	608,636,732	(81,878,029)	-11.86%	Deferred tax impact
Current Tax	732,980,144	680,098,799	(52,881,345)	-7.21%	Impact of above adjustment on tax liability
Deferred Tax	(42,465,383)	(71,462,067)	(28,996,684)	68.28%	OCI impact in deferred tax
<b>Profit / (loss) for the period</b>	<b>1,250,167,527</b>	<b>1,045,199,187</b>	<b>(204,968,340)</b>	<b>-16.40%</b>	
Profit/(loss) for the period	1,250,167,527	1,045,199,187	(204,968,340)	-16.40%	
Other Comprehensive Income	(17,393,784)	6,918,092	24,311,876	-139.77%	
<b>Total comprehensive income</b>	<b>1,232,773,743</b>	<b>1,052,117,279</b>	<b>(180,656,464)</b>	<b>-14.65%</b>	

## PRINCIPAL INDICATORS

PARTICULARS	INDICTORS	F.Y. 2076/2077	F.Y. 2077/2078	F.Y. 2078/2079	F.Y. 2079/2080	F.Y. 2080/2081
1. Net Profit/Gross Income	%	9.99%	12.60%	9.96%	7.73%	5.69%
2. Earnings Per Share	Rs.	14.96	17.76	16.44	15.85	8.99
3. Market Value per Share	Rs.	220.00	385.00	254.00	231.80	200.00
4. Price Earning Ratio	Ratio	14.71	21.68	15.45	14.63	22.24
5. Dividend (including bonus) on share capital	%	10.40%	14.00%	0.00%	14%	0.00%
6. Cash Dividend on share capital	%	3.37%	0.70%	0.00%	0.70%	0.00%
7. Interest Income/Loans & Advances	%	11.76%	9.35%	11.39%	14.36%	10.51%
8. Employee Expenses/Total Operating Exps	%	13.33%	16.30%	12.11%	10.83%	12.73%
9. Interest Expenses on Total Deposit and Borrowings	%	7.02%	4.91%	6.74%	8.79%	7.18%
10. Exchange Fluctuation Gain/Total Income	%	2.67%	2.32%	1.58%	1.61%	1.59%
11. Staff Bonus/ Total Employee Expenses	%	15.95%	16.71%	16.30%	13.94%	9.66%
12. Net Profit/Loans & Advances	%	1.31%	1.35%	1.26%	1.21%	0.76%
13. Net Profit/ Total Assets	%	1.02%	1.02%	0.94%	0.87%	0.55%
14. Total Credit/Deposit	%	88.56%	86.53%	86.32%	81.35%	83.32%
15. Total Operating Expenses/Total Assets	%	7.81%	5.88%	7.64%	9.21%	7.88%
16. Adequacy of Capital Fund on Risk Weightage Assets						
a. Core Capital	%	9.57%	8.67%	8.62%	9.00%	9.25%
b. Supplementary Capital	%	3.45%	3.39%	4.74%	4.56%	4.48%
c. Total Capital Fund	%	13.02%	12.06%	13.36%	13.56%	13.74%
17. Liquidity	%	23.83%	27.08%	21.40%	29.43%	29.30%
18. Non Performing Loans/Total Loans	%	0.52%	0.62%	1.04%	2.26%	3.86%
19. Base Rate	%	9.21%	7.26%	9.86%	10.74%	8.26%
20. Weighted Average Interest Rate Spread *	%	4.36%	3.82%	4.33%	4.26%	3.98%
21. Book Net worth	Rs.	11,584,702,840	12,864,132,182	14,485,771,130	16,151,786,049	17,113,733,764
22. Total Shares	Number	84,584,777	90,530,946	102,571,556	102,571,556	116,213,573
23. Total Employees	Number	1,486	1,510	1,584	1,558	1,484
24. Productivity per Staff	Rs.'000	851.38	1,064.55	1116.99	1026.22	670.86
25. Book Value Per Share	Rs.	136.96	142.10	141.23	157.47	147.26
26. Number of branches	Number	159	161	165	165	165
27. Number of ATM	Number	198	203	207	204	200

Note:

- Gross income includes interest income, fee & commission income, operating income, forex income and non operating income
- Loan & advances of point no. 7 includes gross amount of loan to customers & BFI's presented in 4.7 and 4.6 respectively.
- Total staff expenses does not include staff bonus.
- Weighted Average Interest Rate spread is presented as per the calculation of NRB Directive (Thus Rate represent Ashad month spread)

## COMPARISION OF PROJECTED AND AUDITED FINANCIAL STATEMENT FOR FY 2080/81

Bank had issued 8.5% Machhapuchhre Debenture 2087 on 24/04/2078 and issued projected financial statement for ten years including this FY 2080/81. However there are some variances between the projected and audited financial figure for the FY 2080/81 has been noted.

STATEMENT OF FINANCIAL POSITION	AS PER AUDITED FINANCIAL STATEMENT (A)	AS PER PROJECTED FINANCIAL STATEMENT (B)	VARIANCE		REASONS FOR VARIANCE
			IN AMOUNT (A-B)	IN % {(A-B)/B}	
Assets					
Cash and cash equivalent	7,790,318,696	22,565,471,038	(14,775,152,342)	-65%	Due to Present economic scenerio, slowness in regular banking transactions, and changes in business strategy pursuant to policy changed by regulator.
Due from Nepal Rastra Bank	6,340,167,398	6,664,585,379	(324,417,981)	-5%	
Placement with Bank and Financial Institutions	404,770,066	222,819,106	181,950,960	82%	
Derivative financial instruments	4,541,338	67,415,547	(62,874,209)	-93%	Due to slowness in the economy of the country, and Capital Adequacy Management Policy of the Bank.
Other trading assets	13,272,822	310,417,213	(297,144,391)	-96%	
Loan and advances to B/FIs	5,101,443,477	3,119,775,435	1,981,668,042	64%	
Loans and advances to customers	126,754,174,782	181,661,290,618	(54,907,115,836)	-30%	Due to investment in government securities and treasury bills
Investment securities	35,597,019,374	24,743,052,157	10,853,967,217	44%	
Current tax assets	919,481,176	275,808,469	643,672,707	233%	
Investment in subsidiaries	400,000,000	200,000,000	200,000,000	100%	Additional advance tax paid to LTO after assessment by LTO.  Due to investment in MBL securities
Investment in associates	-	-	-		
Investment property	1,201,902,408	174,947,305	1,026,955,103	587%	
of the country.					Due to increment in NBA due to present economic condition
Property and equipment	1,585,982,262	1,623,678,466	(37,696,204)	-2%	Purchase of Software
Goodwill and Intangible assets	128,014,808	79,162,379	48,852,429	62%	
Deferred tax assets	154,282,111	35,234,822	119,047,289	338%	
Other assets	3,215,414,905	983,645,282	2,231,769,623	227%	NFRS adjustment in employee benefit and lease Recognition of Right of Use Assets and Deferred Employee Expenditure
Total Assets	189,610,785,625	242,727,303,214	(53,116,517,589)	-22%	

CONT. COMPARISON OF PROJECTED AND AUDITED FINANCIAL STATEMENT FOR FY 2080/81

STATEMENT OF FINANCIAL POSITION	AS PER AUDITED FINANCIAL STATEMENT (A)	AS PER PROJECTED FINANCIAL STATEMENT (B)	VARIANCE		REASONS FOR VARIANCE
			IN AMOUNT (A-B)	IN % {(A-B)/B}	
<b>Liabilities</b>					
Due to Bank and Financial Institutions	3,128,492,210	3,879,106,744	(750,614,534)	-19%	Regular banking transactions and liquidity requirement.
Due to Nepal Rastra Bank	-	20,092,859	(20,092,859)	-100%	
Derivative financial instruments	-	-	-		
Deposits from customers	158,646,909,170	204,178,731,324	(45,531,822,154)	-22%	Regular banking transactions and liquidity requirement.
Borrowing	2,091,129,011	1,202,500,000	888,629,011	74%	Due to external borrowing
Current Tax Liabilities	-	-	-		
Provisions	-	-	-		
Deferred tax liabilities	-	-	-		
Other liabilities	3,135,039,988	2,669,257,362	465,782,626	17%	Recognition of liabilities under finance lease.
Debt securities issued	5,495,481,482	10,000,000,000	(4,504,518,518)	-45%	Due to constraint in loan growth and advances and capital
management policy of the bank					
Subordinated Liabilities	-	-	-		
<b>Total liabilities</b>	<b>172,497,051,863</b>	<b>221,949,688,290</b>	<b>(49,452,636,427)</b>	<b>-22%</b>	
<b>Equity</b>					
Share capital	11,621,357,273	11,723,051,426	(101,694,153)	-1%	Capital management policy of the bank
Share premium	30,881,765	30,881,765	0	0%	
Retained earnings	(359,804,768)	1,629,129,807	(1,988,934,575)	-122%	Due to non achievement of Net profit as per projection.
Reserves	5,821,299,494	7,394,551,925	(1,573,252,431)	-21%	Due to policy changes by the regulator.
<b>Total equity attributable to equity holders</b>	<b>17,113,733,764</b>	<b>20,777,614,923</b>	<b>(3,663,881,159)</b>	<b>-18%</b>	
Non-controlling interest	-	-	-		
<b>Total equity</b>	<b>17,113,733,764</b>	<b>20,777,614,923</b>	<b>(3,663,881,159)</b>	<b>-18%</b>	
<b>Total liabilities and equity</b>	<b>189,610,785,625</b>	<b>242,727,303,214</b>	<b>(53,116,517,587)</b>	<b>-22%</b>	

CONT. COMPARISON OF PROJECTED AND AUDITED FINANCIAL STATEMENT FOR FY 2080/81

STATEMENT OF PROFIT AND LOSS	AS PER AUDITED FINANCIAL STATEMENT (A)	AS PER PROJECTED FINANCIAL STATEMENT (B)	VARIANCE		REASONS FOR VARIANCE
			IN AMOUNT (A-B)	IN % ((A-B)/B)	
Interest income	16,598,693,546	17,061,069,428	(462,375,882)	-3%	Due to non achievement in projected growth in loans and advances
Interest expense	11,610,500,770	10,699,000,977	911,499,793	9%	Due to increment in cost of fund
<b>Net interest income</b>	<b>4,988,192,776</b>	<b>6,362,068,450</b>	<b>(1,373,875,674)</b>	<b>-22%</b>	
Fee and commission income	1,361,141,856	1,949,753,521	(588,611,665)	-30%	Due to constraint in loan growth and normal banking transactions.
Fee and commission expense	273,515,325	144,071,856	129,443,469	90%	Due to massive increment in transaction banking and Other fees and commission with the digital adoption
<b>Net fee and commission income</b>	<b>1,087,626,531</b>	<b>1,805,681,665</b>	<b>(718,055,134)</b>	<b>-40%</b>	
<b>Net interest, fee and commission income</b>	<b>6,075,819,307</b>	<b>8,167,750,115</b>	<b>(2,091,930,808)</b>	<b>-26%</b>	
Net trading income	230,382,782	567,057,831	(336,675,049)	-59%	Due to decrement in foreign currency transactions and increase in foreign exchange rate in USD.
Other operating income	79,965,526	160,477,105	(80,511,579)	-50%	
<b>Total operating income</b>	<b>6,386,167,615</b>	<b>8,895,285,050</b>	<b>(2,509,117,435)</b>	<b>-28%</b>	
Impairment charge/(reversal) for loans and other losses	1,398,187,605	240,000,000	1,158,187,605	483%	Due to regulatory adjustment and increment in non performing loan.
<b>Net operating income</b>	<b>4,987,980,010</b>	<b>8,655,285,050</b>	<b>(3,667,305,040)</b>	<b>-42%</b>	
Operating expense	-	-	-		
Personnel expenses	2,085,352,325	2,683,360,156	(598,007,831)	-22%	Due to decrement in Employee Bonus with the decrement in net profit.
Other operating expenses	820,119,318	1,270,371,610	(450,252,292)	-35%	Due to adoption of cost control and cost reduction tool in office administrative expenses
Depreciation & Amortisation	416,619,226	253,193,993	163,425,233	65%	Due to adoption of NFRS 16 Lease
<b>Operating Profit</b>	<b>1,665,889,141</b>	<b>4,448,359,292</b>	<b>(2,782,470,151)</b>	<b>-63%</b>	
Non operating income	85,318,448	-	85,318,448	100%	Due to recovery of loan write off
Non operating expense	97,371,670	-	97,371,670	100%	Due to Increase in loan written off with the increase in Non Performing Loan
<b>Profit before income tax</b>	<b>1,653,835,919</b>	<b>4,448,359,292</b>	<b>(2,794,523,373)</b>	<b>-63%</b>	
Income tax expense	608,636,732	1,334,507,788	(725,871,056)	-54%	
Current Tax	680,098,799	1,334,507,788	(654,408,989)	-49%	Due to decrease in profit before income tax
Deferred Tax	(71,462,067)	-	(71,462,067)	100%	NFRS adjustment in employee benefit and lease
<b>Profit for the year</b>	<b>1,045,199,187</b>	<b>3,113,851,504</b>	<b>(2,068,652,317)</b>	<b>-66%</b>	Due to decrease in spread rate and effects of above mentioned reasons.



# SIGNIFICANT ACCOUNTING POLICIES

Financial Year 17 July 2023 to 15 July 2024 (1 Sawan 2080 to 31 Asar 2081)

## 1. GENERAL INFORMATION

### 1.1 Reporting Entity

Machhapuchchhre Bank Limited (hereinafter referred to as "the Bank") is a public limited company, incorporated on 16 February 1998 as per then Companies Act 1964 of Nepal, and domiciled in Nepal. The Bank obtained license from Nepal Rastra Bank on 11 Ashoj 2057. The registered office of the Bank is located at Lazimpat, Kathmandu, Nepal. The Bank is listed in Nepal Stock Exchange Limited (the sole stock exchange in Nepal) for public trading.

The principal activities of the Bank are to provide full-fledged commercial banking services including, agency services, trade finance services, card services, e-commerce products and services and commodity trading services to its customers through its strategic business units, branches, extension counters, ATMs and network of agents.

### 1.2 Subsidiary

#### Machhapuchchhre Capital Limited

Machhapuchchhre Capital Limited subsidiary of the Bank was incorporated on 8 Ashwin 2075 as a public limited company as per the Companies Act 2063 and licensed by Securities Board of Nepal under the Securities Businessperson (Merchant Banker) Regulations, 2008 to provide merchant banking and investment banking services.

Current holding of the Bank in Machhapuchchhre Capital Limited is 69.85%.

Subsidiary	Cost as on Ashad End 2081 (NPR)
Machhapuchchhre Capital Limited	200,000,000

The financial year of subsidiary is same as that of the Bank.

#### Machhapuchchhre Securities Limited

Machhapuchchhre Securities Limited is incorporated on Sawan 10, 2076 with the objective of providing securities brokerage services in the secondary market of Nepal. The Company has obtained license from Securities Board of Nepal and Nepal Stock Exchange Limited for operation of transactions and is yet to be obtained license from CDS & Clearing limited for clearing of operated transactions. Machhapuchchhre Securities Limited is fully owned subsidiary company of Machhapuchchhre Bank Limited.

Subsidiary	Cost as on Ashad End 2081 (NPR)
Machhapuchchhre Securities Limited	200,000,000

The financial year of subsidiary is same as that of the Bank.

### 1.3 Group

The Group represents the Bank and its subsidiary.

## 2. BASIS OF PREPARATION

### 2.1 Basis of Preparation

The Financial Statements of the Bank have been prepared in accordance with the requirement of Nepal Financial Reporting Standards (NFRS) as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN) and in the format issued by Nepal Rastra Bank in Directive No. 4 of NRB Directives, 2080. The Group has opted for certain Carve Out which are briefly described in Notes to Accounts.

The Financial Statements comprise of:

- Consolidated Statement of Financial Position (SOFP)
- Consolidated Statement of Profit and Loss (SOPL)
- Consolidated Statement of Other Comprehensive Income (SOCI)
- Consolidated Statement of Changes in Equity (SOCE)
- Consolidated Statement of Cash Flows (SOCF)
- Notes to the Consolidated Financial Statements comprising summary of Significant Accounting Policies and explanatory notes.

## 2.2 Statement of Compliance

The financial statements of the group have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) as issued by Accounting Standards Board and carve out issued by the Institute of Chartered Accountants of Nepal and in compliance with BAFIA 2073 and Unified Directives 2080 issued by Nepal Rastra Bank and all other applicable laws and regulations. These policies have been consistently applied to all the years presented except otherwise stated.

## 2.3 Reporting Period and approval of financial statements

The Bank follows the Nepalese financial year based on the Nepalese calendar. The corresponding dates for the English calendar are as follows:

Relevant Financial Statement	Nepalese Calendar Date/Period	English Calendar Date/Period
Consolidated Statement of Financial Position	31 Asar 2081	15 July 2024
Consolidated Statement of Profit/Loss	1 Sawan 2080 to 31 Asar,2081	17 July 2023 to 15 July 2024
Consolidated Statement of Other Comprehensive Income	1 Sawan 2080 to 31 Asar,2081	17 July 2023 to 15 July 2024
Consolidated Statement of Cash Flows	1 Sawan 2080 to 31 Asar,2081	17 July 2023 to 15 July 2024
Consolidated Statement of Changes in Equity	1 Sawan 2080 to 31 Asar,2081	17 July 2023 to 15 July 2024

The Board of Directors of the Bank authorized the financial statement vide its resolution 3 Poush 2081 and recommended for its approval by the Annual General Meeting of the shareholders.

## 2.4 Functional and Presentation Currency

The Nepalese Rupees (NPR), being the currency of primary economic environment under which bank operates, has been used as the functional currency. The financial information has been presented in Nepalese Rupees and has been shown in actual figure, unless indicated otherwise.

## 2.5 Significant Accounting Judgments, Estimates and Assumptions

The Management of the Bank has made judgments, estimations and assumptions which affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses that is required for the preparation of financial statements in conformity with Nepal Financial Reporting Standards (NFRS). Twhe Management believes that the estimates used in preparation of financial statements are prudent and reasonable. Estimates and underlying assumptions are reviewed on an ongoing basis. Necessary revisions to accounting estimates are recognized in the period in which such estimates are revised and in any future periods affected. Actual results may differ from these estimates.

Any revision in accounting estimate is recognized prospectively in present and future periods as required under NAS 8 Accounting Policies, Changes in Accounting Estimates and Error.

Significant estimates, assumptions and judgments used in applying accounting policies which have material effect in financial statements is:

Impairment on loans and advances (Higher of provision for loan loss calculated as per NRB Guideline and Impairment loss calculated as per NFRS as per carve out issued by ICAN to be mandatorily implemented till carve out period)

## 2.6 Accounting Policies and Changes in Accounting Polices

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

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

## 2.7 New Standards in issue but not yet effective

The Institute of Chartered Accountants of Nepal (ICAN) has published Nepal Financial Reporting Standards 2018 (NFRS 2018) on March, 2021. Accordingly, NFRS 9, NFRS 14 and NFRS 17 has been introduced with amendment to existing standards which shall be effective from Fiscal Year 2024-25. NFRS 14 "Regulatory Deferral Accounts" and NFRS 17 "Insurance Contracts" does not applicable to Banks and Financial Institutions due to revenue is recognized as per NFRS 15 "Revenue from contracts with customers".

### 2.7.1 NFRS 9 'Financial Instruments'-Impairment

IFRS 9 'Financial Instruments' was issued by the IASB in July 2014 and effective internationally for the financials beginning on or after 1 January 2018. Accounting Standard Board of Nepal endorsed NFRS 9 Financial Instruments with some exceptions, mainly in the Impairment. Currently, the carve out issued by the Accounting Standard Board of Nepal has been used for impairment on loans and advances. However, with introduction of NFRS 2018, NFRS 9 shall cover Expected Credit Loss Model which is in line with the IFRS 9 Financial Instruments. The requirement of NFRS 9 is Expected Credit Loss Model.

#### Expected Credit Loss Model (ECL) of Impairment

The Expected Credit Loss (ECL) model is a forward-looking model. The ECL estimates are unbiased, probability-weighted, and include supportable information about past events, current conditions, and forecasts of future economic conditions.

Under the general approach, NFRS 9 recognizes three stage approach to measure expected credit losses and recognized interest income.

**Stage 1:** 12-month ECL – No significantly increased credit risk Financial instruments that have not had a significant increase in credit risk since initial recognition require, at initial recognition a provision for ECL associated with the probability of default events occurring within the next 12 months (12-month ECL). For those financial assets with a remaining maturity of less than 12 months, a Probability of Default (PD) is used that corresponds to the remaining maturity. Interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

**Stage 2:** Lifetime ECL – Significantly increased credit risk in the event of a significant increase in credit risk since initial recognition, a provision is required for the lifetime ECL representing losses over the life of the financial instrument (lifetime ECL). Interest income will continue to be recognized on a gross basis.

**Stage 3:** Lifetime ECL – Defaulted Financial instruments that move into Stage 3 once credit impaired and purchases of credit impaired assets will require a lifetime provision. Interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

The management is still assessing the potential impact on its financial statements, if Expected Credit Loss (ECL) model is introduced.

	Stage 1	Stage 2	Stage 3
<b>Nature</b>	12 month expected credit loss	Lifetime expected credit loss	Lifetime expected credit loss
<b>Risk</b>	No significant risk since initial recognition	Significant credit risk since initial recognition	Credit impaired (With objective evidence of impairment)
<b>Nature</b>	Performing	Underperforming	Non-performing)
<b>Interest Revenue</b>	Effective interest on gross carrying amount	Effective interest on gross carrying amount	Effective interest on gross Carrying amount less ECL

#### NRB Guidelines regarding Expected Credit Losses

Nepal Rastra Bank has issued NFRS 9-Expected Credit Loss Related Guidelines, 2024 to Banks and Financial Institutions (BFI's) which describes ECL calculation methodology and shall be implemented from FY 2081-82.

### 2.8 New Standards and interpretation not adopted

In preparing financial statement, Standards and pronouncement issued by Accounting Standard Board of Nepal has been adopted. Management has used its assumptions and understandings for preparation of financial statements under compliance with NFRS, however, certain interpretations might vary regarding the recognition, measurement, and other related provisions where the standards are not specific and not clear.

The NFRS conform, in all material respect, to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

However, the Institute of Chartered Accountants of Nepal (ICAN) vide its notice dated 2079.03.31 has resolved that Carve-out in NFRS with alternative treatment and effective period shall be provided to the Banks and Financial Institutions regulated by NRB on the specific recommendation of Accounting Standard Board(ASB). Details of carve out provided are as follows:

## 2.8.1 NFRS 9: Financial Instruments: Recognition and Measurement

### a) Impracticability to determine transaction cost of all previous years which is the part of effective interest rate

In para 5.4, effective interest rate is the rate that exactly discounts estimated future cash payments of receipts through the expected life of the financial assets or financial liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, an entity shall estimate the expected cash flows by considering all the contractual terms of the financial instruments (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 (Para B5.4.1 – B5.4.3), transaction costs, and all other premiums or discounts. There is a presumption that cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments). This carve out is optional and has been provided until this FY 2080-81 (i.e. FY 2023-24).

### b) Impairment and collectability of financial assets measured at amortized cost

As per Para 5.5, 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, they shall apply paragraph 5 to determine the amount of any impairment loss unless the entity is a bank or financial institution registered as per Bank and Financial Institution Act 2073. Such entities shall measure impairment loss on loan and advances as the higher of amount derived as per the norms prescribed by the Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 5 and shall apply paragraph 5 to measure the impairment loss on financial assets other than loan and advances.

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 assets shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

This carve out is not optional and has been provided until this FY 2080-81 (i.e. FY 2023-24). Bank will measure the impairment of loan and advances to customers as higher of the impairment as assessed under NFRS or as per the norms prescribed by Nepal Rastra Bank. The provision is mandatory where impairment under NFRS and impairment under NRB norms has been disclosed for comparison and the higher of the two is charged as impairment and recognized in the financial statements.

## 2.9 Discounting

Discounting has been done, using the relevant discount rate, for computing the present value of a payment or stream of payments that is to be received in future in case required under NFRS for any valuations, adjustments. Market interest rate, EIR are used for discounting the future payments as required under the provision. It has been applied in the cases where discounting is significant financing component.

## 2.10 Prior Period Errors

Prior Period Errors are omissions or misstatements in an entity's financial statements. Such omissions may relate to one or more prior periods. Correction of an error is done by calculating the cumulative effect of the change on the financial statements of the period as if new method or estimate had always been used for all the affected prior years' financial statements. Sometimes such changes may not be practicable, in such cases, it is applied to the latest period possible by making corresponding adjustment to the opening balance of the period.

## 2.11 Materiality and Aggregation

In compliance with NFRS 1 Presentation of Financial Statements, each material class of similar items is presented separately in financial statements. Items of dissimilar nature are presented separately unless they are material.

### 2.12 Offsetting

Assets and liabilities, income and expense are reported separately and no assets and liabilities, or income and expense are offset unless required or permitted by NFRS.

### 2.13 Rounding

The statements have been rounded off to nearest Rupees in relevant assertions.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, unless otherwise stated. The preparation of financial statements requires the use of certain accounting estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects have been disclosed.

### 3.1 Basis of Measurement

The financial statements have been prepared on historical cost basis except for the following material items in the statement of financial position:

- Financial instruments at fair value through profit or loss or through OCI are measured at fair value.
- Financial instruments subsequently measured at amortized cost.
- Liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the net total of the plan assets, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses.
- The Bank recognizes a right-of-use asset and a lease liability as per NFRS 16.

### 3.2 Basis of Consolidation

#### 3.2.1 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method as per the requirements of NFRS 3 (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 acquire, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is immediately recognized in the profit or loss.

The Bank elects on a transaction by transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that the Bank incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss except for measurement period adjustment.

#### 3.2.2 Non-Controlling Interest (NCI)

Bank elects to measure any non-controlling interests for each business combination in the acquire at their proportionate share of the acquirer's identifiable net assets (partial goodwill method).

Changes in the Bank's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

#### 3.2.3 Subsidiaries

Subsidiaries are the entities controlled by the Bank. The Bank controls an entity if 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. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

The Bank reassesses whether it has control if there are changes to one or more of the elements of control. The Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances as stated on Para 19 of the NFRS 10.

### **3.2.4 Loss of Control**

When the Bank loses control over a Subsidiary, it derecognizes the assets and liabilities of the former subsidiary at its carrying 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 NFRS. 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.

### **3.2.5 Special Purpose Entity (SPE)**

Special purpose entity is a legal entity (usually limited company of some type or, sometimes, a limited partnership) created to fulfil narrow, specific or temporary objectives. SPEs are typically used by companies to isolate the firm from financial risk. The Bank does not have any special purpose entity as of now.

### **3.2.6 Transaction Elimination on Consolidation**

All intra-group balances and transaction, and any unrealized income and expense (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

## **3.3 Cash and Cash Equivalent**

Cash and cash equivalents include cash in hand, balance with BFIs, money at call & short notice and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

## **3.4 Due from Nepal Rastra Bank**

Due from Nepal Rastra Bank includes statutory balances held with Nepal Rastra Bank for compulsory cash reserve, securities purchased from Nepal Rastra Bank under resale agreement and other deposits with and receivables from Nepal Rastra Bank. Balances with central banks are carried at amortized cost in the Statement of Financial Position.

## **3.5 Placement with Bank and Financial Institution**

Placements with banks and financial Institutions includes placement with other banks with original maturities of more than three months from the acquisition date. Placements with banks are initially measured at fair value. After initial measurement, they are subsequently measured at amortized cost using the Effective Interest Rate (EIR), less allowance for impairment. Interest income from placements with banks is included in "Interest income" in the Statement of Profit or Loss.

## **3.6 Financial Assets and Financial Liabilities**

### **3.6.1 Recognition**

The Bank 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 the instrument. The Bank initially recognize loans and advances, deposits and debt securities/ subordinated liabilities issued on the date that they are originated which is the date that the Bank becomes party to the contractual provisions of the instruments. Investments in equity instruments, bonds, debenture, Government securities, NRB bond or deposit auction, and reverse repos are recognized on settlement date.

### **3.6.2 Classification**

Financial instruments are classified as

- Financial Assets
- Financial Liabilities



## **I. Financial Assets**

The Bank classifies the financial assets as subsequently measured at amortized cost or fair value on the basis of the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The two classes of financial assets are as follows;

- Financial assets measured at amortized cost
- Financial asset measured at fair value

### **a) Financial assets measured at amortized cost**

The Bank classifies a financial asset measured at amortized cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

### **b) Financial asset measured 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:

- Financial assets at fair value through profit or loss.
- Financial assets at fair value through other comprehensive income

### **i) Financial assets at fair value through profit or loss**

Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost 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**

Investment in an equity instrument that is not held for trading and at the initial recognition, the Bank 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 financial assets at fair value through other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

## **II. Financial Liabilities**

The Bank classifies its financial liabilities, other than financial guarantees and loan Commitments, as follows;

- Financial Liabilities at Fair Value through Profit or Loss
- Financial Liabilities measured at amortized cost

### **a) Financial Liabilities at Fair Value through Profit or Loss**

Financial liabilities are classified as fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred.

### **b) Financial Liabilities measured at amortized cost**

All financial liabilities other than measured at fair value through profit or loss are classified as subsequently measured at amortized cost using effective interest method.

## **3.6.3 Measurement**

### **Initial Measurement**

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Transaction cost in relation to financial assets and liabilities at fair value through profit or loss are recognized in Statement of Profit or Loss.

### **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 method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or un-collectability

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.

### **3.6.4 Derecognition**

#### **Derecognition of Financial Assets**

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in profit or loss.

In transactions in which the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

#### **Derecognition of Financial Liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or canceled 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 a 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 Statement of Profit or Loss.

### **3.6.5 Determination of Fair Value**

Fair value is the amount for which an asset could be exchanged, or a liability be settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of a liability reflects its non-performance risk. The fair values are determined according to the following hierarchy:

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 valuations 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 portfolios 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.

When available, the Bank measures the fair value of an instrument using quoted prices in an active market for that instrument. 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.

If a market for a financial instrument is not active, 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 analyses. The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the

consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognized in profit or loss on initial recognition of the instrument. In other cases the difference is not recognized in profit or loss immediately but is recognized over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

All unquoted equity investments are recorded at cost, considering the non-trading of promoter shares up to the date of balance sheet, the market price of such shares could not be ascertained with certainty. Hence, these investments are recognized at cost net of impairment, if any.

### **3.6.6 Offsetting**

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

### **3.6.7 Impairment**

At each reporting date the Bank assesses whether there is any indication that an asset may have been impaired. If such indication exists, the recoverable amount is determined. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Bank considers the following factors in assessing objective evidence of impairment:

- Whether the counterparty is in default of principal or interest payments.
- When a counterparty files for bankruptcy and this would avoid or delay discharge of its obligation.
- Where the Bank initiates legal recourse of recovery in respect of a credit obligation of the counterparty.
- Where the Bank consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated by a material forgiveness of debt or postponement of scheduled payments.
- Where there is observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets.

The Bank considers evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics. Impairment test is done on annual basis for trade receivables and other financial assets based on the internal and external indication observed.

