

बाह्रौ वार्षिक प्रतिवेदन २०७५/७६

Rs. in crore



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राजेन्द्र दास श्रेष्ठ
अध्यक्ष



उदय मोहन श्रेष्ठ
सञ्चालक



नरेन्द्र बज्राचार्य
सञ्चालक



गजेन्द्र विष्ट
सञ्चालक (सर्वसाधारण)



प्रा.डा. मंगला श्रेष्ठ
सञ्चालक (स्वतन्त्र)



प्रचण्डमान श्रेष्ठ
सञ्चालक (सर्वसाधारण)



मनोज पौडेल
सञ्चालक (सर्वसाधारण)



सन्तोष बराल
कम्पनी सचिव

विषय-सूची

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केन्द्रीय कार्यालय: कमलपोखरी, काठमाडौं
को

बाह्रौ वार्षिक साधारणसभा सम्बन्धी सूचना

मिति २०७६/०९/०३ (तदनुसार १९ डिसेम्बर, २०१९) गते बसेको संचालक समितिको ३८७ औं बैठकको निर्णयानुसार यस बैंकको बाह्रौ वार्षिक साधारणसभा निम्न लिखित मिति, स्थान र समयमा निम्न विषयहरू उपर छलफल तथा निर्णय गर्न बस्ने भएको हुँदा आदरणीय सम्पूर्ण शेयरधनी महानुभावहरूको उपस्थितिकोलागि अनुरोध गर्दछु ।

सभा हुने मिति, स्थान र समय:

सभा हुने मिति : २०७६/०९/२५ गते, शुक्रबार (तदनुसार १० जनवरी, २०२०) ।

स्थान : आर्मी अफिसर्स क्लब, सुनधारा, काठमाण्डौ ।

सभा शुरू हुने समय : बिहान १०:०० बजेदेखि ।

छलफलका विषयहरू :

(क) सामान्य प्रस्तावहरू :

१. आर्थिक वर्ष २०७५/७६ को संचालक समितिको प्रतिवेदन उपर छलफल गरी पारित गर्ने ।
२. लेखापरीक्षकको प्रतिवेदन सहित २०७६ आषाढ मसान्तको वासलात, मिति २०७५/०४/०१ देखि २०७६/०३/३१ सम्मको नाफा नोक्सान हिसाव र सोही अवधिको नगद प्रवाह लगायतका विवरणहरू उपर छलफल गरी स्वीकृत गर्ने ।
३. बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ६३ तथा कम्पनी ऐन, २०६३ को दफा १११ अनुसार आर्थिक वर्ष २०७६/७७ को लागि लेखापरीक्षण गर्न लेखापरीक्षण समितिले सिफारिस गरे बमोजिम लेखापरीक्षक नियुक्त गर्ने र निजको पारिश्रमिक अनुमोदन गर्ने । (बर्तमान लेखापरीक्षक श्री रज्जीब एण्ड एसोसियेट्स पूनः नियुक्त हुन नसक्ने)

(ख) विशेष प्रस्तावहरू :

- १) संचालक समितिले प्रस्ताव गरे बमोजिम बैंकको चुक्ता पूँजीको १६% (सोह प्रतिशत) (रु १,५४,९८,९६,२७२/-) बोनस शेयर जारी गर्ने ।
- २) यस बैंक तथा अन्य कुनै बैंक तथा वित्तीय संस्था एक आपसमा मर्ज हुने (गाभ्ने/गाभिने), प्राप्ति (एक्विजिशन) गर्ने सन्दर्भमा आवश्यक सम्पूर्ण प्रक्रिया अवलम्बन गरी एक आपसमा मर्ज (गाभ्ने/गाभिने), प्राप्ति (एक्विजिशन) गर्नकालागि संचालक समितिलाई सम्पूर्ण अख्तियार प्रदान गर्ने ।
- ३) प्राइम कमर्सियल बैंक लिमिटेडले कैलाश विकास बैंक लिमिटेडलाई प्राप्ति (एक्विजिशन) गर्ने सम्बन्धमा देहायका विशेष प्रस्तावहरू पारित गर्ने ।
 - क) प्राइम कमर्सियल बैंक लिमिटेडले कैलाश विकास बैंक लिमिटेडलाई प्राप्ति (एक्विजिशन) गर्ने सम्बन्धी विशेष प्रस्ताव पारित गर्ने ।
 - ख) प्राइम कमर्सियल बैंक लिमिटेडले कैलाश विकास बैंक लिमिटेडलाई प्राप्ति (एक्विजिशन) गर्ने प्रयोजनको लागि मुल्याङ्कन कर्ता श्री SAR Associates, चार्टर्ड एकाउन्टेन्ट्सले तयार गरेको कैलाश विकास बैंक लिमिटेडको चल/अचल सम्पत्ती तथा दायित्व मुल्याङ्कन प्रतिवेदन Due Diligence Audit (DDA) तथा अन्य सम्बद्ध ब्यवस्था समेतका आधारमा निर्धारण गरिएको कैलाश विकास बैंक लि. को शेयरको शेयर स्वाप अनुपात (Share Swap Ratio) पारित गरी प्राप्ति (एक्विजिशन) गर्ने कार्यलाई अन्तिम स्वीकृती प्रदान गर्ने विशेष प्रस्ताव पारित गर्ने ।
 - ग) प्राइम कमर्सियल बैंक लिमिटेडले कैलाश विकास बैंक लिमिटेड प्राप्ति (एक्विजिशन) गर्ने सम्बन्धमा गरिएको अन्तिम सहमती/सम्झौता पत्र (Scheme of Arrangement) तथा अन्य भए गरेका सम्झौताहरूको अनुमोदन गर्ने विशेष प्रस्ताव पारित गर्ने ।
 - घ) प्राइम कमर्सियल बैंक लिमिटेडले कैलाश विकास बैंक लिमिटेड प्राप्ति (एक्विजिशन) गर्ने प्रयोजनको लागि कैलाश विकास बैंक लिमिटेडको चल अचल सम्पत्ती तथा दायित्व मुल्याङ्कन प्रतिवेदन (Due Diligence Audit) (DDA) गर्नका लागि लेखापरिक्षक (मुल्याङ्कन कर्ता) को नियुक्ति तथा निजलाई प्रदान गरिएको पारिश्रमिक अनुमोदन गर्ने ।
 - ङ) प्राइम कमर्सियल बैंक लिमिटेडले कैलाश विकास बैंक लिमिटेडलाई प्राप्ति (एक्विजिशन) गर्ने प्रयोजनको लागि भएको सम्झौता बमोजिम सोको आवश्यक स्वीकृतीका लागि नियमनकारी निकायहरू (कम्पनी रजिष्ट्रारको कार्यालय, नेपाल राष्ट्र बैंक, नेपाल धितोपत्र बोर्ड आदि) मा निवेदन गर्न र प्राप्तिसँग सम्बन्धित प्रचलित कानून निर्देशनहरू बमोजिम अपनाउनु पर्ने तथा गर्नु पर्ने सम्पूर्ण आवश्यक कार्यहरू एवं प्रक्रियाहरू पुरा गरी अन्तिम स्वीकृती लिने तथा सो सम्बन्धमा नियमनकारी निकायहरूबाट निर्देशन गरे बमोजिमका कागजात तथा विवरणहरू तयार गर्ने, सो उपलब्ध गर्ने गराउने लगायतका कार्य गर्न गराउन बैंकको संचालक समितिलाई सम्पूर्ण अख्तियारी प्रदान गर्ने विशेष प्रस्ताव पारित गर्ने ।

- ४) निम्न बमोजिम बैंकको प्रवन्धपत्र तथा नियमावलीमा संशोधन/थप गर्ने
क) बैंकले बोनस शेयर जारी तथा कैलाश विकास बैंक लिमिटेडलाई प्राप्त पश्चात बैंकको जारी पूँजी तथा चुक्ता पूँजी बृद्धि हुने भएकाले प्रवन्ध पत्र को दफा ६(ख) र ६(ग) मा संशोधन गर्ने ।
ख) नियमावलीको नियम ३८(८) मा संचालक समितिको बैठक सम्बन्धी कार्यविधिमा थप संशोधन गर्ने ।
५) प्रबन्ध पत्र र नियमावलीमा भएको संशोधनमा नियमनकारी निकायहरू (कम्पनी रजिष्ट्रारको कार्यालय, नेपाल राष्ट्र बैंक, नेपाल धितोपत्र बोर्ड आदि) ले कुनै फेरवदल/संशोधन/परिमार्जन गर्न वा मिलाउन कुनै सुझाव वा निर्देशन दिएमा सोही अनुरूप आवश्यक समायोजन गर्न बैंकको संचालक समितिलाई अख्तियारी प्रदान गर्ने ।

(ग) विविध ।

आज्ञाले,
सन्तोष बराल
कम्पनी सचिव

साधारणसभा सम्बन्धी सामान्य जानकारीहरू :

- मिति २०७६ साल पौष १४ गतेका दिन एक दिन बैंकको शेयर दाखिल खारेज दर्ता बन्द (Bookclose) रहने छ । नेपाल स्टक एक्सचेंज लिमिटेडमा मिति २०७६ पौष १३ गते सम्म कारोबार भई नियमानुसार शेयर नामसारी भई कायम शेयरधनीहरूले मात्र साधारण सभामा भाग लिन पाउनेछन् ।
- सभा हुने दिन सभामा उपस्थितिका लागि हाजिर पुस्तिका बिहान ०९:३० बजे देखि दिउँसो १:०० बजे सम्म खुल्ला रहने छ । हाजिरी जनाउने ब्यबस्था गरिएको हुंदा शेयरधनी महानुभावले आफ्नो परिचय पत्र तथा शेयर प्रमाणपत्र वा हितग्राही खाताको विवरण (Demat Statement) अनिवार्य रूपमा प्रस्तुत गर्नु हुन अनुरोध छ ।
- प्रतिनिधि(प्रोक्सी) नियुक्त गर्न चाहने शेयरधनीहरूले प्रतिनिधि-पत्र (प्रोक्सी फाराम) भरी प्रतिनिधि नियुक्त गरी बैंकको केन्द्रीय कार्यालय, कमलपोखरीमा सभा शुरु हुनु भन्दा कम्तिमा ७२ घण्टा अगाडि दर्ता गरी सक्नु पर्नेछ ।
- “मैले यस अघि दिएको सबै प्रतिनिधि-पत्र (प्रोक्सी) बदर गरी यो प्रतिनिधि (प्रोक्सी) लाई मान्यता दिईयोस्” भनी छुट्टै पत्र लेखी पठाएको अवस्थामा अन्य सबै प्रतिनिधिहरू (प्रोक्सी) बदर भई सोही पत्रसाथ प्राप्त प्रतिनिधि-पत्र (प्रोक्सी) लाईमात्र मान्य हुनेछ । एकै शेयरधनीले एक भन्दा बढी व्यक्तिलाई कुनै किसिमबाट बिभाजन गरी वा नगरी प्रतिनिधि (प्रोक्सी) नियुक्त गरेको सक्कल दस्तखत भएमा त्यस्तो सबै प्रतिनिधि (प्रोक्सी) बदर हुनेछ ।
- सभामा भाग लिन प्रतिनिधि (प्रोक्सी) नियुक्त गरिसकेपछि सम्बन्धित शेयरधनी स्वयं सभामा उपस्थित हुन आएमा शेयरधनीले गरि दिएको प्रतिनिधि (प्रोक्सी) स्वतः बदर हुनेछ ।
- कुनै संगठित संस्था वा कम्पनीले शेयर खरिद गरेको हकमा त्यस्ता संगठित संस्था वा कम्पनीले मनोनित गरेको प्रतिनिधिले शेयरवालाको हैसियतले सभामा भाग लिन सक्नु हुनेछ ।
- छलफलका बिषय सूची मध्ये विविध शीर्षक अन्तर्गत छलफल गर्न ईच्छुक शेयरधनीले सभा हुनु भन्दा ७ (सात) दिन अगावै छलफलको बिषय कम्पनी सचिव मार्फत संचालक समितिको अध्यक्षलाई लिखित रूपमा जानकारी दिनु पर्नेछ ।
- साधारणसभा सम्बन्धी थप जानकारी तथा बैंकको आर्थिक वार्षिक विवरणलागि बैंकको केन्द्रीय कार्यालय, कमलपोखरी वा यस बैंकको शेयर रजिष्ट्रारको कार्य गर्ने सिभिल क्यापिटल मार्केट्स लि.मा सम्पर्क राख्नु हुन अनुरोध छ । साथै बैंकको वेबसाइट www.primebank.com.np मा समेत हेर्न र डाउनलोड गर्न सकिनेछ ।

प्रोक्सी फाराम

श्री संचालक समिति
प्राइम कमर्सियल बैंक लिमिटेड
कमलपोखरी, काठमाडौं ।

विषय : प्रतिनिधि नियुक्त गरेको वारे ।

महाशय,

.....जिल्लाम.न.पा./उ.म.न.पा./न.पा./गाउँपालिका वडा नं. बस्ने म/हामी
ले त्यस बैंकको संस्थापक/सर्वसाधारण शेयरधनीको हैसियतले मिति २०७६ साल पुष महिना २५ गते शक्रवारका दिन हुने बाह्रौं वार्षिक साधारण सभामा म/हामी स्वयम् उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएको हुनाले उक्त सभामा मेरो/ हाम्रो तर्फबाट भाग लिन तथा मतदान गर्नका लागि.....जिल्लाम.न.पा./उ.म.न.पा./न.पा./गाउँपालिका वडा नं. बस्ने श्री..... लाई मेरो/हाम्रो प्रतिनिधि नियुक्त गरी पठाएको छु/छौ ।

प्रतिनिधिको

दस्तखत :
नाम :
ठेगाना :
शेयरधनी नं. :
हितग्राही खाता नं. :
मिति :

निवेदकको

दस्तखत :
नाम :
ठेगाना :
शेयरधनी नं. :
हितग्राही खाता नं. :
शेयर संख्या :

.....
बैंकको छाप

.....
कम्पनी सचिवको दस्तखत

द्रष्टव्य : यो प्रोक्सी फाराम साधारण सभा हुनु भन्दा ७२ घण्टा अगावै बैंकको केन्द्रीय कार्यालय, कमलपोखरी, काठमाडौंमा दर्ता गरीसक्नु पर्नेछ ।



प्रवेश -पत्र

मिति: २०७६/०९/२५

शेयरधनीको नाम :
शेयर संख्या :
हितग्राही खाता नं.:
शेयरधनी नं.....

बाह्रौं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेश-पत्र ।

.....
शेयरधनीको दस्तखत

.....
कम्पनी सचिवको दस्तखत

द्रष्टव्य : उल्लेखित फाराम शेयरधनी आफैले भर्नुहोला । सभाकक्षमा प्रवेश गर्न यो प्रवेश पत्र प्रस्तुत गर्न अनिवार्य छ ।

**प्राइम कमर्सियल बैंक लिमिटेडको
बाह्रौं वार्षिक साधारण सभामा प्रस्तुत संचालक
समितिको अध्यक्षको आ.व. २०७५/७६को प्रतिवेदन**

आदरणीय शेयरधनी महानुभावहरू,

यस प्राइम कमर्सियल बैंक लिमिटेडको बाह्रौं वार्षिक साधारण सभामा उपस्थित सम्पूर्ण शेयरधनी एवं अतिथि महानुभावहरूलाई बैंकको संचालक समितिको तर्फबाट म हार्दिक स्वागत तथा अभिवादन गर्न चाहन्छु । बैंकिङ्ग सेवा मार्फत मुलुकको अर्थतन्त्रको दिगो विकास एवं आम जनताको जीवन स्तर माथि उकास्नका लागि सकारात्मक योगदान पुऱ्याउने उद्देश्यका साथ करिव बाह्र वर्ष अगाडी २१औं वाणिज्य बैंकको रूपमा स्थापना भएको यस बैंकले शेयरधनी, ग्राहकवर्ग, नियमन निकाय एवं अन्य शुभेच्छुकहरूको निरन्तर सहयोग एवं सद्भावबाट एक उत्कृष्ट वाणिज्य बैंकको रूपमा आफूलाई स्थापित गर्न बैंक सफल भएको छ । यहाँहरूको अमूल्य सल्लाह, सुभाष एवं हौसला आउँदो दिनहरूमा समेत निरन्तर रूपमा पाइरहने विश्वास व्यक्त गर्दछु ।

बिगत केहि वर्षबाट मुलुकको आर्थिक बृद्धिदरमा उत्साहजनक बृद्धि भई विभिन्न क्षेत्रहरूमा लगानीमा समेत बृद्धि भएता पनि बैंकिङ्ग क्षेत्रले तरलताको चरम अभावको सामना गर्नुपऱ्यो । यसले गर्दा बैंकिङ्ग क्षेत्रले कर्जाको माग अनुसार लगानी गर्न नसकेको कारणले समग्र बैंकिङ्ग क्षेत्रको निक्षेप एवं कर्जाको बृद्धिदरमा केही संकुचन आएको अवस्था छ । समग्र बैंकिङ्ग क्षेत्रको बृद्धिदरमा आएको संकुचनका कारणले तथा प्राप्ति पश्चात व्यवसाय बृद्धि गर्ने बैंकको रणनीति अनुसार समिक्षा वर्षमा बैंकले कर्जा लगानी तथा निक्षेप संकलनमा संयमित ढंगले बृद्धि गरेता पनि अन्य गैह्र कोषमा आधारित क्रियाकलापहरूलाई बैंकले आफ्नो आम्दानीको मुख्य स्रोतको रूपमा विकसित गर्ने नीति अवलम्बन गरेकोले यी क्रियाकलापहरूबाट समग्र बैंकको मुनाफामा बृद्धि हुनुका साथै शेयरधनीहरूको अपेक्षा अनुसार लाभांस वितरणमा समेतमा सकारात्मक योगदान पुगेको छ ।

आर्थिक वर्ष २०७५/७६ मा बैंकले गत वर्षको निक्षेप भन्दा ६.०९ प्रतिशतले बृद्धि गरी कुल रु ८६ अर्ब २५ करोड निक्षेप संकलन गर्न बैंक सफल भएको छ । साथै कर्जा प्रवाहमा समेत गत वर्ष भन्दा ७.२१ प्रतिशतले बृद्धि गरी कुल रु ७६ अर्ब २९ करोड कर्जा प्रवाह गरेको छ । बैंकले संचालन मुनाफामा समेत गत वर्ष भन्दा २९.८३ प्रतिशतले बृद्धि गरी कुल रु ३ अर्ब १४ करोड संचालन मुनाफा आर्जन गरेको छ । साथै बैंकले समिक्षा अवधिमा गत वर्ष भन्दा २७.३७ प्रतिशतले खुद मुनाफा बृद्धि गरी रु २ अर्ब १९ करोड आर्जन गरेको छ । बैंकले आ.व. २०७५/७६ मा आर्जन गरेको खुद मुनाफाबाट १६ प्रतिशत बोनश शेयर (रु १ अर्ब ५४ करोड ९८ लाख ९६ हजार २ सय ७२) लाभांस वितरण गर्ने प्रस्ताव समेत यस गरिमामय सभामा पेश गर्न चाहन्छु ।

नेपाल सरकारले आ.व. २०७६/७७ को बजेट मार्फत बैंक तथा वित्तीय संस्थाहरूको मर्जरलाई प्रोत्साहित गर्दै जाने नीति तर्जुमा गर्नुका साथै श्री नेपाल राष्ट्र बैंकले बैंक तथा वित्तीय संस्थाहरू बीचको मर्जर/प्राप्तिलाई प्रोत्साहित गर्ने नीतिलाई समेत दृष्टिगत गरी यस बैंकले विभिन्न बैंक तथा वित्तीय संस्थाहरूलाई मर्जर/प्राप्ति गर्ने रणनीति अन्तर्गत श्री कैलाश विकास बैंकलाई प्राप्ति गर्ने सम्बन्धमा मिति २०७६/०९/०३ मा अन्तिम सम्झौता भई यस सभाबाट अनुमोदन गर्ने प्रस्ताव पेश गरेका छौं । श्री कैलाश विकास बैंकलाई प्राप्ति गरी मिति २०७६/१०/१९ भित्र एकिकृत कारोवार गर्ने लक्ष्य लिइएको यस सभालाई जानकारी गराउन चाहन्छु ।

यस प्राप्ति पश्चात बैंकको चुक्ता पूँजी करिव रु १४ अर्ब एवं प्राथमिक पूँजी कोष रु १७ अर्ब ६० करोड पुग्नेछ र साथै बैंकको कुल शाखा संख्या १९९ पुग्नेछ । प्रदेश नं ४ का प्रतिष्ठित व्यवसायीहरूद्वारा प्रवर्द्धन गरिएको कैलाश विकास बैंकको काठमाडौं उपत्यका लगायत प्रदेश नं ४ मा राम्रो शाखा संजाल सहित अत्यन्त बलियो उपस्थिति रहेको कारणले प्राप्ति पश्चात बैंकको व्यवसाय बृद्धिमा ठूलो योगदान पुग्न जाने हामीले विश्वास लिएका छौं । यस संस्था प्राप्ति पश्चात बैंकको समग्र व्यवसायको आकार बृद्धि भई भविष्यमा बैंकका शेयरधनीहरूलाई आकर्षक प्रतिफल प्रदान गर्न बैंक सक्षम हुने हामीले विश्वास लिएका छौं ।

चालु आ.व.को पहिलो त्रैमासमा बैंकिङ्ग क्षेत्रमा देखिएको तरलताको समस्याको कारणले निक्षेप संकलन र कर्जा प्रवाहमा संयमित ढंगले बृद्धि गरिएता पनि बैंकको समग्र वित्तीय अवस्था अत्यन्त सन्तुलित र सन्तोषजनक रहेको छ । बैंकले चालु आ.व.को पहिलो त्रैमासको अन्त्य सम्ममा कुल रु ८८ अर्ब ९ करोड निक्षेप संकलन गरी रु ८२ अर्ब ८८ करोड कर्जा प्रवाह गरेको छ । बैंकले सोहि अवधिमा गत वर्ष भन्दा १३.३८ प्रतिशतले खुद मुनाफा बृद्धि गरी रु ६५ करोड ९७ लाख खुद मुनाफा आर्जन गरेको छ । चालु आ.व.मा बैंकले कैलाश विकास बैंकसँग संयुक्त कारोवार प्रारम्भ गरिसक्ने र सो पश्चात बैंकको शाखा संजालमा समेत बृद्धि हुन गई बैंकको समग्र व्यवसाय नयाँ उचाईमा पुग्ने हामीले विश्वास लिएका छौं ।

अन्त्यमा,

यस बैंकको प्रगतिमा प्रत्यक्ष एवं परोक्ष रूपले सहयोग पुऱ्याउनु हुने सम्पूर्ण शेयरधनी महानुभावहरू, ग्राहकवर्ग, नेपाल राष्ट्र बैंक, धितोपत्र बोर्ड, नेपाल स्टक एक्सचेन्ज, सिडिएस एण्ड क्लियरिङ लि., नेपाल सरकारका सम्बन्धित नियामन निकायहरू एवं अन्य

सरोकारवालाहरूलाई यस अवसरमा हार्दिक धन्यवाद ज्ञापन गर्न चाहन्छु । बैंकको उन्नति र प्रगतिमा निरन्तर लगनशीलताका साथ योगदान पुऱ्याउने बैंक व्यवस्थापन तथा कर्मचारीहरूलाई विशेष धन्यवाद दिन चाहन्छु । साथै बैंकको हरेक गतिविधिहरूलाई सकारात्मक ढंगले आम जनसमुदाय समक्ष सम्प्रेषण गरिदिने संचार जगत लगायत अन्य सम्पूर्ण शुभेच्छुकहरू प्रति हार्दिक आभार प्रकट गर्दछु ।

धन्यवाद ।

राजेन्द्र दास श्रेष्ठ
अध्यक्ष
संचालक समिति,
प्राइम कमर्सियल बैंक लिमिटेड

मिति: २०७६/०९/२५

**प्राइम कमर्सियल बैंक लिमिटेडको
बाह्रौं वार्षिक साधारण सभामा
संचालक समितिबाट प्रस्तुत आ.व. २०७५/७६ को प्रतिवेदन**

आदरणीय शेयरधनी महानुभावहरू,

यस प्राइम कमर्सियल बैंक लिमिटेडको बाह्रौं वार्षिक साधारण सभामा पाल्नु भएका सम्पूर्ण शेयरधनी एवं अतिथि महानुभावहरूमा यस बैंकको संचालक समिति हार्दिक स्वागत तथा अभिवादन गर्दछ । आर्थिक बर्ष २०७५/७६ मा बैंकले हासिल गरेको उपलब्धिहरू, बैंक संचालनमा देखिएका चुनौतिहरू एवं भविष्यमा बैंकले अस्त्रियार गर्ने रणनीति एवं दीर्घकालिन योजनाहरूको बारेमा यस प्रतिवेदनमा संक्षिप्त रूपमा प्रस्तुत गरिएको छ ।

(१) आर्थिक बर्ष २०७५/७६ मा बैंकको करोबारको सिंहावलोकन

आर्थिक बर्ष २०७४ देखि मुलुक लगातार उच्च आर्थिक वृद्धिको मार्गमा अगाडि बढेको छ । मुद्रास्फिति नियन्त्रणमा रहेको छ भने वित्तीय पहुँच विस्तार उत्साहप्रद रहेको छ । बाह्य क्षेत्र व्यवस्थापनमा भने केही दबाव उत्पन्न भएको छ । अन्तर्राष्ट्रिय व्यापारमा उत्पन्न तनाव, यूरोपियन यूनियनबाट वेलायत अलग हुने प्रक्रियामा देखिएको विलम्ब तथा चीनको अर्थतन्त्र विस्तारमा आएको संकुचनका कारण विश्व अर्थतन्त्रको विस्तार कमजोर रहने देखिन्छ ।