In assessing collective impairment, the Bank uses statistical modelling of 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. 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**

Financial assets carried at amortized cost (such as amounts due from Banks, loans and advances to customers as well as held-to-maturity investments) is impaired, and impairment losses are recognized, only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset. The amount of the loss is measured as the difference between the asset's carrying amount and the deemed recoverable value of loan.

Bank considers evidence of impairment for loans and advances and investment securities measured at amortized cost at both specific asset and collective level. Bank first assess individually whether objective evidence of impairment exists for financial assets that are individually significant and assessed on collective basis for those that are not individually significant.

If there is objective evidence that impairment loss has been incurred, the amount of loss is measured at the difference between asset's carrying amount and present value of estimated future cash flows. Carrying amount of the asset is reduced through the use of an allowance account and amount of loss is recognized in profit or loss. All individually significant loans and advances and investment securities are assessed for specific impairment. Those not found to be specifically impaired are collectively assessed for impairment by grouping together loan and advances and held to maturity with similar risk characteristics.

### **Impairment as per NFRS 9**

An entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Impairment allowances that are calculated on individual loans or on groups of loans assessed collectively are recorded as charges to the profit or loss and are recorded against the carrying amount of impaired loans on the statement of financial position. Losses, which may arise from future events, are not recognized.

### **Individually assessed loans and advances**

Loans and advances to customers with significant value (Top 50 borrowers and borrowers classified as bad/doubtful with significant loan value as per Nepal Rastra Bank Directive) are assessed for individual impairment test. For these loans, the group considers on a case-by-case basis at each reporting date whether there is any objective evidence that a loan is impaired. Loans and advances to customers with significant value are assessed for individual impairment test. The recoverable value of loan is estimated on the basis of realizable value of collateral and the conduct of the borrower/past experience of the bank.

### **Collectively assessed loans and advances**

Impairment is assessed collectively to cover losses, which have been incurred but have not yet been identified on loans subject to individual assessment or for homogeneous groups of loans that are not considered individually significant. Assets that are individually assessed and for which no impairment exists are grouped with financial assets with similar credit risk characteristics and collectively assessed for impairment. The credit risk statistics for each group of the loan and advances are determined by management prudently being based on the past experience. For the purpose of collective assessment of impairment bank has categorized assets in to four broad products as follows:

1. Term Loan
2. Auto Loan
3. Home Loan
4. Overdraft

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 other reserves and funds (impairment reserve) in other comprehensive income and statement of changes in equity. If a future write-off is later recovered, the recovery is credited to the 'Income Statement'.

### **Loan Loss Provision as per direction of Nepal Rastra Bank**

Loan loss provisions in respect of non-performing loans and advances are based on management's assessment of the degree of impairment of the loans and advances, subject to the minimum provisioning level prescribed in relevant NRB guidelines. Provision is made for possible losses on loans and advances including bills purchased at 1.2% to 100% on the basis of classification of loans and advances, overdraft and bills purchased in accordance with NRB directives.

### **Policies Adopted**

The bank adopts carve out issued by ICAN for measurement of impairment loss on loans and advances. As per the Carve out notice issued by ICAN, the Bank has measured impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per para 5 of carve out notice (mentioned in 2.8.1) .

### **Impairment of investment in equity instrument classified as fair value through other comprehensive income**

Where objective evidence of impairment exists for financial assets measured at FVTOCI except investment in equity instrument, the cumulative loss (measured as the difference between the amortized cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of profit or loss) is reclassified from equity and recognized in the profit or loss. A significant or prolonged decline in the fair value of an equity security below its cost is considered, among other factors in assessing objective evidence of impairment for equity securities.

### **3.7 Trading Asset and liabilities**

Trading assets and liabilities are those assets and liabilities that the Bank acquires or incurs 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.

Trading assets and liabilities are initially recognized at fair value and subsequently measured at fair value in the statement of financial position, with transaction costs recognized in profit or loss. All changes in fair value are recognized as part of net trading income in profit or loss as regarded as fair value through profit & loss account.

### **3.8 Derivative financial Instruments**

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices, commodity prices, foreign exchange rates, credit risk, indices etc. Derivatives are categorized as trading unless they are designated as hedging instruments. All derivatives are initially recognized and subsequently measured at fair value, with all revaluation gains or losses recognized in the Statement of Profit or Loss under Operating Income. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Fair value is determined using the closing rates ruling on the reporting date.

### **3.9 Property, Plant 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 NAS 16 Property, Plant and Equipment in accounting for these assets. Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably.

#### **Measurement**

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes purchase price including any non-refundable taxes after deducting volume rebates and trade discounts and such other costs that are incurred to bring asset to location and condition to be operating in a manner intended by management.

Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of an item of property, plant & equipment. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of computer equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

#### **Cost Model**

Property, plant and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment loss. Such cost includes the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met. Bank has adopted cost model for entire class of property and equipment. The items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment loss.

#### **Revaluation Model**

On revaluation of an asset, any increase in the carrying amount is recognized in 'Other comprehensive income' and accumulated in equity, under revaluation reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Statement of Profit or Loss. In this circumstance, the increase is recognized as income to the extent of previous write down. Any decrease in the carrying amount is recognized as an expense in the Statement of Profit or Loss or debited to the Other Comprehensive Income to the extent of any credit balance existing in the revaluation

reserve in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under revaluation reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

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

### Subsequent Cost

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

### Derecognition

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

### Depreciation

Depreciation is calculated by using the straight line method (SLM) on cost or carrying value of property, plant & equipment other than freehold land. Land is not depreciated as it has indefinite useful life. Management has determined the expected life of the fixed assets for depreciation purpose as follows:

S.N.	Assets Types	Expected useful life (Years)
1	Building	50
2	Vehicle	7
3	Furniture Wooden	8
4	Furniture Metal	10
5	Office Equipment	10
6	Computers	5
7	Generators and Others	10
8	ATM	7
9	Battery	3

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

- Depreciation for income tax purpose is calculated separately at the rate and manner prescribed by the Income Tax Act, 2058.
- Assets with a unit value of NPR 10,000 or less are expensed-off during the year of purchase irrespective of its useful life. However, in case of opening of new branches, expansion, relocation and reconstruction of offices for same nature of assets if total purchase price is greater than 50,000 such type of assets are capitalized even though the assets unit price is less than NPR 10,000.
- Leasehold improvements are depreciated over the lease period or 10 years whichever is lower.

### 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.

## **3.10 Intangible Assets and Goodwill**

### **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.

### **Goodwill**

Goodwill, if any that arises upon the acquisition of Subsidiaries is included in intangible assets.

### **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. Goodwill is measured at cost less accumulated impairment losses.

### **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.

Software, licenses are amortized over a period of useful life and in case of useful life cannot be ascertained the bank has the policy to amortize the cost in five years.

### **Derecognition of Intangible Assets**

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

## **3.11 Government Grant**

Government grant is recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. Income approach is followed in recording grant income.

Government grants related to the assets including non-monetary grants at fair value is presented in the statement of financial position by setting up Deferred Grant Income.

Grants related to income are presented as part of profit or loss under other income.

### 3.12 Investment Property / Non-Current Asset held for sale

Investment properties include land or land and buildings other than those classified as property and equipment and non-current assets held for sale. They are either held for rental income or for capital appreciation or for both, but not for sale in ordinary course of business and owner occupied property. Generally, it includes land, land and building acquired by the Bank as non-banking assets but not sold as on the reporting date. They have been valued cost or fair value whichever is lower.

The Bank holds investment property that has been acquired through enforcement of security over the loans and advances. Accordingly, Investment properties include the assets obtained as security for loans & advances and subsequently taken over by the Bank in the course of loan recovery.

#### Non-Current Assets Held for Sale

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 if their carrying amount is recovered principally through sale rather than continuing use. They are recognized and measured 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.

Any impairment loss on initial classification and subsequent measurement is recognized as expense. Also, any increase in fair value less cost to sell (not exceeding the accumulated impairment loss that has been previously recognized) is recognized in profit or loss. 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.

### 3.13 Due to Banks and Financial Institution

Due to banks and financial institution represents credit balances in Nostro Accounts, short-term borrowings from banks, deposit accepted from "D" class financial Institutions. These are initially recognized at fair value. Subsequent to initial recognition, these are measured at their amortized cost. As per the Carve Out regarding the EIR rate treatment issued by ICAN, when calculating EIR, all these transaction cost shall be considered unless it is immaterial or impracticable to do so. Since all these transaction costs cannot be identified separately for every customer and it seems impracticable, separate EIR rate has not been computed as allowed by Carve Out issued by ICAN. Amortization is included in "Interest expenses" in the Statement of Profit or Loss.

### 3.14 Deposit from Customers

The Bank accepts deposits from its customers under savings account, current account, term deposits and margin accounts which allows money to be deposited and withdrawn by the account holder. These transactions are recorded on the bank's books, and the resulting balance is recorded as a liability for the Bank and represents the amount owed by the Bank to the customer. They have been valued at amortized cost.

As per NFRS 9 regarding Financial Instruments recognition and measurement, EIR rate is to be used for booking such interest expense and when calculating the EIR, an entity shall estimate cash flows considering all contractual term of the financial instrument but not credit loss, which includes the fees and points received or paid, transaction costs, premiums, discounts.

As per the Carve Out regarding the EIR rate treatment issued by ICAN, when calculating EIR, all these transaction cost shall be considered unless it is immaterial or impracticable to do so. Since all these transaction costs cannot be identified separately for every customer and it seems impracticable, separate EIR rate has not been computed as allowed by Carve Out issued by ICAN. The Amortization is included in "Interest expenses" in the Statement of Profit or Loss.

### 3.15 Debt Securities issued

It includes debentures, bonds or other debt securities issued by the Bank. Debt securities issued, and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss. However, debentures issued by the bank are subordinate to the deposits from customer.

### **3.16 Subordinated Liabilities**

Subordinated liabilities are those liabilities which at the event of winding up are subordinate to the claims of depositors, debt securities issued and other creditors. The bank does not have any of such subordinated liabilities.

### **3.17 Provisions**

The Bank recognizes a provision if, as a result of past event, the Bank has a present constructive or legal obligation that can be reliably measured and it is probable that an outflow of economic benefit will be required to settle the obligation.

A disclosure for contingent liability is made when there is a possible obligation or a present obligation as a result of past event that may but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A provision for onerous contract is recognized when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Contingent assets are not recognized in the financial statements if it is not probable that the amount will be received. If it is probable then disclosure is given for the contingent asset. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

### **3.18 Contingent Liabilities and Commitments**

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 readily measured as defined under NAS 37 Provisions, Contingent Liabilities and Contingent Assets. In the normal course of business, the Bank undertakes commitments and incurs contingent liabilities with legal recourse to its customers to accommodate the financial and investment needs of clients, to conduct trading activities and to manage its own exposure to risk. These consist of financial guarantees, letters of credit and other undrawn commitments to lend. Letters of credit and guarantees (including standby letters of credit) 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. Guarantees and standby letters of credit 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 also 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. These financial instruments generate interest or fees and carries elements of credit risk in excess of those amounts recognized as assets and liabilities in the Statement of Financial Position. However, no material losses are anticipated as a result of these transactions.

### **3.19 Litigation**

Litigations are anticipated in the context of business operations due to the nature of the transactions involved. The Bank is involved in various such legal actions and the controls have been established to deal with such legal claims. There are pending litigations existing as at the end of the reporting period against the Bank, resulting through normal business operations. Litigations against the Bank have been assessed in terms of the probability of any claims or damages arising against the Bank, which require provisions to be made in the Financial Statements as per NAS 37 Provisions, Contingent Liabilities and Contingent Assets.

### **3.20 Borrowing Cost**

Borrowing cost directly attributable to acquisition or construction of asset necessarily takes substantial period of time to get ready for its intended use or sale are capitalized as part of cost of the asset. All other borrowing costs are expensed in the period in which they occur. It includes interest and other costs that entity incurs in connection with borrowing of funds.

### **3.21 Income Tax**

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

#### **3.21.1 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.

### 3.21.2 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.

### 3.22 Revenue Recognition

Revenue is the gross inflow of economic benefits during the period arising from the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. 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.

#### 3.22.1 Interest Income

Interest income includes interest income on the basis of accrual basis from loan and advance to borrowers, loans, and investment in government securities, investment in NRB bond, corporate bonds, and interest on investment securities measured at fair value.

#### Carve out issued by ICAN

Carve out on EIR which was initially applicable till FY 2076/77 has again been extended up to FY 2080/81. As per the carve out regarding the EIR rate treatment issued by ICAN, when calculating EIR, all these shall be considered unless it is immaterial or impracticable to do so. Since all these transaction costs cannot be identified separately and separate EIR computation for every customer seems impracticable, such transaction costs of all previous years has not been considered when computing EIR. Due to impracticability, such relevant costs are ignored, due to which EIR rate equals to the rate provided to customers and therefore, income recognized by system on accrual basis has been considered as income. Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

### **Guideline on Recognition of Interest Income, 2019 by NRB.**

Criteria for determining loans on which interest no longer be recognized to the profit or loss account but shall be suspended . Guideline issued by NRB on income recognition defines certain criteria for determining loans on which interest no longer be recognized to the profit or loss account but shall be suspended .These criteria are as follows:

- (a) Loans where there is reasonable doubt about the ultimate collectability of principal or interest;
- (b) Loans against which individual impairment or life time impairment as per NFRS 9 has been made;
- (c) Loans where contractual payments of principal and/or interest are more than 3 months 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;

### **Criteria to cease the accrual of interest**

Bank and financial institutions shall accrue the interest on loan although it has been decided to suspend the recognition of income. However, BFIs shall cease to accrue interest on loan, in case where contractual payments of principal and/or interest of the loan are due for more than 12 months and the "net realizable value" of security is insufficient to cover payment of principal and accrued interest. Cessation of accrual of interest for accounting purpose shall not preclude an entity to continue to accrue interest on a memorandum basis for legal enforcement purposes unless the loan is written off.

### **3.22.2 Fee and Commission Income**

Fees and Commission Income being the transaction costs integral to the effective interest rate on financial asset. However, as per the Carve out issued by ICAN regarding the treatment of fee and commission in EIR rate, fees to be considered for EIR computation unless it is impracticable to determine reliably. Since, such transaction costs are not identifiable for separate customer and therefore being impracticable, they have not been considered when computing EIR. They have been booked on accrual basis except commission on guarantees issued by the bank which is recognized as income over the period of the guarantee, except for guarantee commission not exceeding NPR one lakhs is recognized at the time of issue. Other fee and commission income are recognized on accrual basis.

### **3.22.3 Dividend Income**

Dividend income are recognized when right to receive such dividend is established. Usually this is the ex-dividend date for equity securities. Dividends are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity investment.

### **3.22.4 Net Trading Income**

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

### **3.22.5 Net Income from other financial instrument at fair value through Profit or Loss**

Net income from other financial instruments at fair value through profit or loss relates to non-trading derivatives held for management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss. It includes all realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

### **3.22.6 NFRS 15 Revenue from contract with customers**

NFRS 15 is a new standard for revenue recognition which overhauls the existing revenue recognition standards. The standard requires the following five step model framework to be followed for revenue recognition:

- Identification of the contracts with the customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract (as identified in step ii)
- Recognition of revenue when the entity satisfies a performance obligation.

The management is assessing the potential impact on its financial statements resulting from application of NFRS 15.

NFRS 15 Revenue from Contracts with Customers. The standard shall supersede existing NAS 18 Revenue and NAS 11 Construction Contract.

### **3.23 Interest Expense**

Interest expense on all financial liabilities including deposits are recognized in profit or loss using effective interest rate method. Interest expense on all trading liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

### **3.24 Impairment of non-financial Assets**

Bank assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, Bank estimates the recoverable amount which is higher of Fair Value less cost to sell or value in use. Where the carrying amount exceeds its recoverable amount, asset is considered impaired and is written down to recoverable amount.

### **3.25 Employment Benefits**

#### **I. Short term employee Benefits**

Short term employee benefits are the benefits that are expected to be settled wholly before 12 months and therefore booked as expense in the period in which employees render the related service. It includes the following:

- Wages, salaries and social security contributions
- Paid annual and paid sick leave
- Profit sharing and bonuses
- Non-monetary benefits

#### **II. Post-employment benefit**

Post-employment benefit includes the following

##### **a) 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.

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 NAS 19 Employee Benefits.

##### **b) Defined Benefit Plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Accordingly, leave encashment and gratuity has been considered as defined benefit plans as per NAS 19 Employee Benefits. Net Obligation in DBP is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that benefit to determine its present value and then deducting the fair value of any plan assets. Bank recognizes all actuarial gains and losses arising from DBP in the Other Comprehensive Income and expenses related to DBP under personnel expense in the Statement of Profit or Loss.

Under NFRS, the actuarial gains and losses form part of re measurement of the net defined benefit liability / asset which is recognized in Other Comprehensive income (OCI). Also, the tax effect of the same has also been recognized in Other Comprehensive Income (OCI) under NFRS. Some assumptions used by actuarial valuator for valuation are as under:

1. Discount Rate: It is based on Yield to Maturity Available on Government Bonds having similar term to decrement-adjusted estimated term of liabilities.
2. Expected Return on Plan Asset: Average long term rate of return expected on investments of Trust Fund.



3. Salary Escalation Rate: Management estimation of 7% after considering the expected earnings inflation as well as performance and seniority related increase.
4. Withdrawal rate: Management estimation on the basis of 8% on the basis of expected long term future employee turnover within the organization.
5. Mortality Rate: Nepali Assured Lives Mortality issued by Beema Samiti.

#### **(a) 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.

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 to the defined benefit liability at the beginning of the annual period. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating to the terms of Bank's obligations.

The increase in gratuity liabilities attributable to the services provided by employees during the under 'Personnel Expenses' together with the net interest expense. Also, actuarial gain loss have been shown under Other Comprehensive Income (OCI) 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.

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

### **III. Other long term employee benefit**

Other long-term employee benefits include items such as unutilized leave balance, if not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

#### **(a) Unutilized Accumulated Leave**

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

### **3.26 Other expense**

Other Expense have been recognized in the Statement of Profit or Loss as they are incurred in the period to which they relate. All expenditure incurred in the operation of the business and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at profit for the year. Provisions in respect of other expenses are recognized when there is present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### **3.27 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.

NFRS 16 'Leases' is effective for annual periods beginning on or after 1 Shrawan 2078. NFRS 16 is the new accounting standard for leases and replace NAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease. The new standard removes the distinction between operating or finance leases for lessee accounting, resulting in all leases being treated as finance leases. A lessee is required to recognize a right-of-use asset (ROU) representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The main reason for this change is that this approach will result in a more comparable representation of a lessee's assets and liabilities in relation to other companies and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. The standard permits a lessee to choose either a full retrospective or a modified retrospective transition approach.

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

Cost of borrowing of Bank till the date of signing any lease contract has been considered as its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets under other assets (Note 4.16) and lease liabilities under other liabilities (Note 4.23) in the Statement of Financial Position.

The interest expenses on lease liability, depreciation charges on right of use assets and short term lease payment has been presented under interest expenses (4.29) and depreciation and amortization (4.38) respectively in the statement of profit or loss.

### **Short-Term Leases and Leases of Low- Value Assets**

The Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### **3.28 Foreign Currency Transactions, Translation and Balances**

All foreign currency transactions are translated into the functional currency, which is Nepalese Rupees, using the bank's 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 which is the bank's mid-rate and all differences arising on non-trading activities are taken to 'Other Operating Income' in the Statement of Profit or Loss.

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. However, foreign currency differences arising on FVTOCI equity instruments are recognized in other comprehensive income.

### **3.29 Financial guarantee and loan commitment**

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Loan commitment is the commitment 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.

### **3.30 Share Capital and Reserves**

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Equity is defined as residual interest in total assets of the Bank after deducting all its liabilities.

Common shares are classified as equity of the Bank and distributions thereon are presented in statement of changes in equity. 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 holders of ordinary shares are entitled to one vote per share at general meetings of the bank and are entitled to receive the annual dividend payments. The various reserve headings are explained hereinafter:

#### **a) Retained Earnings**

The bank has to appropriate different reserves from retained earnings. Retained earnings comprises of current Fiscal Year profit and any non-distributed profit of preceding Fiscal Years. The opening adjustment in retained earnings is due to adjustment in deferred tax calculation and current tax calculation for FY 2079-80 at the time of finalization of tax audit and adjustment in training fund.

#### **b) General reserve**

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

#### **c) Exchange equalization reserve**

The Bank is required to appropriate 25% of current year's total revaluation gain (except gain from revaluation of Indian Currency) into this heading.

#### **d) Fair value reserve**

This is a non-statutory reserve and is a requirement in the application of accounting policy for financial assets. NFRS 9 requires that cumulative net change in the fair value of financial assets measured at FVTOCI is recognized under fair value reserve heading until the fair valued asset is de-recognized. Any realized fair value changes upon disposal of the re-valued

asset is reclassified from this reserve heading to retained earnings.

**e) Revaluation reserve**

This is a non-statutory reserve and is a requirement in the application of accounting policy for non-financial assets such as property, equipment, investment property and intangible assets that are measured following a re-valuation model.

**f) Corporate social responsibility fund**

The Bank is required to appropriate an amount equivalent to 1% of net profit into this fund annually. The fund is created towards funding the Bank's corporate social responsibility expenditure during the subsequent year. Balance in this fund is directly reclassified to retained earnings in the subsequent year to the extent of payments made under corporate social responsibility activities.

**g) Investment adjustment reserve**

The Bank is required to maintain balance in this reserve heading which is calculated at fixed percentages of the cost of equity investments that are not held for trading. Changes in this reserve requirement are reclassified to retained earnings.

**h) Actuarial gain / loss reserve**

This is a non-statutory reserve and is a requirement in the application of accounting policy for employee benefits. NAS 19 requires that actuarial gain or loss resultant of the change in actuarial assumptions used to value defined benefit obligations be presented under this reserve heading. Any change in this reserve heading is recognized through other comprehensive income and is not an appropriation of net profit.

**i) Regulatory reserve**

This is a non-free statutory reserve and is a requirement as prescribed in NRB directive. In the transition to NFRS from previous GAAP the Bank is required to reclassify all amounts that are resultant of re-measurement adjustments and that are recognized in retained earnings into this reserve heading. The amount reclassified to this reserve includes:

- Re-measurement adjustments such as interest income recognized against interest receivables i.e. Accrued Interest Receivable after considering effect of bonus and income tax
- Difference in loan loss provision as per NRB directive and impairment on loan and advance as per NFRS,
- Amount equals to deferred tax assets,
- Actuarial gain/loss recognized in other comprehensive income,
- Amount of goodwill recognized under NFRS.
- Non-Banking assets after taking effect of bonus and income tax

**j) Debenture Redemption Reserve**

The Bank is required to maintain a redemption reserve in respect of borrowing raised through debenture issuance. As per the terms of NRB approval relating to the Bank's debenture issuance, the Bank is annually required to transfer 20% of the debenture's face value to redemption reserve. However, such provision shall not be applicable in the issuance year and maturity year.

**k) Employees training fund**

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

**3.31 Earnings per Share including diluted earning**

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.

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization due to right share, bonus issue, the calculation of basic and diluted earnings per share for all periods presented are adjusted retrospectively.

### **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. Interim Dividend are deducted from equity when they are declared and no longer at the discretion of the Bank. Proposed dividend for the year after reporting period and before the authorization of financial statements has been disclosed in notes to accounts as non-adjusting event.

### **3.32 Segment Reporting**

An operating segment is a component that engages in business activities from which it earns revenue and incurs expense, including revenues and expenses that relating to transaction with any of groups other components, whose operating results are reviewed by management. For management purposes, the Bank has organized into operating segments based on business. Also, interest income are identifiable product wise separately. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently from operating profits or losses in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Interest income is reported net as management primarily relies on net interest revenue as a performance measure, not the gross income and expense. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the bank's total revenue in the reporting period. Segment results that are reported to the Bank's include directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise head office expense, corporate assets, tax assets and liabilities.

### **3.33 Capital Management**

The primary objective of Capital Management is to ensure maintenance of minimum regulatory capital requirement. The Bank ensures that adequate capital has been allocated to achieve strategic objectives and within the Risk Appetite of the Bank.

### **Capital Adequacy**

Capital Adequacy Ratio (CAR) is a measure of the Bank's capital expressed as a percentage of risk-weighted assets of credit, market and operational aspects of the banking business. It is a measure of financial strength of the Bank which indicates its ability to maintain adequate capital to face with unforeseen scenarios. Bank has maintained capital adequacy in excess of the minimum threshold prescribed by Nepal Rastra Bank.

Bank calculates CAR based on New Capital Adequacy Framework under Basel III requirement in July 2015 issued by NRB. Also, bank monitors the CAR, while stressing rigorously for worst possible scenarios. ICAAP factors out all possible risks such as reputation risk, strategic risk, compliance risk, concentration risk, and interest rate risk on banking book.

### **3.34 Risk Management**

Bank needs to manage Credit, Operational, Market, Liquidity and other risks inherent in bank. There are risk management in process to identify, measure, monitor, and control such risks. In order to manage such risks. Board of the bank is primarily responsible for setting out the risks policies, risk strategies, risk appetite, risk tolerance, risk mitigation etc. Such risks are communicated by the Board down the line for effective and timely implementation adherence. Board of the bank monitors and evaluates the risk on a regular interval and instructs RMC and other related departments, who is responsible for risk management of the bank through CEO/CRO for effective implementation.

In broad sense, Bank's functional structure for risk related matters are presented below

### **Board of Directors**

Board has critical role to play in overseeing overall risks emanating in the bank business. Board approves, modifies, and review overall policies related to risk areas, advises the management to prepare suitable process. Overall accountability for risk management rests on Board and the level of risks organization accepts. Major responsibilities of Board, but not limited to include:

- a) Define bank's overall risk tolerance in relation to credit risk, market and liquidity risk.
- b) Ensure bank's Credit and investment exposure maintained at prudent levels.
- c) Ensure related top management responsible for risk management process.
- d) Ensure there is effective, integrated operational risk management framework
- e) Ensure implementation of sound fundamental policies that facilitate identification, measurement, monitoring and control of potential risk.

### **Risk Management Committee**

Risk Management Committee is the sub-committee of the Board, which plays pivotal role in managing overall risk management of bank. RMC shall work as a bridge between Board and CRO/ Management and escalate the important risks matters to Board

### **AML/ CFT committee**

A separate committee is formed to ensure compliance of Anti Money Laundering Act, rules and directive No. 19 issued by Nepal Rastra Bank. Also, in order to enable the strong AML culture in the bank and in addition ensure to apply a uniform policy framework throughout the branches in compliance with internal as well as regulatory standards, committee is formed. It devises appropriate risk management framework to identify, assess and minimize the risk pertaining to AML and CFT; and recommend its implementation to management of bank.

### **Assets and Liability Management Committee**

Senior Management Committee is responsible for supervision/management of market risk (mainly interest rate and liquidity risk). It includes the role of monitoring on the structure/ composition of bank's assets and liabilities and decide about product pricing for deposits and advances, deciding on maturity profile, evaluation of market risk and so on.

### **Credit Risk Management Department**

Credit Risk Management is an independent function of the bank which has the objective to reduce the level of NPL, and delinquent borrowers and to improve the risk assets quality of the bank. It is a centralized function which controls overall risk inherent in lending portfolio and also make an assessment of risk profile in credit files. It includes the assessment/ review of purpose of credit, credit assessment of borrower, structuring of credit facilities, disbursement of loan, assessment of waiver policies, and others.

- a) To monitor bank's credit portfolio for risk identification, quantification
- b) Review risk of asset portfolio sector
- c) Periodically review irregular accounts which are NPA
- d) Define bank's overall tolerance to risk.
- e) Identify risk and analyze risk management tools.

### **Credit Risk Management**

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

### **Operation Risk Management**

A separate independent function has been established for effective management of operational risks of bank. The unit performs the job related to identity, measurement, monitoring and reporting of operational risks as a whole and ensure management of operational risk. It evaluates the adequacy of tools and techniques to reduce the operational risk to acceptable level.



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

### **Market Risk Management**

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

### **Liquidity Risk Management**

Bank recognize Market Risk as the possibility for loss of earnings or economic value to the bank caused due to adverse changes in the market level of interest rates or prices of securities (equity), foreign exchange rates and commodity price fluctuation, as well as the volatilities, of those prices. While Liquidity risk is chances of failure of a bank to meet obligations as they become due. Effective liquidity risk management helps ensure the Bank's ability to meet its obligations as they fall due without adversely affecting the Bank's financial condition and reduces the probability of developing of an adverse situation.

Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Bank on acceptable terms.

To limit this risk, management has arranged for diversified funding sources in addition to its core deposit base and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Bank has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding as required.

### **Reputational Risk Management**

Reputational risk is the risk of possible damage to the Bank's brand and reputation resulting in loss of earnings or adverse impact on market capitalization or could be perceived as by the stakeholders to be inappropriate, unethical, or inconsistent with bank values and beliefs.

The Bank's Corporate Governance Policy establishes the framework for the governance and management of reputational risk. The framework aims to protect the Bank's reputation and restrict the ability to undertake any activities that may cause material damage to the Bank's branding.

The bank has clearly set the code of conduct / code of ethics which defines acceptable and unacceptable behaviors and explicitly disallow behavior that could lead to any reputation risks or improper or illegal activity, such as financial misreporting, money laundering, fraud, anti-competitive practices, bribery and corruption, or the violation of consumer rights and make clear that employees are expected to conduct themselves ethically in addition to complying with laws, regulations and company policies.

### **Internal Control**

The Board is responsible for ensuring the Bank has appropriate internal control framework in place that supports the achievement of the strategies and objectives. The various functions of the Bank should be looked upon with a view to establish a proper control mechanism is in place during expansion and growth which enables it to maximize profitable business opportunities, avoid or reduce risks which can cause loss or reputational damage, ensure compliance with applicable laws and regulations and enhance resilience to external events.

The Board has set policies and procedures of risk identification, risk evaluation, risk mitigation and control/monitoring, in line with the NRB directives has effectively implemented the same at the Bank. The effectiveness of the Company's internal control system is reviewed regularly by the Board, its Committees, Management and Internal Audit department.

The Internal Audit monitors compliance with policies/standards and the effectiveness of internal control structures across the Bank through regular audit, special audit, information system audit, Off Site review, AML/CFT/KYC audit, ISO audit as well as Risk based Internal Audit (RBIA) approach. The audits observations are reported to the Chief Executive Officer and Business Heads for initiating immediate corrective measures. Internal Audit reports are periodically forwarded to the Audit Committee for review and the committee issues appropriate corrective action in accordance with the issue involved to the respective department, regional offices or branches



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 Asar 2081 (15 July 2024)

### 1. PAID-UP CAPITAL

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

#### a) Paid-up Capital

The structure of the share capital of the Bank is as follows:

- Authorized capital of NPR 15,000,000,000 represented by 150,000,000 ordinary shares of NPR 100 each; and
- Issued capital as of balance sheet date is NPR 11,621,357,273 represented by 116,213,573 ordinary shares of NPR 100 each.
- Paid-up capital as of balance sheet date is NPR 11,621,357,273 represented by 116,213,573 ordinary shares of NPR 100 each.

The paid-up capital of the Bank as on the balance sheet date is NPR 11,621,357,273 represented by 116,213,573 Ordinary Shares of NPR 100 each. Paid up share capital of the Bank has increased from year to year as follows:

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

#### NFRS related adjustment for Paid-up capital

FINANCIAL YEAR	AS PER GAAP	ADJUSTMENT	AS PER NFRS	REMARKS
2072/73 (Transition phase-Opening adjustment)	4,666,430,000	(801,890,000)	3,864,540,000	Issue of right shares NPR 555,250,093 and NPR 801,890,000 proposed bonus share. >Proposed bonus share on the year of issuance not being part of share capital as per NFRS has been reduced from share capital
2073/74 (Comparative Year)	7,716,605,100	(665,149,000)	7,051,456,100	Calls in advance of NPR 452,756,100 of 12% right shares and NPR 665,149,000 > Proposed bonus share on the year of issuance not being part of share capital as per NFRS has been reduced from share capital.
2074/75 (First Time Adoption)	8,055,693,000	-	8,055,693,000	
2075/76	8,458,477,650	-	8,458,477,650	

Contd...NFRS related adjustment for Paid-up capital

FINANCIAL YEAR	AS PER GAAP	ADJUSTMENT	AS PER NFRS	REMARKS
2076/77	8,458,477,650	-	8,458,477,650	Bank has issued 5% bonus shares, 4,027,846 no of shares of NPR 100 each pertaining to FY 2075/76.
2077/78	9,053,094,581	-	9,053,094,581	Bank has issued 7.03% bonus shares, 5,946,169 no of shares of NPR 100 each pertaining to FY 2076/77.
2078/79	10,257,155,581	-	10,257,155,581	Bank has issued 13.30% bonus shares, 12,040,610 no of shares of NPR 100 each pertaining to FY 2077/78
2079/80	10,257,155,581	-	10,257,155,581	Bank has not issued bonus shares for FY 2078/79.
2080/81	11,621,357,273	-	11,621,357,273	Bank has issued 13.30% bonus shares, 116,213,573 no of shares of NPR 100 each pertaining to FY 2079/80.

## 2. RESERVE

### a) General Reserve

Section 44 of Bank and Financial Institutions Act 2073 requires the Bank to allocate at least 20% of the net profits of every year to General Reserve until it is twice the paid-up capital. The Bank has appropriated NPR 209,039,837 of the net profits to General Reserve in the current year.

Amount in NPR

PARTICULARS	AS AT 15 JULY 2024	AS AT 16 JULY 2023
<b>Opening General Reserve</b>	<b>2,690,502,342</b>	<b>2,365,397,144</b>
20% of Profit to be transferred	209,039,837	325,105,198
<b>Closing General Reserve</b>	<b>2,899,542,179</b>	<b>2,690,502,342</b>

### b) Exchange Equalization Reserve

Section 45 Bank and Financial Institutions Act 2073 requires, 25% of revaluation gain from foreign currency exchange rate differences to be transferred to Exchange Equalization Reserve and revaluation loss is charged to profit and loss account. 25% of Revaluation profit of foreign currency accounts during the current period amounting NPR 13,322,547 have been transferred to exchange fluctuation fund maintained by the Bank.

Amount in NPR

PARTICULARS	AS AT 15 JULY 2024	AS AT 16 JULY 2023
<b>Opening Exchange Equalization Reserve</b>	<b>67,114,258</b>	<b>52,780,098</b>
25% of Revaluation gain	13,322,547	14,334,160
<b>Closing Exchange Equalization Reserve</b>	<b>80,436,805</b>	<b>67,114,258</b>

### c) Fair Value Reserve

Net change in fair value of financial assets that are measured at fair value is recognized in other comprehensive income until assets are derecognized. Closing Fair Value reserve is NPR (14,756,448).

Amount in NPR		
PARTICULARS	AS AT 15 JULY 2024	AS AT 16 JULY 2023
Opening Fair Value Reserve	(11,282,267)	(8,907,934)
Transfer/ Adjustment in Reserve	(3,474,181)	(2,374,333)
Closing Fair Value Reserve	(14,756,448)	(11,282,267)

### d) Assets Revaluation Reserve

Assets are recognized under cost model and they are presented under historical cost. So, no assets have been revalued as on balance sheet date.

### e) Skill Enhancement Fund

NRB Directive 6 requires BFIs to incur expenses towards employee training and development equivalent to at least 3% of the preceding year's total staff expenses. Unspent amount of training fund carried forward from previous financial year is NPR 13,472,551. Actual training expense of this year amounting to NPR 52,279,207.

Amount in NPR		
PARTICULARS	AS AT 15 JULY 2024	AS AT 16 JULY 2023
Opening Skill Enhancement Fund	13,472,551	17,640,072
Add : 3% of Last Year Staff Expense	46,494,611	39,720,957
Actual Staff Training Expense this year	52,279,207	43,888,478
Closing Skill Enhancement Fund	7,687,955	13,472,551

### f) Corporate Social Responsibility Fund

NRB Directive 6 requires BFIs to create Corporate Social Responsibility Fund and appropriate an amount equivalent to 1% of net profit annually into this fund for covering expenditure related to CSR activities in the subsequent year. Accordingly, the Bank had opening reserve of NPR 27,404,964 out of which NPR 26,352,843 has been spent this year for CSR activities. This year, bank has also appropriated 1% of net profit i.e. NPR 10,451,992 and therefore total amount in this fund is NPR 11,504,113 and shown in other reserve in Statement of Changes in Equity.

Amount in NPR		
PARTICULARS	AS AT 15 JULY 2024	AS AT 16 JULY 2023
Opening CSR Fund	27,404,964	21,738,429
Add : 1% of profit this year	10,451,992	16,255,260
Less: CSR expense this year	26,352,843	10,588,725
Closing CSR Fund	11,504,113	27,404,964

## Details of CSR expense are as follows:

PROVINCE	CATEGORY	AMOUNT IN "NPR"	%
Koshi	Covid expense related to staff	5,000	12%
	प्रत्यक्ष अनुदान स्वर्च	533,345	
	सामाजिक परियोजनाहरुमा हुने स्वर्च	1,892,277	
	बित्तिय साक्षरता	802,462	
	<b>Total for Koshi Province</b>	<b>3,233,085</b>	
Madesh	Covid expense related to staff	-	11%
	प्रत्यक्ष अनुदान स्वर्च	500,000	
	सामाजिक परियोजनाहरुमा हुने स्वर्च	1,805,674	
	बित्तिय साक्षरता	712,978	
	<b>Total for Madhesh Province</b>	<b>3,018,652</b>	
Bagmati	Covid expense related to staff	120,163	26%
	सामाजिक परियोजनाहरुमा हुने स्वर्च	4,275,683	
	प्रत्यक्ष अनुदान स्वर्च	476,012	
	दिगो विकास लक्ष्य	997,508	
	बित्तिय साक्षरता	977,087	
	अनाथालय, बालमन्दिर र बुद्धाश्रमलाई दिइएको अनुदान तथा गरिष्टका स्वर्च	14,928	
	<b>Total for Bagmati Province</b>	<b>6,861,381</b>	
Gandaki	Covid expense related to staff	7,230	16%
	प्रत्यक्ष अनुदान स्वर्च	1,301,470	
	सामाजिक परियोजनाहरुमा हुने स्वर्च	-	
	दिगो विकास लक्ष्य	1,874,134	
	बित्तिय साक्षरता	910,777	
	सौलो खाता अभियान २०७६ अन्तर्गतको स्वर्च	300	
	<b>Total for Gandaki Province</b>	<b>4,093,910</b>	
Lumbini	Covid expense related to staff	-	11%
	प्रत्यक्ष अनुदान स्वर्च	-	
	सामाजिक परियोजनाहरुमा हुने स्वर्च	1,246,567	
	बित्तिय साक्षरता	1,327,109	
	अनाथालय, बालमन्दिर र बुद्धाश्रमलाई दिइएको अनुदान तथा गरिष्टका स्वर्च	342,093	
	<b>Total for Lumbini Province</b>	<b>2,915,770</b>	
Karnali	Covid expense related to staff	-	11%
	प्रत्यक्ष अनुदान स्वर्च	-	
	सामाजिक परियोजनाहरुमा हुने स्वर्च	2,665,533	
	बित्तिय साक्षरता	605,832	
	अनाथालय, बालमन्दिर र बुद्धाश्रमलाई दिइएको अनुदान तथा गरिष्टका स्वर्च	25,000	
	<b>Total for Karnali Province</b>	<b>3,296,365</b>	
Sudurpachim	प्रत्यक्ष अनुदान स्वर्च	50,000	11%
	बित्तिय साक्षरता	797,584	
	सामाजिक परियोजनाहरुमा हुने स्वर्च	2,086,095	
	<b>Total for Karnali Province</b>	<b>2,933,679</b>	
<b>Total Expenses</b>		<b>26,352,843</b>	<b>100%</b>



## g) Regulatory Reserve

The amount to this reserve has been allocated from profit/retained earnings as per the Directive of NRB for the purpose of implementation of NFRS and is not regarded as free for distribution of dividend. Details are as presented under:

Amount in NPR		
PARTICULARS	AS AT 15 JULY 2024	AS AT 16 JULY 2023
Opening Regulatory reserve	1,329,265,607	931,795,514
Adjustment/ Restated	-	-
Interest Suspense (Refer Note Below)	44,571,576	188,175,252
Investment Property Provision/ (Non-Banking Assets) (Refer Note Below)	372,938,137	230,425,361
Actuarial loss	(14,846,104)	(61,054,033)
Fair Value Reserve	4,963,116	3,391,904
Deferred tax assets	71,462,067	36,531,608
Interest Capitalized Term Loan	26,780,210	-
<b>Closing Regulatory Reserve</b>	<b>1,835,134,609</b>	<b>1,329,265,607</b>

## Details of Movement in Regulatory Reserve:

FY	INTEREST RECEIVABLE	SHORT LLP	SHORT PROVISION ON NBA	DTA	GOODWILL	GAIN ON BARGAIN PURCHASE	ACTUARIAL LOSS RECOGNIZED	FAIR VALUE LOSS RECOGNIZED IN OCI	OTHER	TOTAL
74-75	275,772,186	-	24,870,824	-	-	-	159,698,543	10,761,980		471,103,533
75-76	(42,527,809)	-	53,586,919	21,424,000	-	-	11,459,433	8,109,899		52,052,441
76-77	(17,318,179)		31,759,059	13,810,822			18,110,759	(8,755,873)		37,606,588
77-78	(33,146,144)	-	88,176,859	(95,643)	-	-	38,080,762	(10,116,006)	-	82,899,827
78-79	324,675,609	-	(44,558,642)	14,114,154	-	-	(18,823,615)	12,725,620		288,133,125
79-80	188,175,252	-	230,425,361	36,531,608	-	-	(61,054,033)	3,391,904		397,470,092
80-81	44,571,576	-	372,938,137	71,462,067	-	-	(14,846,104)	4,963,116	26,780,210	505,869,002
<b>Total</b>	<b>740,202,490</b>	<b>-</b>	<b>757,198,517</b>	<b>157,247,008</b>	<b>-</b>	<b>-</b>	<b>132,625,745</b>	<b>21,080,640</b>	<b>26,780,210</b>	<b>1,835,134,609</b>

## h) Interest Capitalized Reserve

Pursuant to the clause 4.3 of NRB directive 2080, Banks are required to create Interest Capitalized Reserve (ICR) for the interest accrued and capitalized during moratorium period of loan approved after 26 Magh 2079 or having financial closure. Such capitalized interest need to be booked under separate account i.e. Interest Capitalized Term Loan (ICTL) and transfer to Interest Capitalized Reserve net off staff bonus and tax through regulatory reserve.

Amount in NPR		
PARTICULARS	AS AT 15 JULY 2024	AS AT 16 JULY 2023
Opening of ICR	-	-
Add : Transfer to Reserve	26,780,210	-
<b>Closing ICR</b>	<b>26,780,210</b>	<b>-</b>

## i) Share Premium

Share premium includes the excess amount received against the face value of the issued shares in FY 2074/75. Excess of NPR 30,881,765 were received against the 12 % right shares auction. The unsubscribed right shares were auctioned and the amount in excess of fair value is shown under share premium.

## j) Capital Redemption Reserve/Debenture Redemption Reserve

As per NRB Directive 16 (10) (7), Capital Redemption reserve is to be created for the redemption of Debentures/ Redeemable Non-convertible preference shares.

The Bank sets aside a portion of its profit to create a reserve for repayment of debenture liabilities when they mature. On maturity and settlement of the debentures their reserves will be available as free reserve.

Bank has set aside NPR 710,258,429 for debenture redemption reserve for two debentures issued by the bank on different dates on proportional basis of their respective remaining maturity period.

Amount in NPR		
PARTICULARS	AS AT 15 JULY 2024	AS AT 16 JULY 2023
Opening Debenture Redemption Reserve	428,571,429	428,571,429
Add : Transfer to Reserve	710,258,429	-
<b>Closing Debenture Redemption Reserve</b>	<b>1,138,829,857</b>	<b>428,571,429</b>

## 3. INVESTMENT SECURITIES

Investment Securities have been valued under fair value or amortized cost as allowed under NFRS 9. Closing market price of Securities has been used as the Fair value of the Asset/Securities for investment securities valued at Fair Value through Other Comprehensive Income. Different Fair Value Hierarchy has been considered (Level 1, Level 2 and Level 3) depending upon the availability of information and regarding the valuation of other investments through amortized cost, EIR rate has been used for booking the amortized cost of investment and interest income accordingly.

## 4. LOANS & ADVANCES TO B/FIS AND CUSTOMERS

Loans & Advances to B/FIs and Customers have been valued under amortized cost as allowed under NFRS 9. Separate Effective Interest Rate (EIR) has not been computed since all the relevant transactions costs for computing EIR are ignored due to immateriality of such relevant costs. Also, Institute of Chartered Accountants of Nepal (ICAN) have provided carve out on EIR for the FY 2080/81 as well.

As per NFRS 9, an entity shall assess at the end of each reporting period if there is any objective evidence that financial asset or group of financial assets measured at amortized cost is impaired. Bank has applied carve out issued by ICAN and has computed impairment loss. However, as per the carve-out issued by ICAN as a mandatory treatment of impairment loss for the transition period for banks and financial institution, impairment loss to be measured at higher of amount derived as per norms prescribed by NRB for loan loss provision and as per carve out issued by ICAN. Details of such impairment are as mentioned below:

PARTICULARS	YEAR ENDED 15 JULY 2024	YEAR ENDED 16 JULY 2023	P/L IMPACT
Impairment (A)	2,079,317,551	2,456,328,349	(377,010,798)
Provision as per NRB (B)	5,094,845,167	3,704,032,562	1,390,812,605
Impairment to be considered as Alternative Treatment by ICAN (Higher of A or B)	<b>5,094,845,167</b>	<b>3,704,032,562</b>	<b>1,390,812,605</b>

Higher of impairment as per carve out issued by ICAN and as per the provision norms prescribed by NRB for loans and advances has been considered in preparing financial statements.

## 5. SEGMENTAL REPORTING

An operating segment is a component that engages in business activities from which it earns revenue and incurs expense, including revenues and expenses that relating to transaction with any of groups other components, whose operating results are reviewed by management.

For management purposes, the Bank has organized into operating segments based on business.

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

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the bank's total revenue in the reporting period. Segment results that are reported to the Bank's include directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, tax assets and liabilities.

## 6. SEGMENTAL INFORMATION

Segmental Reporting has been presented for three key business segments of the Bank, identified on the basis of key functional business activities that generate revenue for the Bank and incur expenses. These segments serve as the key functional units for resource allocation, decision making and review of operating results/performance by the Management. These are summarized as follows:

### 6.1 INFORMATION ABOUT REPORTABLE SEGMENTS

SN	PARTICULARS	BANKING	TREASURY	TRANSACTION BANKING	UNALLOCATED	TOTAL
a	Revenues from external customers	15,750,143	2,211,863	383,722	9,775	18,355,502
b	Intersegment revenues	952,686	(968,270)	(12,047)	24,018	-
c	Gross revenue	16,706,442	1,243,593	371,675	33,792	18,355,502
d	Interest revenue	14,700,150	1,898,544	-	-	16,598,694
e	Interest expenses	10,643,934	966,567	-	-	11,610,501
f	Net interest revenue	4,056,216	931,977	-	-	4,988,193
g	Depreciation & amortization	272,891	89,692	1,714	52,322	416,619
h	Segment profit (loss) before tax	3,544,458	349,179	205,993	(2,313,645)	1,785,984
i	Entity's interest in the profit or loss of associates accounted for using equity method	-	-	-	-	-
j	Other material non-cash items:	-	-	-	-	-
k	Impairment of assets	1,398,188	4,963	-	-	1,403,151
l	Segment assets	126,348,428	41,575,529	794,290	24,286,491	193,004,740
m	Segment liabilities	164,908,884	2,532,399	308,509	25,254,947	193,004,740

- Revenue from external customers includes the total interest and non-interest revenue.
- Intersegment Revenue includes revenues from transaction with other operating segments of Bank. Transactions between segments are reported on pre-determined transfer price.

- Segment Assets and liabilities include the assets and liabilities identifiable to particular segment.
- The result reported include the items directly attributable to a segment as well as those that can be allocated on reasonable basis.
- Segment assets and liabilities have been netted off from total assets and liabilities regarding the items that can be offset. (Contra items).

## 6.2 RECONCILIATION OF REPORTABLE SEGMENT REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES:

PARTICULARS	Amount in NPR'000
<b>Revenue</b>	
<b>Total revenue for reportable segments</b>	<b>18,321,710</b>
Other revenues	33,792
Elimination of intersegment revenue	-
<b>Entity's revenues</b>	<b>18,355,502</b>
<b>Profit or Loss</b>	
<b>Total profit or loss for reportable segments</b>	<b>3,956,439</b>
Other profit or loss	-
Elimination of intersegment profits	-
Unallocated amounts:	(2,302,604)
<b>Profit or loss before income tax</b>	<b>1,653,836</b>
<b>Assets</b>	
<b>Total assets for reportable segments</b>	<b>168,718,248</b>
Other assets	-
Unallocated amounts:	24,286,491
<b>Entity's assets</b>	<b>193,004,740</b>
<b>Liabilities</b>	
<b>Total liabilities for reportable segments</b>	<b>167,749,792</b>
Other liabilities	-
Unallocated amounts:	25,254,947
<b>Entity's liabilities</b>	<b>193,004,740</b>

## 6.3 INFORMATION ABOUT PRODUCTS AND SERVICES

Products separately identifiable are Term Loan, Overdraft, Subsidy, Deprived Sector Lending, Treasury and others. Revenue i.e. interest income from each category is as mentioned below:

PARTICULARS	Amount in NPR'000
Term Loan	6,841,430
Overdraft	646,948
Subsidy	368,838
Deprived Sector Lending	518,906
Treasury	1,589,929
Others	6,632,643
<b>Total</b>	<b>16,598,694</b>

## 6.4 INFORMATION ABOUT GEOGRAPHICAL AREAS

Revenue from following geographical areas

PARTICULARS	Amount in NPR'000
Domestic	
Koshi Province	2,566,779
Madhesh Province	2,246,207
Bagmati Province	12,381,298
Gandaki Province	1,826,952
Lumbini Province	1,359,930
Karnali Province	135,708
Sudurpaschim Province	523,826
Foreign	-
<b>Total</b>	<b>21,040,700</b>

## 6.5 INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from a single customer does not exceed 10% or more of the bank's revenue.

## 7. CLASSIFICATION OF FINANCIAL ASSET AND LIABILITY

Amount in NPR'000

PARTICULARS	AS AT 15 JULY 2024		AS AT 16 JULY 2023	
	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
<b>Assets</b>				
<b>Assets carried at Amortized Cost</b>				
Cash and cash equivalent	7,790,319	7,790,319	10,632,386	10,632,386
Due from Nepal Rastra Bank	6,340,167	6,340,167	9,309,108	9,309,108
Placement with Bank and Financial Institutions	404,770	404,770	1,458,314	1,458,314
Loans and advances to BFIs	5,101,443	5,101,443	4,464,244	4,464,244
Loan and advances to customers	126,754,175	126,754,175	126,137,683	126,137,683
Investment securities at amortized cost	35,146,904	35,146,904	27,093,451	27,093,451
<b>Assets carried at Cost</b>				
Investment in subsidiaries	400,000	400,000	400,000	400,000
<b>Fair Value through Profit and Loss (FVTPL)</b>				
Derivative financial instruments.	4,541	4,541	-	-
<b>Fair Value through Other Comprehensive Income (FVTOCI)</b>				
Investment securities at OCI	450,115	450,115	325,079	325,079
<b>Liabilities</b>				
<b>Liabilities carried at Amortized Cost</b>				
Due to Bank and Financial Institutions	3,128,492	3,128,492	4,105,068	4,105,068
Due to Nepal Rastra Bank	-	-	13,000	13,000
Deposits from customers	158,646,909	158,646,909	154,179,632	154,179,632
Debt securities issued	5,495,481	5,495,481	5,494,039	5,494,039
Borrowings	2,091,129	2,091,129	3,395,002	3,395,002

## 8. INTEREST INCOME

Capitalization of the Interest on national priority projects was made with due approval from Nepal Rastra Bank amounting to NPR 260,939,377 is capitalized during FY 2080/81.

## 9. STAFF BONUS

Proposed bonus for staff have been provided for 10% of net profit before such bonus.

## 10. INTERIM FINANCIAL STATEMENTS

Interim Financial Statements are prepared and published on quarterly basis in accordance with NRB Directives in compliance with statutory and legal requirement within the time frame as prescribed.

## 11. GRATUITY AND ACCUMULATED LEAVE PROVISION

### Gratuity

As per the actuarial valuation, gratuity liability of the bank is NPR 746,673,473 Out of which NPR 683,707,849 has been funded as at 31 Ashad 2081 and net amount is shown as liability of bank. However, the bank has funded remaining amount of NPR 62,965,624 in Citizen Investment Trust (CIT).

Bank has expensed of NPR 77,811,728 for gratuity expense in statement of profit & loss. However, funding arrangement to CIT has been made on the basis of gratuity liability computed as per relevant provisions of Act. Deficit obtained after deducting the fair value of plan assets from Net Benefit Obligations has been shown as Net liability of bank.

### Details of actuarial valuation of gratuity are as follows:

PARTICULARS	Amount in NPR	
	AS AT 15 JULY 2024	AS AT 16 JULY 2023
Defined Benefit Obligations	746,673,473	654,942,142
Fair Value of plan assets	683,707,849	646,374,031
<b>Net Liability</b>	<b>62,965,624</b>	<b>8,568,111</b>
Expense booked as in PL	77,811,728	83,579,199
Actuarial Gain/ (Loss) booked in OCI	14,846,104	61,054,033

### Current/Non-Current Bifurcation

PARTICULARS	Amount in NPR	
	AS AT 15 JULY 2024	AS AT 16 JULY 2023
Current Liability	-	-
Non-Current Liability	62,965,624	8,568,111
<b>Total</b>	<b>62,965,624</b>	<b>8,568,111</b>

### Leave

The Bank has recognized an additional provision of NPR 28,111,868 for accumulated leave liability in the current year. Being non-funded arrangement, total amount is booked as liability for bank. Moreover, leave encashment paid in excess of accumulated leave exceeding 90 days of annual leave and 120 days of sick leave is charged in profit and loss account.

PARTICULARS	Amount in NPR	
	AS AT 15 JULY 2024	AS AT 16 JULY 2023
Defined Benefit Obligations	310,847,903	282,736,035
Fair Value of plan assets	-	-
<b>Net Liability</b>	<b>310,847,903</b>	<b>282,736,035</b>

### Details of actuarial valuation of gratuity are as follows:

PARTICULARS	AS AT 15 JULY 2024	AS AT 16 JULY 2023
<b>Amount recognized in statement of profit or loss</b>		
Current service cost	51,341,036	50,934,917
Interest cost	27,201,888	20,896,850
Actuarial (Gain)/ Loss on Leave	(28,996,753)	(14,805,432)
	<b>49,546,171</b>	<b>57,026,335</b>



Amount in NPR

PARTICULARS	AS AT 15 JULY 2024	AS AT 16 JULY 2023
<b>Change in Present Value Obligations:</b>		
PV of Obligation at beginning of the year	282,736,035	238,664,736
Current Service Cost	51,341,036	50,934,917
Interest cost	27,201,888	20,896,850
Actuarial (Gain)/ Loss	(28,996,753)	(14,805,432)
Benefit paid	(21,434,303)	(12,955,036)
<b>Liability at the end of the year</b>	<b>310,847,903</b>	<b>282,736,035</b>

## 12. DEFERRED TAX ASSET/LIABILITY

Tax effect of all the NFRS adjustment are created and reflected under deferred tax income or expenses. All the adjustments relating to current year are taxed in current period and all the prior year NFRS adjustments have been deferred.

Amount in NPR'000

PARTICULARS	BOOK BASE	TAX BASE	DIFFERENCE
<b>Deferred tax on temporary differences on following items</b>			
Loan and Advance to B/FIs	5,101,443	5,101,443	-
Loans and advances to customers	126,754,175	126,643,457	110,718
Property & equipment	1,287,105	1,226,601	(61,043)
Employees' defined benefit plan	310,848	-	310,848
Gratuity	62,966	20,781	42,184
Provisions for investment	21,081	-	21,081
Lease expenses as per NFRS	144,403	-	144,403
Bond Issue Expenses Amortization	(57,730)	-	(57,730)
Debenture issue cost	-	3,813	3,813
<b>Total temporary differences</b>			<b>514,274</b>
<b>Deferred tax asset/(liabilities) as on 31 Ashad 2081</b>			<b>154,282</b>
Deferred tax asset/(liabilities) as on 32 Ashad 2080			<b>85,785</b>
Origination/(Reversal) during the year			68,497
Deferred tax expense/(income) recognized in profit or loss			71,462
Deferred tax expense/(income) recognized in other comprehensive income			(2,965)

Amount in NPR'000

FY 2023-24	OPENING BALANCE	RECOGNIZED IN PROFIT OR LOSS	RECOGNIZED IN OTHER COMPREHENSIVE	CLOSING BALANCE
Gratuity	3,447	9,208	-	12,655
Leave encashment	84,821	8,434	-	93,254
Operating lease liability under NFRS	-	43,321	-	43,321
Actuarial loss	-	-	-	-
Loans and Advances to Customers	-	33,215	-	33,215
Financial assets held at FVTOCI	4,835	-	1,489	6,324
Bond Issue Expense Amortization	(17,319)	-	-	(17,319)
Debenture Issue Expenses	816	328	-	1,144
<b>Total of deferred tax assets</b>	<b>76,600</b>	<b>94,506</b>	<b>1,489</b>	<b>172,595</b>
	-	-	-	-
Property, plant and equipment	(29,986)	11,673	-	(18,313)
	-	-	-	-
<b>Total of deferred tax liability</b>	<b>(29,986)</b>	<b>11,673</b>	<b>-</b>	<b>(18,313)</b>
	-	-	-	-
<b>Net deferred tax liability</b>	<b>46,614</b>	<b>106,179</b>	<b>1,489</b>	<b>154,282</b>

### 13. SUBSIDIZED INTEREST INCOME AND AMORTIZATION EXPENSE OF PREPAID STAFF LOAN

An endowment life insurance policy is purchased by Bank for insured sum equivalent to the principal of housing loan. The policy is purchased for a period of 21 years or remaining service period of the employee, whichever is earlier. The employees pay insurance premium in respect of policy on monthly basis. Upon maturity of the endowment policy, the proceeds/bonus are accounted towards settlement of interest and principal loan amount in a single installment. The Bank has amortized prepaid employee expense of NPR 69,554,291. Bank has considered 7.6% as market rate for calculating fair value of staff loans. Difference of fair value of staff loan and book value has been shown in other assets as deferred employee expenditure.

### 14. WEIGHTED AVERAGE INTEREST RATE SPREAD

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

PARTICULARS	ANNUAL AVERAGE %
Average Interest Rate of Loan	10.97%
Average Interest Rate of Deposit	6.98%
Average Interest Rate Spread	3.99%

### 15. LOANS AND ADVANCES EXTENDED TO PROMOTERS

The Bank has not extended any loans to promoters during the year.

### 16. RELATED PARTY

#### 16.1 NATIONAL FUND MANAGEMENT LIMITED (NATIONAL FUND)

The Bank has entered into financial transactions with National Fund having financial interest.

RELATED PARTY	NATURE OF RELATIONSHIP	NATURE OF TRANSACTION	CURRENT YEAR
National Fund Management Limited	Representation in BOD	Investment in Shares	60,000,000

#### 16.2 KEY MANAGEMENT PERSONNEL

The related parties of the Bank which meets the definition of related parties as defined in NAS 24 Related Party Disclosures are as follows:

Key Management Personnel (KMP) 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 Bank includes members of its Board of Directors, Chief Executive Officer, and other higher level employee of the Bank. The name of the key management personnel who were holding various positions in the office during the year were as follows:

NAME OF THE RELATED PARTY	NATURE
Machhapuchhre Capital Limited	Subsidiary Company
Machhapuchhre Securities Limited	Subsidiary Company
Dr. Upendra Mahato	BOD Chairman (up to 7 Mangsir 2080)
Mr. Roshan K.C	BOD Chairman
Mr. Bishwo Prakash Gautam	Director
Mr. Haribhakta Sigdel	Director

NAME OF THE RELATED PARTY	NATURE
Mr. Mukunda Mahat	Director (up to 15 Jestha 2081)
Mr. Jaya Mukunda Khanal	Director
Ms. Bandana Karki	Director
Mr. Santosh Koirala	CEO
Mr. Sarju Kumar Thapa	DCEO
Mr. Bishwambhar Neupane	DCEO
Mr. Prasiddha Raj Aryal	DGM-Business
Mr. Suvash Jamarkattel	AGM- Operation

Note: Dr Upendra Mahato has resigned from the post of BOD Chairman from 7 Mangsir 2080 and BOD has appointed Mr Roshan K.C as BOD Chairman and the tenure of independent director Mr. Mukunda Mahat has also completed from 15 Jestha 2081.

#### Changes in significant ownership of promoter shareholder

During the reporting period, changes in significant ownership have been made as follow:

TYPE OF SHARE	FORMER SHAREHOLDER	NUMBER OF SHARES TRANSFERRED	PERCENTAGE OF OWNERSHIP	OWNERSHIP TRANSFER DATE	CURRENT SHAREHOLDER AFTER TRANSFER OF SHARE
Promoter Share	Surendra Mahato	10,737,000	9.24%	25-04-2024	Employee Provident Fund

### 16.3 COMPENSATION TO KEY MANAGEMENT PERSONNEL

The members of Board of Directors are entitled for meeting allowances. Salary and allowances are provided to Chief Executive Officer and other member of Key Management Personnel (KMP). Salary and Allowances paid to the Chief Executive Officer is based on the contract entered by the Bank with him whereas compensation paid to other member of KMP are governed by Employee Service Byelaw and decisions made by management from time to time in this regard. In addition to salaries and allowances, non- cash benefits like vehicle facility, subsidized rate employees loan, termination benefits are also provided to KMP. The details relating to compensation paid and expenses incurred to key management personnel (directors only) were as follows:

PARTICULARS	Amount in NPR
Meeting Fees	3,263,500
Other Board Expenses	2,079,011
<b>Total</b>	<b>5,342,511</b>

The details relating to compensation paid to key management personnel other than directors were as follows:

PARTICULARS	Amount in NPR
Short term employee benefits	56,435,226
Post- employment benefits	12,376,067
Other long term benefits	5,458,288
Termination benefits(Retirement Compensation)	-
<b>Total</b>	<b>65,290,140</b>

- Post-employment benefits include Provident Fund and Gratuity. Provident Fund is deposited in an independent institution and Gratuity is provided for as per actuarial valuation against which investment is made in an independent planned asset.
- Other long term employment benefit includes Home Leave and Sick Leave encashment over and above the accumulation limit set as per Employee Byelaws of the Bank.
- KMP also get accidental and medical insurance, vehicle, fuel, lunch and mobile facilities as per Employee Service Byelaws of the Bank.
- Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

**Key management personnel are also eligible for the following benefits:**

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

Post-employment benefits include the retirement payments (gratuity and leave payment) to be made at the time of retirement from service. However, since actuarial basis of accounting has been used and the amount to be benefitted for each employee is not separately identifiable, they have not been disclosed in the amount mentioned above. Actual retirement payment that has been made in this year has been disclosed above.