विगत केहि बर्षयता वित्तीय बजार स्थायित्वतर्फ उन्मुख भएको छ । निक्षेपको ब्याजदर स्थिर रहेको छ भने कर्जाको ब्याजदरमा केही कमी आएको छ । बैकिङ्ग क्षेत्रबाट थप ऋणपत्र निष्काशन भएका कारण धितोपत्र बजारमा उपकरणगत विविधीकरण प्रारम्भ भएको छ । समग्र शेयर बजार गतिविधि सामान्य रहेको अवस्था छ । आर्थिक बर्ष २०७५/७६ मा कूल गार्हस्थ्य उत्पादन वृद्धि, कृषि उत्पादनमा वृद्धि, उर्जा आपूर्तिमा सहजता, निर्माण कार्यमा तिव्रता, औद्योगिक उत्पादन विस्तार तथा पर्यटक आगमन बढेका कारण आर्थिक वृद्धि उच्च रहेको छ । उच्च आर्थिक वृद्धि दर, न्यून मुद्रास्फिति र शोधान्तर बचतको स्थितिले अर्थतन्त्रमा नयाँ आशाको संचार जगाएको छ । अनुकूल मौसम, पर्यटक आगमनमा वृद्धि तथा समग्र आपूर्ति व्यवस्थामा आएको सुधारका कारण अर्थतन्त्र सकारात्मक दिशामा अगाडि बढेको छ । देशको अर्थतन्त्रको प्रगति सँगै यस बैंकले पनि समीक्षा बर्षमा सन्तोषजनक प्रगति देखाएको छ ।

नेपाल राष्ट्र बैंकको निर्देशन अनुरूप यस बैंकले चुक्ता पूँजी बढाउने क्रममा बैंकले आर्थिक बर्ष २०७३/२०७४ मा दुई विकास बैंकहरू प्राप्त गरेको थियो । बैंकलाई अभै मजबुत बनाउने उद्देश्यले आफ्नो रणनीति अनुरूप चालु आर्थिक बर्षमा श्री कन्काई बिकास बैंकलाई प्राप्त गरिएको र श्री कैलाश बिकास बैंक लिमिटेडलाई प्राप्त गर्न अन्तिम सम्झौतामा हस्ताक्षर पनि भैसकेको छ ।

यस आर्थिक बर्षमा बैंकले आफ्नो प्राप्त मार्फत शाखा संचालन र ग्राहकआधार विस्तार गर्दै, सेवग्राहीहरूलाई थप प्रभावकारी बैकिङ्ग सेवा सुविधा प्रदान गरी नयाँ कार्यक्षेत्रमा व्यवसाय तथा लगानीको बृद्धिका साथै शेयरधनीहरूलाई प्रभावकारी प्रतिफल दिन सफल भएको छ । यस बैंकको काठमाण्डौं उपत्यका भित्र २४ तथा उपत्यका बाहिर ७३ गरी जम्मा ९७ वटा शाखा कार्यालय तथा ५४ वटा एटिएम पुगेका छन् ।

आर्थिक बर्ष २०७५/७६ को पहिलो त्रयमासपछि तरलतामा उतार चढावको स्थिति रहेतापनि पनि चौथो त्रयमाससम्म आईपुग्दा तरलताको स्थिति सामान्य रह्यो । आर्थिक बर्ष २०७५/७६ मा यस बैंकले निक्षेप संकलन, कर्जा प्रवाह एवं खुद मुनाफा आर्जनमा सन्तोषजनक प्रगति रहेको छ ।

आर्थिक बर्ष २०७५/७६को वित्तीय विवरण तयार पर्दा Nepal Financial Reporting Standards (NFRS) को मापदण्ड अनुरूप वित्तीय विवरणहरू प्रस्तुत गरिएको छ । गत बर्षको वित्तीय स्थितीको आधारमा तुलनात्मक प्रगति विवरण यस प्रकार रहेको छ ।

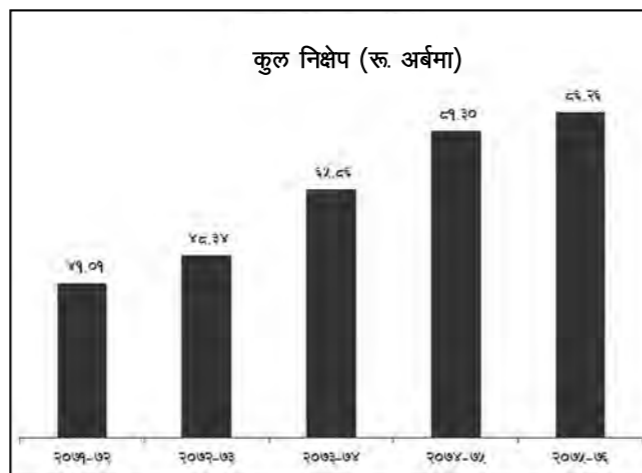
तुलनात्मक प्रगति विवरण

विवरण	आ.ब. २०७५/७६	आ.ब. २०७४/७५	बढी/ (घटी)	प्रतिशत
चुक्ता पूँजी*	९,३१८,६२६,७००	८,०३३,२९८,८७०	१,२८५,३२७,८३०	१६.००%
कूल सम्पत्ति	१०२,२५५,८२९,६२०	९५,०४३,९७९,०१७	७,२११,८५०,६०३	७.५९%
कूल निक्षेप	८६,२५७,८३७,६९७	८१,३०४,४७६,१८८	४,९५३,३६१,५०९	६.०९%
कूल कर्जा	७६,२९८,३९४,५८७	७१,९६७,७०४,९३०	४,३३०,६८९,६५७	७.२९%
कूल लगानी	१०,१४२,१५६,५१८	८,४२८,०८२,७९०	१,७१४,०७३,७२८	२०.३४%
खुद व्याज आम्दानी	३,५८४,६०७,१८७	२,६६५,९१५,४३७	९१८,६९१,७५०	३४.४६%
कर्मचारी खर्च	८८८,३३५,०६१	६३१,६४८,३८६	२५६,६८६,६७५	४०.६४%
अन्य संचालन खर्च	४३१,८६३,१७८	३४३,६६५,६४१	८८,१९७,५३७	२५.६६%
कूल संचालन खर्च	१,३२०,१९८,२३९	९७५,३१४,०२७	३४४,८८४,२१२	३५.३६%
संचालन मुनाफा	३,१४९,५१५,७०९	२,४२५,८३७,१०८	७२३,६७८,६०१	२९.८३%
खुद नाफा/(नोक्सान)	२,१९८,७९२,२४३	१,७२६,२४६,१०९	४७२,५४६,१३४	२७.३७%

*प्रस्तावित बोनस शेयर बाहेक (कन्काई बिकास बैंक लिमिटेडको प्राप्त पश्चात कायम रहेको शेयर संख्या १६,८६८,५१७ मा १६ प्रतिशत बोनस शेयर प्रस्तावित गरिएको ।)

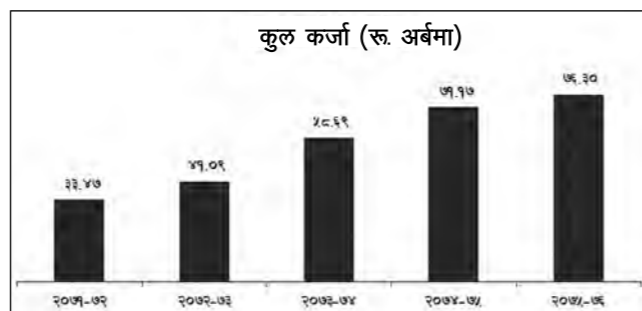
(क) निक्षेप संकलन

यस बैंकले गत आर्थिक वर्षको भन्दा रु. ४ अर्ब ९५ करोडले बृद्धि गरी आ. व. २०७५/७६ मा कूल निक्षेप रु. ८६ अर्ब २६ करोड संकलन गरेको छ । नेपाल राष्ट्र बैंकले तोके बमोजिम CCD ratio सजग रूपमा पालना गर्ने क्रममा बैंकले विभिन्न उच्चतम व्याज दरका निक्षेप योजनाहरू संचालनमा निरन्तरता दिएकोले औसत व्याजदर अघिल्लो आ.व. कै हाराहारीमा रहन पुगेको छ । साथै संस्थागत एवं ठूला निक्षेपको अंशलाई सीमामा राखी क्रमिक रूपले साना निक्षेपकर्ताहरूलाई प्रोत्साहन गर्दै यस बैंकले विभिन्न निक्षेपका योजनाहरू ल्याएको छ । बिगत पाँच वर्षको निक्षेप संकलन यस प्रकार रहेको छ ।



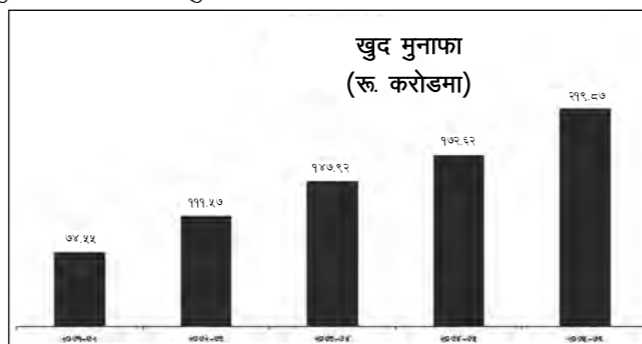
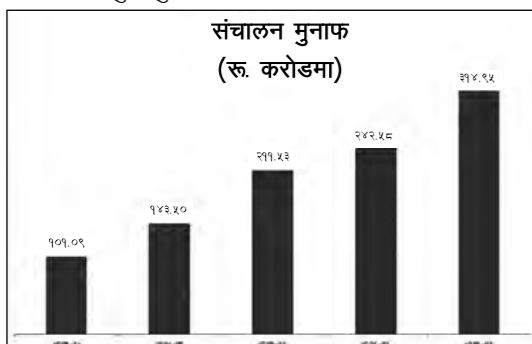
(ख) कर्जा प्रवाह

गत वर्षको तुलनामा यस आर्थिक वर्षमा बैंकले कर्जा प्रवाहमा ७.२१ प्रतिशतले बृद्धि गर्दै रु. ७६ अर्ब ३० करोड प्रवाह गरेको छ । मुलुकले उच्च प्राथमिकताका साथ महत्व दिइएको कृषि क्षेत्रमा व्यावसायिक कृषि खेती, पशुपालन तथा मत्स्यपालनमा लगानी बढाउने नीति अवलम्बन गरी सोही बमोजिम लगानीको पूर्वाधार तयार गरिरहेको छ । प्राथमिकता प्राप्त क्षेत्रमा नेपाल राष्ट्र बैंकले तोके बमोजिम बैंकले आफ्नो लगानी बिस्तार गर्दै आएको छ । बैंकले विगत पाँच वर्षहरूमा प्रवाह गरेको कर्जा निम्न बमोजिम रहेको छ ।



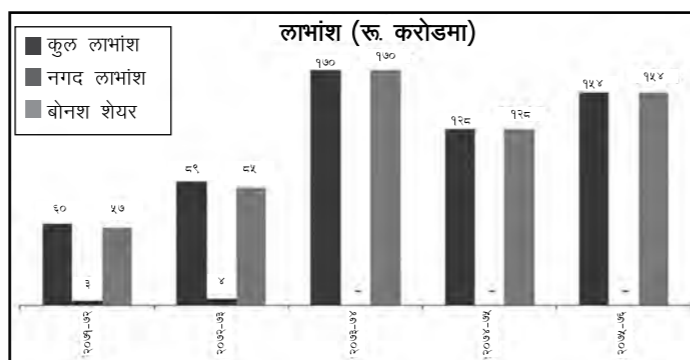
(ग) संचालन र खुद मुनाफा

यस आर्थिक वर्षमा सकारात्मक लगानी योग्य वातावरण सँगै यस बैंकको खुद व्याज आम्दानीमा पनि सुधार आएको छ । यस आर्थिक वर्षमा लगानीयोग्य तरतलामा संकुचन आएसँगै बैंकले अन्य गैरकोषमा आधारित आम्दानीमा जोड दिएको छ । तसर्थ, सटही घटबढ, कमिशन र अन्य संचालन आम्दानीमा राम्रो बृद्धि भएकोले आ.व. २०७५/७६ मा बैंकको संचालन एवं खुद मुनाफामा उल्लेख्य बृद्धि भएको छ । गत वर्ष बैंकले रु. २ अर्ब ४३ करोड सञ्चालन मुनाफा आर्जन गरेकोमा यस आ.व. मा संचालन मुनाफा रु. ३ अर्ब १५ करोड आर्जन गर्न बैंक सफल भएको छ । यसै गरी गत वर्ष खुद मुनाफा रु. १ अर्ब ७२ करोड रहेकोमा यस आ.व. मा खुद मुनाफा रु. २ अर्ब १९ करोड रहेको छ जुन अघिल्लो वर्षको तुलनामा २७.३७ प्रतिशतले बढि हो ।



(घ) लाभांश/बोनस शेयर

यस बैंकले आफ्ना लगानीकर्ताहरूलाई उच्चतम प्रतिफल प्रदान गर्न विशेष प्राथमिकता दिँदै आ.व. २०७५/७६ मा नेपाल राष्ट्र बैंकबाट स्वीकृत भए अनुसार असार मसान्तमा कायम रहेको यस बैंकको युक्ता पूँजी रु. ९,३१८,६२६,७००/- र कन्काई बिकास बैंक प्राप्ति पश्चात थप युक्ता पूँजी रु. ३६८,२२५,०००/- पछि कायम रहेको कूल पूँजी रु. ९,६८६,८५१,७०० को १६ प्रतिशतले रु. १,५४९,८९६,२७२/- बोनस शेयर वितरण गर्ने प्रस्ताव यस सभामा स्वीकृतिको लागि पेश गरिएको छ । आयकर ऐन २०५८ को दफा ४७ (क) बमोजिम मर्ज/प्राप्ति पश्चात गाभिएको अवस्थामा कायम रहेका शेयरधनीहरूलाई दुई बर्ष सम्म लाभांश कर नलाग्ने प्रावधान भएकोले कर प्रयोजनार्थ नगद लाभांश प्रस्ताव गरिएको छैन । प्राप्ति पश्चात् शेयर खरिद गर्ने शेयरधनीहरूको हकमा भने लाभांश कर लाग्नेछ यस प्रयोजनको लागि बोनस शेयर निष्काशन समयमा लाभांश कर संकलनको व्यवस्था गरिनेछ ।



(२) राष्ट्रिय/अन्तर्राष्ट्रिय अर्थतन्त्र

(क) विश्व अर्थतन्त्र

पछिल्लो समय विश्व अर्थतन्त्रको वृद्धिदरमा सुस्तता आएको छ । सन् २०१८ मा ३.६ प्रतिशत रहेको विश्व अर्थतन्त्रको वृद्धिदर सन् २०१९ मा ३.० प्रतिशत र २०२० मा ३.४ प्रतिशत रहने अन्तर्राष्ट्रिय मुद्रा कोषको प्रक्षेपण छ । सन् २०१८ मा २.३ प्रतिशतले वृद्धि भएको विकसित अर्थतन्त्र सन् २०१९ र सन् २०२० मा १.७ प्रतिशतले वृद्धि हुने कोषको प्रक्षेपण छ । यसैगरी, उदीयमान तथा विकासशील अर्थतन्त्र सन् २०१८ मा ४.५ प्रतिशतले वृद्धि भएकोमा सन् २०१९ मा ३.९ प्रतिशतले र सन् २०२० मा ४.६ प्रतिशतले वृद्धि हुने कोषको प्रक्षेपण छ । चीन र भारतको आर्थिक वृद्धिदर सन् २०१८ मा क्रमशः ६.६ प्रतिशत र ६.८ प्रतिशत रहेकोमा सन् २०१९ मा दुबै अर्थतन्त्रको वृद्धिदर ६.१ प्रतिशत रहने कोषको प्रक्षेपण छ । यसैगरी, सन् २०२० मा चीनको वृद्धिदर ५.८ प्रतिशत र भारतको ७.० प्रतिशत रहनेकोषको प्रक्षेपण छ । विकसित र उदीयमान तथा विकासशील मुलुकहरूको मुद्रास्फिति सन् २०१८ मा क्रमशः २.० प्रतिशत र ४.८ प्रतिशत रहेकोमा सन् २०१९ मा क्रमशः १.५ प्रतिशत र ४.७ प्रतिशत रहने कोषको प्रक्षेपण छ । सन् २०२० मा भने यी मुलुकहरूको मुद्रास्फिति क्रमशः १.८ प्रतिशत र ४.८ प्रतिशत रहने कोषको प्रक्षेपण छ । (स्रोत:आर्थिक वर्ष २०७६/७७ को मौद्रिक नीति)

(ख) राष्ट्रिय अर्थतन्त्र

आर्थिक वर्ष २०७५/७६ मा कूल गार्हस्थ्य उत्पादन वृद्धिदर ७.१ प्रतिशत रहेको केन्द्रीय तथ्याङ्क विभागको अनुमान छ । कृषि क्षेत्रको वृद्धि ५.० प्रतिशत, उद्योग क्षेत्रको ८.२ प्रतिशत तथा सेवा क्षेत्रको वृद्धि ७.३ प्रतिशत रहेको अनुमान छ । आर्थिक वर्ष २०७५/७६ मा कूल गार्हस्थ्य उत्पादनमा कृषि, उद्योग र सेवा क्षेत्रको अंश क्रमशः २७.० प्रतिशत, १५.२ प्रतिशत र ५७.८ प्रतिशत रहेको छ । आर्थिक वर्ष २०७५/७६ मा कूल गार्हस्थ्य बचत कूल गार्हस्थ्य उत्पादनको २०.५ प्रतिशत पुगेको छ । कूल पूँजी निर्माण, कूल स्थिर पूँजी निर्माण र कूल राष्ट्रिय बचतको कूल गार्हस्थ्य उत्पादनसँगको अनुपात क्रमशः ६२.३ प्रतिशत, ३६.९ प्रतिशत र ५२.४ प्रतिशत रहेको छ । आर्थिक वर्ष २०७५/७६ मा कूल पर्यटक आगमनमा २३.९ प्रतिशतले वृद्धि भई पर्यटक संख्या १२,३८,५८९ पुगेको छ ।

मुद्रास्फिति

आर्थिक वर्ष २०७५/७६ मा वार्षिक औसत उपभोक्ता मुद्रास्फिति ४.६ प्रतिशत रहेको छ । अघिल्लो आर्थिक वर्षमा यस्तो मुद्रास्फिति ४.२ प्रतिशत रहेको थियो । आर्थिक वर्ष २०७५/७६ मा खाद्य तथा पेय पदार्थ समूहको वार्षिक औसत मुद्रास्फिति ३.१ प्रतिशत रहेको छ । अघिल्लो आर्थिक वर्षमा उक्त समूहको मुद्रास्फिति २.७ प्रतिशत रहेको थियो । आर्थिक वर्ष २०७५/७६ मा गैर-खाद्य तथा सेवा समूहको वार्षिक औसत मुद्रास्फिति ५.९ प्रतिशत रहेको छ । अघिल्लो आर्थिक वर्षमा उक्त समूहको मुद्रास्फिति ५.३ प्रतिशत रहेको थियो । २०७६ असारमा वार्षिक बिन्दुगत उपभोक्ता मुद्रास्फिति नेपालमा ६.० प्रतिशत र सन् २०१९ को जुलाईमा भारतमा ३.१५ प्रतिशत रहेको छ । २०७६ असारमा वार्षिक बिन्दुगत थोक मुद्रास्फिति ५.४ प्रतिशत रहेको छ । २०७५ असारमा यस्तो मुद्रास्फिति २.१ प्रतिशत रहेको थियो ।

वैदेशिक व्यापार

आर्थिक वर्ष २०७५/७६ मा कूल वस्तु निर्यात १९.४ प्रतिशतले वृद्धि भई रु.९७ अर्ब ११ करोड पुगेको छ । अघिल्लो वर्ष यस्तो निर्यात ११.४ प्रतिशतले वृद्धि भएको थियो । गन्तव्यका आधारमा भारततर्फ ३४.३ प्रतिशत र अन्य मुलुकतर्फ ०.२ प्रतिशतले निर्यात वृद्धि भएको छ । चीनतर्फको निर्यातमा १३.५ प्रतिशतले कमी आएको छ । वस्तुगत आधारमा पाम आयल, पोलिष्टर यार्न, जुटका सामान, दाल, चाउचाउ लगायतका वस्तुको निर्यात बढेको छ भने अलैंची, तयारी पोशाक, पश्मिना, जुत्ता तथा चप्पल, छाला लगायतका वस्तुहरूको निर्यात घटेको छ । आर्थिक वर्ष २०७५/७६ मा कूल वस्तु आयात १३.९ प्रतिशतले बढेर रु.१४१८ अर्ब ५४ करोड पुगेको छ । अघिल्लो वर्ष यस्तो आयात २५.८ प्रतिशतले बढेको थियो । वस्तु आयात गरिने मुलुकका आधारमा भारतबाट भएको आयात १२.८ प्रतिशत, चीनबाट भएको आयात २८.५ प्रतिशत र अन्य मुलुकबाट भएको आयात ८.९ प्रतिशतले बढेको छ । वस्तुगत आधारमा पेट्रोलियम पदार्थ, तयारी पोशाक, विद्युतीय सामान, अन्य मेसिनरी पार्टपुर्जा, एम.एस. बिलेट लगायतका वस्तुको आयात बढेको छ भने सिमेन्ट, यातायातका साधन तथा पार्टपुर्जा, दूरसञ्चारका उपकरण तथा पार्टपुर्जा, स्वास्थ्य उपकरण तथा औजार, प्लाष्टिक दाना लगायतका वस्तुहरूको आयात घटेको छ ।

शोधनान्तर तथा विप्रेषण आप्रवाह

आर्थिक वर्ष २०७५/७६ मा चालु खाता रु. २६५ अर्ब ३७ करोडले घाटामा रहेको छ । अघिल्लो वर्ष यस्तो घाटा रु. २४७ अर्ब ५७ करोड रहेको थियो । अमेरिकी डलरमा अघिल्लो वर्ष २ अर्ब ३७ करोडले चालु खाता घाटामा रहेकोमा समीक्षा वर्षमा २ अर्ब ३५ करोडले घाटामा रहेको छ । आर्थिक वर्ष २०७५/७६ मा शोधनान्तर स्थिति रु. ६७ अर्ब ४० करोडले घाटामा रहेको छ । अघिल्लो वर्ष शोधनान्तर स्थिति रु. ९६ करोडले बचतमा रहेको थियो । अमेरिकी डलरमा शोधनान्तर स्थिति अघिल्लो वर्ष ११ लाखले घाटामा रहेकोमा समीक्षा वर्षमा ५९ करोड १० लाखले घाटामा रहेको छ । आर्थिक वर्ष २०७५/७६ को आयातलाई आधार मान्दा बैकिङ्ग क्षेत्रसँग रहेको विदेशी विनिमय सञ्चितिले ८.९ महिनाको वस्तु आयात र ७.८ महिनाको वस्तु तथा सेवा आयात धान्न पर्याप्त रहने देखिन्छ । समीक्षा वर्षमा विदेशी विनिमय सञ्चितिको कूल गार्हस्थ्य उत्पादन, कूल आयात र विस्तृत मुद्राप्रदायसँगका अनुपातहरू क्रमशः ३०.० प्रतिशत, ६४.९ प्रतिशत र २९.० प्रतिशत रहेका छन् । २०७५ असार मसान्तमा यी अनुपातहरू क्रमशः ३६.४ प्रतिशत, ७८.६ प्रतिशत र ३५.६ प्रतिशत रहेका थिए । आर्थिक वर्ष २०७५/७६ मा विप्रेषण आप्रवाह १६.५ प्रतिशतले वृद्धि भई रु. ८७९ अर्ब २७ करोड पुगेको छ । अघिल्लो वर्ष विप्रेषण आप्रवाह ८.६ प्रतिशतले बढेको थियो । अमेरिकी डलरमा भने विप्रेषण आप्रवाह ७.८ प्रतिशतले वृद्धि भएको छ । अघिल्लो वर्ष यस्तो आप्रवाह १०.२ प्रतिशतले बढेको थियो ।

ब्याजदर

२०७५ असारमा ९१-दिने ट्रेजरी विलको भारत औसत ब्याजदर ३.७४ प्रतिशत रहेकोमा २०७६ असारमा ४.९७ प्रतिशत कायम भएको छ । वाणिज्य बैंकहरूबीचको अन्तर-बैंक कारोबारको भारत औसत ब्याजदर भने २०७५ असारको २.९६ प्रतिशतको तुलनामा २०७६ असारमा ४.५२ प्रतिशत रहेको छ । वाणिज्य बैंकहरूको औसत आधार दर २०७५ असारको १०.४७ प्रतिशतको तुलनामा २०७६ असारमा ९.५७ प्रतिशत कायम भएको छ । २०७६ असारमा वाणिज्य बैंकहरूको निक्षेपको भारत औसत ब्याजदर ६.६० प्रतिशत र कर्जाको भारत औसत ब्याजदर १२.१३ प्रतिशत रहेको छ । २०७५ असारमा यी दरहरू क्रमशः ६.४९ प्रतिशत र १२.४७ प्रतिशत रहेका थिए ।

मर्जर र प्राप्ति

वित्तीय स्थायित्व सुदृढीकरण गर्ने उद्देश्यले नेपाल राष्ट्र बैंकले बैंक तथा वित्तीय संस्था गाभ्ने/गाभिने तथा प्राप्ति सम्बन्धी प्रक्रिया शुरु गराए पश्चात् २०७६ असार मसान्तसम्म कूल १७१ वटा बैंक तथा वित्तीय संस्थाहरू मर्जर/प्राप्ति प्रक्रियामा सामेल भईसकेका छन् । यसमध्ये १२८ वटा संस्थाहरूको इजाजत खारेज हुन गई कूल ४३ संस्था कायम भएका छन्।