Total no. of Key Management Personnel as on Ashad End 2081 (including CEO): 4

## 16.4 MACHHAPUCHCHHRE CAPITAL LIMITED-SUBSIDIARY OF MACHHAPUCHCHHRE BANK LIMITED.

The Bank has invested NPR 200 million in Machhapuchchhre Capital Ltd, subsidiary company of the Bank. Transaction details with Machhapuchchhre Capital Limited is as follows:

PARTICULARS	Amount in NPR
<b>Balance as at 31 Ashad 2081</b>	
Fixed Deposit from Subsidiary	15,000,000
Call & Current Deposit from subsidiary	7,795,259
<b>Transactions during the year</b>	
Interest paid to Subsidiary	2,849,234
Rent paid to the subsidiary	120,000
DP Service Fee	14,288,962

## 16.5 KEY MANAGEMENT PERSONNEL OF MACHHAPUCHCHHRE CAPITAL LIMITED.

Key Management Personnel (KMP) 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 entity includes members of its Board of Directors, Chief Executive Officer, and other higher level employee of the entity. The name of the key management personnel who were holding various positions in the office during the year were as follows:

NAME OF THE KEY MANAGEMENT PERSONNEL	DESIGNATION
Mr. Bishwambhar Neupane	Chairman
Mr. Prasidha Raj Aryal	Director
Mr. Dip Prakash Panday	Director
Mr. Sudeep Khanal	Independent Director
Mrs. Sabita Shah (Thakuri)	Independent Director

## 16.6 MACHHAPUCHCHHRE SECURITIES LIMITED-SUBSIDIARY OF MACHHAPUCHCHHRE BANK LIMITED

The Bank has invested NPR 200 million in Machhapuchchhre Securities Ltd, subsidiary company of the Bank. Transaction details with Machhapuchchhre Securities Limited is as follows:

PARTICULARS	Amount in NPR
<b>Balance as at 31 Asar 2081</b>	
Fixed Deposit from Subsidiary	180,000,000
Call & Current Deposit from subsidiary	5,925,447
Receivable	428,516
Loan against Fixed Deposit Receipt (FDR)	148,931,484
Bank Guarantee (BG) issued	21,000,000
<b>Transactions during the reporting period</b>	
Interest paid to Subsidiary	14,082,650
Interest received from Subsidiary from loan against FDR	296,105
Bank charge received from issuance of BG	391,413
Amount received from sale of fixed assets by Bank	4,268,049

## 16.7 KEY MANAGEMENT PERSONNEL OF MACHHAPUCHCHHRE SECURITIES LIMITED.

Key Management Personnel (KMP) 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 entity includes members of its Board of Directors, Chief Executive Officer, and other higher level employee of the entity. The name of the key management personnel who were holding various positions in the office during the year were as follows:

NAME OF THE KEY MANAGEMENT PERSONNEL	DESIGNATION
Mr. Kamal Pokharel	Chairman
Ms. Kalpana Shrestha	Director
Ms. Indira Neupane	Director
Mr. Prabhat Bhandari	Director
Mr. Umesh Rajopadhyaya Subedi	Director

## 17. LEASE

Bank has been making lease payments for operating different branches and therefore as provisioned under "NFRS 16 - Leases" Right of Use(ROU) is presented under Other assets and Lease liability shown under other liabilities in Statement of Financial Position. Similarly, finance expense is shown under interest expense and Depreciation on ROU is shown under Depreciation and Amortization heading in Statement of Profit & Loss.

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Expenses relating to Rent not covered under NFRS-16	34,255,104	22,081,038
Cash outflow for Leases	226,025,716	221,767,069
Additions to ROU Assets	(77,296,613)	(58,420,358)
Impact on Interest Expenses	72,152,762	82,397,018
Impact on Depreciation Expenses	167,706,903	169,478,938

## 18. MERGER AND ACQUISITION OF SUBSIDIARY COMPANY

The company has adopted conventional way of merger and acquisition and followed the same approach as recognized by Nepal Rastra Bank. The company has followed the procedures for the business combinations as per NRB Merger and Acquisition Bylaws 2073, company being the subsidiary company of the bank. Accordingly, the resulting difference amount is transferred to share premium as per the provisions of the bylaw. The company has also measured identifiable assets acquired and liabilities assumed on cost basis and purchase consideration transferred at face value.

### Merger of related parties

Two related parties of bank Nepal Clearing House Limited (NCHL) and Nepal Electronic Payment System (NEPS) were merged and started joint operation from 3 June 2024 (21 Jestha 2081). Before the merger, there was representation in Board of directors of NEPS from bank. However, there is no representation in board of merged company after merger.

No of shares before and after merger of related parties are as follows:

NAME OF RELATED PARTIES	NO OF SHARE	
	BEFORE MERGER	AFTER MERGER
Nepal Clearing House Limited (NCHL)	180,000	50,400
Nepal Electronic Payment Systems (NEPS)	167,772	167,772
<b>Total</b>	<b>347,772</b>	<b>218,172</b>

## 19. EVENTS AFTER REPORTING DATE

Events after the balance sheet date are those events, favorable and unfavorable, that occur between the balance sheet date and the date when the financial statements are authorized for issue. Appropriate adjustments in the financial statements and disclosures in notes to accounts have been made for all material and significant events that have occurred between the balance sheet date and date when the financial statements have been authorized for issue.

Where necessary all material events after reporting date have been considered and appropriate adjustments or disclosures have been made in the Financial Statements as per NAS 10. There are no material events that have occurred subsequent to 31 Ashad 2081 till the signing of this financial statement on 26 Mangsir 2081.

## 20. PROPOSED DIVIDEND

The Board of Directors has not proposed any dividend for FY 2080-81.

## 21. NON-BANKING ASSETS

Non-Banking Assets are the assets obtained as security for loans & advances and subsequently taken over by the Bank in the course of loan recovery. Such assets are booked at fair market value or total amount due from the borrower, whichever is lower.

BORROWER OR PARTY'S NAME	DATE OF ASSUME THE NON-BANKING ASSETS	AMOUNT IN NPR
Cosmic Automobile	3-Sep-12	24,210,000
Kantipur Surgical Pvt. Ltd.	1-Jul-19	12,586,918
Saroj Pariyar	23-Dec-19	953,989
DS Nepal	16-Mar-20	17,718,065
Shubha Sahayatri Pvt.Ltd	11-Jan-21	40,634,000



Mohan Bibidh Centre	23-Feb-21	7,500,000
Sharmila Alaichi Ta.Jadibuti Supp.	30-Mar-21	5,000,000
Liladhar Fresh House	13-Jun-21	867,449
Aadharsila Krishi Farm	1-Jul-21	1,404,629
Lalit Budha	3-Aug-21	1,075,162
Lalit Kirana Pasal	3-Aug-21	655,774
Matarani Trading Pvt.Ltd	13-Sep-21	72,941,412
Manakamana Silai Udhyag	28-Oct-21	1,950,000
Ram Prasad Bhattarai	17-Jun-22	6,178,942
Binita Construction	17-Jun-22	11,871,058
Kalika Computer & Suppliers	14-Jul-22	2,358,176
Lahan Polyclinic And Diag Cen P Ltd	30-Sep-22	8,132,492
Mukesh Chaudhary	30-Sep-22	7,867,508
Shree Gauri Ganesh Traders	17-Oct-22	7,500,000
Deewakar Madira Bikri Kendra	20-Oct-22	8,015,599
Sudhakar Madira And Cold Store	20-Oct-22	4,886,535
Maa Janaki Nirman Sewa Pvt Ltd	20-Oct-22	36,000,000
Ananda Bakhra Farm	13-Nov-22	9,009,805
Ananda Trade And Suppliers	11-Jan-23	25,000,000
Kimganga Automobiles Pvt.Ltd	10-Mar-23	18,910,000
Siddhartha & Aradhya Itta Udhyog	10-Apr-23	25,125,195
Mahabharat Suppliers	14-Jul-23	18,000,000
Baba Auto Parts	16-Jul-23	4,927,350
Mukesh Kumar Singh Mahato	16-Jul-23	3,119,538
Shovakhar Furniture Udhyog	16-Jul-23	7,221,843
Mukti Prasad Subedi	16-Jul-23	10,299,157
U.B Electronics	31-Jul-23	5,318,147
Unique Gift Center & Electronic	31-Jul-23	7,681,853
Puja Trade Business Pvt. Ltd	19-Oct-23	180,000,000
Rajendra Khatri	19-Oct-23	
Rabindra Chaulagain	19-Oct-23	
Chimkeshwori Kirana	20-Oct-23	18,084,000
Pujan Karki – Tara Bahadur Karki	20-Oct-23	
Unique Suppliers Pvt.Ltd	20-Oct-23	7,650,000
New Rejina Shopping Center	10-Nov-23	2,750,000
J Plus a Fix Itta Udhyog	28-Nov-23	25,416,761
Gurkha Tea and Coffee Ind P.Ltd	10-Jan-24	192,100,000
Shikhar Deep Agro Pvt. Ltd.	14-Jan-24	324,125,000
Abhinas Rana	10-Apr-24	2,799,216
Nandani Readymade Pasal	12-Apr-24	2,464,628
Tirupati Jal Udhyog	28-Apr-24	2,369,503
Tirupati Chemical Udhyog	28-Apr-24	5,081,272
Anil Budhathoki	28-Apr-24	4,629,936
Churamoni Limbu	7-May-24	2,276,494
Durga Automotives	28-Jun-24	17,235,000
<b>Total</b>		<b>1,201,902,408</b>

## 22. CONTINGENT LIABILITIES

Contingent liabilities related details has been presented under Schedule 4.28.

## 23. EARNINGS PER SHARE

Earnings per Share is calculated using the earnings attributable to equity shareholders for the period divided by the number of weighted average number of shares as required under NAS 33 Earnings per share.

PARTICULARS	UNITS	YEAR ENDED 15 JULY 2024	YEAR ENDED 16 JULY 2023
Profit attributable to equity shareholders	NPR	1,045,199,187	1,625,525,989
Weighted average of number of equity shares used in computing basic earnings per share	Nos.	116,213,573	116,213,573
Earnings Per Share (EPS)	NPR	8.99	13.99
Diluted Earnings Per Share(DPS)	NPR	8.99	13.99

As there are no potential ordinary shares that would dilute current earning of equity holders, basic EPS and diluted EPS are equal for the period presented.

## 24. UNPAID DIVIDEND

As on balance sheet date, total dividend payable amounts to NPR 66,249,236 (PY NPR 71,209,610). Details have been presented as under:

DIVIDEND PAYABLE OF FY	AS AT 15 JULY 2024	AS AT 16 JULY 2023
2079/80	5.61	-
2077/78	2.64	2.64
2076/77	12,844,518	13,946,136
2075/76	24,260,635	26,035,878
2074/75	19,122,990	20,685,500
2073/74	10,021,085	10,542,093
<b>Total</b>	<b>66,249,236</b>	<b>71,209,610</b>

**Note:** The bank had not distributed any dividend during FY 2078/79.

## 25. NON-PERFORMING ASSETS

The Banks' non-performing assets ratio stood at 3.86% (Previous year 2.26%) as at balance sheet date. The total non-performing assets as at balance sheet date is NPR 5,058,557,695 (Previous year NPR 2,733,274,558) and loan loss provision related to non-performing assets calculated as per NRB directives is NPR 3,048,241,834 (Previous year 1,648,027,429).

PARTICULARS	THIS YEAR	PREVIOUS YEAR	CHANGE AMOUNT	%
<b>Performing Loan</b>	<b>126,065,220</b>	<b>125,855,566</b>	<b>209,654</b>	<b>0.2%</b>
Pass	113,037,923	119,316,554	(6,278,631)	-5%
Watch list	13,027,297	6,539,012	6,488,285	99%
<b>Non-Performing Loans (NPL)</b>	<b>5,058,558</b>	<b>2,912,669</b>	<b>2,145,889</b>	<b>74%</b>
Restructured/rescheduled	-	62,084	(62,084)	-100%
Substandard	1,773,701	480,724	1,292,977	269%
Doubtful	1,298,891	1,290,379	8,512	0.7%
Loss	1,985,966	1,079,482	906,484	84%
<b>Gross Loans &amp; Advances</b>	<b>131,123,778</b>	<b>128,768,235</b>	<b>2,355,543</b>	<b>2%</b>

### NPL ratios:

Gross NPL to Gross Loans & Advances	: 3.86%
Net NPL to Net Loans & advances	: 1.53%

### Details of Restructured Loan

Following are the details of Restructured loan during FY 2080-81:

PARTICULARS	AMOUNT "NPR"
Principal Restructure	1,704,741,802
Interest Restructure	184,652,474

## 26. CAPITAL STRUCTURE AND CAPITAL ADEQUACY

Nepal Rastra Bank has issued guidelines for implementation of New Capital Adequacy Framework under Basel III requirement in July 2015. NRB directed all Banks to adopt this framework and according to which Banks are to maintain Capital for Credit Risk, Operational Risk and Market Risk. Accordingly, the following disclosure is made:

### 26.1 QUALITATIVE DISCLOSURES

The Bank has developed its own internal policy, procedures and structures to manage credit, market and liquidity risk in adverse situation and to make contingency plan accordingly. For the purpose, the Bank has developed Internal Capital Adequacy Assessment Process (ICAAP) which acts as a guiding document for reporting the ongoing assessment of the Bank's risks, how the Bank intends to mitigate those risks and how much current and future capital is necessary having considered other mitigating factors.

### 26.2 QUANTITATIVE DISCLOSURES

Capital Structure and Capital Adequacy

#### a) Tier 1 capital and a breakdown of its components

	Amount in NPR'000
CORE CAPITAL (TIER 1)	AS AT 15 JULY 2024
Paid up Equity Share Capital	11,621,357
Equity Share Premium	30,882
Proposed Bonus Equity Share	
Statutory General Reserve	2,899,542
Retained Earnings	-359,805
Un-audited current year cumulative profit/ loss	
Capital Redemption Reserve	1,138,830
Capital Adjustment Reserve	
Dividend Equalization Reserve	
Other Free Reserve	
Less : Goodwill	
Less: Intangible Assets	128,015
Less: Fictitious Assets	
Less: Deferred Tax Assets	
Less : Investment in equity in licensed Financial Institutions	
Less : Investment in equity of institutions with Financial interests	400,000
Less : Investment in equity of institutions in excess of limits	
Less : Investments arising out of underwriting commitments	
Less : Reciprocal crossholdings	
Less: Purchase of Land& Building in excess of limit and unutilized	40,889
Less: Cash Flow Hedge	
Less: Defined Benefit Pension Assets	
Less: Unrecognized Defined Benefit Pension Liabilities	
Less : Other Deductions	100,000
Adjustments under Pillar II	
Less: Shortfall in Provision	
Less: Loans & Facilities extended to related parties and restricted lending	
Additional Tier 1 (AT 1)	
Perpetual Non-Cumulative Preference Share Capital	
Perpetual Debt Instruments	
Stock Premium	
<b>Total Core Capital</b>	<b>14,661,902</b>

**b) Tier 2 capital and a breakdown of its components**

Amount in NPR'000

<b>SUPPLEMENTARY CAPITAL (TIER 2)</b>	<b>AS AT 15 JULY 2024</b>
Cumulative and/or Redeemable Preference Shares	
Subordinated Term Debt	5,253,496
Hybrid Capital Instruments	
Stock Premium	
General Loan Loss Provision	1,771,368
Exchange Equalization Reserve	80,437
Investment Adjustment Reserve	
Assets Revaluation Reserve	
Other Reserves	
<b>Total Supplementary Capital</b>	<b>7,105,301</b>

**c) Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, and amount rose during the year and amount eligible to be reckoned as capital funds.**

Amount in NPR'000.

<b>PARTICULARS</b>	<b>O/S AMOUNT</b>	<b>ISSUE DATE</b>	<b>MATURITY DATE</b>	<b>INTEREST RATE*</b>	<b>AMOUNT ELIGIBLE FOR CAPITAL FUND</b>
10.25% Machhapuchchhre Debenture, 2085	3,000,000	13-05-2076	12-05-2086	10.25%	3,000,000
8.5% Machhapuchchhre Debenture 2087	2,253,496	24-04-2078	23-04-2088	8.5%	2,253,496

**\*Interest is payable half yearly basis**

**d) Deduction from capital**

Amount in NPR'000

<b>PARTICULARS</b>	<b>AS AT 15 JULY 2024</b>
Intangible Assets	128,015
Investment in equity of institutions with Financial interests	400,000
Purchase of Land& Building in excess of limit and unutilized	40,889
Other Deductions	100,000
<b>Total</b>	<b>668,904</b>

Investment in equity of institutions with Financial Interests includes investment in subsidiary of the bank Machhapuchchhre Capital Limited amounting NPR 20 Cr , Machhapuchchhre Securities Limited amounting NPR 20 Cr.

**e) Total qualifying capital**

Amount in NPR'000

<b>PARTICULARS</b>	<b>AS AT 15 JULY 2024</b>
Core Capital	14,661,902
Supplementary Capital	7,105,301
<b>Total Qualifying Capital (Total Capital Fund)</b>	<b>21,767,203</b>

**f) Capital Adequacy Ratio of the bank is 13.74%**

**g) Summary of the bank's internal approach to assess the adequacy of its capital to support current and future activities**

The Bank assesses capital at different stages and variants. The Long term assessment is done through a 5 year's Strategic Plan. The Bank devises 5 year strategic plan in every five years. The strategic plan clearly states the Bank's requirement of its capital for five years to achieve the envisioned Business Targets and the sources of capital to fulfill the requirement is also clearly forecasted. The annual assessment of the Bank's capital is done through the Annual Business Plan which is formulated each year prior to the beginning of new Fiscal Year. The annual requirement of capital is clearly projected and the sources to fulfill the said requirement is also clarified along with the action plan of responsible department and personnel.

The major capital assessment is carried out at each quarter. The Bank shall prepare Stress test report and Internal Capital Adequacy Assessment Report (ICAAP) as per the Stress Testing Policy and ICAAP Policy which is revised each year. The Bank identifies the major components responsible to drive the published Capital Adequacy Ratio (CAR) and also ensures whether the said components are subject to greater change. The Bank also highlights the measures to nullify the components impacting the CAR and the measures that can contribute to boost the CAR. Further, The Bank carries out stress analysis at different scenarios and present the impact on Capital. The major scenarios are highlighted and likelihood of their occurrence is presented. In the case any scenarios are likely to occur, the Bank shall manage to equip with preventive measures as well. These capital monitoring reports are tabled and discussed in Assets Liability Committee (ALCO) meeting. Further, these reports are presented to the Risk Management Committee and the Board for review and discussions.

Further, the short term capital assessment is carried out on daily basis through daily MIS reporting. The daily change in CAR and the Business space available/lost due to change in CAR is reported to Top management for review and for decision making.

The Bank at overall level has robust and prompt countering mechanism for assessment of its capital. The Bank has developed mechanism of providing early warning signals in case there is likeliness of capital deterioration.

**h) Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments.**

Ordinary share capital: The Bank has only one class of equity shares having a par value of NPR 100 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Bank, holder of equity shares will be entitled to receive remaining assets of the Bank after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

Debentures: The bank has issued two debentures. These debentures do not carry any voting rights. These debentures are subordinate to the depositors of the bank.

**Details regarding "10.25% Machhapuchchhre Debenture 2085":**

PARTICULARS	DETAILS
Name	10.25% Machhapuchchhre Debenture, 2085
Amount of issue	NPR 3,000,000,000
Interest Rate	10.25% per annum payable semi annually
Numbers of Debentures	3,000,000
Face Value	NPR 1,000
Maturity Period	10 Years
Listing	Listed with Nepal Stock Exchange

**Details regarding “8.5% Machhapuchchhre Debenture 2087”:**

PARTICULARS	DETAILS
Name	8.5% Machhapuchchhre Debenture, 2087
Amount of issue	NPR 2,253,496,000
Interest Rate	8.5% per annum payable semi annually
Numbers of Debentures	2,253,496
Face Value	NPR 1,000
Maturity Period	10 Years
Listing	Listed with Nepal Stock Exchange

**i) Risk Weighted Exposure**

Risk Weighted Exposure for Credit Risk, Market Risk and Operational Risk is as mentioned below:

Amount in NPR'000

PARTICULARS	AS AT 15 JULY 2024
<b>Risk Weighted Exposures</b>	
Risk Weighted Exposure for Credit Risk	141,709,446
Risk Weighted Exposure for Operational Risk	8,926,129
Risk Weighted Exposure for Market Risk	1,281,920
<b>Total Risk Weighted Exposures (Before adjustments of Pillar II)</b>	<b>151,917,495</b>
Add RWE equivalent to reciprocal of capital charge of 3% of gross income.	1,950,866
Add: 3% of RWE added by supervisory Review	4,557,525
<b>Total Risk Weighted Exposures</b>	<b>158,425,886</b>

**j) Risk weighted Exposures under each categories of Credit Risk**

Amount in NPR'000

CATEGORIES	AS AT 15 JULY 2024
Claims on government and central Bank	-
Claims on other official entities	-
Claims on Banks	3,070,220
Claims on corporate and securities firm	72,924,882
Claims on regulatory retail portfolio	23,206,632
Real Estate loans for land acquisition and development	264,292
Lending against securities	540,131
Trust Receipt Loans for trading firms	856,766
Claim secured by residential properties	4,299,812
Personal Hire purchase/Personal Auto Loans	834,619
Claims secured by commercial real state	556,351
Past due Claims	3,874,952
High risk claims	8,670,693
Other Assets	8,731,906
Off Balance sheet Items	13,878,190
<b>Total</b>	<b>141,709,446</b>



**k) Total Risk weighted Exposure Calculation Table**  
**(i) Calculation of Credit Risk Exposure**

Amount in NPR \*000

S.N	PARTICULARS	BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM (C)	NET VALUE (D=A-B-C)	RISK WEIGHT (E)	RISK WEIGHTED EXPOSURES (F=D*E)
<b>A. Balance Sheet Exposure</b>							
1	Cash Balance	2,720,812			2,720,812	0%	-
2	Balance With Nepal Rastra Bank	6,340,167			6,340,167	0%	-
3	Gold	-			-	0%	-
4	Investment in Nepalese Government Securities	27,203,202			27,203,202	0%	-
5	All other Claims on Government of Nepal	-	-		-	0%	-
6	Investment in Nepal Rastra Bank Securities	6,000,000			6,000,000	0%	-
7	All other Claims on Nepal Rastra Bank	129,845			129,845	0%	-
8	Claims on Foreign Government and Central Bank (ECA 0-1)	-			-	0%	-
9	Claims on Foreign Government and Central Bank (ECA 2)	-			-	20%	-
10	Claims on Foreign Government and Central Bank (ECA 3)	-			-	50%	-
11	Claims on Foreign Government and Central Bank (ECA 4-6)	-			-	100%	-
12	Claims on Foreign Government and Central Bank (ECA 7)	668,500	334,250	364,513	-	150%	-
13	Claims On BIS, IMF, ECB, EC and On Multilateral Development Banks(MDB's) recognized by the framework	-			-	0%	-
14	Claims on Other Multilateral Development Banks					100%	
15	Claims on Domestic Public Sector Entities	-			-	100%	-
16	Claims on Public Sector Entity (ECA 0-1)	-			-	20%	-
17	Claims on Public Sector Entity (ECA 2)	-			-	50%	-
18	Claims on Public Sector Entity (ECA 3-6)	-			-	100%	-
19	Claims on Public Sector Entity (ECA 7)	-			-	150%	-
20	Claims on domestic banks that meet capital adequacy requirements	7,039,237			7,039,237	20%	1,407,847
21	Claims on domestic banks that do not meet capital adequacy requirements	-			-	100%	-
22	Claims on Foreign bank (ECA Rating 0-1)	1,301,402			1,301,402	20%	260,280
23	Claims on Foreign bank(ECA Rating 2)	2,349,631			2,349,631	50%	1,174,816
24	Claims on Foreign bank (ECA Rating 3-6)	-			-	100%	-
25	Claims on Foreign bank (ECA Rating 7)	-			-	150%	-
26	Claims on foreign bank incorporated in SAARC Region operating with a buffer of 1% above their respective regulatory capital requirement	1,136,384			1,136,384	20%	227,277
Claims on domestic corporates (credit rating score equivalent to BBB+ & below)		30,667,913			30,667,913	100%	30,667,913

Cont.....(i) Calculation of Credit Risk Exposure

						Amount in NPR *000	
S.N	PARTICULARS	BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM (C)	NET VALUE (D=A-B-C)	RISK WEIGHT (E)	RISK WEIGHTED EXPOSURES (F=D*E)
27	Claims on Domestic Corporates(Unrated)	42,867,019		610,050	42,256,969	100%	42,256,969
28	Claims on Foreign Corporates (ECA 0-1)	-			-	20%	-
29	Claims on Foreign Corporates (ECA 2)	-			-	50%	-
30	Claims on Foreign Corporates (ECA 3-6)	-			-	100%	-
31	Claims on Foreign Corporates (ECA 7)	-			-	150%	-
32	Regulatory Retail Portfolio ( Not Overdue)	31,492,796		550,620	30,942,176	75%	23,206,632
33	Claim fulfilling all criterion of Regulatory Retail except granularity	-			-	100%	-
34	Claims secured by residential properties	6,842,876			6,842,876	60%	4,105,725
35	Investments in equity and other capital instruments of institutions not listed in the stock exchange	34,664,860			34,664,860	150%	51,997,290
36	Claims secured by residential properties (Overdue)	256,188	114,098		142,089	100%	142,089
37	Claims secured by Commercial real estate	556,351			556,351	100%	556,351
38	Past due claims (except for claim secured by residential properties)	5,261,079	2,677,778		2,583,301	150%	3,874,952
39	High Risk claims	5,689,405		79,244	5,610,162	150%	8,415,243
40	Real Estate loans for land acquisition and development (Other than mentioned in Capital Adequacy framework 2015-point 3.3(j)(1)(k)	211,433			211,433	125%	264,292
41	Lending against securities (Up to Rs. 5 Million)	174,823			174,823	100%	174,823
42	Lending against securities (Above Rs. 5 Million)	292,246			292,246	100%	365,308
43	Trust Receipt Loan for Trading Firms	713,972			713,972	120%	856,766
44	Personal Hire purchase/Personal Auto Loans	834,619			834,619	100%	834,619
45	Investment in equity and other capital instrument of institutions listed in the stock exchange	255,451			255,451	100%	255,451
46	Staff Loan Secured by Residential Property	3,276,290			3,276,290	50%	1,638,145
47	Interest Receivable/Claim on Government Securities	334,260			334,260	0%	-
48	Cash in transit and other cash items in the process of collection	-			-	20%	-
49	Other Assets	12,476,944	5,383,183		7,093,761	100%	7,093,761
<b>TOTAL</b>		<b>191,127,510</b>	<b>8,509,309</b>	<b>1,604,426</b>	<b>187,044,037</b>		<b>127,831,256</b>

Cont.....(i) Calculation of Credit Risk Exposure

Amount in NPR \*'000

S.N	PARTICULARS	BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM (C)	NET VALUE (D=A-B-C)	RISK WEIGHT (E)	RISK WEIGHTED EXPOSURES (F=D*E)
<b>B. Off Balance Sheet Exposures</b>							
11	Revocable Commitments				-	0%	-
2	Bills Under Collection	-			-	0%	-
3	Forward Exchange Contract Liabilities	1,608,118			1,608,118	10%	160,812
4	LC Commitments with original maturity up to 6 months	5,084,893		511,258	4,573,636	20%	914,727
5	Foreign Counterparty (ECA 0 -1)				-	20%	-
6	Foreign Counterparty (ECA 2)				-	50%	-
7	Foreign Counterparty (ECA 3 -6)				-	100%	-
8	Foreign Counterparty (ECA 7)				-	150%	-
9	LC Commitments with original maturity over 6 months (domestic Counterparty)	884,021		120,179	763,842	50%	381,921
10	Foreign Counterparty (ECA 0 -1)				-	20%	-
11	Foreign Counterparty (ECA 2)				-	50%	-
12	Foreign Counterparty (ECA 3 -6)				-	100%	-
13	Foreign Counterparty (ECA 7)				-	150%	-
14	Bid Bond, Performance Bond and Counter Guarantee	11,240,913		213,299	11,027,614	40%	4,411,046
15	Foreign Counterparty (ECA 0 -1)				-	20%	-
16	Foreign Counterparty (ECA 2)	202,404		101,202	101,202	50%	50,601
17	Foreign Counterparty (ECA 3 -6)				-	100%	-
18	Foreign Counterparty (ECA 7)				-	150%	-
19	Underwriting Commitments				-	50%	-
20	Lending of Bank's Securities or Posting of Securities as collateral				-	100%	-
21	Repurchase Agreements, Assets sale with recourse				-	100%	-
22	Advance Payment Guarantee	2,732,648		43,135	2,689,513	100%	2,689,513
23	Financial Guarantee	-		-	-	100%	-
24	Acceptances and Endorsements	1,312,790		101,413	1,211,377	100%	1,211,377
25	Unpaid portion of Partly paid shares and securities				-	100%	-
26	Irrevocable Credit commitments(Short term)	10,312,416		50,000	10,312,366	20%	2,062,473

Cont.....(i) Calculation of Credit Risk Exposure

Amount in NPR "000

S.N	PARTICULARS	BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM (C)	NET VALUE (D=A-B-C)	RISK WEIGHT (E)	RISK WEIGHTED EXPOSURES (F=D*E)
<b>B. Off Balance Sheet Exposurerest</b>							
27	Irrevocable Credit commitments(Long term)	3,267,054			3,267,054	50%	1,633,527
28	Claims on foreign bank incorporated in SAARC Region operating with a buffer of 1% above their respective regulatory capital requirement	-			-	20%	-
29	Other Contingent Liabilities	362,193			362,193	100%	362,193
30	Unpaid Guarantee claims	-			-	200%	-
	<b>TOTAL</b>	<b>37,007,451</b>	<b>-</b>	<b>1,090,536</b>	<b>35,916,915</b>		<b>13,878,190</b>
	Total RWE for Credit Risk Before adjustment (A) + (B)	234,134,961	8,509,309	2,694,963	222,930,689		141,709,446
	Adjustment under pillar II				-		
	Add: 10% of the loan and facilities in excess of Single obligor Limits (6.4 a 3)				-		-
	Add: 1% of contract ( sale) value in case of the sale of credit with recourse (6.4 a 4)				-		-
	<b>Total RWE for Credit Risk (After bank's adjustments of Pillar II)</b>	<b>234,134,961</b>	<b>8,509,309</b>	<b>2,694,963</b>	<b>222,930,689</b>		<b>141,709,446</b>