निक्षेप संकलन तथा कर्जा प्रवाह

समीक्षा बर्षमा बैंक तथा वित्तीय संस्थाहरूको निक्षेप १८ प्रतिशतले बढेको छ । अघिल्लो बर्ष यस्तो निक्षेप १९.२ प्रतिशतले बढेको थियो । २०७६ असारमा बैंक तथा वित्तीय संस्थाहरूको कूल निक्षेपमा चल्ती, बचत र मुद्दतीको अंश क्रमशः ९.७ प्रतिशत, ३२.८ प्रतिशत र ४६.३ प्रतिशत रहेको छ । अघिल्लो बर्ष यस्तो अंश क्रमशः ९.३ प्रतिशत, ३४.५ प्रतिशत र ४४.८ प्रतिशत रहेको थियो । २०७६ असार मसान्तमा बैंक तथा वित्तीय संस्थाहरूको कूल निक्षेपमा संस्थागत निक्षेपको अंश ४५.३ प्रतिशत रहेको छ । २०७५ असार मसान्तमा यस्तो निक्षेपको अंश ४५ प्रतिशत रहेको थियो ।

समीक्षा बर्षमा बैंक तथा वित्तीय संस्थाहरूबाट निजी क्षेत्रमा प्रवाहित कर्जा १९.४ प्रतिशतले बढेको छ । अघिल्लो बर्ष यस्तो कर्जा २२.५ प्रतिशतले बढेको थियो । निजी क्षेत्रतर्फ प्रवाहित कर्जामध्ये वाणिज्य बैंकहरूको कर्जा प्रवाह १७.५ प्रतिशतले, विकास बैंकहरूको कर्जा प्रवाह ३५.७ प्रतिशतले र वित्त कम्पनीहरूको कर्जा प्रवाह १७.९ प्रतिशतले बढेको छ । २०७६ असार मसान्तमा बैंक तथा वित्तीय संस्थाहरूको लगानीमा रहिरहेको कर्जामध्ये ६४.४ प्रतिशत कर्जा घर जग्गाको धितोमा र १३.५ प्रतिशत कर्जा चालु सम्पत्ति (कृषि तथा गैर-कृषिजन्य वस्तु) को धितोमा प्रवाह भएको छ । २०७५ असार मसान्तमा यस्तो धितोमा प्रवाहित कर्जाको अनुपात क्रमशः ६१.७ प्रतिशत र १४.४ प्रतिशत रहेको थियो ।

तरलता व्यवस्थापन

आर्थिक बर्ष २०७५/७६ मा खुला बजार कारोबारका विभिन्न उपकरणहरूमार्फत् पटक-पटक गरी कूल रु. १०० अर्ब ३५ करोड तरलता प्रशोधन गरिएको छ । यस अनुसार निक्षेप संकलन बोलकबोल मार्फत् रु. ७९ अर्ब ६५ करोड र रिभर्स रिपोमार्फत् रु. २० अर्ब ७० करोड तरलता प्रशोधन भएको छ । अघिल्लो बर्षको सोही अवधिमा रु. १९५ अर्ब तरलता प्रशोधन भएको थियो । आर्थिक बर्ष २०७५/७६ कूल रु. ३२२ अर्ब ४९ करोड तरलता प्रवाह भएको छ । यस अर्न्तगत रिपोमार्फत् रु. १६८ अर्ब १६ करोड र स्थायी तरलता सुविधामार्फत् रु. १५४ अर्ब ३३ करोड प्रवाह भएको छ । समीक्षा बर्षमा नेपाल राष्ट्र बैंकले विदेशी विनिमय बजार (वाणिज्य बैंकहरू) बाट अमेरिकी डलर ३ अर्ब १९ करोड खुद खरिद गरी रु. ३६० अर्ब ९१ करोड खुद तरलता प्रवाह गरेको छ । अघिल्लो बर्ष विदेशी विनिमय बजारबाट अमेरिकी डलर ४ अर्ब ५ करोड खुद खरिद गरी रु. ४२२ अर्ब ३४ करोड खुद तरलता प्रवाह गरिएको थियो ।

(स्रोत: नेपाल राष्ट्र बैंक, देशको वर्तमान आर्थिक तथा वित्तीय स्थिति)

(३) विविध

(क) आन्तरिक नियन्त्रण र जोखिम व्यवस्थापन

बैंकिङ्ग क्षेत्रमा केहि समयबाट बढ्दै गएको संचालन जोखिमबाट बैंकको समग्र जोखिम व्यवस्थापनमा थप चुनौतिहरू देखिएका छन् । यस बैंकले संचालन जोखिम न्यूनीकरणका लागि प्रत्येक कारोबार क्षेत्रको नीति, नियम र कार्यविधि तयार गरी प्रभावकारी रूपमा लागू गर्दै आउने क्रममा IS Audit लाई निरन्तरता दिदै आएको छ । यसका साथै विभिन्न कारोबारको संचालनमा संलग्न कर्मचारीहरूको कारोबारको प्रकृति अनुसार अधिकार प्रत्यायोजन गरिएको छ । संचालन जोखिम न्यूनीकरणका लागि steering committee गठन गरी हेरक दिनको कारोबारलाई निगरानी गरिएको छ । यस्ता जोखिम न्यूनीकरणका लागि अबलम्बन गरिएका उपायहरूको विषयमा जोखिम व्यवस्थापन समितिमा छलफल गरी आवश्यक नीतिहरू तर्जुमा गर्ने गरिएको छ । बैंकका सम्पूर्ण कामकारवाहीहरू प्रचलित कानून बमोजिम भए गरेको छ छैन त्यसको यकिन गर्ने उद्देश्यले बैंकमा एउटा स्वतन्त्र आन्तरिक लेखापरीक्षण विभाग गठन गरी त्यस विभागलाई गैरकार्यकारी संचालकको संयोजकत्वमा गठित लेखापरीक्षण समिति मातहत राखिएको छ । बैंकले आन्तरिक नियन्त्रण प्रणाली मजबुत गर्न तथा जोखिम व्यवस्थापन प्रणाली प्रभावकारी बनाउन Risk based Internal Audit को अवधारणामा आन्तरिक लेखापरीक्षण विभागबाट लेखापरीक्षण गर्ने गरिएको छ । विभिन्न जोखिमहरूबाट बच्नको लागि बैंकले सधैँ अग्रिम सर्तकता अपनाउदै आएको छ ।

(ख) संस्थागत सुशासन

संस्थाको लक्ष्य प्राप्ति तथा दीर्घकालीन सफलताको लागि संस्थागत सुशासन कायमरहनु प्राथमिक सर्त भएकोले यसको परिपालनामा बैंक सदैव प्रतिवद्ध रहेको छ । संस्थागत सुशासनको मार्गदर्शक भनेको नेपाल राष्ट्र बैंक तथा अन्य नियामक निकाय बाट जारी हुने निर्देशन तथा नीति नियमहरू भएकोले यस्ता नीति निर्देशनहरूलाई अक्षरशः पालना गर्दै अघि बढ्ने नीति यस बैंकले लिएको छ ।

बैंकमा संस्थागत सुशासन कायम गरि सम्पूर्ण सरोकारवाला पक्षहरूको हितलाई सर्वोपरि बनाउन बैंकको दैनिक कार्य सञ्चालन प्रणाली नियन्त्रित एवं चुस्त दुरुस्त ढङ्गले सञ्चालित हुने वातावरण श्रृजना गरिएको छ । जसका निमित्त व्यवस्थापन तथा संचालक स्तरका आन्तरिक लेखापरीक्षण, जोखिम व्यवस्थापन, मानव संसाधन जस्ता विभिन्न समितिहरू निर्माण गरी नियमित अनुगमन तथा आवश्यक निर्देशन गर्ने गरिएको छ ।

(ग) मानव संसाधन

यस बैंकको "कर्मचारी व्यवस्थापन तथा सेवा सुविधा " समितिले समय सापेक्ष कर्मचारीको सेवा सुविधाको पुनरावलोकन गरी आवश्यक बृद्धि गर्ने तथा कर्मचारीहरूको पारदर्शी ढंगले स्तर बृद्धि गर्नका साथै दक्ष जनशक्तिको भर्ना, छनोट, नियुक्ति, पदस्थापना, सरुवा, वृत्ति विकास, कार्यसम्पादन मूल्याङ्कन, पुरस्कार तथा सजायका लागि आवश्यक नीति तयार पारी प्रभावकारी ढङ्गले कार्यान्वयन गर्दै आएको छ । बैंकले आफ्नो प्रगतिका लागि रचनात्मक भूमिका खेल्ने कर्मचारीको योगदानलाई उच्च मूल्याङ्कन गर्दै आफ्ना जनशक्तिलाई थप दक्षता प्रदान गर्न समय सापेक्ष आवश्यक आन्तरिक, वाह्य तथा अर्न्तराष्ट्रिय तालिम प्रदान गर्दै आएको छ । यसैक्रममा बैंकले यस आर्थिक बर्षमा आफ्ना कर्मचारीहरूलाई १८४ विभिन्न तालिम, सेमिनार तथा अन्तरक्रिया कार्यक्रममा समावेश गर्‍यो । साथै यस बर्ष ७२५ जना कर्मचारीहरू कार्यरत रहेकोमा ४४५ पुरुष कर्मचारीहरू छन् भने २८० जना महिला कर्मचारीहरू रहेका छन् ।

(घ) संस्थागत सामाजिक उत्तरदायित्व

नेपाल राष्ट्र बैंकको निर्देशन नं ६/०७६ को बुंदा नं : १६ अनुसार प्रत्येक आर्थिक बर्षको खुद मुनाफाबाट १ प्रतिशत रकम संस्थागत सामाजिक उत्तरदायित्व प्रायोजनको लागि छुट्याउनु पर्ने व्यवस्था रहे बमोजिम कोष खडा गरि आगामी आर्थिक बर्षमा परिचालन गरिने छ । बैंकले आफ्नो संस्थागत सामाजिक उत्तरदायित्व नियमावली अनुरूप विभिन्न कार्यक्रमहरू शुरु गरिरहेको छ । यसै क्रममा आ. व. २०७५/०७६ मा बैंकले आफ्नो उत्तरदायित्व वहन गर्दै २०७२ साल बैशाखमा गएको भुकम्पले क्षतिग्रस्त गोरखा जिल्ला स्थित मनकामना मन्दिरको जिर्णोद्धारको लागि रु २५ लाख आर्थिक सहयोग प्रदान गरेको छ । बैंकले सफा तथा स्वच्छ वातावरणको लागि शुद्धोधन गाउँपालिकालाई रु २ लाख ४४ हजार ८ सय बराबर को ३०० वटा डस्टविनहरू हस्तान्तरण गरि सहयोग गरेको छ । यस बैंकले स्वास्थ्य तथा शिक्षालाई ध्यान दिई काभ्रे स्थित मङ्गल जनविजया क्याम्पसलाई डेस्कवेन्च प्रदान गरिएको छ । साथै रूपन्देही स्थित Lumbini Eye Institute लाई रु १५ लाख आर्थिक सहयोग गरिएको छ । यसरी बैंकले विभिन्न संघ, संस्था र सहकारी तथा ग्रैर सरकारी संस्थाहरू सँग मिलेर स्वास्थ्य, शिक्षा तथा जनसमुदायको गुणस्तर उकास्नको लागि प्रत्यक्ष तथा अप्रत्यक्ष कार्य गर्दै आइरहेको छ । त्यसै क्रममा जिरी गाउँपालिकामा वित्तीय साक्षरता कार्यक्रम सञ्चालन गरेको छ । कास्की प्रहरीलाई सि.सि.टि.भि जडानको लागि आर्थिक सहयोग प्रदान गरिएको छ । बैंकले बारा पर्सा जिल्लामा भएका हावा हुरी पीडितहरूका लागि आर्थिक सहयोग वितरण गरेको छ । यस्तो जिम्मेवारी बहन गर्दै संस्थागत सामाजिक उत्तरदायित्व अन्तर्गत यस बैंकले समीक्षा वर्षमा जम्मा रु. ७५,७३,१०४।०० खर्च गरेको छ ।

(ङ) बैंकको भावी योजना र रणनीति

बैंकले उपलब्ध निक्षेप तथा पूँजीलाई दीर्घकालिन योजना तर्जुमा गरी बचतकर्ता तथा सम्पूर्ण सरोकारवाला पक्षहरूलाई नियमनकारी निकायको नीति नियम भित्र रहि सरोकारवालाहरूलाई उच्चतम प्रतिफल प्रदान गर्ने रणनीति बैंकले अवलम्बन गर्दै आएकोमा बैंकले आगामी बर्षहरूमा समेत सो कमलाई निरन्तरता दिनेछ । बैंकले केहि समय अघि कन्काई विकास बैंक प्राप्ति गरी संयुक्त कारोवार शुरु गरिसकेको र निकट भविष्यमा नै कैलाश विकास बैंक समेत प्राप्ति गरी संयुक्त कारोवार शुरु भए पश्चात बैंकको शाखा संजालमा उल्लेख्य बृद्धि हुनेछ । यी शाखा संजालहरूबाट बैंकले विभिन्न नवीनतम निक्षेप योजनाहरू तर्जुमा गरी व्यक्तिगत निक्षेप संकलनमा विशेष जोड दिइनेछ । साथै कर्जा तर्फ साना मझौला एवं कृषि कर्जामा प्राथमिकताका साथ लगानी गरिनेछ । बैंकिङ्ग क्षेत्रमा बढ्दै गएको संचालन जोखिम न्यूनीकरणका लागी सम्बन्धित कर्मचारीलाई आवश्यक तालिम प्रदान गर्नुका साथै आन्तरिक नियन्त्रण प्रणालीलाई समेत चुस्तदुरुस्त बनाइनेछ । बैंकले डिजिटल बैंकिङ्गको माध्यमबाट विभिन्न नवीनतम बैंकिङ्ग सेवा विस्तार गरी आफ्नो व्यापार व्यवसाय बढाउने तर्फ चालु आ.व. मा विशेष पहल गर्नेछ । बैंकले आफ्नो लगानी विस्तार गरी मुलुकको पूर्वाधार विकासका लागि महत्वपूर्ण योगदान गर्दै आएको छ र यसलाई आगामी वर्षहरूमा पनि जोड दिइनेछ । नवीकरणीय उर्जालाई विशेष प्राथमिकता दिदै, देशको पूर्वाधार विकास एवं अन्य विकास निर्माण कार्यलाई अवसरको रूपमा सदुपयोग गरी लगानी विस्तार गर्दै जाने नीति बैंकले अवलम्बन गर्नेछ । निक्षेप र कर्जा लगानीमा प्रतिस्पर्धी ब्याज दर कायम गरी आफ्ना ग्राहकवर्गलाई गुणस्तरीय तथा आधुनिक बैंकिङ्ग सेवा प्रदान गर्दै जाने रणनीति बैंकले लिएको छ । उपलब्ध लगानी योग्य पूँजीलाई सम्भाव्यता भएका औद्योगिक, ब्यावसायिक एवं सेवा क्षेत्रमा लगानी गर्ने नीतिलाई निरन्तरता दिइने छ । कर्जाको गुणस्तरलाई कायम गर्न समय समयमा ऋणीको व्यवसाय, परियोजना तथा धितोको स्थलगत निरीक्षण एवं अन्य जोखिम न्यूनीकरणका उपायहरू पहिल्याई उक्त उपायहरूको कडाईकासाथ परिपालना गराउने कार्यलाई निरन्तरता दिइनेछ । कृषि, उर्जा, पर्यटन एवम् साना तथा मझौला उद्योगमा कर्जा प्रवाह विस्तार गरी वित्तीय साधनको उत्पादनशील उपयोगलाई प्रोत्साहन गरी राष्ट्र विकासमा टेवा पुऱ्याउने लक्ष्य बमोजिम कर्जा प्रवाह गर्ने गरिएको छ र यसलाई निरन्तरता दिइनेछ । साथै, सेयर बजार तथा रियल स्टेट क्षेत्रमा हुने कर्जा प्रवाहलाई निरन्तर अनुगमन गर्दै जोखिम न्यूनीकरण गर्न समेत बैंक सजग रहेको छ । नेपाल राष्ट्र बैंकले प्रदान गर्दै आएको सहूलियत कर्जा मार्फत पूर्णनिर्माण पूनरकर्जा लिई कर्जा उपलब्ध गराउने कार्य प्राथमिकताका साथ गर्दै आएको छ ।

अन्त्यमा,

यस बैंकको प्रगतिमा प्रत्यक्ष वा अप्रत्यक्ष रूपले सहयोग पुऱ्याउनु हुने सम्पूर्ण शेयरधनी महानुभावहरू, ग्राहकवर्ग, नेपाल राष्ट्र बैंक, धितोपत्र बोर्ड, नेपाल स्टक एक्सचेन्ज, नेपाल सरकारका सम्बन्धित नियमन निकायहरू एवं अन्य सरोकारवालाहरूलाई हार्दिक धन्यवाद ज्ञापन गर्न चाहन्छौं । बैंकको उन्नति र प्रगतिमा निरन्तर लगनशीलताका साथ योगदान पुऱ्याउने बैंक व्यवस्थापन तथा कर्मचारीहरूलाई विशेष धन्यवाद दिन चाहन्छौं । साथै बैंकको हरेक गतिविधिहरूलाई सकारात्मक ढंगले आम जनसमुदाय समक्ष सम्प्रेषण गरिदिने संचार जगत लगायत अन्य सम्पूर्ण शुभेच्छुकहरू प्रति हार्दिक आभार प्रकट गर्दछौं ।

धन्यवाद ।

मिति: २०७६/०९/२५

सञ्चालक समिति
प्राइम कमर्सियल बैंक लिमिटेड

प्राइम कमर्सियल बैंक लिमिटेड
कम्पनी ऐन, २०६३ को दफा १०९ संग सम्बन्धित
अतिरिक्त वार्षिक आर्थिक विवरण

क) विगत वर्षको कारोबारको सिंहावलोकन

संचालक समितिको वार्षिक प्रतिवेदनमा उल्लेख गरिएको ।

ख) राष्ट्रिय तथा अन्तर्राष्ट्रिय परिस्थितिबाट कम्पनीको कारोबारलाई कुनै असर परेको भए सो असर

बैंकको कारोबारलाई देहाएका बुँदाहरूले असर पारेको छ

- बैकिङ्ग क्षेत्रमा विद्यमान बढ्दो प्रतिस्पर्धा ।
- विदेशी विनिमय दरमा हुने जोखिम ।
- बहुमूल्य धातुको मूल्यमा उतारचढाव ।

ग) प्रतिवेदन तयार भएको मितिसम्म चालू वर्षको उपलब्धि र भविष्यमा गर्नु पर्ने कुराको सम्बन्धमा संचालक समितिको धारणा

संचालक समितिको वार्षिक प्रतिवेदनमा प्रस्तुत गरिएको ।

घ) कम्पनीको औद्योगिक वा व्यावसायिक सम्बन्ध

बैंकले आफ्ना सबै सरोकारवालाहरूसँग सौहार्दपूर्ण र व्यावसायिक सम्बन्ध विस्तार गरेको छ । यस सम्बन्धलाई व्यावसायिक तथा पारदर्शिताका आधारमा विकसित गर्दै लैजानु फलदायी हुने र बैंकको प्रगतिकालागि उपयुक्त माध्यम हुने बैंकको विश्वास छ ।

ङ) सञ्चालक समितिमा भएको हेरफेर र सोको कारण,

यस आ.व.मा संचालक समितिमा संस्थापक शेयरधनीका तर्फबाट तिनजना र सर्वसाधारण शेयरधनीका तर्फबाट दुई जना संचालकको कार्यकाल समाप्त भएको हुनाले अधिल्लो साधारण सभाबाट संस्थापक समूहबाट राजेन्द्रदास श्रेष्ठ, उदयमोहन श्रेष्ठ र नरेन्द्र बज्राचार्य तथा सर्वसाधारण समूहबाट प्रचण्डमान श्रेष्ठ र मनोज पौडेल निर्वाचन हुनु भएको छ ।

च) कारोबारलाई असर पार्ने मुख्य कुराहरू,

- अन्तर्राष्ट्रिय जगतमा प्रतिस्पर्धात्मक रूपमा आएको विभिन्न बैकिङ्ग उपकरणहरू र त्यसले निम्त्याउने जोखिमहरू
- निक्षेप तथा कर्जा लगानीको व्याजदरमा हुने परिवर्तन
- विनिमयदरमा हुने परिवर्तन
- पूँजीबजारमा आउन सक्ने उतार चढाव

छ) लेखापरीक्षण प्रतिवेदनमा कुनै कैफियत उल्लेख भएको भए सो उपर संचालक समितिको प्रतिक्रिया

सबै कैफियतहरूलाई यथाशिघ्र सुधार गरिसकिएका अवस्था रहेको छ ।

ज) लाभांश बाँडफाँड गर्न सिफारिस गरिएको रकम

आ.व. २०७५/७६ को वितरण योग्य मुनाफाबाट असार मसान्तमा कायम रहेको यस बैंकको चुक्ता पूँजी रु. ९,३९८,६२६,७००/- र कन्काई बिकास बैंक प्राप्ति पश्चात थप चुक्ता पूँजी रु. ३६८,२२५,०००/- पछि कायम रहेको कूल पूँजी रु.९,६८६,८५१,७०० को १६ प्रतिशतले रु. १,५४९,८९६,२७२/- बोनश शेयर दिने प्रस्ताव गरिएको छ ।

झ) शेयर जफत भएको भए जफत भएको शेयर संख्या, त्यस्तो

शेयरको अङ्कित मूल्य, त्यस्तो शेयर जफत हुनुभन्दा अगावै सोबापत कम्पनीले प्राप्त गरेको जम्मा रकम र त्यस्तो शेयर जफत भएपछि सो शेयर बिक्री गरी कम्पनीले प्राप्त गरेको रकम तथा जफत भएको शेयरबापत रकम फिर्ता गरेको भए सोको विवरण

- कुनै पनि शेयर जफत नभएको ।

ञ) विगत आर्थिक वर्षमा कम्पनी र यसको सहायक कम्पनीको कारोबारको प्रगति र सो आर्थिक वर्षको अन्तमा रहेको स्थितिको पुनरावलोकन

बैंकको यस आ.व.को प्रगति विवरण यसै प्रतिवेदनमा बुँदागत रूपमा प्रस्तुत गरिएको छ र यस बैंकको सहायक कम्पनी हाल नभएको ।

ट) कम्पनी तथा त्यसको सहायक कम्पनीले आर्थिक वर्षमा सम्पन्न गरेको प्रमुख कारोबारहरू र सो अवधिमा कम्पनीको कारोबारमा आएको कुनै महत्वपूर्ण परिवर्तन

- कुनै पनि सहायक कम्पनी नभएको ।

ठ) विगत आर्थिक वर्षमा कम्पनीको आधारभूत शेयरधनीहरूले कम्पनीलाई उपलब्ध गराएको जानकारी

- आधारभूत शेयरधनीहरूले कुनै पनि जानकारी उपलब्ध नगराएको ।

ड) विगत आर्थिक वर्षमा कम्पनीका संचालक तथा पदाधिकारीहरूले लिएको शेयरको स्वामित्वको विवरण र कम्पनीको शेयर कारोबारमा निजहरू संलग्न रहेको भए सोसम्बन्धमा निजहरूबाट कम्पनीले प्राप्त गरेको जानकारी

सि.नं.	नाम	धारण गरेको पद	शेयर संख्या
१.	राजेन्द्र दास श्रेष्ठ	संचालक/अध्यक्ष	१८४,१८७
२.	उदय मोहन श्रेष्ठ	संचालक	४,७८,८८९
३.	नरेन्द्र बज्राचार्य	संचालक	७०७,२८४
४.	गजेन्द्र विष्ट	संचालक	५,५४८
५.	प्रो. डा. मंगला श्रेष्ठ	स्वतन्त्र संचालक	-
६.	प्रचण्ड मान श्रेष्ठ	संचालक	१,०००
७.	मनोज पौडेल	संचालक	१,०००
८.	रञ्जीब एण्ड एसोसियेट्स	वाह्य लेखा परीक्षक	-
९.	नारायण दास मानन्धर	प्रमुख कार्यकारी अधिकृत	२९८,८२२
१०.	संजिव मानन्धर	महाप्रबन्धक	३३०,४३४
११.	मोतीकाजी तुलाधर	नायब महाप्रबन्धक	५८,०५५
१२.	भाइराजा तुलाधर	नायब महाप्रबन्धक	५८,०५५

ड) विगत आर्थिक वर्षमा कम्पनीसँग सम्बन्धित सम्भौताहरूमा कुनै संचालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्वार्थको बारेमा उपलब्ध गराइएको जानकारीको व्यहोरा

- नभएको ।

ण) कम्पनीले आफ्नो शेयर आफैले खरिद गरेको भए त्यसरी आफ्नो शेयर खरिद गर्नुको कारण, त्यस्तो शेयरको संख्या र अङ्कित मूल्य तथा त्यसरी शेयरखरिद गरेबापत कम्पनीले

भुक्तानी गरेको रकम

- समीक्षा वर्षमा शेयरहरूको पूनः खरिद कार्य नभएको ।

(त) आन्तरिक नियन्त्रण प्रणाली भए वा नभएको र भएको भए सोको विस्तृत विवरण

- बैंकले आन्तरिक नियन्त्रण प्रणाली चुस्त र मजबुद बनाउन देहाएको व्यवस्था गरिएको छ :

- आन्तरिक लेखापरिक्षण विभागको स्वतन्त्र काम कारवाही
- लेखापरिक्षण समितिको नियमित अनुगमन
- जोखिम व्यवस्थापन समितिको स्वतन्त्र काम कारवाही
- सञ्चालन जोखिम न्यूनिकरणको लागि विभिन्न नियमावली तथा विनियमावलीको अक्षरस पालना गरिएको

(थ) विगत आर्थिक वर्षको कूल व्यवस्थापन खर्चको विवरण

शीर्षक	रकम रु.
कर्मचारी खर्च	८८८,३३५,०६१/-
सञ्चालन खर्च	३५०,९४६,३५८/-
हासकट्टि खर्च	८०,९९६,८२०/-
कूल	१,३२०,९९८,२३९/-

(द) लेखापरीक्षण समितिका सदस्यहरूको नामावली, निजहरूले प्राप्त गरेको पारिश्रमिक, भत्ता तथा सुविधा, सो समितिले गरेको

(न) सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाको रकम

सि.नं.	विवरण	सञ्चालक	प्रमुख कार्यकारी अधिकृत	अन्य पदाधिकारीहरू
१	बैठक भत्ता	२,७३०,०००	-	-
२	तलब	-	५,७६०,०००	६,६९५,३६०
३	भत्ता	-	३,८४०,०००	४,९२८,०००
४	दशै भत्ता	-	८००,०००	८९५,२८०
५	सञ्चयकोष	-	५७६,०००	६६९,५३६
६	बोनस	-	प्रचलित बोनश ऐन अनुरूप	प्रचलित बोनश ऐन अनुरूप
७	गाडी सुविधा	छैन	छ	छ
८	मोवाइल	छ	छ	छ
९	इन्धन	छ	छ	छ

*संचालक समितिको सदस्यहरूलाई टेलिफोन/ मोवाइल/ पत्रपत्रिका तथा अन्य खर्चहरू वापत रु. १,४४८,२७९ खर्च गरिएको छ ।

➤ प्रमुख कार्यकारी अधिकृतलाई कार्यालय प्रयोजनको लागि चालक, इन्धन र मर्मतसंभार सहित गाडी सुविधाको व्यवस्था गरिएको छ । अन्य प्रमुख पदाधिकारीहरूलाई बैंकको नियमानुसार गाडी सुविधा उपलब्ध गराइएको छ ।

➤ प्रमुख कार्यकारी अधिकृत लगायत कार्यकारी तहका अधिकृतहरूलाई बैंकको नियमानुसार मोवाइल विलको भुक्तानी बैंकले गरिदिने व्यवस्था गरिएको छ ।

(प) शेयरधनीहरूले बुझिलिन बाँकी रहेको लाभांशको रकम,

- रु. ३४,८९८,६४९/-

(फ) दफा १४१ बमोजिम सम्पत्ति खरिद वा बिक्री गरेको कुराको विवरण,

- नभएको ।

(ब) दफा १७५ बमोजिम सम्बद्ध कम्पनीबीच भएको कारोबारको विवरण,

- नभएको ।

(भ) यस ऐन तथा प्रचलित कानूनबमोजिम सञ्चालक समितिको प्रतिवेदनमा खुलाउनु पर्ने अन्य कुनै कुरा,

- नभएको ।

(म) अन्य आवश्यक कुराहरू

- नभएको ।

काम कारवाहीको विवरण र सो समितिले कुनै सुझाव दिएको भए सोको विवरण

बैंकको संचालक श्री उदयमोहन श्रेष्ठको संयोजत्वमा गठित लेखापरीक्षण समितिमा संचालक श्री प्रचण्डमान श्रेष्ठ र श्री गजेन्द्र बिष्ट सदस्य तथा बैंकका आन्तरिक लेखापरीक्षण विभागका प्रमुख श्री मिलन चन्द्र महर्जन सचिव रहनुभएको छ । समीक्षा वर्षमा समितिको बैठक सात (७) पटक बसेको छ । लेखा परीक्षण समितिका सचिवलाई बाहेक संयोजक र सदस्यहरूलाई बैठक भत्ता वापत प्रति बैठक रु. ११,००० प्रदान गरिएको छ । त्यस समितिले बैंकको वित्तीय स्थिति, आन्तरिक नियन्त्रण र जोखिम व्यवस्थापन, कानून र नियमहरू पालना, लेखापरीक्षण कार्यक्रम आदिबारे नियमित समीक्षा गर्दै आएको छ । आन्तरिक साथै बाह्य लेखापरीक्षण प्रतिवेदनमा उल्लिखित कैफियतहरूमाथि विस्तृत छलफल गरी समितिले आवश्यक सुधारका कामहरू समेत गर्दै आएको छ । त्यसको नियमित रूपमा संचालक समितिलाई जानकारी गराउने गरिएको छ ।

(ध) संचालक, प्रबन्ध संचालक, कार्यकारी प्रमुख, कम्पनीका आधार भूत शेयरधनी वा निजको नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठीत संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाँकी भए सो कुरा

- नभएको

धितोपत्र दर्ता तथा निष्काशन नियमावली, २०७३ को
(नियम २६ को उपनियम (२) सँग सम्बन्धित)
अनुसूची - १५

१. संचालक समितिको प्रतिवेदन
- वार्षिक प्रतिवेदनको सम्बन्धित शीर्षक अन्तर्गत राखिएको ।
२. लेखापरिक्षकको प्रतिवेदन
- वार्षिक प्रतिवेदनको सम्बन्धित शीर्षक अन्तर्गत राखिएको ।
३. लेखापरिक्षण भएको वित्तीय विवरण
- वार्षिक प्रतिवेदनको सम्बन्धित शीर्षक अन्तर्गत राखिएको ।
४. कानुनी कारवाही सम्बन्धी विवरण
- देहाय अनुसारको मुद्दा दायर भएको भए, मुद्दा दायर भएको मिति, विषय, मुद्दा दायर भएको संस्थापक वा संचालकको नाम र सम्भाव्य कानुनी सम्बन्धी विवरण समावेश गरिनुपर्ने :
क) त्रैमासिक अवधिमा संगठित संस्थाले वा संस्थाको विरुद्ध कुनै मुद्दा दायर भएको भए
- यस अवधिमा कर्जा कारोबारको सिलसिलामा दायर भएको मुद्दा बाहेक अन्य मुद्दा दायर नगरेको अवस्था छ ।

- ख) संगठित संस्थाको संस्थापक वा संचालकले वा संस्थापक वा संचालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको वा भएको भए
- समीक्षा अवधिमा बैंकको संस्थापक वा संचालकले वा संस्थापक वा संचालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर नभएको ।
- ग) कुनै संस्थापक वा संचालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर भएको भए
- हालसम्म बैंकको संस्थापक वा संचालकले वा संस्थापक वा संचालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै

५. संगठित संस्थाको शेयर कारोवार तथा प्रगतिको विश्लेषण

- क) धितोपत्र बजारमा भएको संगठित संस्थाको शेयरको कारोवार सम्बन्धमा व्यवस्थापनको धारणा :
- शेयरको कारोवार खुल्ला बजारद्वारा प्रतिपादन गरेको मूल्य तथा मान्यता अनुरूप हुने गरेको हुनाले बैंकको कारोवार सन्तोषजनक रहेको ।
- ख) गत वर्षको प्रत्येक त्रैमासिक अवधिमा संगठित संस्थाको शेयरको अधिकतम, न्यूनतम र अन्तिम मूल्यका साथै कुल कारोवार शेयर संख्या र कारोवार दिन ।

विवरण	पहिलो त्रैमास	दोश्रो त्रैमास	तेस्रो त्रैमास	चौथो त्रैमास
अधिकतम मूल्य (रु.)	३५२	३५०	३३८	३९७
न्यूनतम मूल्य (रु.)	२७६	२९४	३०२	२७९
अन्तिम मूल्य (रु.)	३३२	३२८	३३०	२७८
कारोवार संख्या (कित्ता)	५,९४०	३,३६४	३,३६९	७,८४२
कारोवार दिन	६२	६०	६०	६४
कारोवार शेयर संख्या	९,४२८,७०७	८,५९,७५८	९,०७५,९६७	२,४५५,४९२

६. समस्या तथा चुनौती

- आन्तरिक समस्या र चुनौती**
१. बैंक तथा वित्तीय संस्थाहरूको तरलतामा आउने उतारचढावको कारणले ब्याजदरमा भइरहेको परिवर्तनले हुन सक्ने जोखिम ।
२. दिर्घकालीन प्रतिफलमुलक लगानीका नयाँ क्षेत्र पहिचान गर्नु ।
३. बैंकिङ्ग क्षेत्रमा बढ्दै गएको संचालन जोखिम न्यूनीकरण गर्नु ।

बाह्य समस्या र चुनौती

१. उत्पादन मुलक उद्योगको विकासमा कमी ।
२. बैंकिङ्ग क्षेत्रमा विकसित तिव्रतर प्रतिस्पर्धा ।

७. संस्थागत सुशासन

सम्बन्धि विवरण संचालक समितिको वार्षिक प्रतिवेदनको बुदा नं. ३(ख) मा उल्लेख गरिएको ।

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

Report on the Financial Statements

We have audited the accompanying financial statements of **Prime Commercial Bank Limited** (*hereinafter referred to as 'the Bank'*), that comprise the Statement of Financial Position as at Ashadh 31, 2076 (*July 16, 2019*) and the related Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for Financial Statements

The Bank's management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Nepal Standards on Auditing and relevant practices. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examination on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements of the bank read together with the Significant Accounting Policies and other explanatory notes, give a true and fair view, in all material respects, the financial position of the Bank as at Ashadh 31, 2076 (*July 16, 2019*), and the financial performance, the cash flows and changes in equity of the Bank for the year ended on that date, in accordance with Nepal Financial Reporting Standards.

Report on the requirements of Nepal Rastra Bank Directives, Companies Act 2063, and Bank & Financial Institution Act 2073

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. In our opinion, proper books of accounts as required by law, have been kept by the Bank in so far as it appears from our examination of those books of accounts.



The Statements of Financial Position, Profit or Loss, Other Comprehensive Income, Cash Flows and Changes in Equity are presented in conformity with the formats prescribed by Nepal Rastra Bank and prepared in accordance with the requirements of the Companies Act 2063; and are in agreement with the books of accounts maintained by the Bank. In our opinion, the returns received from the branches were adequate for the purpose of our audit though the statements are not independently audited.

The capital 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 the cases where the Board of Directors or any member thereof or any employee of the Bank has acted contrary to the provisions of law related to the accounts, or caused loss or damage to the Bank or misappropriated the funds of the Bank and violated any Directives issued by Nepal Rastra Bank or acted in a manner to jeopardize the interest and security of the Bank, its depositors and investors.


CA. Ranjeev Shrestha
Proprietor
Ranjeev & Associates
Chartered Accountants



Place: Kathmandu
Date: November 25, 2019 (Mangsir 09, 2076)

UDIN Number:191125CA00494dDcoS

Prime Commercial Bank Limited
Statement of Financial Position
As on 31 Ashadh 2076

Amount in NPR

Particulars	Note	Current Year	Previous Year
Assets			
Cash and Cash Equivalents	4.1	5,304,763,277	4,502,735,569
Due from Nepal Rastra Bank	4.2	7,807,981,176	8,815,836,010
Placement with Bank and Financial Institutions	4.3	1,118,729,717	1,960,450,695
Derivative Financial Instruments	4.4	-	-
Other Trading Assets	4.5	-	-
Loans and Advances to B/FIs	4.6	3,014,808,270	2,829,040,379
Loans and Advances to Customers	4.7	72,545,401,637	67,137,816,058
Investment Securities	4.8	10,142,156,518	8,428,082,790
Current Tax Assets	4.9	112,532,211	153,617,101
Investment in Subsidiaries	4.10	-	-
Investment in Associates	4.11	51,023,000	28,000,000
Investment Property	4.12	242,559,537	15,528,305
Property and Equipment	4.13	743,976,625	606,763,277
Goodwill and Intangible Assets	4.14	7,708,980	5,278,217
Deferred Tax Assets	4.15	74,332,927	33,163,681
Other Assets	4.16	1,089,855,744	527,666,934
Total Assets		102,255,829,620	95,043,979,017
Liabilities			
Due to Bank and Financial Institutions	4.17	9,217,763,323	8,668,488,205
Due to Nepal Rastra Bank	4.18	1,269,349,325	1,269,890,141
Derivative Financial Instruments	4.19	-	-
Deposits from Customers	4.20	77,040,074,374	72,635,987,983
Borrowings	4.21	-	-
Current Tax Liabilities	4.9	-	-
Provisions	4.22	-	-
Deferred Tax Liabilities	4.15	-	-
Other Liabilities	4.23	1,324,653,303	1,261,902,073
Debt Securities Issued	4.24	-	-
Subordinated Liabilities	4.25	-	-
Total Liabilities		88,851,840,326	83,836,268,402
Equity			
Share Capital	4.26	9,318,626,700	8,033,298,870
Share Premium		-	-
Retained Earnings		1,575,645,633	1,335,887,667
Reserves	4.27	2,509,716,961	1,838,524,079
Total Equity Attributable to Equity Holders		13,403,989,294	11,207,710,615
Non Controlling Interest		-	-
Total Equity		13,403,989,294	11,207,710,615
Total Liabilities and Equity		102,255,829,620	95,043,979,017
Contingent Liabilities and Commitments	4.28	57,279,709,142	44,896,825,986
Net Assets Value per share		143.84	139.52

As per our Report of even date

Sweachha Karki Head-Finance	Narayan Das Manandhar Chief Executive Officer	Rajendra Das Shrestha Chairman	Udaya Mohan Shrestha Director	Ranjeev Shrestha, FCA Proprietor Ranjeev & Associates Chartered Accountants
Narendra Bajracharya Director	Gajendra Bista Director	Prof. Dr. Mangala Shrestha Director	Prachanda Man Shrestha Director	Manoj Paudel Director

Date : 25th November 2019
Place : Kathmandu

Prime Commercial Bank Limited
Statement of Profit or Loss
For the year ended 31 Ashadh 2076

Amount in NPR

Particulars	Note	Current Year	Previous Year
Interest Income	4.29	9,822,370,722	8,559,690,846
Interest Expense	4.30	6,237,763,535	5,893,775,409
Net Interest Income		3,584,607,187	2,665,915,437
Fee and Commission Income	4.31	766,872,082	666,788,096
Fee and Commission Expense	4.32	51,275,901	46,529,774
Net Fee and Commission Income		715,596,181	620,258,322
Net Interest, Fee and Commission Income		4,300,203,368	3,286,173,760
Net Trading Income	4.33	234,439,303	177,877,342
Other Operating Income	4.34	70,411,231	161,085,645
Total Operating Income		4,605,053,902	3,625,136,747
Impairment Charge/ (Reversal) for Loans and Other Losses	4.35	135,339,954	223,985,612
Net Operating Income		4,469,713,948	3,401,151,135
Operating Expense			
Personnel Expenses	4.36	888,335,061	631,648,386
Other Operating Expenses	4.37	350,946,358	273,537,368
Depreciation & Amortisation	4.38	80,916,820	70,128,273
Operating Profit		3,149,515,709	2,425,837,108
Non Operating Income	4.39	-	21,587,289
Non Operating Expense	4.40	-	-
Profit Before Income Tax		3,149,515,709	2,447,424,397
Income Tax Expense	4.41		
Current Tax		990,815,470	728,860,152
Deferred Tax		(40,092,004)	(7,681,864)
Profit for the Year		2,198,792,243	1,726,246,109
Profit Attributable to:			
Equity-holders of the Bank		2,198,792,243	1,726,246,109
Non-Controlling Interest		-	-
Profit for the Year		2,198,792,243	1,726,246,109
Earnings per Share			
Basic Earnings per Share		23.60	21.49
Diluted Earnings per Share		23.60	21.49

As per our Report of even date

Sweachha Karki
Head-Finance

Narayan Das Manandhar
Chief Executive Officer

Rajendra Das Shrestha
Chairman

Udaya Mohan Shrestha
Director

Ranjeev Shrestha, FCA
Proprietor
Ranjeev & Associates
Chartered Accountants

Narendra Bajracharya
Director

Gajendra Bista
Director

Prof. Dr. Mangala Shrestha
Director

Prachanda Man Shrestha
Director

Manoj Paudel
Director

Date : 25th November 2019
Place : Kathmandu

Prime Commercial Bank Limited
Statement of Other Comprehensive Income
For the year ended 31 Ashadh 2076

Amount in NPR

Particulars	Note	Current Year	Previous Year
Profit for the year		2,198,792,243	1,726,246,109
Other Comprehensive Income, Net of Income Tax			
a) Items that will not be reclassified to profit or loss			
Gains/(losses) from investment in equity instruments measured at fair value		9,089,513	(127,815,126)
Gains/(losses) on revaluation		-	-
Actuarial gains/(losses) on defined benefit plans		(12,680,320)	6,425,020
Income tax relating to above items		1,077,242	36,417,032
Net other comprehensive income that will not be reclassified to profit or loss		(2,513,565)	(84,973,074)
b) Items that are or may be reclassified to profit or loss			
Gains/(losses) on cash flow hedge		-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)		-	-
Income tax relating to above items		-	-
Reclassify to profit or loss		-	-
Net other comprehensive income that are or may be reclassified to profit or loss		-	-
c) Share of other comprehensive income of associate accounted as per equity method			
Other Comprehensive Income for the year, Net of Income Tax		(2,513,565)	(84,973,074)
Total Comprehensive Income for the Year		2,196,278,678	1,641,273,035
Total Comprehensive Income attributable to:			
Equity-Holders of the Bank		2,196,278,678	1,641,273,035
Non-Controlling Interest		-	-
Total Comprehensive Income for the Period		2,196,278,678	1,641,273,035

As per our Report of even date

Sweachha Karki
Head-Finance

Narayan Das Manandhar
Chief Executive Officer

Rajendra Das Shrestha
Chairman

Udaya Mohan Shrestha
Director

Ranjeev Shrestha, FCA
Proprietor
Ranjeev & Associates
Chartered Accountants

Narendra Bajracharya
Director

Gajendra Bista
Director

Prof. Dr. Mangala Shrestha
Director

Prachanda Man Shrestha
Director

Manoj Paudel
Director

Date : 25th November 2019
Place : Kathmandu

Prime Commercial Bank Limited
Statement of Changes in Equity
For the year ended 31 Ashadh 2076

Particulars	Attributable to Equity-Holders of Prime Commercial Bank Limited										Amount in NPR
	Share Capital	Share Premium	General Reserve	Exchange Fluctuation Reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Investment Adjustment Reserve	Retained Earning	Other Reserve	
Balance at Shrawan 01, 2074	6,325,432,181	-	1,245,144,080	75,734	-	61,495,260	-	7,994,207	1,910,541,047	15,755,071	9,566,437,560
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-
Adjustment/Restated Balance as at Shrawan 01, 2074	6,325,432,181	-	1,245,144,080	75,734	-	61,495,260	-	7,994,207	1,910,541,047	15,755,071	9,566,437,560
Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	1,726,246,109	-	1,726,246,109
Other Comprehensive Income, Net of Tax	-	-	-	-	-	-	-	-	(89,470,588)	-	(89,470,588)
Gains/(losses) from investment in equity instruments measured at fair value	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	4,497,514	-	4,497,514
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	1,641,273,035	-	1,641,273,035
Transfer to Reserve during the year	-	-	345,249,222	1,799,989	220,583,641	(89,470,588)	-	8,505,792	(508,969,538)	22,301,483	-
Transfer from Reserves during the year	-	-	-	-	-	-	-	-	909,811	(909,811)	-
Transactions with Owners, directly recognized in Equity	-	-	-	-	-	-	-	-	-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	1,707,866,689	-	-	-	-	-	-	-	(1,707,866,689)	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Contributions by and distributions	1,707,866,689	-	345,249,222	1,799,989	220,583,641	(89,470,588)	-	8,505,792	(574,653,382)	21,391,672	1,641,273,035
Balance at Ashadh 31, 2075	8,033,298,870	-	1,590,393,302	1,875,723	220,583,641	(27,975,328)	-	16,500,000	1,335,887,667	37,146,743	11,207,710,615

Particulars	Attributable to Equity-Holders of Prime Commercial Bank Limited										Amount in NPR
	Share Capital	Share Premium	General Reserve	Exchange Fluctuation Reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Investment Adjustment Reserve	Retained Earning	Other Reserve	
Balance at Shrawan 01, 2075	8,033,298,870	-	1,590,393,302	1,875,723	220,583,641	(27,975,328)	-	16,500,000	1,335,887,667	37,146,743	11,207,710,615
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-
Adjustment/Restated Balance as at Shrawan 01, 2075	8,033,298,870	-	1,590,393,302	1,875,723	220,583,641	(27,975,328)	-	16,500,000	1,335,887,667	37,146,743	11,207,710,615
Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	2,198,792,243	-	2,198,792,243
Other Comprehensive Income, Net of Tax	-	-	-	-	-	-	-	-	6,362,659	-	6,362,659
Gains/(losses) from investment in equity instruments measured at fair value	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	(8,876,224)	-	(8,876,224)
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	2,196,278,678	-	2,196,278,678
Transfer to Reserves during the year	-	-	439,758,449	834,025	163,440,763	6,362,659	-	(15,000,000)	(606,136,737)	10,740,841	-
Transfer from Reserves during the year	-	-	-	-	-	-	-	-	7,573,104	(7,573,104)	-
Transfer to Reserves during the year (Negative Actuary Loss+FVR)	-	-	-	-	31,460,003	-	-	-	(31,460,003)	-	-
Transfer to Reserves during the year (DTA reserve Created)	-	-	-	-	41,169,246	-	-	-	(41,169,246)	-	-
Transactions with Owners, directly recognized in Equity	-	-	-	-	-	-	-	-	-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	1,285,327,830	-	-	-	-	-	-	-	(1,285,327,830)	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Contributions by and Distributions	1,285,327,830	-	439,758,449	834,025	236,070,012	6,362,659	-	(15,000,000)	239,757,966	3,167,737	2,196,278,678
Balance at Ashadh 31, 2076	9,318,626,700	-	2,030,151,750	2,709,748	456,653,653	(21,612,669)	-	1,500,000	1,575,645,633	40,314,480	13,403,989,294

Sweachha Karki Head-Finance	Narayan Das Manandhar Chief Executive Officer	Rajendra Das Shrestha Chairman	Udaya Mohan Shrestha Director	Narendra Bajracharya Director	Manoj Paudel Director	Ranjeew Shrestha, FCA Proprietor
Gajendra Bisla Director	Prof. Dr. Mangala Shrestha Director	Prachanda Man Shrestha Director				Chartered Accountants

As per our Report of even date

Prime Commercial Bank Limited
Statement of Cash Flows
 For the year ended 31 Ashadh 2076

Amount in NPR

Particulars	Current Year	Previous Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest Received	9,350,919,944	8,084,991,117
Fee and Other Income Received	834,471,972	666,143,848
Dividend Received	-	-
Receipts from Other Operating Activities	286,999,603	259,532,706
Interest Paid	(6,214,422,944)	(6,012,223,833)
Commissions and Fees Paid	(51,275,901)	(46,529,774)
Cash Payment to Employees	(730,965,722)	(611,358,345)
Other Expenses Paid	(349,583,349)	(273,537,368)
Operating Cash Flows before Changes in Operating Assets and Liabilities	3,126,143,602	2,067,018,351
(Increase) Decrease in Operating Assets		
Due from Nepal Rastra Bank	1,007,854,834	(515,460,793)
Placement with Banks and Financial Institutions	828,087,350	(905,913,147)
Other Trading Assets	-	-
Loans and Advances to BFIs	(188,778,217)	(892,495,963)
Loans and Advances to Customers	(5,420,936,226)	(11,163,774,298)
Other Assets	(543,393,599)	(222,143,001)
Increase (Decrease) in Operating Liabilities		
Due to Banks and Financial Institutions	549,275,119	2,492,696,466
Due to Nepal Rastra Bank	(540,816)	(224,971,144)
Deposit from Customers	4,404,086,391	12,955,899,336
Borrowings	-	-
Other Liabilities	(190,291,332)	557,557,041
Net Cash Flow from Operating Activities before Tax Paid	3,571,507,106	4,148,412,849
Income Tax Paid	(949,730,581)	(862,091,765)
Net Cash Flow from Operating Activities	2,621,776,525	3,286,321,084
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investment Securities	(11,401,844,967)	(8,809,122,019)
Receipts from Sale of Investment Securities	9,679,129,447	5,365,735,516
Purchase of Property and Equipment	(214,267,702)	(94,043,725)
Receipts from Sale of Property and Equipment	580,629	2,696,677
Purchase of Intangible Assets	(7,110,640)	(3,498,836)
Receipts from Sale of Intangible Assets	192,745	-
Purchase of Investment Properties	(227,031,232)	-
Receipts from Sale of Investment Properties	-	37,917,590
Interest Received	336,626,292	269,565,756
Dividend Received	10,834,359	21,569,804
Net Cash Used in Investing Activities	(1,822,891,068)	(3,209,179,237)

CASH FLOWS FROM FINANCING ACTIVITIES

Receipts from Issue of Debt Securities	-	-
Repayments of Debt Securities	-	-
Receipts from Issue of Subordinated Liabilities	-	-
Repayments of Subordinated Liabilities	-	-
Receipt from Issue of Shares	-	-
Dividends Paid	(193,852)	(45,679,965)
Interest Paid	-	-
Other Receipts/Payments	-	-
Net Cash from Financing Activities	(193,852)	(45,679,965)
Net Increase (Decrease) in Cash and Cash Equivalents	798,691,607	31,461,884
Cash and Cash Equivalents at Shrawan 01, 2075	4,502,735,569	4,464,073,730
Effect of Exchange Rate fluctuations on Cash and Cash Equivalents Held	3,336,101	7,199,955
Cash and Cash Equivalents at Ashadh 31, 2076	5,304,763,277	4,502,735,569

As per our Report of even date

Sweachha Karki Head-Finance	Narayan Das Manandhar Chief Executive Officer	Rajendra Das Shrestha Chairman	Udaya Mohan Shrestha Director	Ranjeev Shrestha,FCA Proprietor Ranjeev & Associates Chartered Accountants
Narendra Bajracharya Director	Gajendra Bista Director	Prof. Dr. Mangala Shrestha Director	Prachanda Man Shrestha Director	Manoj Paudel Director

Date : 25th November 2019
Place : Kathmandu

1. PRIME COMMERCIAL BANK LIMITED

1.1 General Information

Prime Commercial Bank Limited is an "A" class commercial bank licensed by Nepal Rastra Bank. It was registered as Public Limited Company on 1st Shrawan 2064 under the Company Act, 2063. The registered (corporate) office of the bank is located at Kamalpokhari, Kathmandu, Nepal. The bank started its commercial operation from 7th Ashwin 2064 corresponding to 24th September 2007.