## (ii) Calculation of Market Risk Exposure

S.NO.	CURRENCY	OPEN POSITION (FCY)	EXCHANGE RATE	OPEN POSITION (NPR)	RELEVANT OPEN POSITION
1	INR	1,708,344,271	1.60	2,734,632,092	2,734,632,092
2	USD	476,007	133.70	63,642,156	63,642,156
3	GBP	(24,666)	173.41	(4,277,383)	4,277,383
4	EUR	(9,619)	145.61	(1,400,678)	1,400,678
5	THB	20,720	3.69	76,353	76,353
6	CHF	15,290	149.19	2,281,080	2,281,080
7	AUD	(1,566)	90.57	(141,872)	141,872
8	CAD	994	97.93	97,296	97,296
9	SGD	7,088	99.39	704,441	704,441
10	JPY	(1,804,432)	0.85	(1,526,549)	1,526,549
11	HKD	30,520	17.09	521,434	521,434
12	DKK	50	19.48	974	974
13	SEK	-	12.65	-	-
14	SAR	33,212	35.58	1,181,517	1,181,517
15	QAR	14,571	36.58	532,934	532,934
16	AED	151,216	36.33	5,492,919	5,492,919
17	MYR	37,365	28.54	1,066,210	1,066,210
18	KRW	6,344,000	0.10	612,196	612,196
19	CNY	100,361	18.38	1,844,135	1,844,135
20	KWD	583	436.75	254,513	254,513
21	BHD	621	353.92	219,604	219,604
<b>(a) Total Open Position</b>				<b>2,805,813,373</b>	<b>2,820,506,339</b>
<b>(b) Fixed Percentage</b>					<b>5%</b>
<b>(c) Capital Charge for Market Risk (=a×b)</b>					<b>141,025,317</b>
<b>(d) Risk Weight (reciprocal of capital requirement of 11%) in times</b>					<b>9.09</b>
<b>(e) Equivalent Risk Weight Exposure (=c×d)</b>					<b>1,281,920,131</b>

## (iii) Calculation of Operational Risk Exposure

S.N.	PARTICULARS	FISCAL YEAR		
		2021-22	2022-23	2023-24
1	Net Interest Income	4,351,493	4,878,044	5,372,400
2	Commission and Discount Income	1,142,902	1,354,170	1,396,773
3	Other Operating Income	196,388	95,050	70,075
4	Exchange Fluctuation Income	258,088	216,651	280,407
5	Addition/Deduction in Interest Suspense during the period	-22,622	15,393	34,236
6	Gross income (a)	<b>5,926,248</b>	<b>6,559,308</b>	<b>7,153,890</b>
7	Alfa (b)	<b>15%</b>	<b>15%</b>	<b>15%</b>
8	Fixed Percentage of Gross Income [c=(a×b)]	<b>888,937</b>	<b>983,896</b>	<b>1,073,084</b>
9	Capital Requirement for operational risk (d) (average of c)	<b>981,972</b>		
10	Risk Weight (reciprocal of capital requirement of 11%) in times (e)	<b>9.09</b>		
11	Equivalent Risk Weight Exposure [f=(d×e)]	<b>8,926,129</b>		

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

1	Total Credit and Investment (net of Specific Provision) of related month	-
2	Capital Requirement for Operational Risk (5% of net credit and investment)	-
3	Risk Weight (reciprocal of capital requirement of 11%) in times	9.09
4	Equivalent Risk Weight Exposure (g)	-
5	Equivalent Risk Weight Exposure [h=f+g]	8,926,129

## I) Non-Performing Loan

PARTICULARS	GROSS	PROVISION	NET OF PROVISION
Restructured/Rescheduled	-	-	-
Substandard	1,773,701	438,096	1,335,606
Doubtful	1,298,891	642,316	656,575
Loss	1,985,966	1,967,830	18,136
<b>Total</b>	<b>5,058,558</b>	<b>3,048,242</b>	<b>2,010,316</b>

## Loan Outstanding

PARTICULARS	THIS YEAR	PREVIOUS YEAR	CHANGE AMOUNT	%
<b>Performing Loan</b>	<b>126,065,220</b>	<b>125,855,566</b>	<b>209,654</b>	<b>0.2%</b>
Pass	113,037,923	119,316,554	(6,278,631)	-5%
Watch list	13,027,297	6,539,012	6,488,285	99%
<b>Non-Performing Loans (NPL)</b>	<b>5,058,558</b>	<b>2,912,669</b>	<b>2,145,889</b>	<b>74%</b>
Restructured/rescheduled	-	62,084	(62,084)	-100%
Substandard	1,773,701	480,724	1,292,977	269%
Doubtful	1,298,891	1,290,379	8,512	0.7%
Loss	1,985,966	1,079,482	906,484	84%
<b>Gross Loans &amp; Advances</b>	<b>131,123,778</b>	<b>128,768,235</b>	<b>2,355,543</b>	<b>2%</b>

## Provision

PARTICULARS	THIS YEAR	PREVIOUS YEAR	CHANGE AMOUNT	%
Performing Loan	2,046,603	1,867,254	179,349	10%
Pass	1,382,660	1,558,796	(176,136)	-11%
Watch list	663,943	308,458	355,485	115%
Non-Performing Loans (NPL)	3,048,242	1,836,778	1,211,464	66%
Restructured/rescheduled	-	7,761	(7,761)	100%
Substandard	438,096	116,899	321,197	275%
Doubtful	642,316	638,865	3,451	1%
Loss	1,967,830	1,073,254	894,576	83%
<b>Total</b>	<b>5,094,845</b>	<b>3,704,033</b>	<b>1,390,813</b>	<b>38%</b>

## 26.3 COMPLIANCE WITH EXTERNAL REQUIREMENT

Bank has complied with externally imposed capital requirements to which it is subject and there are no such instances where the institution has not complied with those requirements.

## 27. RISK MANAGEMENT

Overall Risk Management Process of Bank has been disclosed in Significant Accounting Policies.



## 28 MATURITY PROFILE

Amount in NPR

PARTICULARS	1-90 DAYS	91- 180 DAYS	181-270 DAYS	271-365 DAYS	OVER 1 YEAR	TOTAL
Cash and cash equivalent	7,790,318,696	-	-	-	-	7,790,318,696
Due from Nepal Rastra Bank	6,340,167,398	-	-	-	-	6,340,167,398
Placement with Bank and Financial Institutions	-	404,770,066	-	-	-	404,770,066
Derivative financial instruments	4,541,338	-	-	-	-	4,541,338
Other trading assets	-	-	-	-	13,272,822	13,272,822
Loan and advances to B/FIs	15,326,611	1,318,556	3,811,424	-	5,080,986,886	5,101,443,477
Loans and advances to customers	25,704,178,196	11,150,920,200	5,028,731,630	6,498,179,295	78,372,165,460	126,754,174,782
Investment securities	7,768,663,176	-	-	-	27,828,356,198	35,597,019,374
Current tax assets	-	-	-	-	919,481,176	919,481,176
Investment in subsidiaries	-	-	-	-	400,000,000	400,000,000
Investment property	-	-	-	-	1,201,902,408	1,201,902,408
Property and equipment	-	-	-	-	1,585,982,262	1,585,982,262
Goodwill and Intangible assets	-	-	-	-	128,014,808	128,014,808
Deferred tax assets	-	-	-	-	154,282,111	154,282,111
Other assets	34,632,076	-	-	-	3,180,782,831	3,215,414,908
<b>Total Assets</b>	<b>47,657,827,491</b>	<b>11,557,008,822</b>	<b>5,032,543,055</b>	<b>6,498,179,295</b>	<b>118,865,226,960</b>	<b>189,610,785,623</b>
Due to Bank and Financial Institutions	3,128,492,210	-	-	-	-	3,128,492,210
Due to Nepal Rastra Bank	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Deposits from customers	74,547,518,472	-	-	-	84,099,390,698	158,646,909,170
Borrowing	-	-	-	-	2,091,129,011	2,091,129,011
Other liabilities	230,019,631	-	-	-	2,905,020,357	3,135,039,988
Debt securities issued	-	-	-	-	5,495,481,482	5,495,481,482
Subordinated Liabilities	-	-	-	-	-	-
<b>Total liabilities</b>	<b>77,906,030,313</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94,591,021,548</b>	<b>172,497,051,861</b>



**MACHHAPUCHHRE  
SECURITIES LIMITED**

## **Independent Auditor's Report**

**To the Shareholders of Machhapuchchhre Securities Limited**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of the Machhapuchchhre Securities Limited (the "Company"), which comprise the statement of financial position as at Ashadh 31, 2081 (July 15, 2024), and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows 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 presents fairly, in all material respects, the financial position of the Company as at Ashadh 31, 2081 (July 15, 2024), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

#### **Basis for opinion**

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

#### **Key Audit Matters**

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

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

#### **Responsibility 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 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 misstatement, whether due to fraud or error.

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is high level of assurance but is not a guarantee that an audit



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conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatement 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 consolidated financial statements.

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

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform 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 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 purposes 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 the management,
- Conclude 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 cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

#### ***Report on the requirements of Company Act, 2063***

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; the returns received from the Company were adequate for the purpose of the audit; the financial statements including the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows including a summary of significant accounting policies and other explanatory notes have been prepared in all material respect in accordance with the provisions of the



Company Act, 2063, and they are in agreement with the books of accounts of the Company; and the accounts and records of the Company are properly maintained in accordance with the prevailing laws.

To the best of our information and according to the explanations given to us, in the course of our audit, we observed the business of the Company was conducted satisfactorily, and the Company's transactions were found to be within the scope of its authority. We did not come across cases of accounting related fraud and the cases where the board of directors or any director or any office bearer of the Company has acted contrary to the provisions of law or caused loss or damage to the Company or committed any misappropriation of the funds of Company.

  
Aman Uprety  
Partner



Place: Kathmandu, Nepal  
Date: November 26, 2024

UDIN.: 241127CA00451dszJE

## STATEMENT OF FINANCIAL POSITION

As on Asadh 31, 2081(July 15 ,2024)

Amount in NPR

PARTICULARS	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
<b>Assets</b>			
Current Assets			
Cash and Cash Equivalents	1	8,107,624.43	20,863,779.14
Current Assets	2	131,561,576.12	944,099.91
Financial Investments	3	200,579,366.24	180,000,000.00
Total Current Assets		340,248,566.79	201,807,879.05
Non-Current Assets			
Property Plant & Equipment	4	6,294,516.87	1,052,817.63
Total Non-Current Assets		6,294,516.87	1,052,817.63
<b>Total Assets</b>		<b>346,543,083.66</b>	<b>202,860,696.68</b>
<b>Liabilities</b>			
Current Liabilities			
Current Tax Payables	5	64,881.91	744,625.30
Sundry Payables	6	602,022.25	876,208.00
Overdraft Loan	7	148,931,484.24	-
<b>Total Liabilities</b>		<b>149,598,388.40</b>	<b>1,620,833.30</b>
<b>Equity</b>			
Share Capital	8	200,000,000.00	200,000,000.00
Reserves & Surplus	9	-3,055,304.74	1,239,863.38
Total Equity		196,944,695.26	201,239,863.38
<b>Total Equity and Liabilities</b>		<b>346,543,083.66</b>	<b>202,860,696.68</b>

Schedules and Explanatory Notes forms integral part of Statement of Position

As per our report of event date

**Jiban Kumar Uprety**  
DCEO & Finance Chief

**Kamal Pokharel**  
Chairman

**Aman Uprety**  
Partner  
S.A.R. Associates  
Chartered Accountants

**Purusotam Lamsal**  
CEO

**Kalpana Shrestha**  
Director

**Prabhat Bhandari**  
Director

**Indira Neupane**  
Director

**Umesh Rajopadhya Subedi**  
Director



STATEMENT OF PROFIT & LOSS

For the Period From 01/04/2080 to 31/03/2081 (17th July 2023 to 15th July, 2024)

Amount in NPR

PARTICULARS	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
Income			
Interest Income	10	14,082,649.52	6,293,999.41
Commission Income	11	4,501,386.10	-
Capital Gain In Investment	12	436,745.15	-
Other Income	13	87,444.67	-
Total Income		19,108,225.44	6,293,999.41
Expense			
Operating Expenses	14	4,670,710.58	3,050,000.00
Employee Expenses	15	7,073,440.60	428,000.00
Adminstrative Expenses	16	9,877,455.07	537,051.89
Depreciation on Assets	17	1,781,787.31	95,710.69
Total Expenses		23,403,393.56	4,110,762.58
Profit For the Year		(4,295,168.12)	2,183,236.83
Provision for Corporate Tax			701,473.45
Prior Year Tax		-	-
Net Profit After Tax		(4,295,168.1)	1,481,763.38

Schedules and Explanatory Notes forms integral part of Statement of Position

As per our report of event date

Jiban Kumar Uprety  
DCEO & Finance Chief

Kamal Pokharel  
Chirman

Aman Uprety  
Partner  
S.A.R. Associates  
Chartered Accountants

Purusotam Lamsal  
CEO

Kalpana Shrestha  
Director

Prabhat Bhandari  
Director

Indira Neupane  
Director

Umesh Rajopadhya Subedi  
Director

## STATEMENT OF CASH FLOWS

For the Period From 1st Shrawan 2080 to Ashad 31st 2081)

Amount in NPR

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before Income Tax During the year	(4,295,168.12)	1,481,763.38
Loss on sale of fixed assets	140,203.61	-
Adjustment for non cash items:	-	-
Depreciation and Amortization Expenses	1,781,787.31	95,710.69
Total Cash Profit	(2,373,177.20)	1,577,474.07
Adjustment for Changes in Working Capital		
(Increase)/Decrease in Current Assets	-130,617,475.95	(944,099.91)
Increase / Decrease in Current Liabilities	(953,929.14)	1,378,933.30
Net changes in Working Capital		
Payment of Taxes	-	-
Overdraft Interest Expenses	-	-
<b>A Net Cash flow From Operating Activities</b>	<b>(133,944,582.29)</b>	<b>2,012,307.46</b>
<b>B. Net Cash Flow from Investing Activities</b>	<b>(27,743,055.71)</b>	<b>181,148,528.32)</b>
Purchase of Fixed Assets(net)	(7,213,689.47)	(1,148,528.32)
Fixed Deposit at MBL Lazimpat	-	(180,000,000.00)
Investment in share	-	20,579,366.24
Proceeds from sale of assets	50,000.00	-
<b>C. Net Cash Flow from Financing Activities</b>	<b>148,931,484.24</b>	<b>200,000,000.00</b>
Issue of Share Capital	-	200,000,000.00
Overdraft Loan	148,931,484.24	-
Changes in Cash and Cash Equivalent During the Year(A+B+C)	(12,756,153.76)	20,863,779.14
Cash & Cash Equivalent at the beginnings	20,863,779.14	-
<b>Cash &amp; Cash Equivalent as at the end of the year</b>	<b>8,107,625.14</b>	<b>20,863,779.14</b>

Schedules and Explanatory Notes forms integral part of Statement of Position

As per our report of event date

**Jiban Kumar Uprety**  
DCEO & Finance Chief

**Kamal Pokharel**  
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Director

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Director

**Indira Neupane**  
Director

**Umesh Rajopadhya Subedi**  
Director

## STATEMENT OF CHANGES IN EQUITY

For the Period From 01/04/2080 to 31/03/2081 (17th July 2023 to 15th July, 2024)

Amount in NPR

PARTICULARS	SHARE CAPITAL	RETAINED EARNING	GENERAL RESERVE	TOTAL
<b>Balance as on 01.04.2079</b>		<b>(241,900.00)</b>	<b>-</b>	<b>(241,900.00)</b>
Additional Share Capital	200,000,000.00	-		200,000,000.00
Net Profit /(loss) during the year		1,481,763.38		1,481,763.38
Transfer to/from Reserve		(148,176.34)	148,176.34	0.00
<b>Balance as on 31.03.2080</b>	<b>200,000,000.00</b>	<b>1,091,687.04</b>	<b>148,176.34</b>	<b>201,239,863.38</b>
Adjustment:				-
Net Profit /(loss) during the year		(4,295,168.12)		(4,295,168.12)
Transfer to/from Reserve		-	-	-
<b>Balance as on 31.03.2081</b>	<b>400,000,000.00</b>	<b>(3,203,481.08)</b>	<b>148,176.34</b>	<b>196,944,695.26</b>

## SCHEDULE 1: CASH AND CASH EQUIVALENT

Amount in NPR

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>Cash in hand</b>	<b>22,914.00</b>	<b>5,056.00</b>
<b>Cash at Bank</b>		
MBL- Call Deposit	-	17,192,396.52
MBL- Current Account	5,925,446.90	3,666,326.62
Prabhu Bank	2,159,263.53	-
<b>Total</b>	<b>8,107,624.43</b>	<b>20,863,779.14</b>

## SCHEDULE 2: CURRENT ASSETS

Amount in NPR

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Advance Tax	2,932,102.76	944,099.91
Account Receivables	110,137,884.17	-
Employee Loan & Advance	3,091,736.29	-
NEPSE Receivables	14,439,852.90	-
Bank Gurantee Advance	960,000.00	-
<b>Total</b>	<b>131,561,576.12</b>	<b>944,099.91</b>

## SCHEDULE 3: FINANCIAL INVESTMENTS

Amount in NPR

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Fixed Deposit with MBL-Lazimpat	180,000,000.00	180,000,000.00
Investment In shares	20,579,366.24	-
<b>Total</b>	<b>200,579,366.24</b>	<b>180,000,000.00</b>

**SCHEDULE 4: SCHEDULE -4: PROPERTY, PLANT & EQUIPMENT**

DETAILS OF ASSETS	RATE %	COST / GROSS BLOCK							DEPRECIATION BLOCK			NET BLOCK	
		ADDITIONS				DISPOSAL	AS ON 31.03.2081	AS ON 01.04.2080	FOR THE YEAR	AS ON 31.03.2081	AS ON 01.04.2080	AS ON 31.03.2081	
		AS ON 01.04.2080	UPTO POUSH	MAGH- CHAITRA	BAISAKH- ASHAD								TOTAL ADDITION
BUILDINGS													
POOL B													
OFFICE EQUIPMENTS													
Photocopy	25%	28,900	-	-	-	-	28,900	2,408	6,623	9,031	26,492	19,869	
Office Equipment MBL	25%	-	1,753,231	-	-	1,753,231	1,563,028	190,204	390,757	390,757	-	1,172,271	
Laptop/Computer	25%	898,000	-	-	-	-	898,000	74,833	205,792	280,625	823,167	617,375	
LG TV	25%	138,008	-	-	-	-	138,008	11,501	31,627	43,128	126,507	94,880	
FURNITURE & FIXTURE													
3 Seater Steel waiting chair	25%	62,715	-	-	-	-	62,715	5,226	14,372	19,598	57,489	43,117	
4 Seater Steel waiting chair	25%	20,905	-	-	-	-	20,905	1,742	4,791	6,533	19,163	14,372	
Refrigerator	25%	-	-	-	-	-	-	-	-	-	-	-	
Furniture & Fixture	25%	-	1,055,441	-	-	1,055,441	1,055,441	-	263,860	263,860	-	791,581	
POOL C													
VEHICLES													
Scooter	20%	-	285,000	-	-	285,000	285,000	-	57,000	57,000	-	228,000	
POOL D													
PLANT & MACHINERY													
Other Assets(Arylic Board)	15%	-	340,758	-	-	340,758	340,758	-	51,114	51,114	-	289,644	
Battery 100AH	15%	-	-	-	-	-	-	-	-	-	-	-	
POOL E													
INTANGIBLE & LEASEHOLD													
Software	20%	-	1,489,973	-	-	1,489,973	1,489,973	-	297,995	297,995	-	1,191,978	
Leasehold	20%	-	2,094,655	-	-	2,094,655	2,094,655	-	418,931	418,931	-	1,675,724	
Flooring & furnshing	20%	-	194,631	-	-	194,631	194,631.00	-	38,926	38,926	-	155,705	
Total		1,148,528	7,213,689	-	-	7,213,689	7,213,689	190,204	1,781,787	1,877,497	1,052,818	6,294,517	
Previous Year		-	-	-	-	1,148,528	1,148,528	382,843	-	95,711	-	1,052,818	

**SCHEDULE 5: CURRENT TAX PAYABLES**

Amount in NPR

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
TDS on Audit Fee	1,500.00	375.00
TDS on Board Fee	-	23,700.00
TDS on Fixed Assets	-	14,862.33
Salary Tax	47,974.93	4,105.00
Corporate tax payable	-	701,473.45
TDS Payble	15,406.98	109.52
<b>Total</b>	<b>64,881.91</b>	<b>744,625.30</b>

**SCHEDULE 6: SUNDRY PAYABLES**

Amount in NPR

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Provision for Audit fees	111,500.00	27,875.00
Payable to JS & Associates	-	66,900.00
Payable to Machhapuchhre Bank Limited	425,286.28	463,608.00
Payable to SSF & CIT	-	21,000.00
Board Fees Payable	-	52,700.00
Net work Cable	-	8,100.00
Salary Payable	-	235,125.00
MBL -TDS on Audit fees	-	900.00
Sebon Payable	27,010.11	-
Sundry Payables	38,225.86	-
<b>Total</b>	<b>602,022.25</b>	<b>876,208.00</b>

**SCHEDULE 7:OVERDRAFT LOAN**

Amount in NPR

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Machhapuchhre Bank Overdraft Loan	148,931,484.24	-
<b>Total</b>	<b>148,931,484.24</b>	<b>-</b>

**SCHEDULE 8: SHARE CAPITAL**

Amount in NPR

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Authorised Share Capital	200,000,000.00	200,000,000.00
Issued Share Capital	200,000,000.00	200,000,000.00
Paid up Capital	200,000,000.00	200,000,000.00
<b>Total</b>	<b>200,000,000.00</b>	<b>200,000,000.00</b>

**SCHEDULE 9: RESERVE AND SURPLUS**

Amount in NPR

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>Retained Earning</b>		
Accumulated Profit/(Loss) Up-to Last Year	1,091,687.04	(241,900.00)
Profit/(Loss ) for Current Year net of general reserve	(4,295,168.12)	1,333,587.04
<b>Total</b>	<b>(3,203,481.08)</b>	<b>1,091,687.04</b>
General Reserve		
Opening balance	148,176.34	-
Addition During the FY	-	148,176.34
<b>Total</b>	<b>148,176.34</b>	<b>148,176.34</b>
<b>Grand Total</b>	<b>(3,055,304.74)</b>	<b>1,239,863.38</b>

**SCHEDULE 10: INTEREST INCOME**

Amount in NPR

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Bank Interest Income	14,082,649.52	6,293,999.41
<b>Total</b>	<b>14,082,649.52</b>	<b>6,293,999.41</b>

**SCHEDULE 11: COMMISSION INCOME**

Amount in NPR

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Commission Income	4,501,386.10	-
<b>Total</b>	<b>4,501,386.10</b>	<b>-</b>

**SCHEDULE 12: CAPITAL GAIN**

Amount in NPR

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Capital Gain In Investment	436,745.15	-
<b>Total</b>	<b>436,745.15</b>	<b>-</b>

**SCHEDULE 13: OTHER INCOME**

Amount in NPR

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
DP & MeroShare Income	7,200.00	-
Other Income	80,244.67	-
<b>Total</b>	<b>87,444.67</b>	<b>-</b>



**SCHEDULE 14: OPERATING EXPENSES**

Amount in NPR

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Membership fees for SEBON	-	2,500,000.00
NEPSE TMS Development	-	500,000.00
Application Fee Expenses	35,591.28	20,000.00
Nepse membership	-	30,000.00
Nepse Monthly Fee Expenses	302,000.00	
License Fee Expenses	250,000.00	
Hosting & Support Fee	2,972,182.50	-
Registration & Renewal Expenses	133,650.00	-
Software Development Expenses	50,000.00	-
Nepse Comission	927,286.80	-
<b>Total</b>	<b>4,670,710.58</b>	<b>3050000.00</b>

**SCHEDULE 15: EMPLOYEE EXPENSES**

Amount in NPR

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Salary Expenses	5,455,265.94	-
Dashain Allowance	157,550.00	-
Social Security Fund	999,490.16	428,000.00
Employee Insurance	107,979.50	-
Force Leave Salary Expenses	353,155.00	-
<b>Total</b>	<b>7,073,440.60</b>	<b>428,000.00</b>

Schedules and Explanatory Notes forms integral part of Statement of Position

As per our report of event date

**Jiban Kumar Uprety**  
DCEO & Finance Chief

**Kamal Pokharel**  
Chairman

**Aman Uprety**  
Partner  
S.A.R. Associates  
Chartered Accountants

**Purusotam Lamsal**  
CEO

**Kalpana Shrestha**  
Director

**Prabhat Bhandari**  
Director

**Indira Neupane**  
Director

**Umesh Rajopadhyaya Subedi**  
Director

## SCHEDULE 16: ADMINISTRATIVE AND OFFICE EXPENSES

Amount in NPR

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Board Meeting Fees	362,000.00	158,000.00
Board meeting Expenses	19,378.00	18,204.00
Consultancy Expenses	221,910.26	205,000.00
Registration and other expenses	-	84,508.00
Notice publication	-	8,249.89
Network cable	-	8,100.00
Fuel Expenses	290,998.00	19,500.00
Printing and Stationery Expenses	61,351.10	3,740.00
Telephone and mobile expenses	21,673.00	1,000.00
Audit Fees Expenses	113,000.00	28,250.00
Repair and maintenance	71,519.48	2,500.00
Bank BG Charge Expenses	391,413.00	-
Annual General Meeting Expenses	50,397.00	-
Company Opening Ceremony Expenses	244,441.55	-
Electricity Expenses	104,939.20	-
House Rent Expenses	1,930,500.00	-
Internet Expenses	296,105.20	-
Miscellaneous Expenses	6,685.00	-
Office Expenses	166,276.99	-
Parking Expenses	107,895.00	-
Annual Maintenance Expenses	17,138.32	-
Transportation Expenses	5,017.00	-
Cleaning Expenses	12,810.00	-
Water Expenses	30,475.00	-
Festival Expenses	21,250.00	-
Wastage Expenses	3,000.00	-
Business Promotion Expenses	98,569.90	-
Insurance Expenses	6,167.20	-
Overdraft Interest Expenses	4,005,983.99	-
Website Design & Hosting Expenses	71,755.00	-
Training Expenses	5,650.00	-
TADA Expenses	49,995.00	-
Guest & Entertainment Expenses	10,631.39	-
Loss on Assets	140,203.61	-
Outsource Service Expenses	938,325.88	-
<b>Total</b>	<b>9,877,455.07</b>	<b>537,051.89</b>

Schedules and Explanatory Notes forms integral part of Statement of Position

As per our report of event date

**Jiban Kumar Uprety**  
DCEO & Finance Chief

**Kamal Pokharel**  
Chairman

**Aman Uprety**  
Partner  
S.A.R. Associates  
Chartered Accountants

**Purusotam Lamsal**  
CEO

**Kalpna Shrestha**  
Director

**Prabhat Bhandari**  
Director

**Indira Neupane**  
Director

**Umesh Rajopadhyaya Subedi**  
Director

# **MACHHAPUCHCHHRE SECURITIES LIMITED**

## **JAMAL, KATHMANDU**

**Schedule Forming Parts of the Financial Statements for the period from 1st Shrawan 2080 to 31st Ashad 2081  
(17th July 2023 to 15 July 2024)**

### **Schedule 12: Significant Accounting Policies and Notes to Account Relating to Financial Statements**

## **1. Corporate Overview**

### **1.1 Background**

Machhapuchchhre Securities Limited is incorporated on Shrawan 10, 2076 with the objective of providing securities brokering servicing in the secondary market of Nepal. The promoter of the company being reputed bank in the market has agreed to take the share of the company. There is only one promoter namely Machhapuchchhre Bank Limited. The Company has obtained license from Securities Board of Nepal and is yet to get operation license from Nepal Stock Exchange Limited.

The Company has also obtained PAN form Inland Revenue Department.

The Company is situated in Jamal, Kathmandu Metropolitan City.

### **1.2 Financial Statements**

The Financial Statement of the Company for the year ended 31st Ashad 2081 comprises Statement of Financial Position, Statement of Profit and Loss, Statement of Changes in Equity, Statement of Cash Flow, Notes to the Financial Statements including Significant Policies of the Company.

### **1.3 Responsibility of Financial Statements**

Management is responsible for the fair preparation and presentation of Financial Statements of the Company as per the provisions of the Companies Act 2006, in accordance with Nepal Accounting Standards and other applicable reporting framework.

### **1.4 Approval of Financial Statements by Directors**

The accompanied Financial Statements have been authorized by the Board of Directors vide its resolution dated and recommended for its approval by the Annual General Meeting of the Shareholders.

## **2. Basis of Preparation**

### **2.1 Basis of Preparation**

Company's financial statements are prepared in accordance with Nepal Accounting Standard, other generally accepted accounting practices considering requirement of prevailing Company Act 2063 except stated otherwise. The financial statements have been prepared on a going concern basis.

### **2.2 Functional and Presentation Currency**

The Financial statements of the Company are presented in Nepalese Rupees (NPR), which is the currency of the primary economic environment in which the Company operates, financial information presented in Nepalese Rupees. There was no change in Company's presentation and functional currency during the year under review.

### 3. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that are considered while reporting amounts of assets and liabilities as on the date of the financial statements and income and expenses during the reporting period. Management believes that the estimated used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimated in recognized prospectively in current and future periods.

### 4. Summary of Significant Accounting Policies

#### 4.1 Property, Plant and Equipment

All property, plant and equipment are stated at original cost less depreciation. Cost includes cost of purchase plus incidental expenditure incurred thereon while bringing it into ready to use condition. Interest during the construction period is capitalized accordingly.

#### 4.2 Depreciation

The amortization of intangible assets will be done at five years at the rate of 20% on straight line basis. Office furniture, equipment, vehicles and other assets are depreciated using the diminishing balance method as per Income Tax Act 2058. Depreciation on addition to fixed assets during the fiscal year is charged as per Income Tax Act 2058. The rate of depreciation for property, plant and equipment except for intangible assets are as follow

S.N.	Nature of Assets	Rate of Depreciation
1.	Office equipment's and Furniture & fixture	25%
2.	Vehicles	20%
3.	Plant & Machinery	15%
4.	Intangible & Leasehold	20%

#### 4.3 Revenue Recognition

Commission income from securities transactions (i.e. Buying & Selling) is recognized once the transaction order is executed on behalf of the customers. Customers are invoiced at the rate prescribed by Securities Board of Nepal.

#### 4.3 Staff Bonus

The Company has adopted policy for provisioning an amount of 10% of profit after bonus towards employee bonus as per Bonus Act. 2030

#### 4.4 Corporate Tax

Current income tax expenses comprises taxes on income from operations in Nepal. Income tax payable in Nepal is determined in accordance with the provisions of the Income Tax Act, 2058. Advance taxes and provisions for current taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same period.

### 5. Notes of Accounts

#### A. Paid up Share Capital

Promoter of the Company has injected NPR. 200,000,000 as paid-up share capital. Machhapuchchhre Bank Limited is the sole promoter of the Company or as holding Company of this Company.