On April 30, 2017 (Baisakh 17, 2074), the bank has acquired two "B" class Development Banks Birat Laxmi Bikash Bank Limited and Country Development Bank Limited. Further, the bank has acquired "B" class financial institution, Kankai Bikas Bank Limited on 15th September 2019 (Bhadra 29, 2076) after the final approval for acquisition letter received from NRB on 1st September 2019 (15th Bhadra 2076).

The Bank is listed with Nepal Stock Exchange Ltd. with the code of **PCBL** for public shares and **PCBLP** for promoter shares. Currently, the bank is spread across the country with 99 branches and 49 ATMs.

1.2 Financial Statements

The Financial Statements of the Bank for the year ended 16 July 2019 comprises Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Statement of Distributable Profit or Loss, Notes to the Financial Statements, Significant Accounting Policies and other disclosures required by regulatory bodies.

Since the bank does not have any subsidiary, the Consolidated Financial Statement of the bank for the year ended Ashadh end 2076, does not comprises any subsidiaries.

1.3 Principal Activities and Operations

Bank

The Banks business comprises accepting deposits, granting credit facilities, retail banking, corporate banking, consumer banking, dealing in Government Securities, credit card operations, agency services, trade finance services, investment and treasury operations, card services, e-banking products, remittances, foreign currency operations and other financial services to its customers through its branches and ATMs networks.

Subsidiary

The Bank has no any Subsidiary.

Associates

Mero Micro Finance Lagubitta Bittiya Santha Limited and Mahila Sahayatra Micro Finance Bittiya Sanstha Limited are the Associates of the Bank. Mero Microfinance Bittiya Sanstha Ltd. Mero Micro Finance is joint initiative of 10 institutions (8 commercial banks and 2 development banks). Mero Microfinance has been incorporated under Company Act, 2063 and registered as a 'D' class national level financial institution with the Nepal Rastra Bank under BAFI Act, 2063 on 14 July, 2013.

Mero Micro Finance received operating license from Nepal Rastra Bank on 14th July 2013 and started

formal microfinance operation from 18 July, 2013 from its first branch office Battar located in Nuwakot district. The authorized capital of Mero Microfinance Lagubitta Bittiya Sanstha is NRs. 400 million, issued capital is NRs. 286 million and paid up capital is 286 million.

Mahila Sahayatra Microfinance Bittiya Sanstha Limited is the creation of 100 professional women who believe in inclusive, socio-economic development of Nepal. Sahayatra extends itself into areas that are not served or underserved by other financial institutions to fight gender inequality, unemployment driven out-migration, and poverty. Licensed by Nepal Rasta Bank, it is an independent microfinance "D" category bank under the provisions of the Banks and Financial Institution Act 2063.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements have been prepared in accordance with Nepal Rastra Bank Directives, Nepal Financial Reporting Standards 2013 and it's carve-outs issued by the Institute of Chartered Accountants of Nepal (ICAN), provisions of Banks and Financial Institutions Act (BAFIA), 2073 and in conformity with the Company Act, 2063.

The carve-outs issued by the Institute of Chartered Accountants of Nepal on September 20, 2018 on NFRS requirement, which allowed alternative treatments and the bank adopted following carve outs:

S.No.	NFRS/NAS	Particulars
1	NAS 28: Para 35	Accounting for Investment in Associates as per Equity Method using uniform Accounting Policies
2	NAS 39: Para 58	Incurred Loss Model to measure the Impairment Loss on Loan and Advances
3	NAS 39: Para 9	Impracticability to determine transaction cost of all previous years which is the part of effective interest rate
4	NAS 39: Para AG93	Impracticability to determine interest income on amortized cost

Disclosure of carve-outs is provided in Para 2.4.3, 3.4.2, and 3.4.6 for Financial Instruments: Recognition and measurement (NAS39).

2.2 Reporting period and approval of Financial Statements

2.2.1 Reporting Period

The accounting policies set out below have been applied consistently to all periods presented in these 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	Date in B.S.	Date in A.D.
Statement of financial position date		
Current Year	31 st Ashadh 2076	16 th July 2019
Previous Year	32 nd Ashadh 2075	16 th July 2018

Statement of Profit and Loss Account		
Current Year	1 st Shrawan 2075 - 31 st Ashadh 2076	17 th July 2018 - 16 th July 2019
Previous Year	1 st Shrawan 2074 - 32 nd Ashadh 2075	17 th July 2017 - 16 th July 2018

*NFRS = Nepal Financial Reporting Standards

2.2.2 Approval of Financial Statements

The accompanied Financial Statements have been authorized by the Board of Directors vide its resolution dated 25th November 2019 (9th Mangsir 2076) and recommended for its approval by the Annual General Meeting of the shareholders.

2.3 Functional and Presentation Currency

The Financial Statements are presented in Nepalese Rupees (Rs), which is the Banks both functional currency and presentation currency. Financial information presented in Nepalese Rupees unless indicated otherwise.

2.4 Use of estimates, assumptions and judgments

The preparation of the financial statements is in line with NFRS and its carve out issued by Institute of Chartered Accountants of Nepal which includes management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

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

2.4.1 Going Concern

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

2.4.2 Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position can be derived from active markets, they are derived from observable market data. However, if this is not available, judgment is required to establish fair values. The valuation of financial instruments is described in more details in Note 5.1.6 under "Fair Value of financial assets and liabilities".

2.4.3 Impairment of Financial Assets – Loans and Receivables

The Bank reviews its individually significant loans and advances at each reporting period to assess whether an impairment loss shall be recorded in the income statement. In particular, judgment of the management is required in the estimation of the amount and timing of future cash flows when determining the impairment.

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

Loans and advances that have been assessed individually and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes in to account data from the loan portfolio such as levels of arrears, credit quality, portfolio size etc. and judgments based on current economic conditions.

The bank has opted to apply carve-out on impairment of loans and advances. Accordingly, the bank has applied paragraph 63 to determine the amount of any impairment loss. It has separately calculated individual and collective impairment loss amount and compared with the impairment provision required under NRB directive no.2, higher of the amount derived from these measures is taken as impairment loss for loans and advances.

2.4.4 Impairment of Available for Sale Investments

Bank reviews its securities classified as available for sale, at each reporting date to assess whether they are impaired. Objective evidence exists in available-for-sale securities if it identifies significant financial difficulty of the issuer, a breach of contract such as a default or delinquency in interest or principal payments etc. Bank also records impairment charges on available for sale equity investments where there is significant or prolonged decline in fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. Bank generally treats 'significant' as 20% and 'prolonged' as greater than twelve months. In addition, Bank evaluates, among other factors, historical share price movements, duration and extent up to which the fair value of an investment is less than its cost.

2.4.5 Taxation

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

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

2.4.6 Defined Benefit Plans

The cost of the defined benefit obligations and the

present value of their obligations are determined using actuarial valuations.

The actuarial valuation involves making assumptions about discount rates, future salary increments, mortality rates and possible future pension increments if any. Due to the long-term nature of these plans, such estimates are subject to uncertainty. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of Nepal government Citizen Saving bonds with maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on Nepali Assured Mortality Table, 2009. Future salary escalation rates are based on expected future salary increment rates of the Bank based on past data.

2.4.7 Fair Value of Property and Equipment

The freehold land and buildings of the bank are not reflected at fair value and no revaluation has been carried at the reporting date. After recognition as an asset, an item of property and equipment are carried at its cost less any accumulated depreciation and any accumulated impairment losses.

2.4.8 Useful Life-time of the Property, Plant and Equipment

The Bank is following the cost model for recognition of Property, Plant and Equipment. The Bank reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting date.

2.4.9 Commitments and Contingencies

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

2.4.10 Classification of Investment Properties

Management requires using its judgment to determine whether a property qualifies as an investment property. The Bank has developed criteria so it can exercise its judgment consistently. A property that is held to earn rentals or for capital appreciation or both and which generates cash flows largely independently of the other assets held by the Bank is accounted for as investment properties. On the other hand, a property that is used for operations or in the process of providing services or for administrative purposes and which do not directly generate cash flows as a standalone assets are accounted for as property, plant and equipment. The Bank assesses on an annual basis the accounting classification of its properties taking into consideration the current use of such properties. Currently, land or land & building hold by bank as Non Banking Assets is categorized as investment property.

2.5 Changes in accounting policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the bank in preparing and presenting financial statements. The bank is permitted to change an accounting policy only if the change is required by a standard or

interpretation; or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the bank's financial position, financial performance, or cash flows. The bank uses the same accounting policies throughout all periods presented in its financial statements. Those accounting policies comply with each NFRS effective at the end of reporting period.

2.6 New Standards in issue but not yet effective

For the reporting of Financial Instruments, NAS 32 Financial Instrument Presentation, NAS 39 Financial Instrument Recognition and Measurements and NFRS 7 Financial Instruments-Disclosures have been applied.

2.7 New Standards and interpretation not adopted

All Standards and pronouncement issued by Accounting Standard Board Nepal as on reporting period has been adopted. However, IFRS 9: Impairment, IFRS 15: Revenue from Contract with Customers, IFRS 16: Lease are effective internationally, and these standards will be adopted when they are pronouncement of Accounting Standard Board, Nepal.

2.8 Discounting

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

2.9 Presentation of Financial Statement

The assets and liabilities of Bank presented in the Statement of Financial Position are grouped in an order of liquidity. An analysis on recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the Notes.

2.10 Materiality and Aggregation

In compliance with NAS 1, the bank has each material class of similar items are presented separately in the Financial Statement. Similarly, items of dissimilar nature or functions are presented separately unless they are immaterial. Financial Assets and Financial Liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by an Accounting Standard.

2.11 Comparative Information

The Financial Statement of the Bank provides comparative information in respect of previous periods. The accounting policies have been consistently applied by the Bank with those of the previous financial year in accordance with NAS 1 Presentation of Financial Statements, except those which had to be changed as a result of application of the new NFRS. Furthermore, comparative information

is reclassified and restated wherever necessary to comply with the current presentation.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, unless otherwise indicated.

3.1 Basis of Measurement

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

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

However, the bank has opted to apply carve-out and measure the financial assets and liabilities at carrying amount i.e. amount disbursed to borrower and amount received from the lender by the bank.

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 Nepal Financial Reporting Standard - 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. Transactions costs, other than those associated with the issue of debt or equity securities, that the Bank incurs in connection with a business combination are expenses as incurred.

3.2.2 Non-Controlling Interest (NCI)

The group presents non-controlling interests in its consolidated statement of financial position within equity, separately from the equity of the owners of the parent. The group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests.

The group also attributes total comprehensive income to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Currently, the bank has no such NCIs.

3.2.3 Subsidiaries

Subsidiaries are entities that are controlled by the Bank. The Bank is presumed to control an investee when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. At each reporting date, the Bank reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control mentioned above. Currently, the Bank does not have any subsidiaries.

3.2.4 Loss of Control

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

3.2.5 Special Purpose Entity (SPE)

An entity may be created to accomplish a narrow and well-defined objective (eg. to effect a lease, research and development activities or a securitization of financial assets). Such a special purpose entity ('SPE') may take the form of a corporation, trust, partnership or unincorporated entity.

Currently, the Bank does not have any special purpose entity.

3.2.6 Transaction elimination on consolidation

In consolidating a subsidiary, the group eliminates full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the subsidiary and the bank (profits or losses resulting from intra-group transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full).

Currently, the Bank does not have any subsidiary, thus consolidation is not applicable.

3.3 Cash and cash equivalents

Cash and cash equivalents include cash at vault and cash in transit, balances with other bank and financial institutions, money at call and 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. Fair value of cash and cash equivalent amount is the carrying amount.

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

3.4 Financial assets and Financial Liabilities

3.4.1 Initial Recognition

A) Date of Recognition

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

B) Recognition and Initial Measurement of Financial Instruments

The classification of financial instruments at the initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs that are directly attributable to acquisition or issue of such financial instruments except in the case of such financial assets and liabilities at fair value through profit or loss, as per the Nepal Accounting Standard - NAS 39 (Financial Instruments: Recognition and Measurement). Transaction costs in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with the Statement of Profit or Loss.

3.4.2 Classification and Subsequent Measurement of Financial Instruments

Classification and Subsequent Measurement of Financial Assets

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

- a) Financial assets measured at fair value through profit or loss
 - i. Financial Assets held for trading
 - ii. Financial Assets designated at fair value through profit or loss
- b) Financial Asset measured at amortized cost
 - i. Financial Assets -Held to Maturity
 - ii. Financial Assets - Loans and Receivables
- c) Financial assets measured at fair value through OCI

The subsequent measurement of financial assets depends on their classification.

(a) Financial Assets measured at Fair Value through Profit or Loss

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

i) Financial Assets Held for Trading

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

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

payment has been established.

Bank evaluates its held for trading asset portfolio, other than derivatives, to determine whether the intention to sell them in the near future is still appropriate. When Bank is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Bank may elect to reclassify these financial assets. Financial assets held for trading include instruments such as government securities and equity instruments that have been acquired principally for the purpose of selling or repurchasing in the near term. Currently, bank has not categorized its financial assets in this category.

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

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

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

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

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

(b) Financial Assets measured at amortized Cost

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

i. Held to Maturity Financial Assets

Held to Maturity Financial Assets are non-derivative financial assets with fixed or determinable payments and fixed maturities which the Bank has the intention and ability to hold to maturity.

ii. Loans and Receivables from Customers

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

other than:

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

However, the bank has opted to apply carve-out provided by the Institute of Chartered Accountants of Nepal and recognize interest income at the coupon rate and continually measured the carrying amount of loans and receivable at cost/fair value less repayment and allowance for impairment.

(c) Financial Assets measured at fair value through OCI

Financial assets measured at fair value through OCI are Available for sale financial assets. It includes equity and debt securities. Equity Investments classified as 'Available for Sale' are those which are neither classified as 'Held for Trading' nor 'Designated at fair value through profit or loss'. Securities in this category are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, financial assets measured at fair value through OCI are subsequently measured at fair value. Unrealized gains and losses are recognized directly in equity through 'Other comprehensive income / expense' in the 'Fair Value Reserve'. When the investment is disposed of the cumulative gain or loss previously recognized in equity is recognized in the Statement of Profit or Loss under 'Other operating income'. Interest earned whilst holding these assets are reported as 'Interest income' using the effective interest rate. Dividend earned whilst holding these assets are recognized in the Statement of Profit or Loss as 'other operating income' when the right to receive the payment has been established.

Financial assets under this category that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortized cost of the security are recognized in income statement and other changes in the carrying amount are recognized in other comprehensive income.

In the normal course of business, the fair value of a financial instrument on initial recognition is the transaction price (that is, the fair value of the consideration given or received). In certain circumstances, however, the fair value will be based on other observable current market transactions in the same instrument, without modification or repackaging, or on a valuation technique whose variables include only data from observable markets, such as interest rate yield, option volatilities and currency rates. When such evidence exists, the Bank recognizes a trading gain or loss on inception of the financial instrument, being the difference between the transaction price and fair value.

When unobservable market data have a significant impact on the valuation of financial instruments,

the entire initial difference in fair value from the transaction price as indicated by the valuation model is not recognized immediately in the income statement. Instead, it is recognized over the life of the transaction on an appropriate basis, when the inputs become observable, the transaction matures or is closed out, or when the Bank enters into an offsetting transaction.

Classification and Subsequent Measurement of Financial Liabilities

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

a) Financial liabilities at fair value through profit or loss

- i. Financial liabilities held for trading
- ii. Financial liabilities designated at fair value through profit or loss

b) Financial liabilities at amortized cost

(a) Financial Liabilities at Fair Value through Profit or Loss

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

i) Financial Liabilities Held for Trading

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

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

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

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

(b) Financial Liabilities at Amortized Cost

Financial instruments issued by Bank that are not classified as fair value through profit or loss are classified as financial liabilities at amortized cost, where the substance of the contractual arrangement results in Bank having an obligation either to deliver

cash or another financial asset to another Bank, or to exchange financial assets or financial liabilities with another Bank under conditions that are potentially unfavorable to the Bank or settling the obligation by delivering variable number of Bank's own equity instruments.

After initial recognition, such financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Within this category, deposits and debt instruments with fixed maturity period have been recognized at amortized cost using the method that very closely approximates effective interest rate method. The amortization is included in 'Interest Expenses' in the Statement of Profit or Loss. Gains and losses are recognized in the Statement of Profit or Loss when the liabilities are derecognized.

However, the bank has opted to apply carve-out provided by the Institute of Chartered Accountants of Nepal and recognize interest expense at the coupon rate and continually measured the carrying amount of loans and receivable at cost/fair value less repayment.

3.4.3 Reclassification of Financial Instruments

a) Reclassification of Financial Instruments 'At fair value through profit or loss',

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

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

Bank may, in rare circumstances reclassify financial instruments out of fair value through profit or loss category if such instruments are no longer held for the purpose of selling or repurchasing in the near term notwithstanding that such financial instruments may have been acquired principally for the purpose of selling or repurchasing in the near term. Financial assets classified as fair value through profit or loss at the initial recognition which would have also met the definition of 'Loans and Receivables' as at that date is reclassified out of the fair value through profit or loss category only if Bank has the intention and ability to hold such asset for the foreseeable future or until maturity.

The fair value of financial instruments at the date of reclassification is treated as the new cost or amortized cost of the financial instrument after reclassification. Any gain or loss already recognized in respect of the reclassified financial instrument until the date of reclassification is not reversed to the Statement of Profit or Loss.

If a financial asset is reclassified, and if Bank subsequently increases its estimates of the future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognized as an adjustment to the effective interest rate from the date of the change in estimate rather than an adjustment to the carrying amount of the asset at the date of change in estimate.

b) Reclassification of 'Available for sale' Financial Instruments

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

A financial asset classified as available for sale that would have met the definition of loans and receivables at the initial recognition may be reclassified out of available for sale category to the loans and receivables category if Bank has the intention and ability to hold such asset for the foreseeable future or until maturity.

The fair value of financial instruments at the date of reclassification is treated as the new cost or amortized cost of the financial instrument after reclassification. Difference between the new amortized cost and the maturity value is amortized over the remaining life of the asset using the effective interest rate. Any gain or loss already recognized in Other Comprehensive Income in respect of the reclassified financial instrument is accounted as follows:

i) Financial assets with fixed maturity :

Gain or loss recognized up to the date of reclassification is amortized to profit or loss over the remaining life of the investment using the effective interest rate. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

ii) Financial assets without fixed maturity :

Gain or loss recognized up to the date of reclassification is recognized in profit or loss only when the financial asset is sold or otherwise disposed of. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

If a financial asset is reclassified, and if Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognized as an adjustment to the effective interest rate from the date of the change in estimate rather than an adjustment to the carrying amount of the asset at the date of change in estimate.

c) Reclassification of 'Held to Maturity' Financial Instruments

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

However, if Bank were to sell or reclassify more than an insignificant amount of held to maturity investments before maturity [other than in certain specific circumstances permitted in Nepal Accounting Standard - NAS 39(Financial Instruments: Recognition and Measurement)], the entire category would be tainted and would have to be reclassified as 'Available for sale'. Furthermore, Bank would be prohibited from classifying any financial assets as 'Held to Maturity' during the following two years.

3.4.4 De-recognition of Financial Assets and Liabilities

a) De-recognition of Financial Assets

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

- The rights to receive cash flows from the asset

have expired; or

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

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

When Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset. In that case, Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Bank has retained.

When Bank's continuing involvement that takes the form of guaranteeing the transferred asset, the extent of the continuing involvement is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received by Bank that Bank could be required to repay.

When securities classified as available for sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are reclassified to income statement as gains and losses from investment securities.

b) De-recognition of Financial Liabilities

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

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

c) Repurchase and Reverse Repurchase Agreements

Securities sold under agreement to repurchase at a specified future date are not de-recognized from the Statement of Financial Position as the Bank retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognized in the Statement of Financial Position as a liability with a corresponding obligation to return it, including accrued interest under 'Securities sold under repurchase agreements', reflecting the transaction's economic substance to the Bank. The difference between the sale and repurchase prices is treated as interest

expense and is accrued over the life of the agreement using the effective interest rate. When the bank has the right to sell or re-pledge the securities, the Bank reclassifies those securities in its Statement of Financial Position as 'Financial assets held for trading pledged as collateral' or 'Financial assets available for sale pledged as collateral, as appropriate.

Conversely, securities purchased under agreements to resell at future date are not recognized in the Statement of Financial Position. The consideration paid, including accrued interest, is recorded in the Statement of Financial Position, under "Reverse repurchase agreements" reflecting the transaction's economic substance to the Bank. The difference between the purchase and resale prices is recorded as 'Interest income' and is accrued over the life of the agreement using the effective interest rate. If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within 'Financial liabilities held for trading' and measured at fair value with any gains or losses included in 'Net trading income'.

3.4.5 Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of liability reflects its non-performance risk. When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument (Level 01 valuation). A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis on an arm's length basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability (Level 01 valuation) nor based on a valuation technique that uses only data from observable markets (Level 02 valuation), then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank entity and the counterparty where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that

the Bank believes a third-party market participant would take them into account in pricing a transaction.

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

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

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

3.4.6 Impairment of Financial Assets

The bank has prepared separate Policy for Impairment of Financial Assets under NFRS in which Financial Assets are assessed at each reporting date, whether there is any objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss is impaired. A financial asset or group of financial assets is deemed to be impaired if and only if there is objective evidence of impairment as a result of one or more events, that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

a) Impairment of Financial Assets carried at Amortized Cost

For financial assets carried at amortized cost, such as amounts due from banks, held to maturity investments etc., Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant or collectively for financial assets that are not individually significant. In the event Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics such as collateral type, past due status and other relevant factors and collectively assesses them for impairment. However, assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is an objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income

continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

i) Individually Assessed Financial Assets

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

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

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

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

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

- Bank's aggregate exposure to the customer;
- The viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash

1.1 General Information

Prime Commercial Bank Limited is an "A" class commercial bank licensed by Nepal Rastra Bank. It was registered as Public Limited Company on 1st Shrawan 2064 under the Company Act, 2063. The registered (corporate) office of the bank is located at Kamalpokhari, Kathmandu, Nepal. The bank started its commercial operation from 7th Ashwin 2064 corresponding to 24th September 2007.

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Subsidiary

The Bank has

2.2.1 Reporting Period

flows to service debt obligations;

- The amount and timing of expected receipts and recoveries;
- The extent of other creditors' commitments ranking ahead of, or pari-pasu with the Bank and the likelihood of other creditors continuing to support the company;
- The realizable value of security and likelihood of successful repossession;

ii) Collectively Assessed Financial Assets

Impairment is assessed on a collective basis in two circumstances:

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

Incurred but not yet been identified impairments

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

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

The collective impairment allowance is determined after taking into account:

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

Homogeneous groups of Financials Assets

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

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

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

Under this methodology, loans are grouped into

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

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

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

However, The bank has opted to apply carve-out on impairment of loans and receivables. Accordingly, individual and collective impairment loss amount calculated as per NFRS is compared with the impairment provision required under NRB directive no.2, higher of the amount derived from these measures is taken as impairment loss for loans and receivables.

iii) Reversal of Impairment

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

iv) Write-off of Financial Assets Carried At Amortized Cost

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

v) Impairment of Rescheduled Loans and Advances

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

vi) Collateral Valuation

The Bank seeks to use collateral, where possible, to

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

b) Impairment of Financial Assets – Available for Sale

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

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

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

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

3.4.7 Offsetting of Financial Instruments

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

3.4.8 Amortized Cost Measurement

The Amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference

between the initial amount recognized and the maturity amount, minus any reduction for impairment.

3.5 Trading Assets

One of the categories of financial assets at fair value through profit or loss is "held for trading" financial assets. All financial assets acquired or held for the purpose of selling in the short term or for which there is a recent pattern of short term profit taking are trading assets.

3.6 Derivatives assets and derivative liabilities

A derivative is a financial instrument whose value changes in response to the change in an underlying variable such as an interest rate, commodity or security price, or index; that requires no initial investment, or one that is smaller than would be required for a contract with similar response to changes in market factors; and that is settled at a future date.

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

All freestanding contracts that are considered derivatives for accounting purposes are carried at fair value on the statement of financial position regardless of whether they are held for trading or non-trading purposes. Changes in fair value on derivatives held for trading are included in net gains/ (losses) from financial instruments in fair value through profit or loss on financial assets/ liabilities at fair value through profit or loss.

3.7 Properties and Equipment

3.7.1 Recognition

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

3.7.2 Measurement

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

3.7.3 Cost Model

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

3.7.4 Revaluation Model

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

On revaluation of an asset, any increase in the carrying amount is recognized in 'Other comprehensive income' and accumulated in equity, under capital 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 capital reserve in respect of that asset.

The decrease recognized in other comprehensive income reduces the amount accumulated in equity under capital 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.

3.7.5 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.

3.7.6 Depreciation

Fixed assets are depreciated on Straight Line Method, at the rates determined on the basis of useful life of assets. Depreciation rates applicable to assets of the bank are as follows.

Rate of Depreciation per annum (%)

S.N.	Particulars	Rate
1	Buildings	2.50%
2	Furniture & fixtures	20%
3	Office Equipments	20%
4	Vehicles	20%
5	Computers	20%

Depreciation on newly acquired fixed assets is charged from the month of booking or when the fixed asset is ready to use, whichever is earlier.

Fixed assets booked before 15th of the month are depreciated for the whole month and after 15th are depreciated for half month.

Fixed Assets valuing 5,000 or less are directly charged to the profit and loss account as expenses for capital items.

Amortization of Leasehold Assets

Costs incurred in respect of Leasehold Property are capitalized as leasehold assets and amortized at the rate of 10% on straight line basis.

3.7.7 Changes in Estimates

The asset's methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

3.7.8 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.

3.7.9 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of an asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Bank incurs in connection with the borrowing of funds.

3.7.10 De-recognition

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

3.8 Goodwill and Intangible Assets

3.8.1 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, 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.

3.8.2 Computer Software & Licenses

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.

3.8.3 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 expenditures are charged to the Statement of Profit or Loss as incurred.

Goodwill is measured at cost less accumulated impairment losses. Bank doesn't have any goodwill in its books of accounts.

3.8.4 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.

License fees for the software paid by the Bank are amortized over the period of the license. Profit or loss on disposal of fixed assets is recognized in the profit and loss of the year.

3.8.5 De-recognition of Intangible Assets

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

3.9 Investment Property

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

Land or land and building other than those classified as property and equipment; and non-current assets held for sale under relevant accounting standard has been presented under this account head. This shall include land, land and building acquired as non banking assets by the Bank but not sold.

Hence, Investment Properties represent Non-Financial Assets acquired by the Bank in settlement of the overdue loans. The assets are initially recognized at fair value when acquired. The Bank's policy is to determine whether the asset is best used for its internal operations or should be sold. The proceeds are used to reduce or repay the outstanding claim. The immovable property acquired by foreclosure of collateral from defaulting customers, or which has devolved on the Bank as part settlement of debt, has not been occupied for business use. Hence, investment property is measured at fair value.

After initial measurement, investment properties are subsequently measured at fair value. Unrealized gains and losses are recognized directly under "Fair value gain/loss on investment properties" in "other

operating income". When the investment properties are disposed off, the gains or losses are recognized in the Statement of Profit or Loss under 'Other operating income' in "Gain/loss on sale of investment property". The fair value measurement of level I is applied for subsequent measurement of Investment Property.

3.10 Income Tax

As per Nepal Accounting Standard- NAS 12 (Income Taxes) tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income Tax expense is recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity or other comprehensive income in which case it is recognized in equity or in other comprehensive income. The Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

3.10.1 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.

3.10.2 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.

3.11 Deposits, debt securities issued and subordinated liabilities

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

3.12 Provisions

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

A provision for onerous contracts is recognized when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured as the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Provisions are not recognized for future operating losses.

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

3.13 Revenue Recognition

As per NAS 18 para 20 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.

3.13.1 Interest Income

For all financial assets measured at amortized cost, interest bearing financial assets classified as available-for-sale and financial assets designated at fair value through profit or loss, EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

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

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognized only to the extent of the expenses recognized that are recoverable. Similarly, once the recorded value of a financial asset or a group of similar financial assets has been reduced due to payment delinquency for more than 365 days, interest income shall be discontinued to be recognized. Similarly, the interest recognition is suspended as per "Guideline on Recognition of Interest Income 2019" issued by Nepal Rastra Bank.

The bank has opted to apply carve-out and recognize interest income on accrual basis applying the coupon rate, which is variable rate of interest.

3.13.2 Fee and Commission Income

Fees earned for the provision of services over a period of time are accrued over that period. These fees include Service fees and commission income. Loan syndication fees are recognized as revenue when the syndication has been completed and the Bank retained no part of the loan package for itself, or retained a part at the same effective interest rate as for the other participants. Portfolio and other management advisory fees and service distribution fees are recognized based on the applicable contracts, usually on a time apportionment basis.

3.13.3 Dividend Income

Dividend income is on equity instruments are recognized in the statement of profit and loss within other operating income when the Bank's right to receive payment is established.

3.13.4 Net Trading Income

Net trading income comprises gains less losses

relating to trading assets and liabilities, and includes all realized interest, dividend and foreign exchange differences as well as unrealized changes in fair value of trading assets and liabilities.

3.13.5 Net Income from other financial instrument at fair value through Profit or Loss

Trading assets such as equity shares and mutual fund are recognized at fair value through profit or loss. No other financial instruments are designated at fair value through profit or loss.

Currently, the bank has no income under the heading net income from other financial instrument at fair value through profit or loss.

3.14 Interest Expense

For financial liabilities measured at amortized cost using the rate that closely approximates effective interest rate, interest expense is recorded using such rate. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

3.15 Employee Benefits

Employee Benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

Employee benefits include:

- Short term employee benefits
- Post employee benefits
- Other long term employee benefits
- Termination benefits

3.15.1 Short Term Employee Benefits

Short-term employee benefits such as the following, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services:

- i. Wages, salaries and social security contributions;
- ii. Paid annual leave and paid sick leaves;
- iii. Profit sharing and bonuses;
- iv. Non-monetary benefits (such as medical care, housing, cars) for current employees

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

3.15.2 Post-Employment Benefits

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment such as the following:

- i. Retirement benefits (eg: gratuity, lump sum payments on retirement); and
- ii. Other post-employment benefits such as post-employment life insurance

Defined Contribution Plan

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

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

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

Defined Benefit Plan

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

a) Gratuity

In compliance with Labor Act, 2017, provision is made in the account year of service, for gratuity payable to employees who joined bank on a permanent basis before 3rd September 2017. Similarly, the employees who joined the bank after 3rd September 2017, the contributory plan is made. 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 year ended 16th July, 2019 (current service cost) has been recognized in the Statement of Profit or Loss under 'Personnel Expenses' together with the

net interest expense. Bank recognizes the total actuarial gain and loss that arises in calculating Bank's obligation in respect of gratuity in other comprehensive income during the period in which it occurs.

b) 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 Actuarial 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.

3.15.3 Other Long Term Employee Benefits

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

3.15.4 Termination Benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either:

- i. An entity's decision to terminate an employee's employment before the normal retirement date or
- ii. An employee's decision to accept an offer of benefits in exchange for the termination of employment

3.16 Leases

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

3.16.1 Finance Lease

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance lease. When Bank is the lessor under finance lease, the amounts due under the leases, after deduction of unearned interest income, are included in 'Loans to & receivables from other customers', as appropriate. Interest income receivable is recognized in 'Net interest income' over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

When Bank is a lessee under finance leases, the leased assets are capitalized and included in 'Property, plant and equipment' and the corresponding liability to the lessor is included in 'Other liabilities'. A finance lease and its corresponding liability are recognized initially at the fair value of the asset or if lower, the present value of the minimum lease payments. Finance charges payable are recognized in 'Interest

expenses' over the period of the lease based on the interest rate implicit in the lease so as to give a constant rate of interest on the remaining balance of the liability.

The bank does not have finance lease transactions at the reporting date.

3.16.2 Operating Lease

All other leases are classified as operating leases. When acting as lesser, Bank includes the assets subject to operating leases in 'Property, plant and equipment' and accounts for them accordingly. Impairment losses are recognized to the extent that residual values are not fully recoverable and the carrying value of the assets is thereby impaired. The lease payments are recognized as an expense on straight line basis over the lease term.

When Bank is the lessee, leased assets are not recognized on the Statement of Financial Position.

3.17 Foreign Currency Translation, Transactions and Balances

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Nepalese Rupees using the spot foreign exchange rate ruling at that date and all differences arising on non-trading activities are taken to 'Other Operating Income' in the Statement of Profit or Loss. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the rates of exchange prevailing at the end of the reporting period.

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

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

3.18 Financial guarantee and loan commitment

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts may have various legal forms, such as a guarantee, some types of letter of credit, etc. 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 etc. whether cancellable or not and the bank had not made payments at the reporting date, those instruments are included in these financial statements as commitments.

3.19 Share capital and reserves

Share capital and reserves are different classes of

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

3.20 Earnings per share

Bank presents basic and diluted Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary equity holders of Bank by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting both the profit and loss attributable to the ordinary equity holders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any.

Earnings per share is calculated and presented in Statement of Profit or Loss.

3.21 Segment reporting

An operating segment is a component of an entity:

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

The bank has identified the key segments of business on the basis of nature of operations that assists the Executive Committee of the bank in decision making process and to allocate the resources. It will help the management to assess the performance of the business segments. All operations between the segments are conducted on pre-determined transfer price. Treasury department acts as the fund manager of the Bank.

Currently, the bank has categorized its segment as:

- Banking Operation
- Treasury
- Card
- Others

3.22 Impairment of Non-Financial Assets

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

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

3.23 Dividend on Ordinary Shares

Dividend on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Bank's shareholders. Dividend for the year that is approved after the reporting date is disclosed as an event after the reporting date. Interim Dividend is deducted from equity when they are declared and is no longer at the discretion of the Bank.

3.24 Cash Flow Statement

As per NAS 7, the cash flow statement has been prepared using 'The Direct Method', whereby gross cash receipts and gross cash payments of operating activities, finance activities and investing activities have been recognized.

3.25 Comparative Information

The Financial Statement of the Bank provides comparative information in respect of previous periods. The accounting policies have been consistently applied by the Bank with those of the previous financial year in accordance with NAS 1 Presentation of Financial Statements. Furthermore, comparative information is reclassified and restated wherever necessary to comply with the current presentation.

4. Notes to Financial Statements

4.1 Cash and Cash Equivalent

Particulars	Current Year	Previous Year
Cash in Hand	2,503,874,208	2,427,643,709
Balances with BFIs	1,692,336,589	1,745,473,989
Money at Call and Short Notice	-	-
Other	-	-
Placement less than 3 months	1,108,552,480	329,617,872
Total	5,304,763,277	4,502,735,569

Cash and cash equivalents include cash at vault and agency bank account balances and placement to other BFIs which are maturing within 3 months which are subject to an insignificant risk of changes in value. Fair value of cash and cash equivalent amount is the carrying amount.

4.2 Due from Nepal Rastra Bank

Particulars	Current Year	Previous Year
Statutory Balances with NRB	3,162,797,290	3,228,087,707
Securities purchased under Resale Agreement	-	-
Other Deposit and Receivable from NRB	4,645,183,886	5,587,748,303
Total	7,807,981,176	8,815,836,010

Minimum Statutory balances as prescribed by NRB which is 4% of minimum CRR balance to be maintained with NRB is included in Statutory Balance with NRB and remaining balance is shown in Other Deposit and Receivable from NRB. The fair value of balance with the Nepal Rastra Bank is the carrying amount.

4.3 Placements with Banks and Financial Institutions

Particulars	Current Year	Previous Year
Placement with Domestic BFIs	14,060,238	20,678,450
Placement with Foreign BFIs	1,104,669,479	1,939,772,245
Less: Allowances for Impairment	-	-
Total	1,118,729,717	1,960,450,695

Placement whose maturity date is more than 3 months as on reporting date is shown in this category. The fair value of balance includes Principal amount and Account Receivable as on reported date.

4.4 Derivative Financial Instruments

Particulars	Current Year	Previous Year
Held for Trading		
Interest Rate Swap	-	-
Currency Swap	-	-
Forward Exchange Contracts	-	-
Others	-	-
Held for Risk Management		
Interest Rate Swap	-	-
Currency Swap	-	-
Forward Exchange Contracts.	-	-
Others	-	-
Total	-	-

4.5 Other Trading Assets

Particulars	Current Year	Previous Year
Treasury Bills	-	-
Government Bonds	-	-
NRB Bonds	-	-
Domestic Corporate Bonds	-	-
Equities	-	-
Other Trading Assets	-	-
Total	-	-

4.6 Loans and Advances to BFIs

Particulars	Current Year	Previous Year
Loans to Micro-Finance Institutions	3,045,237,060	2,857,604,968
Other	-	-
Less: Allowances for Impairment	30,428,790	28,564,588
Total	3,014,808,270	2,829,040,379

4.6.1 Allowances for Impairment

Particulars	Current Year	Previous Year
Balance at Shrawan 01	28,564,588	19,639,629
Impairment Losss for the year:		
Charge for the year	3,209,164	8,924,960
Recoveries/Reversal	1,344,962	-
Amount Written Off	-	-
Balance at Ashadh End	30,428,790	28,564,588

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

4.7 Loans and Advances to Customers

Particulars	Current Year	Previous Year
Loans and Advances measured at Amortized Cost	73,851,161,294	68,310,099,963
Less: Impairment Allowances		
Collective Impairment	708,166,404	662,715,735
Individual Impairment	597,593,253	509,568,170
Net Amount	72,545,401,637	67,137,816,058
Loans and Advances measured at FVTPL	-	-
Total	72,545,401,637	67,137,816,058

Loans and advances are assessed individually and collectively as per incurred loss model which is compared with the loss provision prescribed by NRB directive no. 2. Higher of the loss as per incurred loss model and NRB directive is considered for impairment. Accrued Interest Receivable on loans have been considered under Loans and Advances measured at Amortized Cost. Loan to employees and its AIR provided according to the Employee Bylaws of the bank is presented under this head. Total provision under Pass Loan as per NRB Directive No. 2 is categorized as Collective Impairment and remaining are categorized as Individual Impairment.

4.7.1: Analysis of Loans and Advances - By Product

Particulars	Current Year	Previous Year
Product		
Term Loans	14,756,971,010	10,561,891,049
Overdraft	14,539,071,872	13,477,556,470
Trust Receipt/Import Loans	1,618,802,413	1,668,417,058
Demand and other Working Capital Loans	10,068,375,371	9,217,823,468
Personal Residential Loans	3,890,204,594	4,183,241,748
Real Estate Loans	5,559,437,609	6,981,994,602
Margin Lending Loans	2,070,061,653	1,999,739,792
Hire Purchase Loans	4,767,612,016	4,201,514,248
Deprived Sector Loans	759,147,300	674,014,668
Bills Purchased	54,010,397	150,499,000
Staffs Loans	214,772,609	171,015,240
Other	15,171,821,319	14,778,081,778
Sub-Total	73,470,288,164	68,065,789,121
Interest Receivable	380,873,131	244,310,842
Grand Total	73,851,161,294	68,310,099,963

4.7.2: Analysis of Loans and Advances - By Currency

Particulars	Current Year	Previous Year
Nepalese Rupee	73,127,557,617	67,786,786,673
Indian Rupee	-	-
United States Dollar	703,828,390	523,313,289
Great Britain Pound	-	-
Euro	19,775,287	-
Japanese Yen	-	-
Chinese Yuan	-	-
Other	-	-
Grand Total	73,851,161,294	68,310,099,963

4.7.3: Analysis of Loans and Advances - By collateral

Particulars	Current Year	Previous Year
Secured		
Moveable/Immoveable Assets	68,191,929,635	58,032,513,657
Gold and Silver	279,079,931	5,034,089,127
Guarantee of Domestic BFIs	-	-
Government Guarantee	117,802,500	140,918,990
Guarantee of International Rated Bank	-	-
Collateral of Export Document	-	-
Collateral of Fixed Deposit Receipt	205,922,409	362,717,540
Collateral of Government Securities	3,319,946	2,520,000
Counter Guarantee	-	-
Personal Guarantee	600,000	5,599,062
Other Collateral	4,671,633,742	4,487,430,745
Subtotal	73,470,288,164	68,065,789,121
Unsecured(AIR)	380,873,131	244,310,842
Grand Total	73,851,161,294	68,310,099,963

Gross Loans and Advances to customers excluding Impairment and Receivable has been considered for 4.7.3 analysis.

4.7.4: Allowance for Impairment

Particulars	Current Year	Previous Year
Specific Allowance for Impairment		
Balance at Shrawan 01	509,568,170	402,170,319
Impairment Loss for the year		
Charge for the year	234,225,533	160,021,781
Recoveries/Reversals during the year	146,200,450	52,623,930
Write-Offs	-	-
Exchange Rate Variance on Foreign Currency	-	-
Other Movement	-	-
Balance at Ashadh End	597,593,253	509,568,170
Collective Allowances for Impairment		
Balance at Sharawan 01	662,715,735	555,052,934
Impairment Loss for the year		
Charge/(Reversal) for the year	45,450,669	107,662,801
Exchange Rate Variance on Foreign Currency	-	-
Other Movement	-	-
Balance at Ashadh End	708,166,404	662,715,735
Total Allowances for Impairment	1,305,759,657	1,172,283,905

4.8 Investment Securities

Particulars	Current Year	Previous Year
Investment Securities measured at Amortized Cost	9,618,053,868	7,930,808,817
Investment in Equity measured at FVTOCI	524,102,650	497,273,972
Total	10,142,156,518	8,428,082,790

4.8.1: Investment Securities measured at Amortized Cost

Particulars	Current Year	Previous Year
Debt Securities		
Government Bonds	8,878,324,987	6,399,028,245
Government Treasury Bills	-	786,323,223
Nepal Rastra Bank Bonds	-	-
Nepal Rastra Bank Deposit Instruments	-	-
Other	66,393,741	54,298,900
Government Bond Foreign	673,335,139	691,158,449
Less: Specific Allowances for Impairment	-	-
Total	9,618,053,868	7,930,808,817

4.8.2: Investment in Equity measured at FVTOCI

Particulars	Current Year	Previous Year
Equity Instruments		
Quoted Equity Securities	500,858,650	477,653,972
Unquoted Equity Securities	23,244,000	19,620,000
Total	524,102,650	497,273,972

4.8.3: Information relating to Investment in Equities

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
1. Investment in Quoted Equity				
1.1 Nepal Doorsanchar Company Limited (132,419 ordinary shares of Rs. 100 each fully paid)	88,507,473	91,766,367	88,507,473	95,474,099
1.2 Nerude Laghubitta Ltd. (484,303 Promoter shares of Rs. 100 each fully paid)	13,303,198	94,923,388	14,025,200	44,087,200
1.3 NLG Insurance Co.ltd. (107,816 Ordinary shares of Rs. 100 each fully paid)	127,566,173	82,155,792	114,090,863	86,290,050
1.4 Neco Insurance Co.Ltd (251,991 Ordinary shares of Rs. 100 each fully paid)	172,866,982	124,735,545	170,840,124	138,492,810
1.5 Nepal Life Insurance Limited (4 Bonus shares of Rs. 100 each)	-	3,604	-	-
2. Investment in Unquoted Equity				
2.1 Nepal Clearing House Limited (37,440 Promoter shares of Rs. 100 each fully paid)	2,600,000	3,744,000	2,600,000	3,120,000
2.2 Nepal Electronic Payment System Limited (150,000 Promoter shares of Rs. 10 each fully paid)	15,000,000	15,000,000	15,000,000	15,000,000
2.3 Prabhu Capital Ltd (15,000 Promoter shares of Rs. 100 each fully paid)	1,500,000	1,500,000	1,500,000	1,500,000
2.4 Banking Finance and Insurance Institute of Nepal (30,000 Promoter shares of Rs. 100 each fully paid)	3,000,000	3,000,000	-	-
3. Investment in Mutual Funds				
3.1 Global IME Samunnat Scheme 1 (3,797,868 ordinary shares of Rs. 10 each fully paid)	37,978,706	31,826,134	37,978,706	33,307,302
3.2 NMB Hybrid Fund (1,263,585 ordinary shares of Rs. 10 each fully paid)	12,636,128	12,673,758	12,636,128	12,244,139
3.3 NIBL Pragati Fund (1,029,832 ordinary shares of Rs. 10 each fully paid)	10,298,322	7,661,952	10,299,322	9,269,388
3.4 Nabil Equity Fund (1,126,504 ordinary shares of Rs. 10 each fully paid)	11,265,040	10,510,282	11,265,040	11,107,329
3.5 Laxmi Equity Fund (5,845,587 ordinary shares of Rs. 10 each fully paid)	58,455,870	44,601,829	58,495,870	47,381,655
Total	554,977,892	524,102,650	537,238,727	497,273,972

4.9 Current Tax Assets

Particulars	Current Year	Previous Year
Current Tax Assets		
Current year Income Tax Assets	1,092,129,154	882,477,252
Tax Assets of Prior Periods	11,218,528	-
Current Tax Liabilities		
Current year Income Tax Liabilities	958,083,276	727,917,890
Tax Liabilities of Prior Periods	32,732,194	942,262
Total	112,532,211	153,617,101

4.10 Investment in Subsidiaries

Particulars	Current Year	Previous Year
Investment in Quoted Subsidiaries	-	-
Investment in Unquoted Subsidiaries	-	-
Total Investment		
Less: Impairment Allowances	-	-
Net Carrying Amount	-	-

The bank does not have any subsidiary companies.

4.10.1: Investment in Quoted Subsidiaries

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
.....Ltd.				
.....Shares of Rs. Each				
.....Ltd.				
.....Shares of Rs. Each				
Total				

4.10.2: Investment in Unquoted Subsidiaries

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
.....Ltd.				
.....Shares of Rs. Each				
.....Ltd.				
.....Shares of Rs. Each				
Total	-	-	-	-

4.10.3: Information relating to Subsidiaries of the Bank

Particulars	Percentage of Ownership held by Bank	
	Current Year	Previous Year
.....Ltd.		
.....Ltd.		
.....Ltd.		
.....Ltd.		
Total	-	-

4.10.4: Non Controlling Interest of the Subsidiaries

Particulars	Current Year	Previous Year
.....Ltd.Ltd.Ltd.
Equity Interest held by NCI (%)		
Profit (Loss) allocated during the year		
Accumulated Balances of NCI as on Ashadh End		
Dividend Paid to NCI		
.....Ltd.Ltd.Ltd.
Equity Interest held by NCI (%)		
Profit (Loss) allocated during the year		
Accumulated Balances of NCI as on Ashadh End		
Dividend Paid to NCI		

4.11 Investment in Associates

Particulars	Current Year	Previous Year
Investment in Quoted Associates	51,023,000	28,000,000
Investment in Unquoted Associates	-	-
Total Investment	51,023,000	28,000,000
Less: Impairment Allowances	-	-
Net Carrying Amount	51,023,000	28,000,000

4.11.1: Investment in Quoted Associates

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
1.1 Mero Microfinance Bittiya Sanstha Ltd. (460,460 Promoter shares of Rs. 100 each fully paid)	37,023,000	46,046,000	14,000,000	20,020,000
1.2 Mahila Sahayatra Microfinance Bittiya Sanstha Ltd. (154,000 Promoter shares of Rs. 100 each fully paid)	14,000,000	15,400,000	14,000,000	14,000,000
Total	51,023,000	61,446,000	28,000,000	34,020,000

4.11.2: Investment in Unquoted Associates

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
.....Ltd.				
.....Shares of Rs. Each				
Total				

4.11.3: Information relating to Associates of the Bank

Particulars	Percentage of Ownership held by Bank	
	Current Year	Previous Year
3.1 Mero Microfinance Bittiya Sanstha Ltd.	7.00%	7.00%
3.2 Mahila Sahayatra Microfinance Bittiya Sanstha Ltd.	12.73%	12.73%

4.11.4: Equity Value of Associates

Particulars	Current Year		Previous Year	
	No of Share	Market Value	No of Share	Market Value
4.1 Mero Microfinance Bittiya Sanstha Ltd.	460,460	46,046,000	200,200	20,020,000
4.2 Mahila Sahayatra Microfinance Bittiya Sanstha Ltd	154,000	15,400,000	140,000	14,000,000

4.12 Investment Properties

Particulars	Current Year	Previous Year
Investment Properties measured at Fair Value		
Balance as on Shrawan 01.	15,528,305	50,879,041
Addition/(Disposal) during the year.	227,031,232	(35,350,736)
Net Changes in fair value during the year.	-	-
Adjustment/Transfer.	-	-
Net Amount	242,559,537	15,528,305
Investment Properties measured at Cost		
Balance as on Shrawan 01.	-	-
Addition/(Disposal) during the year	-	-
Adjustment/Transfer	-	-
Accumulated Depreciation	-	-
Accumulated Impairment Loss	-	-
Net Amount	-	-
Total	242,559,537	15,528,305

4.13 Property and Equipment

As on Ashadh End 2076

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixtures	Machinery	Equipment & others	Total Ashadh end 2076	Total Ashadh End 2075
Cost										
As on Shrawan 01, 2074	238,248,750	125,027,769	155,393,327	73,709,015	70,251,316	102,398,644	-	203,977,572	969,006,392	654,291,453
Addition during the year	-	21,327,463	21,485,268	11,629,730	8,856,900	5,597,154	-	25,147,211	94,043,725	103,703,275
Capitalization	-	-	-	-	-	-	-	-	-	212,757,670
Disposal during the year	-	-	(210,158)	-	(6,368,533)	(151,451)	-	(468,127)	(7,198,269)	(1,746,006)
Adjustment/Revaluation	-	6,860,643	-	-	-	(6,860,643)	-	-	-	-
Balance as on Ashadh end 2075	238,248,750	153,215,874	176,668,436	85,338,745	72,739,682	100,983,704	-	228,656,656	1,055,851,848	969,006,392
Addition during the Year	-	-	-	-	-	-	-	-	-	94,043,725
Acquisition	-	-	-	-	-	-	-	-	-	-
Capitalization	66,635,356	10,394,583	31,482,076	7,080,700	16,458,750	22,825,728	-	59,390,510	214,267,702	-
Disposal during the year	-	-	-	(431,700)	(259,030)	(1,133,818)	-	(2,230,609)	(4,055,156)	(7,198,269)
Adjustment/Revaluation	-	-	(3,964,284)	-	-	3,439,144	-	-	(525,140)	-
Balance as on Ashadh end 2076	304,884,106	163,610,457	204,186,228	91,987,744	88,939,402	126,114,758	-	285,816,557	1,265,539,253	1,055,851,848
Depreciation and Impairment										
As on Shrawan 01, 2074	-	(2,620,016)	(105,813,932)	(60,141,269)	(41,901,484)	(57,159,903)	-	(121,116,660)	(388,753,264)	(283,145,207)
Depreciation charge for the year	-	(3,829,462)	(18,406,413)	(3,866,115)	(9,235,634)	(9,123,519)	-	(22,182,875)	(66,644,019)	(42,889,638)
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	1,545,611
Adjustments	-	-	168,541	-	5,723,525	119,448	-	297,199	6,308,713	(64,264,030)
As on Ashadh end 2075	-	(6,449,478)	(124,051,804)	(64,007,385)	(45,413,592)	(66,163,975)	-	(143,002,336)	(449,088,570)	(388,753,264)
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	(3,863,228)	(14,544,430)	(5,569,475)	(11,195,707)	(12,999,159)	-	(28,257,688)	(76,429,688)	(66,644,019)
Disposals	-	-	24,390	278,444	225,835	1,406,811	-	2,020,150	3,955,630	-
Adjustments	-	-	-	(95,444)	(102,645)	198,089	-	-	-	6,308,713
As on Ashadh end 2076	-	(10,312,706)	(138,571,844)	(69,393,860)	(56,486,110)	(77,558,234)	-	(169,239,874)	(521,562,627)	(449,088,570)
Capital Work in Progress										
Net Book Value	304,884,106	153,297,751	65,614,385	22,593,885	32,453,293	48,556,524	-	116,576,683	743,976,626	606,763,278
As on Ashadh end 2074	238,248,750	122,407,753	49,579,395	13,567,745	28,349,832	45,238,741	-	82,860,912	580,253,128	-
As on Ashadh end 2075	238,248,750	146,766,396	52,616,632	21,331,360	27,326,090	34,819,729	-	85,654,320	606,763,277	-
As on Ashadh end 2076	304,884,106	153,297,751	65,614,385	22,593,885	32,453,293	48,556,524	-	116,576,683	743,976,626	-