#### B. Provision for Corporate Tax

The Company has made loss of NPR 4,260,809.49 during FY 2080/81.

### C. Interest Income and it's Tax

The Company had deposited NPR 18 cores as fixed deposit at the rate of 9 percent. The Company has got gross interest Rs 14,082,649.52 as and tax deducted @15 percent which is Rs 2,112,397.43 for TDS on interest amount.

### D. Transaction with Related Parties

Business transactions were conducted with related parties at arm's length. Details of related party transaction were as follows:

NAME OF RELATED PARTY	AMOUNT (IN NRS.)	NATURE OF RELATED PARTY	REMARKS
MBL	428,515.67	Holding Company	Payable
MBL –Fixed Deposit	180,000,000	Holding Company	Fixed Deposit
MBL- Current Account	5,925,446.90	Holding Company	Balance at current A/c
MBL Overdraft loan	148,931,484.24	Holding Company	Payable
MBL- Interest Income	14,082,649.52	Holding Company	Interest on FD
<b>Total</b>	<b>349,368,096.33</b>		

Payable amount to Holding Company included pre-incorporation expenses such as feasibility study expense, registration expenses and application for license to NEPSE.

### E. No deferred tax provision has been made during the year.

### F. Re-classification and Re- grouping

Previous year's Figures have been recast / restated wherever necessary.

# **MACHHAPUCHCHHRE CAPITAL LIMITED**





## Independent Auditor's Report

### To the Shareholders of Machhapuchchhre Capital Limited

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of the Machhapuchchhre Capital Limited (the "Company"), which comprise the statement of financial position as at Ashadh 31, 2081 (July 15, 2024), and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows 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 presents fairly, in all material respects, the financial position of the Company as at Ashadh 31, 2081 (July 15, 2024), and of its financial performance and its cash flow for the year then ended 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 *Auditors 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 statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.N.	Key Audit Matters	Auditor's Response
1.	<b>Revenue Recognition</b> The revenue of the company has to be recognized on accrual basis. Revenue is derived from multiple service offerings being initial and annual fees, commission income and other income.  As a part of our risk assessment, we have considered each individual revenue stream and determined that a significant risk exists in respect of recognition of income under all material revenue streams, being RTS fees, DP commission income, advisory fee, PMS fee and other related fees. Revenue may also be misstated due to errors in system calculations or manual processes.	Our audit approach regarding verification of process of interest recognition included:  a. Understanding and evaluating the controls and processes over the recording of revenue in system level and control in place for manual processes. We also assessed the revenue recognition policies adopted by the group for compliance with the relevant accounting standards. b. Obtaining the detailed breakup revenue from individual stream and reconciled the same with general ledger and financial statements. c. We reviewed the contracts, wherever applicable to ensure whether revenue as per contract is recognized or not. d. We performed risk-based target testing of revenue journals posted into the general ledger which included identification of those journals posted to revenue which did not follow expected posting pattern.
2.	<b>Information Technology General Controls</b> IT controls with respect to recording of transactions, generating various reports in compliance with SEBON guidelines and other	Our audit approach regarding Information technology of the company is included:  a. Understanding the coding system adopted by the





	<p>compliances to regulators is an important part of the process. Such reporting is highly dependent on the effective working of the information systems used.</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 wrong reporting of data to the management, shareholders and regulators</p>	<p>company for various categories of customers</p> <p>b. Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system existing in the company</p> <p>c. Reviewing the reports generated by the system on sample basis. We also verified the income booking under various revenue stream on test basis with the system.</p>
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### ***Responsibility 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 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 misstatement, whether due to fraud or error.

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is 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. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform 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 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 purposes 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 the management,
- Conclude 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 cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are



responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

#### ***Report on the requirements of Company Act, 2063***

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; the returns received from the Company were adequate for the purpose of the audit; the financial statements including the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows including a summary of significant accounting policies and other explanatory notes have been prepared in all material respect in accordance with the provisions of the Company Act, 2063, and they are in agreement with the books of accounts of the Company; and the accounts and records of the Company are properly maintained in accordance with the prevailing laws.

To the best of our information and according to the explanations given to us, in the course of our audit, we observed the business of the Company was conducted satisfactorily, and the Company's transactions were found to be within the scope of its authority. We did not come across cases of accounting related fraud and the cases where the board of directors or any director or any office bearer of the Company has acted contrary to the provisions of law or caused loss or damage to the Company or committed any misappropriation of the funds of Company.

  
Aman Upret  
Partner

Place: Kathmandu, Nepal  
Date: September 29, 2024

UDIN: 241007CA00451HENK7

## STATEMENT OF FINANCIAL POSITION

AS AT ASHADH 31, 2080 (JULY 16, 2023)

Amount in NRS.

PARTICULARS	SCHEDULE	31/03/2081	32/03/2080
<b>ASSETS</b>			
<b>A. NON CURRENT ASSETS</b>			
Property, Plant and Equipment	3.1	20,352,943	17,545,383
Intangible Assets	3.2	841,176	1,118,192
Financial Instruments Measured At Amortized Cost	3.3	-	48,728,180
Investment in Associates	3.4	69,868,628	49,492,939
Deferred Tax Assets	3.5	2,447,169	3,152,378
Trade & Other Receivables	3.6	400,000	400,000
<b>Total Non Current Assets</b>		<b>93,909,915</b>	<b>120,437,072</b>
<b>B. Current Assets</b>			
Cash and Cash Equivalents	3.7	9,002,040	9,162,660
Financial Assets Measured At Amortized Cost	3.8	16,100,000	59,000,000
Financial Assets Held At Fair Value Through P/L	3.9	179,473,772	98,032,065
Advance Tax		13,467,704	9,056,560
Trade & Other Receivable	3.10	6,807,545	30,521,221
Total Current Assets		224,851,061	205,772,506
<b>Total Assets (A+B)</b>		<b>318,760,977</b>	<b>326,209,578</b>
<b>Equity And Liabilities</b>			
<b>C. Equity</b>			
Share Capital	3.11	286,339,500	286,339,500
Share Premium		1,102,804	-
Reserves and Surplus	3.12	10,487,501	13,237,114
<b>Total Equity</b>		<b>297,929,804</b>	<b>299,576,614</b>
<b>D. Non Current Liabilities</b>			
Lease Liability		14,451,272	15,550,408
Employee Benefit Liability	3.13	1,975,838	1,586,338
Total Non Current Liabilities		16,427,110	17,136,746
<b>E. Current Liabilities</b>			
Short Term Loan		-	-
Employee Benefit Liability	3.13	54,398	1,387,784
Income Tax Payable		168,095	168,095
Trade & Other Payable	3.14	4,181,569	7,940,338
Total Current Liabilities		4,404,063	9,496,217
<b>Total Liabilities (C+D+E)</b>		<b>318,760,977</b>	<b>326,209,578</b>

**Sagar Aryal**  
In-Charge- Finance

**Prasidha Raj Aryal**  
Director

**Sabita Shah Thakuri**  
Director

**Upendra Malakar**  
Chief Executive Officer

**Dip Prakash Panday**  
Director

**Bishwambhar Neupane**  
Chairman

**Sudeep Khanal**  
Director

As per our report of event date

**Aman Uprety**  
For, SAR & Associate,  
Chartered Accountants

DATE: 2081/06/13  
Place: Kathmandu, Nepal



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD 2080/04/01 (2023/07/17) TO 2081/03/31 (2024/07/15)

Amount in NRS.

PARTICULARS	SCHEDULE	2080/81	2079/80
<b>INCOME</b>			
Revenue From Operation	3.14	42,381,206	16,542,614
Income From Investment	3.15	6,160,275	13,316,556
Net Gain From Financial Instruments-FVTPL	3.16	6,558,010	13,830,097
Other Income	3.17	1,350,339	17,948,137
<b>Total Income</b>		<b>56,449,830</b>	<b>61,637,404</b>
Operating Expenses	3.18	23,159,756	16,180,382
Employee Expenses	3.19	19,864,801	17,081,615
Building and Premises Cost	3.20	988,995	901,976
Administrative Expenses	3.21	6,429,481	6,467,589
Net Loss From Financial Instruments-FVTPL	3.16	-	4,952,883
Interest Expenses		1,717,149	1,518,276
Depreciation	3.1	3,473,940	2,457,098
Amortization	3.2	412,616	389,261
<b>Total Expenses</b>		<b>56,046,738</b>	<b>49,949,080</b>
<b>Profit / Loss Before Tax &amp; Share of Result in Associates</b>		<b>403,092</b>	<b>11,688,324</b>
Income Tax Expense	3.22	705,209	2,463,597
<b>Profit (Loss) befor Share of Result in Associates</b>		<b>(302,118)</b>	<b>9,224,727</b>
Share of Profit of Investment in Associate		375,689	(507,061)
<b>Profit (Loss) for the year</b>		<b>73,571</b>	<b>8,717,665</b>
<b>Other Comprehensive Income / (Expenses)</b>			
Actuarial Gains / (Losses) On Defined Benefits Plan		-	-
<b>Total Other Comprehensive Income / (Expenses)</b>		<b>-</b>	<b>-</b>
Less: Tax Expense Relating To Components Of OCI		-	-
<b>Total Comprehensive Income For The Year</b>		<b>-</b>	<b>-</b>
<b>Profit/ (Loss) Attributable To Equity Share Holders</b>		<b>73,571</b>	<b>8,717,665</b>
Earning Per Share (BEPS)		0.03	3.04
Diluted Earning Per Share (DEPS)		0.03	3.04

**Sagar Aryal**  
In-Charge- Finance

**Prasidha Raj Aryal**  
Director

**Sabita Shah Thakuri**  
Director

DATE: 2081/06/13  
Place: Kathmandu, Nepal

**Upendra Malakar**  
Chief Executive Officer

**Dip Prakash Panday**  
Director

**Bishwambhar Neupane**  
Chairman

**Sudeep Khanal**  
Director

As per our report of event date

**Aman Uprety**  
For, SAR & Associate,  
Chartered Accountants

## STATEMENT OF CASH FLOW

FOR THE PERIOD 2080/04/01 (2023/07/17) TO 2081/03/31 (2024/07/15)

Amount in NRS.

PARTICULARS	31/03/2081	32/03/2080
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Taxation And Extraordinary Items	403,092	11,688,324
<b>Adjustment For:</b>		
Depreciation	3,473,940	2,457,098
Amortisation	412,616	389,261
Prior Period Income/Expenses Adjustment	-	(716,877)
Income From Sweat Equity		-
Deferred Tax (Income)/Expense		-
Gain On Sales Of Assets		-
Net Gains/(Losses) On Fair Value Through OCI	-	(507,061)
Interest Expenses		1,518,276
<b>Operating Profit Before Working Capital Changes</b>	<b>4,289,648</b>	<b>14,829,020</b>
Decrease / (Increase) In Trade And Other Receivable	19,302,533	(14,850,485)
(Decrease) / Increase In Trade And Other Payables	(4,381,927)	7,453,471
(Decrease) / Increase In Employee Benefit Payables	(943,886)	1,329,747
(Decrease) / Increase In Non-Current Liabilities	(1,099,136)	14,790,983
Decrease / (Increase) In Other Non Current Assets	-	-
Changes in Deferred tax Assets/Liabilities	-	-
Income Tax Paid	-	(17,592,572)
<b>Net Cash Flow From Operating Activities A</b>	<b>17,167,231</b>	<b>5,960,164</b>
<b>Cash Flows From Investing Activities</b>		
Purchase) Of Property, Plant & Equipment (6,417,100)	(17,688,274)	
Sale Of Property, Plant & Equipment	-	-
Investment In Financial Assets	(10,910,750)	15,784,433
Net Cash Flow From Investing Activities B	(17,327,850)	(1,903,841)
<b>Cash Flows From Financing Activities</b>		
Decrease In CSR Reserve	-	(20,000)
Proceeds/ (Payment) From Loan	-	-
Dividend Paid	-	-
Interest Paid	-	(1,518,276)
<b>Net Cash Flow From Financing Activities C</b>	<b>-</b>	<b>(1,538,276)</b>
<b>Net Increase In Cash And Cash Equivalents (A+B+C)</b>	<b>(160,620)</b>	<b>2,518,048</b>
<b>Cash And Cash Equivalents At Beginning Of Period</b>	<b>9,162,660</b>	<b>6,644,612</b>
<b>Cash And Cash Equivalents At End Of Period</b>	<b>9,002,040</b>	<b>9,162,660</b>

**Sagar Aryal**  
In-Charge- Finance

**Prasidha Raj Aryal**  
Director

**Sabita Shah Thakuri**  
Director

**Upendra Malakar**  
Chief Executive Officer

**Dip Prakash Panday**  
Director

**Bishwambhar Neupane**  
Chairman

**Sudeep Khanal**  
Director

As per our report of event date

**Aman Uprety**  
For, SAR & Associate,  
Chartered Accountants

DATE: 2081/06/13  
Place: Kathmandu, Nepal



**STATEMENT OF CHANGES IN EQUITY**

FOR THE PERIOD 2080/04/01 (2023/07/17) TO 2081/03/31 (2024/07/15)

Amount in Rs.

PARTICULAR	SHARE CAPITAL	RETAINED EARNING	EXCHANGE FLUCUATION FUND	SHARE PREMIUM	CSR PROVISION	GENERAL RESERVE	TOTAL
<b>BALANCE AS ON 01/04/2079</b>	<b>286,339,500</b>	<b>1,455,422</b>	-	-	<b>258,315</b>	<b>3,542,589</b>	<b>291,595,826</b>
Prior Period Income/Expenses Adjustment		(716,877)					(716,877)
Bonus Share Distribution	-	-		-			-
Cash Dividend Distribution		-					-
Net Profit (Loss) During The Period		8,717,665			(20,000)	-	8,697,665
Provision For General Reserve		(871,767)				871,767	-
Provision For CSR Reserve		(87,177)			87,177		-
<b>BALANCE AS ON 31/03/2080</b>	<b>286,339,500</b>	<b>8,497,267</b>	-	-	<b>325,492</b>	<b>4,414,356</b>	<b>299,576,614</b>
<b>BALANCE AS ON 01/04/2080</b>	<b>286,339,500</b>	<b>8,497,267</b>	-	-	<b>325,492</b>	<b>4,414,356</b>	<b>299,576,614</b>
Prior Period Income/Expenses Adjustment		(2,823,185)		1,102,804			(1,720,382)
Net Profit (Loss) During The Period		73,571			-	-	73,571
Provision For General Reserve		(7,357)				7,357	-
Provision For CSR Reserve		(736)			736	-	-
<b>BALANCE AS ON 31/03/2081</b>	<b>286,339,500</b>	<b>5,739,561</b>	-	<b>1,102,804</b>	<b>326,227</b>	<b>4,421,713</b>	<b>297,929,804</b>

Sagar Aryal  
In-Charge- FinancePrasidha Raj Aryal  
DirectorSabita Shah Thakuri  
DirectorUpendra Malakar  
Chief Executive OfficerDip Prakash Panday  
DirectorBishwambhar Neupane  
ChairmanSudeep Khanal  
Director

As per our report of event date

Aman Uprety  
For: SAR & Associate,  
Chartered AccountantsDATE: 2081/06/13  
Place: Kathmandu, Nepal

# **MACHHAPUCHCHHRE CAPITAL LIMITED**

## **KATHMANDU, NEPAL**

### **Notes to the Financial Statements**

**for the Period ended 31st Ashad 2081 (15th July 2024)**

#### **1. Corporate Information**

Machhapuchchhre Capital Ltd., (hereinafter referred to as MCL or as a Licensed Institution, or as a Company) is a Financial Institution incorporated under Companies Act, 2063 (first Amendment 2074) on 24th September 2017 as a public limited company with Registration No. 175859/074/075. MCL has obtained an operating license from the Security Board of Nepal (SEBON) on 07th Magh, 2076 with License Number 051 as required under Securities Act, 2073. The Company is also registered with Inland Revenue Department (IRD) with PAN No. 606877121. The Registered office of MCL is situated at Kathmandu Metropolitan - Ward No. 11, JDA Complex, Bagdurbar, Sundhara and registered at Kathmandu Metropolitan City on 29th Ashadh, 2077 with Registration No. 3823

Machhapuchchhre Kriti Capital Limited (MCL) changed its name to Machhapuchchhre Capital Limited on 10th Kartik 2078 by second Annual General Meeting and completed the name changed from Office of Company Registrar Office on 23th Mangsir, 2078.

MCL, as a licensed Merchant Banker, has been providing Portfolio Management Services, Corporate Financial Services, Underwriting Services and Depository Participants Services and, also a qualified institution investors licensed from Securities Board of Nepal.

#### **2. Significant Accounting Policies**

##### **2.1. Basis of Preparation**

The Financial Statements are prepared on accrual and going concern basis. The accounting Policies are applied consistently to all the period presented in the financial statements including the preparation of the Nepal Financial Reporting Standards (NFRS) Statement of Financial Position.

##### **2.1.1. Statement of Compliance**

The Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS). The Financial Statements were authorized for issue by the Board of Directors on 13rd Bhadra 2081. These financial statements are also prepared in accordance with the relevant presentation requirements of the Companies Act 2063 of Nepal.

##### **2.1.2. Basis of Measurement**

The Financial Statements have been prepared under historical cost convention basis except for the items that are measured and presented at fair value as required by relevant NFRS as explained in respective notes. These financial statements cover the reporting period from 1st Shrawan 2080 to 31st Ashadh 2081.

##### **2.1.3. Critical Accounting Estimates**

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards, except as stated, requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the company's accounting policies. The company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed.

#### **2.1.4. Functional and Presentation Currency**

These financial statements are prepared in Nepalese Rupees which is the functional currency of the company. For presentation purpose, all amounts have been rounded to the nearest rupee, unless otherwise indicated. Functional currency is the currency of the primary economic environment in which the company is operated and company's all transactions including income.

#### **2.1.5. Accounting Policies**

Preparation of financial statements in accordance with Nepal Financial Reporting Standards (NFRS) requires the management to make use of significant accounting policies, judgments and estimates that affect the reported amount of assets and liabilities, income and expenses, and disclosures of contingent items during the reporting period. These accounting policies adopted are used on consistent basis. Estimates are reviewed on continuous basis. Revision to accounting estimates is recognized in the period in which the estimates are revised. The significant accounting policies adopted, judgments and estimates while preparing these financial statements in accordance with NFRS, except as stated, are set out in corresponding notes.

#### **2.1.6. Impairment of Non-financial assets (excluding inventories, investment properties and deferred tax assets)**

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e., the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest parts of assets to which it belongs for which there are separately identifiable cash flows and its cash generating units.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income.

#### **2.1.7. Property, Plant and Equipment**

Items of property, plant and equipment are initially recognized at cost. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Freehold land and buildings are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognized in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognized in profit or loss.

#### **2.1.8. Depreciation**

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant, and equipment so as to write-off their carrying value over the expected useful economic lives.

Depreciation has been computed on SLM Method. The estimate useful lives for the assets are as follows:

ASSETS	LIFE
Leasehold assets	10 years
Office equipment	10 years
Wooden furniture	8 years
Metal Furniture	10 years
Vehicles	7 years
Computer and printer	5 years

At the date of revaluation, the accumulated depreciation on the revalued freehold property is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The excess depreciation on revalued freehold buildings, over the amount that would have been charged on a historical cost basis, is transferred from the revaluation reserve to retained earnings when freehold land and buildings are expensed through the statement of comprehensive income (e.g. through depreciation, impairment). On disposal of the asset the balance of the revaluation reserve is transferred to retained earnings.

#### 2.1.9. Leased Assets

When all the risks and rewards incidental to ownership of a leased asset are transferred to the Company (a Finance Lease), the asset is treated as if it had been purchased outright. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analyzed between principal and interest. The interest element is charged to the statement of comprehensive income over the period of the lease so that it represents a constant proportion of the lease liability. The principal element reduces the balance owed to the lesser.

When all the risks and rewards incidental to ownership are not transferred to the company (an Operating Lease), the total rentals payable under the lease are charged to the statement of comprehensive income over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expenses over the lease term.

#### 2.1.10. Intangible Assets

##### Computer Software

Purchased computer software licenses are capitalized based on the costs incurred to acquire and bring to use the software. These costs are amortized over the estimated lives of 5 years.

##### Business License

Acquiring business licenses are capitalized based on the costs incurred to acquire the license for operation of business. These costs are amortized over 5 years from date of business license.

#### 2.1.11. Investments

##### Investments in debt and equity securities

Investments held for trading (FVTPL) are classified as current assets and are stated at Fair Value and government bonds held to maturity are stated at amortized cost less impairment losses.

##### Investment property

When an item of property, plant and equipment becomes an investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item and its fair value is recognized directly in equity if it is a gain. Upon disposal of the item, the gain is transferred to retained earnings. Any loss is recognized in the income statement.

#### **2.1.12. Trade and other receivables**

Trade and other receivables are stated at their cost less provision for impairment. The amount of the provision is recognized in the income statement.

#### **2.1.13. Inventories**

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the variable selling expenses.

The cost is determined on first-in first-out (FIFO) method and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition.

#### **2.1.14. Cash and cash equivalents**

Cash and cash equivalents comprise cash equivalents, cash balances, call and current deposits at Bank.

#### **2.1.15. Impairment**

The carrying amounts of the company's assets, other than biological assets, investment property, inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are in the income statement.

#### **2.1.16. Share capital**

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of financial liability or financial asset. The company's equity shares are classified as equity instruments.

#### **2.1.17. Taxation (including deferred taxes)**

Income tax on the profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity. Current tax is the expected tax payable on the taxable income for the year using tax rate 30% at the balance sheet date and any adjustment to tax payable in respect of previous years as specified by the Income Tax Act 2058.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected-on realization or settlement of the carrying amount of assets and liabilities using tax rate 30% at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

#### **2.1.18. Trade and other payables**

Trade and other payables are stated at their cost.

#### **2.1.19. Revenue**

Revenue is recognized on accrual basis and is measured at the fair value of the consideration received or receivable. 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 the basis of completion of underlying transaction as stated in the service agreement. Accounting policies, estimates and judgments used by management for each item of revenue is detailed below:

**a. Underwriting Fee:**

Underwriting Fee is recognized based on the recoverability of fee and non-refundability of fixed amount of fee. Management estimates that recoverability of fee can be reliably measured at the date of issue.

**b. Portfolio Management Fee**

Annual Management fee and Performance fee is recognized as revenue as stated in the portfolio management service agreement.

**c. Corporate Advisory Fee**

Corporate Advisory service fee is the consultancy fee charged to the clients as per the performance and completion of assigned job responsibilities as stated in the service agreement. Income is booked when job responsibilities is completed, and tax invoice/payment letter is issued to client in respect of such completion of consultancy and other advisory functions.

**d. Depository Participants**

Depository Participants (DP) related income is the fee for managing DP accounts of clients. All DP income is the collection from clients for new account opening, renewal of accounts, on-market-transaction and other DP services directly involving and collected from clients.

**e. Interest Income**

Interest income is recognized using effective interest rate method.

**f. Other Income**

Other income is recognized when it is probable that consideration associated with the relevant event is confirmed or realized.

**2.1.20. Expenses**

All Expenses except specially mentioned are accounted on accrual basis.

All expenses incurred in running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year and presented in statement of profit or loss.

Expenditure incurred for the purpose of acquiring, expanding, or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to the income statement in the year in which the expenditure is incurred. The profit earned by the company is before income tax expense and after making provision for all known liabilities and for the depreciation of Property, Plant and Equipment.

Proposed bonus for staff has been provided for 10% of net profit before such bonus.

### 3. Other Explanatory Notes

**3.1 Property Plan and Equipment**

Tangible Assets NRS. 62,81,500.00 has been purchased during the year.



### 3.1 Plant, Property and Equipment

PARTICULARS	COMPUTER & ACCESSORIES	FURNITURE & FIXTURES (METAL)	FURNITURE & FIXTURES (WOODEN)	LEASEHOLD ASSETS	OFFICE EQUIPMENT	VEHICLE	RIGHT OF LEASE ASSETS	TOTAL
Balance at 31 Ashad 2080	2,314,356	252,406	333,624	2,302,924	719,395	225,811	17,601,215	23,749,730
Additions during the year	339,000	-	22,000	-	70,500	5,850,000	-	6,281,500
<b>Balance at 31 Ashad 2081</b>	<b>2,653,356</b>	<b>252,406</b>	<b>355,624</b>	<b>2,302,924</b>	<b>789,895</b>	<b>6,075,811</b>	<b>17,601,215</b>	<b>30,031,230</b>
<b>Depreciation and Impairment Losses</b>								
Balance at 31 Ashad 2080	1,115,315	46,757	64,427	307,262	163,300	106,983	4,400,304	6,204,347
Depreciation charged for the year	481,481	25,241	44,430	230,292	73,311	859,064	1,760,121	3,473,940
<b>Balance at 31 Ashad 2081</b>	<b>1,596,796</b>	<b>71,997</b>	<b>108,857</b>	<b>537,554</b>	<b>236,611</b>	<b>966,046</b>	<b>6,160,425</b>	<b>9,678,287</b>
<b>Net Carrying amount at 31 Ashadh 2081</b>	<b>1,056,560</b>	<b>180,409</b>	<b>246,767</b>	<b>1,765,369</b>	<b>553,283</b>	<b>5,109,765</b>	<b>11,440,789</b>	<b>20,352,943</b>
<b>Net Carrying amount at 31 Ashadh 2080</b>	<b>1,199,041</b>	<b>205,649</b>	<b>269,197</b>	<b>1,995,662</b>	<b>556,095</b>	<b>118,829</b>	<b>13,200,911</b>	<b>17,545,383</b>

### 3.2 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on straight line basis over their estimated useful life. The estimated useful life and amortization method are reviewed at the end of each reporting period. The following estimate of useful life on each item of intangible assets is used by management.

ITEM OF INTANGIBLE ASSETS	ESTIMATED USEFUL LIFE
Software	5 years

Intangible assets with indefinite useful lives that are acquired separately are carried at costs less any accumulated impairment losses. Intangible assets NRS. 135,600.00 have been purchased during the year.

An intangible asset is derecognized at disposal or when no future economic benefits are expected from use or disposal. Gain or losses arising from de-recognition of an intangible asset is measured as the difference between net proceeds from disposal and carrying amount of the asset and are recognized in statement of comprehensive income.

The following is the details of intangible assets as at the period end.

PARTICULARS	31/03/2081	31/03/2080
<b>Cost</b>		
Opening Balance of Accumulated Intangible Assets	2,055,651	1,540,304
Additions during the year	135,600	515,347
<b>Closing Balance of Accumulated Intangible Assets</b>	<b>2,191,251</b>	<b>2,055,651</b>
<b>Accumulated Amortization and Impairment</b>		
Opening Balance of Accumulated Amortization	937,459	548,198
Additions during the year	412,616	389,261
<b>Closing Blance of Accumulated Amortization</b>	<b>1,350,075</b>	<b>937,459</b>
<b>Carrying Amount as at 16 July 2023</b>	<b>-</b>	<b>1,118,192</b>
<b>Carrying Amount as at 15 July 2024</b>	<b>841,176</b>	<b>-</b>

### 3.3 Financial Instruments measured at Amortised cost.

Financial Assets held to maturity are classified and measured at amortised cost. These financial assets are initially recognized at fair value including direct and incremental costs and subsequently measured at amortised costs, using the effective interest method, less any impairment allowances.

#### Recognition

The company recognizes financial assets when it becomes the party to contractual provisions of the instrument. Recognition takes place on the trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

#### Derecognition

Financial assets are derecognized when the contractual right to receive cash has expired or the company has transferred substantially all risks and rewards of ownership.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if there is enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liabilities simultaneously.

Financial Assets held at amortized cost for investment in Fixed Deposits of various Banks and Financial Institutions are mentioned in note 3.8.

PARTICULARS	31/03/2081	31/03/2080
Investment In MBL FD	15,000,000	59,000,000
Muktinath Bikas Bank Ltd. FD	1,100,000	-
<b>Total</b>	<b>16,100,000</b>	<b>59,000,000</b>

#### Financial Instrument Held Through Other Comprehensive Income (OCI)

Equity instruments that are held for trading are classified as Fair Value through Profit and Loss Account (FVTPL). For other equity instruments, on the day of acquisition the company makes an irrevocable election (or an instrument-by-instrument) basis to designate them as at FVTOCI.

#### Debt investments at FVTOCI

Financial Instruments are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive loss ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

#### Equity investments at FVTOCI

Financial Instrument are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised at OCI and are never reclassified to profit or loss.

The company considers Kriti Venture Fund Limited investment of 7 crores as equity instrument at FVTOCI and net gains and losses are recognized in OCI and classified below profit and loss account with profit from investment of NRS. 352,724 and fair value of investment are given below and mentioned in in note 3.4.

PARTICULARS	31/03/2081	31/03/2080
Unlisted Promoter Share Investement - KVFL	69,492,939	50,000,000
Gain/loss on investement	352,724	(507,061)
<b>Total</b>	<b>69,845,662</b>	<b>49,492,939</b>

### 3.4 Deferred Tax Assets and Liabilities

Deferred Tax is calculated on temporary differences on Accounting Base and Taxation Base for Deductible Temporary difference and Taxable Temporary Difference using a tax rate of 30% (as per the Income Tax 2058 B.S.). Deferred tax assets and liabilities are calculated where the management believes it is probable that these assets will be recovered.

Calculation of Deferred Tax for MCL have been shown as below:

PARTICULARS	ACCOUNTING BASE	TAXATION BASE	DIFFERENCE	TAX RATE	DTL	DTA	NET
Fixed Assets	9,753,329	9,612,216	141,113	30%	42,334	-	42,334
Leave Provision	1,957,618	-	(1,957,618)	30%	-	(587,285)	(587,285)
Right of Use Assets	11,440,789	-	11,440,789	30%	3,432,237	-	3,432,237
Lease Liability	14,451,272	-	(14,451,272)	30%	-	(4,335,381)	(4,335,381)
Investments	179,473,772	182,804,019	(3,330,247)	30%	-	(999,073)	(999,073)
<b>Total</b>	<b>217,076,781</b>	<b>192,416,235</b>	<b>(8,157,234)</b>		<b>3,474,571</b>	<b>(5,921,740)</b>	<b>(2,447,169)</b>
Closing Deferred Tax Liabilities/(Assets)							(2,447,169)
Opening Deferred Tax Liabilities/(Assets)							(3,152,378)
Income transferred to Profit and Loss Account							705,209

### 3.5 Trade and other receivables (non-current)

Non-current trade receivables are security and license deposits for normal business operation.

NON-CURRENT ASSETS	31/03/2081	32/03/2080
LICENSE DEPOSIT	300,000	300,000
SECURITY DEPOSIT	100,000	100,000
<b>TOTAL NRS.</b>	<b>400,000</b>	<b>400,000</b>

### 3.6 Cash and Cash Equivalents

For the purpose of presentation in the statement of Cash Flows, Cash and Cash Equivalents includes cash equivalents, cash on hand and at Bank. Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities.

PARTICULARS	31/03/2081	31/03/2080
Cash In Hand	-	-
Gold & Silver Coins	15,950	15,951
Bank Balance at Mbl	7,795,259	8,830,942
Bank Balance at Other Financial Institutions	1,190,831	315,767
<b>Total</b>	<b>9,002,040</b>	<b>9,162,660</b>

### 3.7 Financial assets held at Fair Value through -PL.

Determination of fair value hierarchy for all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the Capital uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable. Fair values are determined according to the following hierarchy:

Level 1- Quoted market price (unadjusted): financial instruments with quoted prices 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 are valued using models where all significant inputs are observable.

Level 3- Valuation technique with significant unobservable inputs: financial instruments are valued using valuation techniques where one or more significant inputs are unobservable. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

PARTICULARS	31/03/2081	31/03/2080
Investment In Equities	105,660,966	90,228,040
Investment In Mutual Fund	18,219,744	7,804,025
Debenture Investment	55,593,062	-
<b>Total</b>	<b>179,473,772</b>	<b>98,032,065</b>

Investment in debentures are recognized at fair value through profit loss during this year on account of decision of the management that same will be held for trading purpose. Accordingly, interest on such debenture is recognized only on realization as the unrealized interest is reflected in fair value of the debenture as on reporting date.

### 3.8 Trade and Other Receivable

The current portion of Trade Receivables are those amounts recurring or receivable within 12 months' period. These includes the following information:

PARTICULARS	31/03/2081	31/03/2080
Accrued Interest Receivable on FD	6,829	-
Accrued Interest Receivables on Debenture	-	2,176,277
Dividend Receivable	-	-
Prepaid Insurance	73,075	83,780
Stationery Stocks	39,366	51,859
Advances For Rent	-	-
Prepaid Computer and Internet Charge	300,516	1,809
Advances For Investments	1,039,940	23,168,000
Receivables From Other Parties	5,347,818	5,039,496
<b>Total</b>	<b>6,807,545</b>	<b>30,521,221</b>

Company has paid NRS. 10,39,940/- for purchase of share of Kalika Laghubitta Bittiya Sanstha Limited.

### 3.9 Share Capital

Share Capital of MCL as on balance sheet date is NRS. 286,339,500. The company has increased its issued share capital from NRS.31,48,32,000/- to NRS.336,870,000/- by second Annual General Meeting of company and same has been duly approved from Office of Company Registrar Office on BS.2078/08/23. The share value has been treated as an equity instrument. Additional disclosure on share capital treatment has been disclosed under business combination note 3.23.

SHARE CAPITAL	31/03/2081	32/03/2080
<b>AUTHORIZED SHARE CAPITAL</b>		
(4,000,000 ORDINARY SHARES OF Rs 100 EACH)	400,000,000	400,000,000
<b>ISSUED SHARE CAPITAL</b>		
(3,368,700 ORDINARY SHARES OF Rs 100 EACH)	336,870,000	336,870,000
<b>SUBSCRIBED &amp; PAID-UP SHARE CAPITAL</b>		
(2,863,395 ORDINARY SHARES OF Rs. 100 EACH)	286,339,500	286,339,500

### 3.10 Reserve and Surplus

All accumulated profit less distribution is represented under reserve and surplus. Following is the table of reserve and surplus.

PARTICULARS	31/03/2081	31/03/2080
Retained Earning	5,743,148	8,497,267
General Reserve	4,422,116	4,414,356
Provision For CSR	326,268	325,492
<b>Total</b>	<b>10,491,532</b>	<b>13,237,114</b>

Appropriation from profit for the year has been made to General Reserve 10% of Profit and Corporate Social Responsibility 1% of Profit as per Rules 25ka and 30ka respectively of Merchant Banker Regulation 2064 (2nd amendment 2076).

### 3.11 Employee Benefits

#### Defined Contribution Plan

A defined contribution plan is a post-employment plan under which an entity pays a fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss in the periods during which services are rendered by employees. Employees are eligible for Employees' Provident Fund Contributions in accordance with the respective statutes and regulations.

Contributions to defined contribution plans are recognized as an expense in the statement of profit or loss as incurred.

### Employees' provident fund

The company contribute 10% of the salary of each permanent employee to the Employees' Provident Fund managed by government of Nepal.

### Citizens' Investment Trust (CIT)

Those employees who do not have accounts in Provident Fund are facilitated with CIT accounts. The company contributes 10% of the salary of each permanent employee and the employees may also choose to deposit additional amounts to the Citizens' Investment Trust according to their preference.

### Staff Gratuity Provision

Staff gratuity provision has been created as stipulated by Labour Act 2074. The company makes a defined contribution of 8.33% of the monthly basic salary of each employee and no other additional legal or constructive obligation will arise other than this fixed contribution. Company transfers defined gratuity contribution of 8.33% to Citizen's Investment Trust monthly to respective gratuity account of employee.

### Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company is liable to pay retirement benefits i.e., leave under the Labor Act, 2074. The liability recognized in the financial statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated as at the reporting date based on an internally generated model as its impact is immaterial. Third Party Actuarial Valuation is not made as the cost for defined benefits obligation is considered immaterial. No actuarial valuation is used as the amount is immaterial.

Contributions to defined contribution plans are recognized as an expense in the statement of profit or loss as incurred.

EMPLOYEE BENEFIT LIABILITY (CURRENT/NON-CURRENT)	31/03/2081	32/03/2080
<strong>EMPLOYEE BENEFIT LIABILITY (CURRENT)</strong>		
PROVISION FOR BONUS	44,788	1,298,703
SALARY AND PERKS PAYABLE	9,610	89,082
<strong>TOTAL NRS.</strong>	<strong>54,398</strong>	<strong>1,387,784</strong>
<strong>EMPLOYEE BENEFIT LIABILITY (NON-CURRENT)</strong>		
LEAVE PROVISION	1,957,618	1,568,119
WELFARE FUND	18,220	18,220
<strong>TOTAL NRS.</strong>	<strong>1,975,838</strong>	<strong>1,586,338</strong>

### 3.12 Trade and Other Payable

Trade and other payable to be recurring and settlement within 12 months' period have been represented and such are payable occurring during normal business operation. Such have been shown as follows:

PARTICULARS	31/03/2081	31/03/2080
Sundry Payable	258,738	4,071,010
Cds And Clearing Limited	1,524,712	-
Sebon Fee Payable	1,000,666	187,708
Advance Income Payable	428,655	428,655
Tds Payable	344,402	436,991
Provision For Expenses	1,237	2,815,973
Provision For Income Tax	623,159	0
<strong>Total</strong>	<strong>3,558,411</strong>	<strong>7,940,338</strong>



### 3.13 Revenue From Operation

The following table summarizes the operating revenue recognized during the period.

PARTICULARS	31/03/2081	31/03/2080
Underwriting Service Fee Income	7,476,393	3,748,600
Income From Corporate Financial Advisory	5,970,918	9,530,241
Income From Portfolio Management Services	1,329,740	2,358,746
Depository Participant Income	27,604,155	905,027
<b>Total</b>	<b>42,381,206</b>	<b>16,542,614</b>

### 3.14 Income From Investment

PARTICULARS	31/03/2081	31/03/2080
Interest From Debentures And Bond	2,872,470	4,557,803
Interest Income	192,184	142,632
Promoter Advance Interest Income	241,020	-
Interest Income from Fixed Deposits	2,854,600	8,616,120
<b>Total</b>	<b>6,160,275</b>	<b>13,316,556</b>

### 3.15 Gains (losses) from Financial Investment

The gains from investment in financial instrument treated on FVTPL have been summarized as under:

NET GAINS OF FINANCIAL INSTRUMENTS-FVTPL	31/03/2081	31/03/2080
Income From Sale of Investment (Realized Gain)	3,819,734	1,137,597
Net Gains/(Losses) Of Financial Investments-FVTPL	-	12,692,500
<b>Total</b>	<b>3,819,734</b>	<b>13,830,097</b>
Net Losses of Financial Investments-Fvtpl		
Loss On Sale of Investment (Realized Loss)	1,662,434	4,952,883
Net Gains/(Losses) Of Financial Investments-Fvt Pl	(4,400,711)	-
<b>Total</b>	<b>(2,738,276)</b>	<b>4,952,883</b>

### 3.16 Other Income

PARTICULARS	31/03/2081	31/03/2080
Rent Income	240,000	209,333
Dividend Income	1,103,204	682,602
Miscellaneous Income	7,035	82,037
Service Income	100	16,974,166
<b>Total</b>	<b>1,350,339</b>	<b>17,948,137</b>

### 3.17 Operating Expenses

Operating expenses are those expenses which are directly related and incurred to make major business income. The major business incomes are from DP, underwriting, PMS and Corporate Advisory Services.

PARTICULARS	31/03/2081	31/03/2080
Dp Service Expenses	7,114,112	2,174,915
Dp Expenses to Mbl	14,288,962	12,233,137
License Fee and Renewal Charges	585,000	510,000
Registration Fee and Application Charges	1,050	10,000
Sebon Fee Expenses	1,170,632	1,252,330
<b>Total</b>	<b>23,159,756</b>	<b>16,180,382</b>

### 3.18 Employee Expenses

PARTICULARS	31/03/2081	31/03/2080
Salary Expenses	11,998,344	10,472,966
Staff Provident Fund	751,139	661,047
Gratuity Expenses	625,699	550,652
Annual Force Leave Payment	975,498	806,531
Dashain Allowances	1,054,973	818,433
Business Incentive Allowance	18,615	-
Other Allowances	1,953,102	1,570,211
Staff Overtime Expenses	78,381	92,012
Leave Encashment Expenses	862,454	490,283
Statutory Bonus	44,788	1,298,703
Team Building Expenses	255,324	202,189
Training and Development	45,000	
Training And Development Expenses	301,130	118,590
Staff Insurances	187,876	
Dearness Allowance	712,477	
<b>Total</b>	<b>19,864,801</b>	<b>17,081,615</b>

### 3.19 Building and Premise Expenses

These are expenses incurred for office premises related rent, security and sanitation related expenses.

PARTICULARS	31/03/2081	31/03/2080
Cleaning Charges	1,985	47,553
Cleaning Expenses	35,727	-
Medical And Supplies	7,765	-
Office Electricity Expenses	297,205	285,278
Rent Expenses	-	-
Security Charges	224,852	134,195
Security Guard Expenses	332,946	353,565
Water And Utilities	88,515	81,385
<b>Total</b>	<b>988,995</b>	<b>901,976</b>

### 3.20 Administrative Expenses

PARTICULARS	31/03/2081	31/03/2080
Advertisement And Publication	377,393	247,772
Annual General Meeting Expenses	46,350	55,311
Audit Fee	146,900	113,000
Audit Expenses	-	12,117
Internal Audit Fee	-	135,600
Share Transaction Charges	329,647	1,118,328
Allowance And Travel Expenses	251,936	81,265
Fuel Expenses	245,708	143,737
Fuel Exp - Generator	-	22,050
Parking Charges	12,121	18,845
Transportation Expenses	23,283	14,965
Insurance Expenses	87,932	211,079
Computer And Internet Charge	1,470,566	870,531

Electrical And Wiring Expenses	40,146	300,377
Telephone And Communication	52,100	44,115
Consultancy Fee	-	39,550
Board Meeting Allowances	381,000	549,000
Board Meeting Expenses	25,710	26,542
Committee Meeting Allowances	318,000	246,000
Meeting Expenses	27,494	27,574
Guest Entertainment Expenses	7,755	-
Branding Expnses	302,500	-
Lunch Expenses	115,983	78,657
Office Expenses	24,143	16,969
Office Goods	19,063	-
Pantry Expenses	280,022	248,127
Stationery Expenses	386,172	213,476
Taxes & Duties	179,931	777,372
Repair And Maintenance Expenses	120,457	107,382
Vehicle Servicing & Cleaning Charges	40,169	6,600
Staff Outsource Service	990,342	714,098
Festival Expenses	51,375	19,680
Bank Charges	10,600	7,472
Legal And Advisory Expenses	33,900	-
Office Tools And Furniture	18,650	-
Other Expenses	12,133	-
<b>Total</b>	<b>6,429,481</b>	<b>6,467,589</b>

### 3.21 Income Tax Expenses

Income tax payable on profit is based on the applicable provisions of the Income Tax Act 2058 and is recognized as an expense in the period in which profits arise. Income Tax on the profit for the year comprises current and deferred tax. Income tax is recognized directly in the statement of profit and loss except to the extent that it related to items recognized directly in equity or other comprehensive income.

#### Current Tax

Current Tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment made to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

#### Deferred Tax

Deferred Tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred Tax has been calculated in Note 3.22.

PARTICULARS	31/03/2081	31/03/2080
Current Tax	-	168,095
Previous Year Tax	-	-
Deferred Tax (Income)/Expense	705,209	2,295,502
<b>Total</b>	<b>705,209</b>	<b>2,463,597</b>

### 3.22 Change in Lease Accounting

A disclosure has been made for change in operating lease accounting to lease accounting in accordance with NFRS 16 lease, a lessee shall measure the Right-of-Use Assets and Lease Liability at the commencement date. Commencement of the lease term is the date on which a lessor makes an underlying asset available for use by a lessee. Initially Right of Use Assets shall measure at cost. MCL shall measure the Right-of-Use Asset by applying a cost model it applies either of the revaluation models. MCL measures right of lease assets amount of NRS. 17,601,214.59 for which current year lease depreciation expenses is NRS. 17,60,121.46 and accumulated depreciation on right of lease assets is NRS. 26,40,182.19 which is presented in the schedule 3.1 Property Plant and Equipment of notes to accounts.

After the commencement of lease agreement, MCL shall measure the Lease Liability by:

- Increasing the carrying amount to reflect interest on the lease liability.
- Reducing the carrying amount to reflect the lease payments made.

MCL measure lease liability for amount of NRS. 15,550,408.23 initially for which interest expense has been recognized as NRS. 1,420,598.10 and closing lease liability NRS. 14,451,271.53 has been identified as on balance sheet date. Whereas right of lease assets with NRS. 17,601,215/- has been established as per the agreement terms for which accumulated amortization on right of lease assets with the value of NRS. 4,400,303.65/- as on financial cut-off period from the initial date of commencement of agreement and closing right of lease assets is NRS. 11,440,789.48 as on balance sheet date. MCL has paid NRS. 2,519,734.80 to lessor as a rental service for the fiscal year

<b>Right of Lease Assets</b>	<b>17,601,214.59</b>
Current Year Lease Depreciation Expenses	1,760,121.46
Accumulated Depreciation on Right of Lease Assets	4,400,303.65
Closing Right of Lease Assets	11,440,789.48
Lease Liability	15,550,408.23
Accumulated Lease Interest Expenses	1,420,598.10
Closing Lease Liability	14,451,271.53

### 3.23 Investment in Associates

A disclosure has been made for NAS-28 investment in associates for holding amount of NRS. 7,00,00,000/- investment in promoter share of Kriti Venture Fund Limited for 21.28 percent holding investment of paid-up capital as on Ashadh 31, 2081. Investment and Income from associate entity as follows:

Profit from investment in associates holding with NRS. 375,689 - has been charged as net income/(losses) on the value of investment through profit and loss account and net investment holding as on financial cut-off period is NRS. 69,868,628.

### 3.24 Provision and Contingencies

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognized when the company recognizes it has a present obligation as a result of past events, it is more likely when an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

The Company has an active Underwriting Agreement for 1,666,667 units share of NRS. 300 each from Jagdamba Steels Limited and 20,000,000 units share of NRS.100 each from Solu Hydropower Limited as on reporting date. Looking towards the subsequent events after the balance sheet date, these shares have been approved for issue to the public and in the process for initial public offering.

### 3.25 Rectification of Adjustment Entry in respect of Gain on Bargain Purchase

Machhapuchhre Capital Limited and Kriti Capital and Investment Limited was merged in the FY 2077-78. There was gain on bargain purchase amounting to NPR 2,077,196 arising out of merger which was not recognized in the relevant financial year.

The company has made necessary adjustment in respect of such gain on bargain purchase during the current financial year as per the details provided below:

PARTICULARS	ENTRY TO BE MADE		ENTRY DONE		RECTIFICATION ENTRY	
Net Assets	82,146,840		82,146,840		-	-
Share capital		67,607,200		67,607,200	-	-
RE and other reserve	2,491,185			688,815	2,491,185	(688,815)
Share premium		14,953,629		13,850,825		1,102,804
Gain on Bargain Purchase						
(To be adjusted in						
Retained Earnings)- Net of Tax		2,077,196				1,454,037
Tax Liability on Gain on						
Bargain Purchase						623,159
<b>Total</b>	<b>84,638,025</b>	<b>84,638,025</b>	<b>82,146,840</b>	<b>82,146,840</b>	<b>2,491,185</b>	<b>2,491,185</b>

### 3.26 Related Party Transactions

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.

#### (A) Nature of Relationship and Name of Related Parties

\* Parent Company: Machhapuchchhre Bank Ltd.

#### Name of related persons:

Mr. Bishwambhar Neupane -Chairman

Mr. Prasadha Raj Aryal -Director

#### \* Transaction with related parties

From the above related persons Mr. Bishwambhar Neupane is the member of the Board of Directors and HR Committee and Mr. Prasadha Raj Aryal is a member of Board of Director, HR Committee and Audit Committee and Investment Committee. They are entitled to meeting allowances as per the Articles of Association of the Company. The meeting allowances per meeting per member of Board of Directors is NRS. 15,000 for Chairman and NRS. 12,000 as per the approval from general meeting of company. No other benefits or allowances are provided to the board of directors.

### Key Management Personnel

Mr. Paraag Bisht has served as CEO from Shrawan 1, 2080 to Poush 21, 2081. After his resignation, Mr. Upendra Malakar has been deputed from parent company Machhapuchchhre Bank Limited, effective from Poush 26, 2080 as CEO. Mr. Madhurendra Sah has been appointed as Chief Operating Officer effective from Ashad 04, 2081.

### (B) Related Party Transactions

Related party transaction with Parent company:

During the period, MCL has the following bank balance and interest realized from Parent Company as on reporting date.

S.N.	PARTICULARS	TRANSACTION AMOUNT (FY 2080-81)	TRANSACTION AMOUNT (FY 2079-80)	NATURE OF TRANSACTION
1	Fixed Deposit at MBL	1,50,00,000.00	5,90,00,000.00	Fixed Deposit
2	Call & Current Deposit at MBL	77,95,259.41	88,30,942.24	Bank Deposit
3	Service income	2,76,04,155	19,75,436.36	DP service
4	DP Service Expenses	1,42,88,962	1,22,33,137.00	DP Service
5	Interest Income	28,49,234.24	78,78,240.88	Interest on FD and call deposit
6	Rent Income for RTS	1,20,000.00	89,333.24	RTS Rental Servie

MCL has paid NRS. 1,42,88,962.00 for as direct DP service business from MBL and received NRS. 1,20,000.00 as rental service income from RTS operation of MBL during fiscal year.

### 3.27 Events after the Reporting Period

The Company follows NAS 10 - Events after the Reporting Period for accounting and reporting of events that occur after the reporting period, which requires us to classify those events into adjusting and non-adjusting events.

There are no material events, either adjusting or non-adjusting events for the reporting period end. However, the contingent liability as on Ashadh end 2080 has been presented for underwriting shares of issued shares as explained in note 3.24.

### 3.28 Proposed Dividend

The board of directors through its meeting has not proposed any dividend from the financial performance of fiscal year 2080-81, and subject to approval from Annual General Meeting.





दरबारमार्ग, काठमाडौं ।

फोन नं. : ५३२२३२०

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Email : bsd@nrb.org.np

# नेपाल राष्ट्र बैंक

बैंक सुपरिवेक्षण विभाग

प.सं: बै.सु.वि./अफसाइट/एजिएम/१४/२०८१-८२

मिति : २०८१/०९/०५

च.नं. १२६

माछापुच्छ्रे बैंक लिमिटेड,  
लाजिम्पाट, काठमाडौं ।

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. २०८०/८१ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गर्ने प्रयोजनार्थ देहायका निर्देशन सहित सावजनिक गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउँदछु ।

१. लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरू पूर्ण रूपले सुधार गर्न तथा त्यस्ता कैफियतहरू पुनः दोहोरिन नदिने आवश्यक व्यवस्था मिलाउनु हुन ।

उपरोक्त निर्देशनहरूलाई त्यस बैंकको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नु हुन ।

भवदीय,

  
(रबीना भट्ट)

सहायक निर्देशक

बोधार्थ

१. नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।
२. बैंक सुपरिवेक्षण विभाग, प्रतिवेदन कार्यान्वयन इकाई, माछापुच्छ्रे बैंक लिमिटेड ।

## LIST OF CHIEF BUSINESS OFFICER

S.N	NAME	POSITION	PROVINCE
1	Tika Bhattarai	Chief Business Officer	Central
2	Bishal Bhakta Joshi	Chief Business Officer	West
3	Ajaya Acharya	Chief Business Officer	East
4	Bineet Chandra Jha	Chief Business Officer	Mid West

## LIST OF PROVINCE MANAGER

S.N	NAME	POSITION	BRANCH
1	Krishna Bahadur Shah	Province Manager	Province 1 Cluster A
2	Utashab Parajuli	Province Manager	Province 1 Cluster B
3	Bishnu Prasad Pandey	Province Manager	Province 2 Cluster A
4	Indu Shekhar Devkota	Province Manager	Province 2 Cluster B
5	Nareesh Pradhan	Province Manager	Province 3 Cluster A
6	Ujjwal Pandey	Province Manager	Province 3 Cluster B
7	Deependra Prasad Wagle	Province Manager	Province 3 Cluster C
8	Manoj Bhattarai	Province Manager	Province 3 Cluster D
9	Neelam Gautam Paudel	Province Manager	Province 4
10	Suraj Shrestha	Province Manager	Province 4 Cluster A (Credit)
11	Jeevan Bahadur Karki	Province Manager	Province 4 Cluster B (Credit)
12	Narayan K.C.	Province Manager	Province 5 Cluster A
13	Abhishek Niroula	Province Manager	Province 5 Cluster B and 6
14	Manish Upadhyay	Province Manager	Province 7

## LIST OF HOD'S CHIEF

S.N	NAME	DEPARTMENT
1	Bharat Kumar Lamsal	Acting Assistant General Manager - Business
2	Bhuvan Singh Khatri	Chief Compliance Officer
3	Samir Jung Rayamajhi	Chief Liability Management
4	Upendra Malakar	Chief Trade and Credit Support
5	Sunil Khatiwada	Chief Operating Officer
6	Dilli Ram Giri	Chief Risk Officer
7	Madhav Subedi	Chief Digital Banking Officer
8	Kumar Gnawali	Chief Infrastructure and Corporate Lending
9	Leela Raj Thapa	Deputy Chief Credit Risk Management
10	Manish Dahal	Chief Special Asset Management
11	Ishwar Bahadur Rawal	Chief Administration Officer
12	Indra Thapa	Chief Credit Support and Monitoring Unit
13	Hari Lal Ayer	Deputy Chief Special Assets Management
14	Ganesh Thapa	Deputy Chief Legal Officer
15	Richa Pandey	Deputy Chief Integrated Risk
16	Anil Babu Adhikari	Deputy Chief Human Resource
17	Hem Kumar Shrestha	Deputy Chief Information Technology
18	Khagendra Paudel	Deputy Chief Finance & Planning
19	Nirmal Raj Acharya	Deputy Chief Liability Management
20	Pratima Pandey	Deputy Chief Operations Monitoring Unit
21	Sudan Prasad Bhandari	Deputy Chief Remittance Business
22	Dinesh Dawadi	Head of Department-Reconciliation
23	Bipin Udas	Head of Department-Central Credit Administration
24	Jaya Prakash Raut	Head of Department-Central Clearing
25	Reshma Shakya	Head of Department-Treasury Front Office
26	Sabin Shrestha	Head of Department-E-Banking Operations
27	Sachin Tamang	Head of Department-Information Security Department
28	Surendra Pathak	Head of Department-Internal Audit
29	Manish Lal Shrestha	Deputy Head-Reconciliation
30	Amar Bahadur Singh	Head of Department-Business Intelligence
31	Madhab Thapa	Head of Department-Special Asset Management
32	Abhaya Rana	Head of Department-Central Trade Operations
33	Alok Man Shrestha	Head of Department-Digital Banking Division
34	Binita Tamrakar	Head of Department-Project Management Operations
35	Govinda Prasad Dahal	Head of Department-Law
36	Prabhat Joshi	Head of Department-Institutional Deposit
37	Puja Gongal	Head of Department-Branch Coordination Cell and Service Excellence
38	Subeena Shrestha	Deputy Head-Central Operations Department
39	Roshan Thapaliya	Head - AML / CFT Department
40	Sudha Sharma	Deputy Head-Education Hub
41	Rewaty Raman Nepal	Deputy Head-Law
42	Sita Ram Shrestha	Head of Department-Central Credit Legal Administration

## LIST OF BRANCH MANAGER

S.N	NAME	DESIGNATION	BRANCH	PROVINCE
1	Shyam Pokharel	Branch Manager	Baradashi	P-1 Cluster A
2	Himal Rijal	Branch Manager	Birtamod	P-1 Cluster A
3	Kishan Raut	Branch Manager	Chandragadhi	P-1 Cluster A
4	Govinda Shrestha	Branch Manager	Damak	P-1 Cluster A
5	Ramesh Shiwakoti	Branch Manager	Illam	P-1 Cluster A
6	Kailash Kharel	Branch Manager	Kakarvitta	P-1 Cluster A
7	Sobha Dhungel	Branch Manager	Phidim	P-1 Cluster A
8	Kishor Nepal	Branch Manager	Surunga	P-1 Cluster A
9	Sushil Aryal	Branch Manager	Taplejung	P-1 Cluster A
10	Nawaraj Gautam	Branch Manager	Urlabari	P-1 Cluster A
11	Nirmal Kumar Rai	Branch Manager	Bhojpur	P-1 Cluster B
12	Prabhakar Khatiwada	Branch Manager	Biratchowk	P-1 Cluster B
13	Europe Raj Fago	Branch Manager	Biratnagar	P-1 Cluster B
14	Subodh Gopal Joshi	Branch Manager	Chakarghatti	P-1 Cluster B
15	Bhuvan Neupane	Branch Manager	Dhankuta	P-1 Cluster B
16	Sandeep Gartaula	Branch Manager	Dharan	P-1 Cluster B
17	Umesh Kumar Baskota	Branch Manager	Gaighat	P-1 Cluster B
18	Dibya Raj Pokharel	Branch Manager	Hile	P-1 Cluster B
19	Kedar Dhakal	Branch Manager	Inaruwa	P-1 Cluster B
20	Amod Shrestha	Branch Manager	Itahari	P-1 Cluster B
21	Manoj Chauhan	Branch Manager	Jahada	P-1 Cluster B
22	Hom Raj Adhikari	Branch Manager	Kanchanbari	P-1 Cluster B
23	Sandeep Acharya	Branch Manager	Tankisinwari	P-1 Cluster B
24	Lok Bahadur Tamang	Branch Manager	Tyamke Maiyum	P-1 Cluster B
25	Munna Bhetwal	Branch Manager	Bardibas	P-2 Cluster A
26	Apurva Rauniyar	Branch Manager	Dhalkebar	P-2 Cluster A
27	Upendra Singh	Officiating Branch Manager	Ganeshman Charnath	P-2 Cluster A
28	Kamal Bahadur K.C.	Branch Manager	Golbazar	P-2 Cluster A
29	Md Samir Rain	Branch Manager	Janakpur	P-2 Cluster A
30	Bimal Raj Tripathi	Branch Manager	Katari	P-2 Cluster A
31	Ramjee Das	Branch Manager	Kalyanpur	P-2 Cluster A
32	Baikuntha Dahal	Branch Manager	Kanchanrup	P-2 Cluster A
33	Sanjeep Kumar Yadav	Officiating Branch Manager	Karjana	P-2 Cluster A
34	Gyanendra Goshwami	Branch Manager	Lahan	P-2 Cluster A
35	Niraj Acharya	Branch Manager	Mahuli	P-2 Cluster A
36	Satish Kumar Choudhary	Branch Manager	Matihani	P-2 Cluster A
37	Parmanand Yadav	Branch Manager	Mirchaiya	P-2 Cluster A
38	Upendra Kumar Sah	Branch Manager	Nagarain	P-2 Cluster A
39	Md Danish	Branch Manager	Rajbiraj	P-2 Cluster A
40	Anup Acharya	Branch Manager	Sakhuwa Mahendranagar	P-2 Cluster A
41	Jogendra Mahato	Branch Manager	Siraha	P-2 Cluster A
42	Shusil Thapaliya	Branch Manager	Aadarshanagar	P-2 Cluster B
43	Subin Thapa	Branch Manager	Birgunj	P-2 Cluster B
44	Surendra Kumar Mahato	Officiating Branch Manager	Brindaban	P-2 Cluster B
45	Shyam Khatiwada	Branch Manager	Chandrapur	P-2 Cluster B
46	Ajay Kumar Chaudhary	Officiating Branch Manager	Gaur	P-2 Cluster B

## LIST OF BRANCH MANAGER

S.N	NAME	DESIGNATION	BRANCH	PROVINCE
47	Kiran KC	Branch Manager	Hariwon	P-2 Cluster B
48	Ranjeev Yadav	Branch Manager	Kalaiya	P-2 Cluster B
49	Shes Raj Pokhrel	Branch Manager	Lalbandi	P-2 Cluster B
50	Rajesh Kumar Chaudhary	Branch Manager	Malangwa	P-2 Cluster B
51	Pravesh Timalisina	Branch Manager	Nijgadh	P-2 Cluster B
52	Roshan Neupane	Branch Manager	Simara	P-2 Cluster B
53	Aditya Aryal	Branch Manager	Naxal	P-3 Cluster A
54	Nishes Pokhrel	Branch Manager	Baluwatar	P-3 Cluster A
55	Arun Sharma	Branch Manager	Battisputali	P-3 Cluster A
56	Manisha Gyawali	Branch Manager	Boudha	P-3 Cluster A
57	Niroj Sigdel	Branch Manager	Chabahil	P-3 Cluster A
58	Sanjuli Juwa Pradhan	Branch Manager	Dallu	P-3 Cluster A
59	Praveen Rai	Branch Manager	Kapan	P-3 Cluster A
60	Amrita Swar	Branch Manager	Khusibu	P-3 Cluster A
61	Pranaya K.C.	Branch Manager	Koteshwor	P-3 Cluster A
62	Dipti Khadka	Branch Manager	Narayantar	P-3 Cluster A
63	Nishes K. C.	Branch Manager	New Baneshwor	P-3 Cluster A
64	Rashu Kafle	Branch Manager	New Road	P-3 Cluster A
65	Nirma Chaudhary	Branch Manager	Satdobato	P-3 Cluster A
66	Smriti Singh Shrestha	Branch Manager	Thamel	P-3 Cluster A
67	Debendra Koirala	Branch Manager	Balaju	P-3 Cluster B
68	Pushpa Shrestha	Branch Manager	Budhanilkantha	P-3 Cluster B
69	Kishor Thapa Magar	Branch Manager	Chapagaun	P-3 Cluster B
70	Pramila Phagu	Officiating Branch Manager	Durbarmarg	P-3 Cluster B
71	Chandan Pokharel	Branch Manager	Gongabu	P-3 Cluster B
72	Bikrant Rana	Branch Manager	Kalanki	P-3 Cluster B
73	Merina Shrestha	Branch Manager	Kirtipur	P-3 Cluster B
74	Dhirendra Raj Giri	Branch Manager	Kuleshwor	P-3 Cluster B
75	Manish Dahal 2	Branch Manager	Kumaripati	P-3 Cluster B
76	Yuki Bhattachan	Branch Manager	Maharajgunj	P-3 Cluster B
77	Pabitra Shakya	Branch Manager	Pulchowk	P-3 Cluster B
78	Suresh Prasad Ghimire	Branch Manager	Putalisadak	P-3 Cluster B
79	Bandana Lamsal	Branch Manager	Satungal	P-3 Cluster B
80	Pradip Subedi	Branch Manager	Swoyambhu	P-3 Cluster B
81	Samita Ghimire	Branch Manager	Thapathali	P-3 Cluster B
82	Yadav Acharya	Branch Manager	Banepa	P-3 Cluster C
83	Bishnu Lamichhane	Branch Manager	Gwarko	P-3 Cluster C
84	Manish Pradhan	Branch Manager	Halesi	P-3 Cluster C
85	Tika Ram Ojha	Branch Manager	Kamalbinayak	P-3 Cluster C
86	Rojee KC (Khatri)	Branch Manager	Kaushaltar	P-3 Cluster C
87	Mohini Pradhan	Branch Manager	Lazimpat	P-3 Cluster C
88	Yogendra Raj Haluwai	Branch Manager	Nagarkot	P-3 Cluster C
89	Shreedhar Dhungana	Branch Manager	Naya Thimi	P-3 Cluster C
90	Sudeep Baral	Branch Manager	Okhaldhunga	P-3 Cluster C
91	Omee Joshi	Branch Manager	Pepsicola	P-3 Cluster C
92	Bikram Prajapati	Branch Manager	Salleri	P-3 Cluster C