4.14 Goodwill and Intangible Assets

Particulars	As on Ashadh End 2076				Total Ashadh end 2075
	Goodwill	Software		Other	
		Purchased	Developed		
Cost					
As on Shrawan 01, 2074	-	18,385,861	-	-	18,385,861
Addition during the year	-	-	-	-	-
Acquisition	-	-	-	-	-
Capitalization	-	3,498,836	-	-	3,498,836
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Ashadh end 2075	-	21,884,697	-	-	21,884,697
Addition during the Year	-	-	-	-	-
Acquisition	-	-	-	-	-
Capitalization	-	7,110,640	-	-	7,110,640
Disposal during the year	-	(193,315)	-	-	(193,315)
Adjustment/Revaluation	-	-	-	-	-
Balance as on Ashadh end 2076	-	28,802,022	-	-	28,802,022
Amortisation and Impairment					
As on Shrawan 01, 2074	-	(13,122,226)	-	-	(13,122,226)
Amortisation charge for the year	-	(3,484,254)	-	-	(3,484,254)
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment due to Acquisition	-	-	-	-	-
As on Ashadh end 2075	-	(16,606,480)	-	-	(16,606,480)
Amortisation charge for the year	-	(4,487,132)	-	-	(4,487,132)
Impairment for the year	-	-	-	-	-
Disposals	-	570	-	-	570
Adjustment	-	-	-	-	-
As on Ashadh end 2076	-	(21,093,042)	-	-	(21,093,042)
Capital Work in Progress					
Net Book Value	-	7,708,980	-	-	7,708,980
As on Ashadh end 2074	-	5,263,635	-	-	5,263,635
As on Ashadh end 2075	-	5,278,217	-	-	5,278,217
As on Ashadh end 2076	-	7,708,980	-	-	7,708,980

4.15 Deferred Tax

Particulars	Ashadh End 2076		
	Deferred Tax Assets	Deferred Tax Liabilities	Current Year
			Net Deferred Tax Assets /(Liabilities)
Deferred tax on temporary differences on following items			
Loans and Advances to BFIs	-	-	-
Loans and Advances to Customers (AIR)	-	-	-
Investment Properties	-	-	-
Investment Securities	9,262,572	-	9,262,572
Property and Equipment	23,322,659	-	23,322,659
Employees' Defined Benefit Plan	39,411,003	-	39,411,003
Lease Liabilities	2,336,693	-	2,336,693
Provisions	-	-	-
Other Temporary Differences	-	-	-
Deferred tax on temporary differences	-	-	74,332,927
Deferred tax on carry forward of unused tax losses	-	-	-
Deferred tax due to changes in tax rate	-	-	-
Net Deferred Tax Asset (Liabilities) as on year end of 2076	-	-	74,332,927
Deferred Tax (Asset)/ Liabilities as on Shrawan 01, 2075	-	-	33,163,681
Origination/(Reversal) during the year	-	-	41,169,246
Deferred Tax expense (income) recognized in profit or loss	-	-	40,092,004
Deferred Tax expense (income) recognized in OCI	-	-	1,077,242
Deferred Tax expense (income) recognized directly in Equity	-	-	-

Particulars	Ashadh End 2075		
	Deferred Tax Assets	Deferred Tax Liabilities	Current Year
			Net Deferred Tax Assets /(Liabilities)
Deferred tax on temporary differences on following items			
Loans and Advances to BFIs	-	-	-
Loans and Advances to Customers (AIR)	-	21,513,666	(21,513,666)
Investment Properties	-	4,658,492	(4,658,492)
Investment Securities	14,467,345	(11,989,426)	26,456,72
Property and Equipment	23,635,446	-	23,635,446
Employees' Defined Benefit Plan	9,243,621	-	9,243,621
Lease Liabilities	-	-	-
Provisions	-	-	-
Other Temporary Differences	-	-	-
Deferred tax on temporary differences	-	-	33,163,681
Deferred tax on carry forward of unused tax losses	-	-	-
Deferred tax due to changes in tax rate	-	-	-
Net Deferred Tax Asset (Liabilities) as on year end of 2075	-	-	33,163,681
Deferred Tax (Asset)/ Liabilities as on Shrawan 01 2074	-	-	10,935,214
Origination/(Reversal) during the year	-	-	(44,098,895)
Deferred Tax expense (income) recognized in profit or loss	-	-	(7,681,864)
Deferred Tax expense (income) recognized in OCI	-	-	(36,417,032)
Deferred Tax expense (income) recognized directly in Equity	-	-	-

4.16 Other Assets

Particulars	Current Year	Previous Year
Assets held for Sale	-	-
Other Non-Banking Assets	-	-
Bills Receivable	-	-
Accounts Receivable	41,353,158	33,667,364
Accrued Income	-	-
Prepayments and Deposits	46,865,077	21,680,968
Income Tax Deposit	-	-
Deferred Employee Expenditure	55,340,131	36,544,921
Other Assets	946,297,377	435,773,681
Stock of Stationery	7,108,714	6,933,358
Advance Others	11,007,619	43,573,471
Receivable Remittance	9,308,130	18,435,838
Receivable VISA A/C	6,844,497	9,813,019
Khandbari-Tumlingtar Rec	2,834,370	2,834,370
Transit Items (including Cheques)	199,898,022	127,445,494
Receivable from GON	53,996,035	222,995,616
Bullion Stock	543,196,336	-
Advance for Bullion Stock	2,009,063	-
Spot Deal Receivable	363,082	528,339
NDF receivable	108,514,580	-
Others Asset	1,216,929	3,214,178
Total	1,089,855,744	527,666,934

4.17 Due to Banks and Financial Institutions

Particulars	Current Year	Previous Year
Money Market Deposits	-	-
Interbank Borrowing	-	-
Other Deposits from BFIs	9,217,763,323	8,668,488,205
Settlement and Clearing Accounts	-	-
Others.	-	-
Total	9,217,763,323	8,668,488,205

4.18 Due to Nepal Rastra Bank

Particulars	Current Year	Previous Year
Refinance from NRB	1,269,349,325	1,269,890,141
a. Reconstruction Refinancing	486,433,970	503,636,724
b. Project Refinancing	782,915,356	766,253,417
Standing Liquidity Facility	-	-
Lender of Last Resort facility from NRB	-	-
Securities sold under repurchase agreements	-	-
Other Payable to NRB	-	-
Total	1,269,349,325	1,269,890,141

4.19 Derivative Financial Instruments

Particulars	Current Year	Previous Year
Held for Trading		
Interest Rate Swap	-	-
Currency Swap	-	-
Forward Exchange Contracts	-	-
Others	-	-
Held for Risk Management		
Interest Rate Swap	-	-
Currency Swap	-	-
Forward Exchange Contracts.	-	-
Others	-	-
Total	-	-

4.20 Deposits from Customers

Particulars	Current Year	Previous Year
Institutional Customers:		
Term Deposits.	30,471,191,915	24,609,991,819
Call Deposits	12,648,943,148	16,412,782,723
Current Deposits.	5,173,469,514	4,218,623,256
Others.	1,220,069,223	1,352,035,991
Individual Customers:		
Term Deposits	10,553,424,081	7,082,802,643
Saving Deposits	16,461,795,820	18,463,035,929
Current Deposits	316,735,016	446,643,314
Others	194,445,657	50,072,308
Total	77,040,074,374	72,635,987,983

4.20.1: Currency wise analysis of deposit from customers

Particulars	Current Year	Previous Year
Nepalese Rupee	76,264,769,821	71,797,789,870
Indian Rupee	3,041,425	-
United States Dollar	771,089,708	834,760,081
Great Britain Pound	40,733	42,676
Euro	1,132,687	3,395,356
Japanese Yen	-	-
Chinese Yuan	-	-
Other	-	-
Total	77,040,074,374	72,635,987,983

4.21 Borrowings

Particulars	Current Year	Previous Year
Domestic Borrowings		
Nepal Government	-	-
Other Institutions.	-	-
Other	-	-
Sub Total	-	-
Foreign Borrowings		
Foreign Banks and Financial Institutions	-	-
Multilateral Development Banks	-	-
Other Institutions	-	-
Sub Total	-	-
Total	-	-

4.22 Provisions

Particulars	Current Year	Previous Year
Provisions for Redundancy	-	-
Provisions for Restructuring	-	-
Pending Legal Issues and Tax Litigation	-	-
Onerous Contracts	-	-
Other Provisions	-	-
Total	-	-

4.22.1: Movement in Provision

Particulars	Current Year	Previous Year
Balance at Shrawan 01	-	-
Provision transferred from acquisition	-	-
Provisions made during the year	-	-
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Unwind of Discount	-	-
Balance at Ashadh end	-	-

4.23 Other Liabilities

Particulars	Current Year	Previous Year
Liabilities for employees defined benefit obligations	61,635,700	36,161,740
Liabilities for long service leave	55,666,690	30,812,070
Short term employee benefits	8,140,348	3,239,755
Bills payable	89,053,920	351,561,568
Creditors and accruals	25,879,854	37,940,505
Interest payable on deposits	55,003,188	31,662,597
Interest payable on borrowing	-	-
Liabilities on deferred grant income	-	-
Unpaid Dividend	34,898,649	35,092,501
Liabilities under Finance Lease	-	-
Employee bonus payable	350,446,190	244,742,440
Other Liabilities	643,928,764	490,688,897
Audit Fee	1,356,000	1,243,000
Provision for expenses	28,030,514	34,569,482
Visa Debit Card Payable	5,432,571	8,944,179
Unearned Discount & Commission	324,984,153	257,384,264
Tax deducted at source payable	132,789,636	119,162,555
Retention amount	10,434,992	17,936,899
Account Payable	16,080,510	13,744,108
Card Related Payable	15,463,084	4,977,394
Gold Loan Commission Payable	3,824,524	4,242,442
NDF Payable	-	15,465,668
Remittance Payable	-	5,109,583
Spot Deal Payable	-	-
Liabilities under Operating Lease	7,788,978	-
Other Liability	97,743,802	7,909,323
Total	1,324,653,303	1,261,902,073

4.23.1: Defined Benefit Obligations

The amounts recognised in the statements of financial positions are as follows :

Particulars	Current Year	Previous Year
Present value of unfunded obligations	55,666,690	30,812,070
Present value of funded obligations	103,373,420	75,804,660
Total present value of obligations	159,040,110	106,616,730
Fair value of plan assets	41,737,720	39,642,920
Present value of net obligations	-	-
Recognised liability for defined benefit obligations	117,302,390	66,973,810

4.23.2: Plan Assets

Particulars	Current Year	Previous Year
Equity securities	-	-
Government bonds	-	-
Bank deposit	-	-
Others	41,737,720	39,642,920
Total	41,737,720	39,642,920

4.23.3: Movement in the present value of defined benefit obligations

Particulars	Current Year	Previous Year
Defined benefit obligations at Shrawan 1	106,616,730	99,722,710
Actuarial (Gain)/Losses	24,363,620	(12,550,310)
Benefits paid by the plan	(587,880)	(4,704,820)
Current service costs and interest	28,647,640	24,149,150
Defined benefit obligations at Ashadh end	159,040,110	106,616,730

4.23.4: Movement in the fair value of plan assets

Particulars	Current Year	Previous Year
Fair value of plan assets at Shrawan 1	39,642,920	21,775,550
Contributions paid into the plan	-	16,942,410
Benefits paid during the year	(305,450)	(1,579,570)
Actuarial (losses) gains	-	-
Expected return on plan assets	2,400,250	2,504,530
Fair value of plan assets at Ashadh end	41,737,720	39,642,920

4.23.5: Amount recognised in profit or loss

Particulars	Current Year	Previous Year
Current service costs	19,859,120	15,782,590
Interest on obligation	8,788,520	8,366,560
Expected return on plan assets	(4,852,010)	(3,750,230)
Actuarial (Gain)/Loss on Leave Encashment	14,135,060	(4,879,590)
Total	37,930,690	15,519,330

4.23.6: Amount recognised in other comprehensive income

Particulars	Current Year	Previous Year
Actuarial (gain)/loss	12,680,320	(6,425,020)
Total	12,680,320	(6,425,020)

4.23.7: Actuarial Assumptions

Particulars	Current Year	Previous Year
Discount rate	8.50%	8.50%
Expected return on plan asset	5.00%	5.00%
Future salary increase	7.00%	7.00%
Withdrawal rate		
Less than 35 years	5.00%	5.00%
More than 35 years	1.00%	1.00%

4.24 Debt securities Issued

Particulars	Current Year	Previous Year
Debt securities issued designated as at fair value through profit or loss	-	-
Debt securities issued at amortised cost	-	-
Total	-	-

4.25 Subordinated Liabilities

Particulars	Current Year	Previous Year
Redeemable preference shares	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-
Others	-	-
Total	-	-

4.26 Share Capital

Particulars	Current Year	Previous Year
Ordinary shares	9,318,626,700	8,033,298,870
Convertible preference shares (equity component only)	-	-
Irredeemable preference shares (equity component only)	-	-
Perpetual debt (equity component only)	-	-
Total	9,318,626,700	8,033,298,870

4.26.1: Ordinary Shares

Particulars	Current Year	Previous Year
Authorized Capital		
220,000,000 Ordinary share of Rs. 100 each	22,000,000,000	10,000,000,000
Issued capital		
93,186,267 Ordinary share of Rs. 100 each	9,318,626,700	8,033,298,870
Subscribed and paid up capital		
93,186,267 Ordinary share of Rs. 100 each	9,318,626,700	8,033,298,870
Total	9,318,626,700	8,033,298,870

4.26.2: Ordinary share ownership

Particulars	Current Year		Previous Year	
	Percent	Amount	Percent	Amount
Domestic ownership				
Nepal Government	-	-	-	-
"A" class licensed institutions	-	-	-	-
Other licensed institutions	-	-	-	-
Other Institutions	-	-	-	-
Public	49.00	4,566,127,083	49.00	3,936,316,446
Other (Promoter)	51.00	4,752,499,617	51.00	4,096,982,423
Foreign ownership				
Total	100.00	9,318,626,700	100.00	8,033,298,870

4.27 Reserves

Particulars	Current Year	Previous Year
Statutory general reserve	2,030,151,750	1,590,393,302
Exchange equalisation reserve	2,709,748	1,875,723
Corporate social responsibility reserve	46,620,195	32,205,376
Capital redemption reserve	-	-
Regulatory reserve	456,653,653	220,583,641
Investment adjustment reserve	1,500,000	16,500,000
Capital reserve	-	-
Assets revaluation reserve	-	-
Fair value reserve	(21,612,669)	(27,975,328)
Dividend equalisation reserve	-	-
Actuarial gain	(9,847,334)	(971,110)
Special reserve	-	-
Other reserve	-	-
Training and Development Fund	3,541,620	5,912,477
Deferred Tax Reserve	-	-
Total	2,509,716,961	1,838,524,080

4.28 Contingent Liabilities and Commitments

Particulars	Current Year	Previous Year
Contingent liabilities	46,617,514,924	40,080,346,292
Undrawn and undispensed facilities	10,594,093,200	4,785,089,685
Capital commitment	29,895,897	-
Lease Commitment	-	-
Litigation	38,205,122	31,390,009
Total	57,279,709,142	44,896,825,986

4.28.1: Contingent Liabilities

Particulars	Current Year	Previous Year
Acceptance and documentary credit	251,363,972	155,187,221
Bills for collection (Letter of Credit)	7,251,141,964	7,748,756,736
Forward exchange contracts	3,958,908,280	3,368,151,276
Guarantees	34,225,777,049	28,708,857,058
Underwriting commitment	-	-
Other commitments	930,323,659	99,394,000
Total	46,617,514,924	40,080,346,292

4.28.2: Undrawn and undisbursed facilities

Particulars	Current Year	Previous Year
Undisbursed amount of loans	7,315,415,207	1,700,780,134
Undrawn limits of overdrafts	2,802,996,526	2,761,010,750
Undrawn limits of credit cards	475,681,467	323,298,800
Undrawn limits of letter of credit		
Undrawn limits of guarantee		
Total	10,594,093,200	4,785,089,685

4.28.3: Capital commitments

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

Particulars	Current Year	Previous Year
Capital commitments in relation to Property and Equipment		
Approved and contracted for	29,895,897	-
Approved but not contracted for	-	-
Sub total	29,895,897	-
Capital commitments in relation to Intangible assets		
Approved and contracted for	-	-
Approved but not contracted for	-	-
Sub total	-	-
Total	29,895,897	-

4.28.4: Lease commitments

Particulars	Current Year	Previous Year
Operating lease commitments		
Future minimum lease payments under non cancellable operating lease, where the bank is lessee		
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	313,124,674	-
Later than 5 years	191,098,288	-
Sub total	504,222,962	-
Finance lease commitments		
Future minimum lease payments under non cancellable operating lease, where the bank is lessee		
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Sub total	-	-
Grand total	504,222,962	-

4.28.5: Litigation

Disputed tax payable amount filed for tax administration review in Inland Revenue Department has been disclosed as litigation Contingent liabilities. After the final tax assessment of FY 2067-68, FY 2068-69, FY 2069-70, FY 2070-71 and FY 2071-72 from administrative review, the bank has filed case in Revenue Tribunal Office for the FY 2067-68 and FY 2068-69, FY 2069-70 and FY 2070-71 and FY 2071-72. The disputes of FY 2066-67 is still under administrative review process.

4.29 Interest Income

Particulars	Current Year	Previous Year
Cash and cash equivalent	6,653,278	11,692,625
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	101,669,956	12,990,213
Loan and advances to bank and financial institutions	-	-

Loans and advances to customers	9,353,312,283	8,188,381,379
Investment securities	338,193,480	331,246,974
Loan and advances to staff	22,541,726	15,379,655
Other Interest Income	-	-
Total interest income	9,822,370,722	8,559,690,846

Income from Loan and Advances to customer includes cash interest income, accrued interest receivable from the customers whose overdue does not exceed 365 days.

4.30 Interest Expenses

Particulars	Current Year	Previous Year
Due to bank and financial institutions	20,247,554	73,666
Due to Nepal Rastra Bank	36,346,277	44,472,474
Deposits from customers	6,181,169,703	5,849,229,270
Borrowing	-	-
Debt securities issued	-	-
Subordinated liabilities	-	-
Other Charges	-	-
Total Interest expense	6,237,763,535	5,893,775,409

4.31 Fees and Commission Income

Particulars	Current Year	Previous Year
Loan administration fees	1,059,474	4,338,517
Service fees	347,331,274	372,118,533
Consortium fees	31,879,590	33,723,787
Commitment fees	53,427	-
DD/TT/Swift fees	16,291,587	13,455,727
Credit card/ATM issuance and renewal fees	47,761,395	40,998,246
Prepayment and swap fees	16,187,579	15,626,610
Investment banking fees	-	-
Asset management fees	-	-
Brokerage fees	-	-
Remittance fees	10,439,989	4,920,535
Commission on letter of credit	50,517,119	51,784,821
Commission on guarantee contracts issued	228,157,326	126,545,240
Commission on share underwriting/issue	-	-
Locker rental	2,888,375	2,139,000
Others	14,304,947	1,137,080
Bancassurance Commission	8,555,138	69,973
DP related Fees	1,053,250	520,775
ATM Commission	62,200	40,000
Mobile Banking Commission	781,404	83,473
Other fees and commission income	3,852,955	422,859
Total Fees and Commission Income	766,872,082	666,788,096

4.32 Fees and Commission Expense

Particulars	Current Year	Previous Year
ATM management fees	-	661,240
VISA/Master card fees	23,343,647	14,255,235
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees.	6,007,659	3,508,993
Remittance fees and commission	-	-
Other fees and commission expense	21,924,596	28,104,305
Total Fees and Commission Expense	51,275,901	46,529,774

4.33 Net Trading income

Particulars	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 on foreign exchange transaction	234,439,303	177,877,342
Other	-	-
Net trading income	234,439,303	177,877,342

4.34 Other Operating Income

Particulars	Current Year	Previous Year
Foreign exchange revaluation gain	3,336,101	7,199,955
Gain/loss on sale of investment securities	3,724,508	68,518,084
Fair value gain/loss on investment properties	-	-
Dividend on equity instruments	10,834,359	21,569,804
Gain/loss on sale of property and equipment	(44,037)	1,807,121
Gain/loss on sale of investment property	-	2,566,854
Operating lease income	-	-
Gain/loss on sale of gold and silver	7,759,552	8,707,522
Other Operating Income	44,800,747	50,716,305
Total	70,411,231	161,085,645

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

Particulars	Current Year	Previous Year
Impairment charge/(reversal) on loan and advances to BFIs	1,864,202	8,924,960
Impairment charge/(reversal) on loan and advances to customers	133,475,752	215,060,652
Impairment charge/(reversal) on financial Investment	-	-
Impairment charge/(reversal) on placement with BFIs	-	-
Impairment charge/(reversal) on property and equipment	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-
Impairment charge/(reversal) on investment properties	-	-
Total	135,339,954	223,985,612

4.36 Personnel Expenses

Particulars	Current Year	Previous Year
Salary	217,692,742	165,469,838
Allowances	155,343,050	120,289,737
Gratuity Expense	12,793,640	13,607,330
Provident Fund	21,528,086	16,421,426
Uniform	7,897,495	6,477,470
Training & development expense	10,943,645	7,817,275
Leave encashment	25,137,050	1,912,000
Medical	-	-
Insurance	2,620,174	2,401,606
Employees incentive	-	-
Cash-settled share-based payments	-	-
Pension expense	-	-
Finance expense under NFRS	9,116,735	4,125,116
Other expenses related to staff	75,316,254	48,384,148
Dashain Expense	27,689,647	21,973,898

Outsourced Staff Expenses	12,154,458	6,741,847
Other employee expenses	35,472,149	19,668,403
Subtotal	538,388,871	386,905,946
Employees Bonus	349,946,190	244,742,440
Grand total	888,335,061	631,648,386

4.37 Other Operating Expense

Particulars	Current Year	Previous Year
Directors' fee	2,210,000	1,740,000
Directors' expense	1,312,617	1,209,814
Auditors' remuneration	3,051,000	1,538,200
Statutory Audit	1,243,000	1,243,000
Revenue Audit	1,808,000	295,200
Other audit related expense	1,242,135	448,370
Professional and legal expense	-	15,657
Office administration expense	246,203,191	196,931,709
Operating lease expense	78,850,735	54,603,646
Operating expense of investment properties	-	-
Corporate social responsibility expense	7,573,104	909,812
Onerous lease provisions	-	-
Other Expenses	10,503,577	16,140,159
Other committee meeting Fees & Expenses	665,662	391,060
Share Related Expenses	591,134	6,985,601
Written Off Expenses	-	-
Merger Related Expenses	853,943	-
Other Expenses	8,392,838	8,763,498
Total	350,946,358	273,537,368

4.37.1 Office Administrative Expenses

Particulars	Current Year	Previous Year
Water and Electricity	19,478,592	17,808,553
Repair and Maintenance	15,040,132	16,146,213
a. Building	471,102	579,956
b. Vehicle	2,185,270	1,809,398
c. Computer and accessories	601,851	556,804
d. Office Equipment and Furniture	10,518,622	12,198,370
e. Others	1,263,287	1,001,685
Insurance	15,920,763	16,234,850
Postage, Telex, Telephone, Fax	26,705,887	24,498,592
Printing and Stationery	17,634,726	15,756,495
Newspaper, Books and Journals	411,043	423,219
Advertisement	4,096,443	1,847,971
Donation	101,500	705,748
Security Expenses	60,218,912	36,306,536
Deposit and Loan Guarantee Premium	14,089,065	11,496,827
Travel Allowance and Expenses	9,323,133	10,552,448
Entertainment	-	-
Annual/Special General Meeting Expenses	2,006,974	1,994,007
Others	61,176,022	43,160,251
a. Power & Fuel	8,746,086	7,114,590
b. Business Promotion	14,073,128	2,636,622

c. Cleaning Expenses	5,747,902	4,893,846
d. Rates and Taxes	5,647,802	4,942,322
e. Technical & Consultancy Fee	2,116,710	1,991,650
f. Expenses for Capital Items	3,903,079	2,239,162
g. Others	20,941,316	19,342,059
Total	246,203,191	196,931,709

4.38 Depreciation and Amortisation

Particulars	Current Year	Previous Year
Depreciation on property and equipment	76,429,688	66,644,019
Depreciation on investment property	-	-
Amortisation of intangible assets	4,487,132	3,484,254
Total	80,916,820	70,128,273

4.39 Non Operating Income

Particulars	Current Year	Previous Year
Recovery of loan written off	-	21,587,289
Other income	-	-
Total	-	21,587,289

4.40 Non Operating Expenses

Particulars	Current Year	Previous Year
Loan written off	-	-
Redundancy provision	-	-
Expense of restructuring	-	-
Other expense.	-	-
Total	-	-

4.41 Income Tax Expenses

Particulars	Current Year	Previous Year
Current tax expense		
Current year	958,083,276	727,917,890
Adjustments for prior years	32,732,194	942,262
Deferred tax expense		
Origination and reversal of temporary differences	(40,092,004)	(7,681,864)
Changes in tax rate	-	-
Recognition of previously unrecognised tax losses	-	-
Total income tax expense	950,723,466	721,178,288

4.41.1: Reconciliation of tax expense and accounting profit

Particulars	Current Year	Previous Year
Profit before tax	3,149,515,709	2,447,424,397
Tax amount at tax rate of 30%	944,854,713	734,227,319
Effect of NFRS Remeasurement	-	-
Add: Tax effect of expenses that are not deductible for tax purpose	45,989,502	27,757,167
Less: Tax effect on exempt income	-	-
Add/less: Tax effect on other items	(32,760,938)	(34,066,595)
Adjustment of Prior Years Tax and temporary Difference	32,732,194	(6,739,602)
Total income tax expense	990,815,470	721,178,288
Effective tax rate	31.46%	29.47%

Prime Commercial Bank Limited

Statement of Distributable Profit or Loss

For the year ended 31 Ashadh 2076
(As per NRB Regulation)

Particulars	Current Year	Previous Year
Net profit or (loss) as per statement of profit or loss	2,198,792,243	1,726,246,109
Appropriations:		
a. General reserve	(439,758,449)	(345,249,222)
b. Foreign exchange fluctuation fund	(834,025)	(1,799,989)
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	(21,987,922)	(17,262,461)
e. Employees' training fund	2,370,857	(541,508)
f. Other	7,573,104	(7,595,981)
Profit or (loss) before regulatory adjustment	1,746,155,808	1,353,796,948
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(20,411,087)	(171,891,654)
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 (+)	(143,029,676)	(15,528,305)
e. Deferred tax assets recognised (-)/ reversal (+)	(41,169,246)	(33,163,681)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	(8,876,224)	(971,110)
i. Other (+/-)	6,362,659	(27,975,328)
Distributable profit or (loss)	1,539,032,234	1,104,266,869

5. DISCLOSURES AND ADDITIONAL INFORMATION

5.1 Risk Management

As a financial intermediary, the Bank is exposed to array of risks through its daily operations. The Bank's key risk exposures include credit, market, liquidity and operational risks. However, with the rapid technological innovations/ IT based products and solutions introduced by the Bank, due consideration should be given to information systems risk as well. Proactive identification of such risk exposures is of high importance to ensure the sustainability and profitability of the Bank. In response to an increasingly dynamic and competitive operating landscape, evolving risks and significant regulatory developments, there is an ongoing imperative to enhance risk management.