## LIST OF BRANCH MANAGER

S.N	NAME	DESIGNATION	BRANCH	PROVINCE
93	Prabindra Bir Bajracharya	Branch Manager	Sunkoshi	P-3 Cluster C
94	Mukesh Thapa	Branch Manager	Suryabinayak	P-3 Cluster C
95	Sushil Kumar Shrestha 1	Branch Manager	Tatopani	P-3 Cluster C
96	Deepak Niroula	Branch Manager	Benighat	P-3 Cluster D
97	Sujan Kumar Bista	Branch Manager	Gajuri	P-3 Cluster D
98	Kamal Raj Poudel	Branch Manager	Hakim Chowk	P-3 Cluster D
99	Roshan Dhakal	Branch Manager	Hetauda	P-3 Cluster D
100	Shobha Shrestha	Branch Manager	Ichhakamana	P-3 Cluster D
101	Bishal Khanal	Branch Manager	Kalika	P-3 Cluster D
102	Hem Prasad Itani	Branch Manager	Kawaswoti	P-3 Cluster D
103	Raghav Raj Joshi	Branch Manager	Narayangadh	P-3 Cluster D
104	Ram Krishna Tiwari	Branch Manager	Parsa	P-3 Cluster D
105	Sunil Shrestha	Branch Manager	Salyantar	P-3 Cluster D
106	Subash Khadka	Branch Manager	Simle	P-3 Cluster D
107	Ananda Adhikari	Branch Manager	Tandi	P-3 Cluster D
108	Vickey Narayan Shrestha	Branch Manager	Timure	P-3 Cluster D
109	Sameer Shrestha	Officiating Branch Manager	Trishuli	P-3 Cluster D
110	Saroj Pokharel	Branch Manager	Amar Singh	P-4 Cluster A
111	Ujjwal Ghimire	Branch Manager	Bagar	P-4 Cluster A
112	Manoj Raj Ghimire	Branch Manager	Birauta	P-4 Cluster A
113	Suresh Kunwar	Branch Manager	Hemja	P-4 Cluster A
114	Sailesh Rayamajhi	Branch Manager	Lakeside	P-4 Cluster A
115	Rajesh Devkota	Branch Manager	Lamachaur	P-4 Cluster A
116	Bhanu Bhakta Adhikari	Branch Manager	Lekhnath	P-4 Cluster A
117	Prakash Giri	Branch Manager	Nayabazar Pokhara	P-4 Cluster A
118	Birendra KC	Branch Manager	New Road Pokhara	P-4 Cluster A
119	Shalikram Pahari	Branch Manager	Parsyang	P-4 Cluster A
120	Sudeep Mahato	Branch Manager	Aanbukhareni	P-4 Cluster B
121	Ramesh Khadka	Branch Manager	Baglung	P-4 Cluster B
122	Man Prasad Sharma	Branch Manager	Beni	P-4 Cluster B
123	Nanda Kumar Shrestha	Branch Manager	Besisahar	P-4 Cluster B
124	Jhalak Prasad Pokhrel	Officiating Branch Manager	Bhimad	P-4 Cluster B
125	Maheshwor Dawadi	Branch Manager	Damauli	P-4 Cluster B
126	Surya Tripathi	Branch Manager	Dulegauda	P-4 Cluster B
127	Krishma Shrestha	Branch Manager	Jomsom	P-4 Cluster B
128	Santosh Kumar K.C.	Branch Manager	Kushma	P-4 Cluster B
129	Shri Kanta Pantha	Branch Manager	Madi	P-4 Cluster B
130	Som Bahadur Gurung	Branch Manager	Putalibazar	P-4 Cluster B
131	Suman Pantha	Branch Manager	Sikles	P-4 Cluster B
132	Khyam Narayan Kafle	Branch Manager	Waling	P-4 Cluster B
133	Bhabishwar Dumre	Branch Manager	Bardaghat	P-5 Cluster A
134	Hem Bahadur Lama	Branch Manager	Bhairahawa	P-5 Cluster A
135	Amit Bhatta	Branch Manager	Butwal	P-5 Cluster A
136	Dinesh Pandey	Branch Manager	Chandrauta	P-5 Cluster A
137	Barsha Khanal	Branch Manager	Lumbini	P-5 Cluster A
138	Ramesh Aryal	Branch Manager	Manigram	P-5 Cluster A



## LIST OF BRANCH MANAGER

S.N	NAME	DESIGNATION	BRANCH	PROVINCE
139	Binod Thapa	Branch Manager	Palpa	P-5 Cluster A
140	Deepesh Kumar Karn	Branch Manager	Parasi	P-5 Cluster A
141	Sangharsh Regmi	Branch Manager	Taulihawa	P-5 Cluster A
142	Deb Bahadur K. C.	Branch Manager	Ghorahi	P-5 Cluster B
143	Man Bahadur Saud	Branch Manager	Guleriya	P-5 Cluster B
144	Deepak Khadka	Branch Manager	Kohalpur	P-5 Cluster B
145	Dinesh Bohora	Branch Manager	Lamahi	P-5 Cluster B
146	Niraj Giri	Branch Manager	Nepalgunj	P-5 Cluster B
147	Sharad Gautam	Branch Manager	Thakurdwara	P-5 Cluster B
148	Dipendra Neupane	Branch Manager	Tulsipur	P-5 Cluster B
149	Puja Amatya	Branch Manager	Birendranagar	P-6
150	Krishna Chalise	Branch Manager	Dolpa	P-6
151	Madan Mohan Rimal	Branch Manager	Jumla	P-6
152	Basant Shah	Branch Manager	Khatyad	P-6
153	Lalit Singh Bhat	Branch Manager	Salyan	P-6
154	Maresh Chand	Officiating Branch Manager	Api	P-7
155	Mukund Prasad Joshi	Branch Manager	Attariya	P-7
156	Basant Damai	Branch Manager	Binayak	P-7
157	Narendra Bahadur Bohara	Branch Manager	Dadeldhura	P-7
158	Shiv Raj Pathak	Branch Manager	Dhangadhi	P-7
159	Deergh Singh Kathayat	Branch Manager	IBRD	P-7
160	Manoj Ojha	Branch Manager	Khalanga	P-7
161	Bhupendra Ghimire	Branch Manager	Lamki	P-7
162	Puja Kumari Bist	Officiating Branch Manager	Mahendranagar	P-7
163	Nabin Singh Rokaya	Branch Manager	Malikarjun	P-7
164	Jayanti Joshi	Officiating Branch Manager	Rajpur	P-7
165	Min Raj Bhatta	Branch Manager	Vyas	P-7

# BRANCH NETWORK

## KOSHI PROVINCE

### BARADASHI BRANCH

Baradashi Rural Municipality, Jhapa

### BHOJPUR BRANCH

Main Bazar, Bhojpur Municipality-7, Bhojpur  
+977-29-420280, 420357

### BIRATCHOWK BRANCH

Indrapur, Biratchowk, Morang  
+977-21547430, 21548230

### BIRATNAGAR BRANCH

Jaljala Chowk, Biratnagar, Morang  
+977-21-450412, 9852683262

### BIRTAMOD BRANCH

Bhadrapur Line, Birtamod Municipality-4, Jhapa  
+977-23-531600, 534001, 9852680990

### CHAKRAGHATTI BRANCH

Munal Chowk, Barahachhetra Municipality-6, Sunsari  
+977-25-551102, 551103, 9842046120

### CHANDRAGADHI BRANCH

Charali Road, Chandragadhi, Bhadrapur-10, Jhapa  
+977-23-453570, 9810326037

### DAMAK BRANCH

Beldangi Road, Damak, Damak Municipality-6, Jhapa  
+977-023-574963, 574964, 9844625664

### DHANKUTA BRANCH

Dhankuta Bazar, Dhankuta  
+977-026-523437, 523438, 9851245718

### DHARAN BRANCH

College Road, Dharan Sub-Metropolitan City-12, Sunsari  
977-025-578895, 538796, 538797, 9851200011

### GAIGHAT BRANCH

D.M. Gate, Gaighat, Triyuga-11, Udaypur  
+977-35-421090, 421091, 9849029890

### HALESI BRANCH

Halesi Tuwachung Municipality, Khotang  
+977-36-410094, 9851115830

### HILE BRANCH

Hile Bazar, Dhankuta  
+977-26- 540554, 9842072607

### ILAM BRANCH

Ilam Bazar, Ilam  
+977-27-521710, 9842409803

### INARUWA BRANCH

Inaruwa, Sunsari, Koshi  
+977-025-565542, 565543, 9852639317

### ITAHARI BRANCH

Purba line, Itahari Sub-Metropolitan City-6, Sunsari  
+977-25-586881, 9841539549

### JAHADA BRANCH

Laxminia Chowk, Jahada Rural Municipality-5, Morang  
9849033517

### KAKADVITTA BRANCH

Suryodaya Marg, Kakadvitta, Jhapa  
+977-23-566411, 566953, 9852025773

### KANCHANBARI BRANCH

Kanchanbari Chowk, Biratnagar-3, Morang  
+977-21-461823, 9849151769

### KATARI BRANCH

Katari Municipality, Ward No-03, Udaypur  
+977-35-450568, 9851071841

### OKHALDHUNGA BRANCH

Okhaldhunga  
9810058171

### PHIDIM BRANCH

Mainrod, Limbuwan Gate, Phidim-1, Panchthar  
+977-24-522526, 9844620100

### SALLERI BRANCH

Salleri Bazar, Dudhkunda Municipality-5, Solukhumbu  
+977-38-520465, 9841745446

### SUNKOSHI BRANCH

Mulkharka, Sunkoshi-5, Okhaldhunga  
+977-9741461090, 9841647500

### SURUNGA BRANCH

Surunga, Kankai Municipality-3, Jhapa  
+977-23-552664, 552665, 9852051164

### TANKISINWARI BRANCH

Gangachowk, Tankisinwari, Budhiganga-2, Morang  
+977-21-420442, 9851231229

### TAPLEJUNG BRANCH

Birendra Chowk, Phungling Municipality-5, Taplejung  
+977-24-460517, 9851079969

### TYAMKE MAIYUM BRANCH

Annapurna, Tyamke Maiyum-3, Bhojpur

### URLABARI BRANCH

Urlabari Municipality-1, Morang  
+977-21- 543243, 543343

## MADESH

### AADARSHANAGAR BRANCH

Birgunj Metropolitan City, Ward No. 06, Parsa  
+977-051-591198, 051-591998

### BARDIBAS BRANCH

Bardibas  
+977-44-550731, 550732

### BIRGUNJ BRANCH

Link Road, Ghantaghar, Birgunj, Parsa  
+977-51-524828

### BRINDABAN BRANCH

Brindaban Rural Municipality, Rautahat  
+977-61-620039

### CHANDRAPUR BRANCH

Chandrapur Chowk, Chandrapur-4, Rautahat  
+977-55-540439

### DHALKEBAR BRANCH

Mr. Apurva Rauniyar  
Dhalkebar, Mithila Municipality-6, Dhanusha  
+977-041-560250, 560251

### GANESHMAN CHARNATH BRANCH

Birendrabazar, Dhanusha  
977-041-427051

### GAUR BRANCH

Gaur Municipality-05, Rautahat  
+977-55-520670, 520675

### GOLBAZAR BRANCH

Golbazar municipality, Siraha  
+977-33-540530, 540531, 540532

### HARIWON BRANCH

Hariwon Municipality "11, Sarlahi  
+977-46-530048

### JANAKPUR BRANCH

Mills Area Road, Janakpurdham-1, Dhanusha  
+977-41-590801, 590802

### KALAIYA BRANCH

Kalaiya, Kalaiya Sub Metropolitan-1, Bara  
+977-53-550559, 550560,

### KALYANPUR BRANCH

Kalyanpur, Siraha  
+977-33-403065

### KANCHANRUP BRANCH

Kanchanrup Barrier, Kanchanrup-8, Saptari  
+977-31-560338, 560339

### KARJANHA BRANCH

Phul Kumari Mahato Memorial Hospital, Karjanha, Siraha  
+977-33-411019

### LAHAN BRANCH

Hulak Chowk, Lahan, Siraha  
+977-33-562258, 562259  
gyanendra.goshwami@mbl.com.np

### MR. SHESH RAJ POKHREL

Lalbandi Bazar, Lalbandi Municipality-7, Sarlahi  
+977-46-501551, 501561

### MAHULI BRANCH

Mr. Niraj Acharya  
Krishnasawaran Rural Municipality, Saptari  
+977-31-411235, 411236

### MALANGWA BRANCH

Mr. Rajesh Kumar Chaudhary  
Malangawa Municipality-08, Sarlahi  
+977-46-521278, 521279

**MATIHANI BRANCH**

Matihani Bazar, Mahottari  
+977-44-540078

**PARMANAND YADAV**

Katari Chowk, Mirchaiya Municipality-6, Siraha  
+977-33-550626

**NAGARAIN BRANCH**

Phulgama, Nagarain Municipality-4, Dhanusha  
+977-1-6201558

**NIJGADH BRANCH**

Nijgadh Municipality-09, Bara  
+977-53-540247

**RAJBIRAJ BRANCH**

Neta Chowk, Rajbiraj, Saptari  
+977-31-532466

**SAKHUWA MAHENDRANAGAR  
BRANCH**

Hanuman Chok, Chhireswornath-5, Dhanusha  
+977-41-540094

**SIMARA BRANCH**

Jitpur, Simara Sub-Metropolitan-2, Bara  
+977-53-521249, 521349

**SIRAHA**

033-520363, 520263

**BAGMATI****BALAJU BRANCH**

Balaju Chowk, Ringroad, Kathmandu-16  
+977-1-4981729, 4981917

**BALUWATAR BRANCH**

Baluwatar, Kathmandu  
+977-1-4431815, 4434745

**BANEPA BRANCH**

Banepa, Kavrepalanchowk  
+977-11-663553

**BATTISPUTALI BRANCH**

Battisputali, Kathmandu Metropolitan City-9  
+977-1-4496909, 4496900

**BENIGHAT BRANCH**

Benighat, Benighat Rorang-3, Dhading  
+977-10-416141, 416140

**BOUDDHA BRANCH**

Bouddha, Kathmandu  
+977-01-4915425

**BUDHANILKANTHA BRANCH**

Budhanilkantha, Budhanilkantha Municipality-4  
+977-1-4370077, 4370096

**CHABAHIL BRANCH**

Chabahil, Kathmandu  
+977-01-4560005, 4561953

**CHAPAGAUN BRANCH**

Pyangaun Bus Park, Chapagaun, Lalitpur  
01-5265452

**DALLU BRANCH**

Siddhartha Chowk, Dallu, Kathmandu-15  
+977-1-4281952, 4280813

**DURBARMARG BRANCH**

1 Durbar Mall, Durbarmarg, Kathmandu, Nepal  
+977-1- 5360988/5360989

**GAJURI BRANCH**

Gajuri Bazar, Gajuri Rural Municipality-1, Dhading  
+977-10-402077, 402078

**GONGABU BRANCH**

Samakhushi, Gongabu, Kathmandu  
+977-01-14989170, 4989171, 4989172

**HAKIM CHOWK BRANCH**

Hakim Chowk, Bharatpur, Chitwan  
+977-56- 590976, 590978

**HETAUDA BRANCH**

Ajar Amar Marg, Hetauda-04, Makwanpur  
+977-57-527067, 527030

**ICHHAKAMANA BRANCH**

Kurintar, Ichhakamana Rural Municipality-4, Chitwan  
+977-56-410116

**KALANKI BRANCH**

Kalanki, Kathmandu Metropolitan City-14  
+977-1-5225052, 5225211

**KALIKA BRANCH**

Kalika Municipality, Chitwan  
+977-56-413146, 413147

**KAMALBINAYAK BRANCH**

Kamalbinayak, Bhaktapur  
+977-1-6620120, 6620220

**KAPAN BRANCH**

Kapan, Budanilkantha Municipality-10, Kathmandu  
+977-1-4813116, 117

**KAUSHALTAR BRANCH**

Ms. Rojee KC (Khatri)  
Kaushaltar, Madhyapur Thimi-03, Bhaktapur  
+977-1-5900087, 5900089

**KHUSIBU BRANCH**

Sorakhutte, Khusibu Kathmandu-16  
+977-1-4383922

**KIRTIPUR BRANCH**

Kirtipur, Kirtipur Municipality-9  
+977-1-5907028

**KOTESHWOR BRANCH**

Koteshwor, Kathmandu  
+977-1-5199693, 5199716

**KULESHWOR BRANCH**

Kuleshwor, Kathmandu  
+977-01-5386316, 5386422

**KUMARIPATI BRANCH**

Kumaripati, Lalitpur  
+977-1-5425087, 5426302,

**LALITPUR (GWARKO) BRANCH**

Gwarko, Lalitpur  
+977-1-5203333

**LAZIMPAT BRANCH**

Ms. Mohini Pradhan  
Lazimpat, Kathmandu  
+977-1-4528556

**MAHARAJGUNJ BRANCH**

Maharajgunj, Kathmandu Metropolitan City-3  
+977-4376763, 4378021

**NAGARKOT BRANCH**

Bhaktapur, Changunarayan Municipality-06  
+977-1-6680226, 6680227

**NARAYANGADH BRANCH**

Sahid Chowk, Bharatpur Metropolitan City-3,  
Chitwan  
+977-56-598223, 598224

**NARAYANTAR BRANCH**

Boudha Road, Gokarneshwor  
014913245

**NAXAL BRANCH**

Narayanchaur, Naxal, Kathmandu  
+977-1-4533853, 4535833, 4544620

**NAYA THIMI BRANCH**

Naya Thimi, Bhaktapur  
+977- 1-5639612, 5639639

**NEW BANESHWOR BRANCH**

New Baneshwor, Kathmandu  
+977-1-4792183, 4792858

**NEWROAD BRANCH**

New Road, Kathmandu  
+977-1-4223115, 4839490, 4230726

**PARSA BRANCH**

Parsa, Khairahani Municipality-8, Chitwan  
+977-56-582612, 582610

**PEPSICOLA BRANCH**

Mr. Omeo Joshi  
Purano Sinamangal, Pepsicola, Kathmandu  
+977-1-5156182, 5156083

**PULCHWOK BRANCH**

Prasiddhi Tower, Pulchowk, Lalitpur  
+977-1-5535681

**PUTALISADAK BRANCH**

Putalisadak, Kathmandu  
+977-01-4443681, 4418544, 4416045

**SALYANTAR BRANCH**

Tripurasundari Ga.Pa-01, Kholasi Chowk, Salyantar  
+977-10-421058, 421059

**SATDOBATO BRANCH**

Satdobato, Lalitpur  
+977-01-5914981, 5913180

#### SATUNGAL BRANCH

Satungal, Chandragiri Municipality-11, Kathmandu  
+977-1-4315171,4315172

#### SIMLE BRANCH

Simle Bazar, Thakre Rural Municipality, Ward No. 02  
010-417084

#### SURYABINAYAK BRANCH

Pandu Bazaar, Suryabinayak Municipality-6, Bhaktapur  
+977-1-5708040, 5708041

#### SWOYAMBHU BRANCH

Swoyambhu Chowk (Ringroad), Kathmandu  
+977-1-5247219, 5247222

#### TANDI BRANCH

Tandi, Ratnanagar-1, Chitwan  
+977-56-562158

#### TATOPANI BRANCH

Khokundole, Tatopani, Bhotekoshi -04  
+977-11-480007, 480003

#### THAMEL BRANCH

Narsingha Chowk, Thamel, Kathmandu-26  
+977-1-5906030, 5906031

#### THAPATHALI BRANCH

Thapathali (Singha Tole), Kathmandu-11  
+977-1-4233182

#### TIMURE BRANCH

Timure, Gosainkunda Rural Municipality, Rasuwa  
+977-010-543115

#### TRISHULI BRANCH

Bataar Bazaar, Bidur Municipality-04, Nuwakot  
+977-10-560505

### GANDAKI

#### AANBU KHAIRENI BRANCH

Aanbu Khairani, Tanahun  
+977-65-540345, 540344

#### AMAR SINGH BRANCH

Amarsingh Chowk, Pokhara, Kaski  
+977-61-434192, 434193

#### BAGAR BRANCH

Bagar, Pokhara, Kaski  
+977-61-541226

#### BAGLUNG BRANCH

Baglung Bazar, Baglung  
+977-68-522673

#### BENI BRANCH

Campus Chowk, Beni Bazar, Myagdi  
+977-69-520964

#### BESISAHAR BRANCH

Malpot Chowk Fulbari, Besisahar-8, Lamjung  
+977-66-521452, 521451

#### BHIMAD BRANCH

Bhimad, Tanahun  
+977-65-572441

#### BIRAUTA BRANCH

Birauta, Pokhara Metropolitan City-17, Kaski  
+977-61458054, 61458055

#### DAMAULI BRANCH

Mahersichowk, Damauli, Tanahun  
977-65-563500, 563502, 563503, 563614, 565244

#### DULEGAUDA BRANCH

Dulegauda, Shuklagandaki Municipality-4, Tanahun  
+977-65-414270

#### HEMJA BRANCH

Hemja, Milanchowk, Pokhara-25, Kaski  
+977-61-400565, 400572

#### JOMSOM BRANCH

Putthang Airport, Marpha, Jomsom  
+977-69-440098

#### KAWASOTI BRANCH

Sabhapati chowk, Kawasoti-8, Nawalpur  
+977-78-540941

#### KUSHMA BRANCH

Kushma Municipality-4, Parbat  
+977-67-420836, 420869

#### LAKE SIDE BRANCH

Halanchowk, Pokhara Metropolitan City-6, Kaski  
+977-061-453200/ 453500,

#### LAMACHAUR BRANCH

Lamachaur, Pokhara Metropolitan City -19, Kaski  
+977-061-444799, 061-445313

#### LEKHNATH BRANCH

Arghachowk, Lekhnath, Pokhara-27, Kaski  
+977-61-561717

#### MADI BRANCH

Madi Rural Municipality, Kaski  
+977-61-506408

#### NAYA BAZAR BRANCH

Naya Bazar, Pokhara  
+977-061-580500, 580800, 580900, 581800, 582868, 582869, 584358, 543049

#### NEW ROAD POKHARA BRANCH

Newroad, Pokhara, Kaski  
+977-61-584357, 588479, 588480, 589945

#### PARSYANG BRANCH

Malepatan, Parsyang, Pokhara-5, Kaski  
+977-61-419574, 419575

#### POTALIBAZAR BRANCH

Hulak Marga, Potalibazar Municipality-1, Syangja  
+977-063-425222, 425223, 425224

#### SIKLES BRANCH

Madi Municipality-01  
+977-61-413094

#### WALING BRANCH

Naya Bazar, Waling, Syangja  
977- 063-441311, 441572

#### BARDAGHAT BRANCH

Shivanagar Colony, Bardaghat-4, Nawalparasi  
+977-78-590965, 590966

#### BHAIRAHAWA BRANCH

Devkota Chowk – Siddharthanagar-12, Rupandehi  
(Opposite to NRB Bhairahawa)  
+977- 71574642,71574643,71575901

#### BUTWAL BRANCH

Ram Mandir Path, Butwal, Rupandehi  
+977-071-535765, 535766, 535776, 535789

#### CHANDRAUTA BRANCH

Chandrauta, Shivaraj Municipality-5, Kapilvastu  
+977-76-540555, 540640

#### GHORAH BRANCH

Sahid Umesh Marg, Ghorahi-15, Dang  
+977-82-562372

#### GULARIYA BRANCH

Mr. Man Bahadur Saud  
Radhakrishna Tole, Gulariya Municipality-6, Bardiya  
+977-84-420501, 420512

#### KOHALPUR BRANCH

New Road, Kohalpur Municipality-11, Banke  
+977-81-541066, 541067

#### LAMAHI BRANCH

Deupur Road, Lamahi Municipality-5, Dang  
+977-82-540870, 540875

#### LUMBINI BRANCH

Lumbini Sanskritik-6, Rupandehi, Nepal  
+977-71-404085

#### MANIGRAM BRANCH

Mr. Ramesh Aryal  
Manigram, Tilottama Municipality-5, Rupandehi  
+977-71-561340

#### NEPALGUNJ BRANCH

Karkando, Nepalgunj Sub-Metropolitan City-18, Banke  
+977- 081- 531004, 531005, 531006

#### PALPA BRANCH

Silkhan Tole, Tansen Municipality-4, Palpa  
+977-75-522739

#### PARASI BRANCH

Maheshpur Chowk, Ramgram-5, Nawalparasi  
+977-78-520437

#### TAULIHAWA BRANCH

Taulihawa municipality, Kapilvastu  
+977-76-560462,9857042567

#### THAKURDWARA BRANCH

Thakurdwara, Thakurbaba Municipality-09, Bardiya  
+977-84-402098

#### TULSIPUR BRANCH

BP Chowk, Tulsipur Sub-Metropolitan City-5, Dang  
+977-82-590162

## KARNALI

### DOLPA BRANCH

Tripurasundari Municipality, Dolpa  
+977-1-6201557

### JUMLA BRANCH

Chandannath Municipality, Ward No-05, Jumla  
+977-87-520500, 520600

### KHATYAD BRANCH

Khatyad Municipality, Mugu

### SALYAN BRANCH

Shreenagar, Sharada Municipality-1, Salyan  
+977-88-400045

### SURKHET BRANCH

Birendranagar, Surkhet  
+977-83-523061, 523063

## SUDURPASCHIM

### API HIMAL BRANCH

Khandeshwori, ApiHimal Gaunpalika-4, Darchula

### ATTARIYA BRANCH

Attariya, Godawari Municipality-1, Kailali  
+977-91-550431

### BINAYAK BRANCH

Binayak Bazar, Panchadewal Binayak-3, Achham  
+977-97-500037

### DADELDHURA BRANCH

Amargadi Municipality, Ward No-05, Dadel dhura  
+977-96-420960

### DHANGADHI BRANCH

Chauraha Road, Dhangadi  
+977-91-520556, 520596

### IBRD BRANCH

IBRD, Kanchanpur  
+977-99-420082, 420087, 9811670700

### KHALANGA BRANCH

Tinkarkheda, Khalanga, Mahakali-4, Darchula  
+977-93-420348

### LAMKI BRANCH

Lamkichuha Municipality-1, Kailali  
+977-91-540565, 540566

### MAHENDRANAGAR BRANCH

Mahendranagar, Kanchanpur  
+977-99-521373, 522314

### MALIKARJUN BRANCH

Malikarjun Rural Municipality, Darchula  
9860618034

### RAJPUR BRANCH

Dhangadhi

### VYAS BRANCH

Sunsera, Vyas Gaunpalika-4, Darchula



## A GLIMPSE OF FINANCIAL LITERACY PROGRAMS

### PROGRAMS ORGANIZED BY VARIOUS BRANCH OFFICES





## A GLIMPSE OF CORPORATE SOCIAL RESPONSIBILITY PROGRAMS



*Toilet handover program constructed in Sri Shaileshwari Higher Secondary School premises, Kailali District, Godavari District, Ward No. 06, Sudurpaschim Province*



*Warm clothes distribution program organized by various branch offices during winter season*



*Wheelchair distribution program for differently abled people.*



*Support given to various orphanages*



## A GLIMPSE OF CORPORATE SOCIAL RESPONSIBILITY PROGRAMS



As part of its corporate social responsibility, the bank has established a drinking water facility at Shree Tribhuvan Public Secondary School located in Salyan Salyan district.





## A GLIMPSE OF THE BANK'S 25TH ANNUAL GENERAL MEETING





## GLIMPSES OF VARIOUS PROGRAMS ORGANIZED ON THE OCCASION OF THE 23RD ANNIVERSARY OF THE BANK





**GLIMPSES OF MBL ASSEMBLY 2080-81  
ORGANIZED BY THE BANK ANNUALLY**





## GLIMPSES OF MBL ASSEMBLY 2080-81 ORGANIZED BY THE BANK ANNUALLY





**MBL SPORTS DAY PROGRAM ORGANIZED ON THE  
OCCASION OF THE 23RD ANNIVERSARY OF THE BANK**





**MBL SPORTS DAY PROGRAM ORGANIZED ON THE  
OCCASION OF THE 23RD ANNIVERSARY OF THE BANK**



# PROFILE OF THE COMPANY

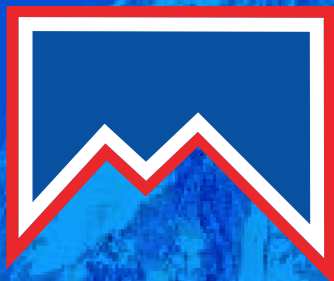
## MBL AT A GLANCE

### MACHHAPUCHCHHRE BANK LIMITED PUBLIC LIMITED COMPANY, LISTED WITH NEPAL STOCK EXCHANGE LIMITED

Scrip Code	MBL
Type of Business	Commercial Bank
Key business segments	<b>Small Medium Enterprise (SME) financing, Corporate financing, Consumer financing</b> including home loans, car loans & personal loans
Company registration number	678/054/55
Company PAN number	300225961
Date of incorporation	03 October 2000
Number of branches	159
<b>Address of Corporate Head Office</b>	MBL Tower, Lazimpat, Kathmandu
Telephone	+977-01-4428556
Facsimile	+977-01-4425356
Email address	machbank@mbbl.com.np
SWIFT Code	MBLNNPKA

### MACHHAPUCHCHHRE KRITI CAPITAL LIMITED SUBSTANTIALLY OWNED SUBSIDIARY OF MACHHAPUCHCHHRE BANK LIMITED

Type of Business	Merchant Banking
Date of incorporation	24 September 2018
Company registration number	175859/074/75
Number of Branches	1
<b>Head Office</b>	Sundhara, Kathmandu
Telephone	+977-01-4266285
Email address	mcl@machcapital.com.np



📍 MBL Tower, Lazimpat Kathmandu  
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🌐 [www.machbank.com](http://www.machbank.com)