Bank Risk Management is the process by which Management satisfied these needs by identifying key risks, obtaining consistent, understandable, operation risk measures, choosing which risk to reduce and which to increase and what means and establishing procedures to monitor the resulting risk position.

A robust risk management framework is in place which supports the efficient management and mitigation of the said risk exposure.

Risk Management Framework

Risk is identified and managed as part of a Risk Management Framework. The Board of Directors has ultimate responsibility for the oversight of risk, determining risk appetite levels, formulating risk policies and ensuring the effectiveness of the risk management processes and procedures in place. The Risk Management Committee assists the Board in the discharge of its risk related duties and provides independent oversight of all risk related aspects by ensuring the adequacy and effectiveness of the implementation of risk governance structures, policy frameworks, standards and processes. Furthermore, the Credit Committee, Anti Money Laundering Committee and Audit Committee support the Board in discharging its risk related duties. Executive committees namely, the Assets and Liabilities Management Committee and the Risk Management Committee play a critical role in ensuring the effective implementation of the Banks risk management processes. The overall Risk Management Framework is divided into following five processes:

- Risk Identification
- Risk Measurement
- Risk Pricing
- Risk Monitoring and Control
- Risk Mitigation

5.1.1 Credit Risk

Credit risk is the potential loss that arise from customers/borrowers and counterparties failing to honor their financial or contractual obligations to the Bank

The Bank has a guideline to assess and grade individual counterparties based on risk. The principal objectives of credit risk measurement is to produce the most assurance possible assessment of the credit risk to which the Bank is exposed, from the level of individual facilities up to the total portfolio in segment

as well as in totality; although the qualitative aspect of the credit worthiness is also not ignored.

Regular monitoring of the credit portfolio ensures that the Bank does not run the risk of concentration of portfolio in a particular business sector or a single borrower. Similarly, the Bank also exercises controlled investment policy with adequately equipped resource looking after the investment decisions. The organization structure created for Credit Risk Management is as follows:

- The Board of Directors
- The Risk Management Committee
- Credit Risk Management Unit under Risk Management Department

5.1.2 Market Risk

Among various components of market risks, foreign exchange risk is the predominant risk, which incorporates the volatility of relevant foreign exchange and the correlation of their movements with the home currency. The net open position taking is done within the prescribed authority limits delegated to the treasury dealers / bank's management. Similarly, an effective interest risk management process is placed to mitigate gap risk and price risk.

Bank risk management committee has approved the market risk policy of the Bank. As for the monitoring of market and liquidity risk, the Bank has an active Assets and Liability Management Committee (ALCO) in place which meets regularly and takes stock of the Bank's assets and liability position and profile of assets & liabilities, monitors risks arising from changes in exchange rates in foreign currencies. All foreign exchange positions are managed by treasury consisting of front office dealers with specific dealing limits and an independent back office. The back office executes the deals made by the dealers and also monitors the liquidity position of the Bank. For the purpose of proper check and control, the front dealing room of treasury and the back office has different reporting line. Different types of Management report such as Gap analysis of different interest sensitive assets and liability, sensitive analysis of interest sensitive assets and liabilities is prepared and discuss in Assets and Liability Management Committee (ALCO) to monitor interest rate risk of the bank.

5.1.3 Liquidity Risk

Liquidity Risk is that a bank is unable to fund the increase in assets and/or meet its obligations as they come due. Management of liquidity risk is not only crucial to the ongoing viability of a bank; but also has series of impact on whole banking system. A series of measures and market information are used across the Bank to monitor both short and long term liquidity. Liquidity and Market Risk are monitored by ALCO and Senior Management Team on a regular basis.

The board has ensured that the bank has necessary liquidity risk management framework and bank is capable of confronting uneven liquidity scenarios. The bank has formulated liquidity policies, contingency funding planning which are recommended by senior management/ALCO and approved by the Board of Directors. The bank utilizes flow measures to determine its cash position. A maturity ladder analysis estimates a bank's inflows and outflows and thus net deficit or surplus (GAP) over a time horizon. A maturity ladder is a useful device to compare cash

inflows and outflows both on a day-to-day basis and over a series of specified time periods as presented in the NRB Ni.Fa.No.5.1 under NRB Directives No. 5. Similarly different tolerance limits (Loan to Deposit Ratio, Loan to Capital Ratio etc.) are set to Manage liquidity risk.

5.1.4 Operational Risk

Operational risk is the risk of negative effects on the financial result and capital of the bank caused by omissions in the work of employees, inadequate internal procedures and processes, inadequate management of information and other systems, and unforeseeable external events.

Bank has created one separate unit of operational risk under Risk Management Department. Operational Risk Policy and Operation Manual has been developed to make its operation secure through a system of procedural in each operational transaction. There is a compliance department which regularly monitors regarding AML/CFT issues.

The Bank has developed Business Continuity plan to ensure continued operation in to face the emergency, disaster, and crisis. The Bank has maintained in-house cold site for disaster recovery. The disaster recovery site and production server site have been kept in well-maintained and in separate geographic location. Periodic drill is conducted to assess the functioning of DRS.

The bank has also performed IS audit in periodic basis to identify Vulnerability Assessment and Penetration testing.

The Bank has adopted dual control mechanism in its all operational activities where each and every financial and non financial transaction is subject to approval from an authority higher than the transaction initiator. Regular review meetings are conducted to assess the adequacy of risk monitoring mechanism and required changes are made as and when felt necessary. Independent reconciliation unit is established to conduct daily reconciliation of all Nostro/agency accounts, Inter-Branch and Inter-Department account under direct supervision of Head of Finance. The Bank has independent internal audit, which reports to the Audit Committee of the Bank. The Audit Committee meets frequently and reviews the business process and financial position of the Bank. In order to have better focus on managing operational risks across branches and to monitor them from central level, the Bank has separate branch coordinator.

5.1.5 Capital Risk

The bank's regulatory capital is divided into two tiers defined by Nepal Rastra Bank. Tier I capital comprises mainly shareholders equity. Tier 2 capital comprises subordinated debts and provisions/ reserves. The Bank has developed procedures meant to ensure that compliance with both current and potential future requirements are understood and that capital plans are aligned to business need. The bank has regularly issued bonus shares and right shares to strengthen

its capital base to support business growth. The bank has also acquired other financial institutions to strengthen its capital base.

5.1.6 Fair value of financial assets and liabilities

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

Fair values are determined according to the following hierarchy:

Level 1 inputs

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the bank can access at the measurement date. Held for trading and available for sale investments have been recorded using Level 1 inputs.

Level 2 inputs

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability.

5.2 Capital management

a) Qualitative Disclosures

i. Objectives

The Bank actively manages its capital to meet regulatory norms and current and future business needs considering the risks in its businesses, expectation of rating agencies, shareholders and investors, and the available options of raising capital.

ii. Organizational Set-up

The capital management framework of the Bank is administered by the Finance Department and the Risk Management Department under the supervision of the Board and the Risk Committee.

iii. Regulatory Capital

Nepal Rastra Bank has issued Basel III transaction arrangement for capital ratios with effect from Mid July, 2016 (Shrawan 2073). Capital ratios and deduction from common equity will be fully phased-in and implemented as on mid July 2019. The phase in arrangement for banks is indicated in the following table:

Basel III in Nepal		
Transition Period	Mid July	
	2018	2019
Minimum Common Equity Capital Ratio	4.50%	4.50%
Capital Conservation Buffer	2.00%	2.50%
Minimum common equity plus capital conservation buffer	6.50%	7.00%
Minimum Tier 1 Capital (Excluding conservation buffer)	6.00%	6.00%
Minimum Total Capital (Excluding conservation buffer)	9.00%	8.50%
Minimum Total Capital (including conservation buffer)	11.00%	11.00%
Counter Cyclical Buffers*	0-2.5%	0-2.5.00%
Leverage Ratio	Offsite Monitoring 4.00%	Migration to Pillar 1
Liquidity coverage ratio	LCR 100%	LCR 100%
Net stable funding ratio	Implemented	
SIFI Measures	NRB will issue Guidelines	

*NRB Directive 2076 has declared buffer of 2% which is mandatory within Ashadh 2077.

iv. Internal Assessment of Capital

The Bank's capital management framework includes a comprehensive internal capital adequacy assessment process (ICAAP) conducted annually which determines the adequate level of capitalization for the Bank to meet regulatory norms and current and future business needs, including under stress scenarios. The ICAAP encompasses capital planning, identification and measurement of material risks and the relationship between risk and capital. The element of ICAAP does internal assessment of capital as follows:

● Board and senior management oversight

The Board of Directors is responsible for setting the risk appetite of the bank, and ensuring that the bank's business remains within the desired limits. Management should understand the nature and level of various risks that the bank is confronting in the course of different business activities and how this risk relates to capital levels.

Bank management is responsible for understanding the nature and level of risk being taken by the bank and how this risk relates to adequate capital levels. It is also responsible for ensuring that the form and sophistication of the risk management processes is commensurate with the complexity of its operations. A sound risk management process, thus, is the foundation for an effective assessment of the adequacy of a bank's capital position. The decisions made by the management are regularly reviewed by the Board.

● Sound capital assessment

Crucial component of an effective ICAAP is the assessment of capital. In order to be able to make a sound capital assessment, the bank has the following:

- Policies and procedures designed to ensure that the bank identifies, measures, and reports all material risks;
- A process that relates capital to the level of risk;
- A process that states capital adequacy goals with respect to risk, taking account of the bank's strategic focus and business plan; and
- A process of internal control reviews and audits

to ensure the integrity of the overall management process.

● Comprehensive assessment of risks

Head of Risk Department, along with his team, is responsible for overall risk management of the Bank which includes managing, assessing, identifying, monitoring and reducing pertinent macro and micro-economic level business risks that could interfere with Banks objective and goals and whether the Bank is in substantial compliance with its internal operating policies and other applicable regulations and procedures, external, legal, regulatory or contractual requirements on a continuous basis. Further, Head of Risk Department ensures integration of all major risk in capital assessment process.

● Risk Management Committee (RMC)

Board level risk management committee has been set up under NRB Directive for ensuring/reviewing bank's risk appetite is in line with the policies.

● Monitoring

Monitoring and reporting of all risks, including credit, operation, market, liquidity and funding and interest rate risks are identified, escalated and monitored. The Bank has an adequate system in place for monitoring and reporting risk exposures and assessing how the changing risk profile affects the need for capital. The board of directors and senior management on a regular basis receive the report regarding the risk profile of the bank and its capital needs. All the material risks are identified, measured, monitored and reported by the respective risk owner.

● Internal Control Review

The internal control structure of the Bank is essential for sound capital assessment process. Effective control of the capital assessment process includes an independent review and involvement of both internal as well as external audits wherever appropriate. The Bank is committed to conduct the regular review of its risk management process to ensure its integrity, accuracy, and reasonableness. The effectiveness of the Bank's internal control system is reviewed regularly by the Board, its committees, Management and Internal Audit.

The Internal Audit monitors compliance with policies and standards and the effectiveness of internal control structures across the Bank through its program of business/unit audits. The Internal Audit function is focused on the areas of greatest risk as determined by a risk-based assessment methodology. Internal Audit reports regularly to the Audit Committee. The findings of all adverse audits are reported to the Chief Executive Officer and Business Heads for immediate corrective actions.

● Assets and Liability Committee (ALCO)

The ALCO, chaired by Chief Executive Officer, ensures functioning of the banking business in line with the set procedures and processes and recommends for necessary steps to address the risk associated with liquidity, movement in interest rate, exchange rate and equity price and other risks.

● Stress and Scenario Testing

Description of method

Stress Test is done as per Stress Testing Guidelines issued by the Nepal Rastra Bank as well as internally assessed stress levels on a quarterly basis. Credit Risk Stress, Market Risk Stress, and Liquidity Risk Stress are assessed for different scenario are assessed calibrating the results of the test to the capital adequacy ratio (CAR), non performing loans (NPL) and other factor related to each risk driver of the bank.

b) Quantitative Disclosures

1. Tier 1 capital and a breakdown of its components:

Core Capital (Tier 1)	Amount (Rs.)
Paid up Equity Share Capital	9,318,626,700
Statutory General Reserves	2,030,151,750
Proposed Bonus Equity Shares	-
Share Premium	-
Retained Earnings	1,575,645,633
Un-audited current year cumulative profit	-
Capital Redemption Reserve	-
Other Free Reserve	-
Less: Fictitious Assets	-
Less: Intangible Assets	7,708,980
Less: Deferred Tax Assets	74,332,927
Less: Investment in equity in licensed Financial Institutions	51,023,000
Total Core Capital (Tier I)	12,791,359,174

2. Tier 2 capital and a breakdown of its components:

Supplementary Capital (Tier 2)	Amount
General loan loss provision	848,896,651
Exchange Equalization Reserve	2,709,748
Investment Adjustment Reserve	1,500,000
Total Core Capital (Tier II)	853,106,398

3. Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, amount raised during the year and amount eligible to be reckoned as capital funds:

Nil

Stress and Scenario Analysis:

Stress test has been conducted for the categories - Credit Shock, Interest Rate Shock, Exchange Rate Shock, Equity Price Shock and Liquidity Shock.

Stress test aims to assess bank's capital adequacy ratio (CAR), level of non-performing loan (NPL) and liquidity ratio under different scenarios and bank's maximum level of tolerance capacity under each category.

a. Credit shock is assessed mainly under following scenarios:

- i. Downgrading overall loan exposures
- ii. Default in real estate exposures
- iii. Default by bank's top exposures

b. Market shock is assessed mainly under following scenarios:

- i. Changes in Interest Rate of Deposit & Loan
- ii. Exchange Rate Depreciation & Appreciation
- iii. Fall in Equity Prices

c. Liquidity Shock is assessed mainly under following Scenarios:

- i. Withdraw of Deposit by Top Depositors
- ii. Withdraw of Deposit by Certain percentage of Total exposure
- iii. Default of top counter parties in lending

4. Deductions from Capital:

The bank has deducted to the following items in calculation of Tier I Capital:

Deduction from Tier I Capital	Amount
Intangible Assets	7,708,980
Deferred Tax Assets	74,332,927
Investment in equity in licensed Financial Institutions	51,023,000
Total Deduction from Tier I Capital	133,064,907

5. Total Qualifying Capital:

Total Qualifying Capital	Amount
Core Capital (Tier 1)	12,791,359,174
Supplementary Capital (Tier 2)	853,106,398
Total qualifying capital	13,644,465,572

6. Capital Adequacy Ratio:

Capital Adequacy Ratio	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	11.97%
Tier 1 & Tier 2 Capital to Total Risk Weighted Exposures	12.76%

7. Risk weighted exposures for credit risk, operational risk and market risk

Risk Weighted Exposures	Amount
Risk weighted Exposures for Credit Risk	98,363,009,231
Risk weighted Exposures for Operational Risk	3,979,672,975
Risk weighted exposures for Market Risk	136,109,724
Total Risk Weighted Exposures (Before adjustments of Pillar II)	102,478,791,930
Adjustment under Pillar II	
ALM policies & practices are not satisfactory, add 1% of net interest income to RWE	-
Add% of the total deposit due to insufficient Liquid Assets	-
Add RWE equivalent to reciprocal of capital charge of 4 % of gross income.	1,336,832,515
Overall risk management policies and procedures are not satisfactory. Add 3% of RWE	3,074,363,758
If desired level of disclosure requirement has not been achieved, Add.....% of RWE	-
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	106,889,988,203

8. Risk weighted exposure under each of 11 categories

Credit Risk	Claim	RWE
Claims on Govt. and Central Bank	19,911,117,782	-
Claims on Other Financial Entities	-	-
Claims on Banks	7,615,922,178	2,302,403,224
Claims on Corporate and Securities Firm	43,232,315,327	42,929,481,305
Claims on Regulatory Retail Portfolio	13,653,867,715	8,039,430,043
Claims on Secured by Residential Properties	4,870,752,274	2,936,824,337
Claims on Secured by Commercial Real Estate	3,940,807,201	3,940,807,201
Past due Claims	1,322,553,835	1,310,386,877
High Risk Claims	4,031,382,522	3,097,970,324
Lending against Securities (Bond & Shares)	2,064,461,653	2,058,792,141
Other Assets	3,224,803,089	1,916,480,126
Off Balance Sheet Items	57,279,709,142	29,830,433,653
Total	161,147,692,719	98,363,009,231

9. Total risk weighted exposure calculation table:

i. Risk Weighted Exposure of Credit Risk

A. Balance Sheet Exposures	Book Value (a)	Specific provisions (b)	Eligible CRM (c)	Net Value (d=a-b-c)	Risk weight (e)	Risk Weighted Exposures (f=d*e)
Cash Balance	2,503,874,208	-	-	2,503,874,208	0%	-
Balance with Nepal Rastra Bank	7,807,981,176	-	-	7,807,981,176	0%	-
Gold	543,196,336	-	-	543,196,336	0%	-
Investment in Nepalese Government Securities	8,862,695,000	-	-	8,862,695,000	0%	-
All claims on Government of Nepal	193,371,062	-	-	193,371,062	0%	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-
All claims on Nepal Rastra Bank	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank(ECA rating 0-1)	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank(ECA rating 2)	-	-	-	-	20%	-
Claims on Foreign Government and Central Bank(ECA rating 3)	-	-	-	-	50%	-
Claims on Foreign Government and Central Bank(ECA rating 4-6)	-	-	-	-	100%	-
Claims on Foreign Government and Central Bank(ECA rating 7)	-	-	-	-	150%	-
Claims on BIS,IMF,ECB,EC and on Multilateral Development Banks recognized by the framework	-	-	-	-	0%	-
Claims on other Multilateral Development Banks	-	-	-	-	100%	-
Claims on Domestic Public Sector Entities	-	-	-	-	100%	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	20%	-
Claims on Public Sector Entity (ECA- 2)	-	-	-	-	50%	-
Claims on Public Sector Entity (ECA-3-6)	-	-	-	-	100%	-
Claims on Public Sector Entity (ECA- 7)	-	-	-	-	150%	-
Claims on Domestic banks that meet capital adequacy requirements	3,859,148,043	-	-	3,859,148,043	20%	771,829,609
Claims on Domestic banks that do not meet capital adequacy requirements	-	-	-	-	100%	-
Claims on Foreign Bank (ECA 0-1)	1,136,964,008	-	-	1,136,964,008	20%	227,392,802
Claims on Foreign Bank (ECA 2)	2,597,395,959	-	-	2,597,395,959	50%	1,298,697,979
Claims on Foreign Bank (ECA 3-6)	-	-	-	-	100%	-
Claims on Foreign Bank (ECA 7)	-	-	-	-	150%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective capital requirement	22,414,169	-	-	22,414,169	20%	4,482,834
Claims on Domestic Corporate	43,232,315,327	6,984,781	295,849,241	42,929,481,305	100%	42,929,481,305
Claims on Foreign Corporate (ECA 0-1)	-	-	-	-	20%	-

A. Balance Sheet Exposures	Book Value (a)	Specific provisions (b)	Eligible CRM (c)	Net Value (d=a-b-c)	Risk weight (e)	Risk Weighted Exposures (f=d*e)
Claims on Foreign Corporate (ECA 2)	-	-	-	-	50%	-
Claims on Foreign Corporate (ECA3-6)	-	-	-	-	100%	-
Claims on Foreign Corporate (ECA 7)	-	-	-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)	13,653,867,715	-	2,934,627,657	10,719,240,058	75%	8,039,430,043
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-
Claims secured by residential properties	4,772,208,758	-	-	4,772,208,758	60%	2,863,325,255
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	98,543,515	25,044,433	-	73,499,082	100%	73,499,082
Claims secured by Commercial real estate	3,940,807,201	-	-	3,940,807,201	100%	3,940,807,201
Past due claims (except for claim secured by residential properties)	1,322,553,835	448,962,583	-	873,591,252	150%	1,310,386,877
High Risk claims	4,031,382,522	6,300,000	1,959,768,973	2,065,313,550	150%	3,097,970,324
Lending against securities (bonds & shares)	2,064,461,653	-	5,669,512	2,058,792,141	100%	2,058,792,141
Investments in equity & other capital instruments of institutions listed in the stock exchange	500,858,650	-	-	500,858,650	100%	500,858,650
Investments in equity & other capital instruments of institutions not listed in the stock exchange	23,244,000	-	-	23,244,000	150%	34,866,000
Staff loan secured by residential property	129,328,248	26,496,500	-	102,831,748	50%	51,415,874
Interest Receivable/claim on government securities	82,023,800	-	-	82,023,800	0%	-
Cash in transit and other cash items in the process of collection	199,898,022	-	-	199,898,022	20%	39,979,604
Other Assets (as per attachment)	2,289,450,368	1,000,090,371	-	1,289,359,998	100%	1,289,359,998
TOTAL	103,867,983,577	1,513,878,668	5,195,915,383	97,158,189,526		68,532,575,578

B. Off-Balance Sheet Exposures	Book Value (a)	Specific provisions (b)	Eligible CRM (c)	Net Value (d=a-b-c)	Risk weight (e)	Risk Weighted Exposures (f=d*e)
Revocable Commitments	-	-	-	-	0%	-
Bills under Collection	-	-	-	-	0%	-
Forward exchange contract liabilities	3,958,908,280	-	-	3,958,908,280	10%	395,890,828
LC Commitments with Original Maturity upto 6 months (domestic counterparty)	3,835,875,690	-	115,067,255	3,720,808,435	20%	744,161,687
Foreign Counterparty (ECA Rating 0-1)	-	-	-	-	20%	-
Foreign Counterparty (ECA Rating 2)	-	-	-	-	50%	-
Foreign Counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
Foreign Counterparty (ECA Rating 7)	-	-	-	-	150%	-
LC Commitments with Original Maturity Over 6 months (domestic counterparty)	3,415,266,274	-	173,491,674	3,241,774,599	50%	1,620,887,300
Foreign Counterparty (ECA Rating 0-1)	-	-	-	-	20%	-
Foreign Counterparty (ECA Rating 2)	-	-	-	-	50%	-
Foreign Counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
Foreign Counterparty (ECA Rating 7)	-	-	-	-	150%	-
Bid Bond and Performance Bond (domestic counterparty)	21,498,034,393	-	831,303,145	20,666,731,248	50%	10,333,365,624
Foreign Counterparty (ECA Rating 0-1)	-	-	-	-	20%	-
Foreign Counterparty (ECA Rating 2)	-	-	-	-	50%	-
Foreign Counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
Foreign Counterparty (ECA Rating 7)	-	-	-	-	150%	-
Underwriting commitments	-	-	-	-	50%	-
Lending of Bank's securities or posting of securities as collateral	-	-	-	-	100%	-
Repurchase agreements, Assets sale with recourse	-	-	-	-	100%	-
Advance Payment Guarantee	12,727,742,657	-	85,950,184	12,641,792,472	100%	12,641,792,472
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsement	251,363,972	-	-	251,363,972	100%	251,363,972
Unpaid portion of partly paid shares and securities	-	-	-	-	100%	-
Irrevocable Credit commitments (Short term)	8,332,959,944	-	-	8,332,959,944	20%	1,666,591,989
Irrevocable Credit commitments (Long term)	2,261,133,256	-	-	2,261,133,256	50%	1,130,566,628
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective capital requirement	-	-	-	-	20%	-
Other Contingent Liabilities	951,036,203	-	-	951,036,203	100%	951,036,203
Unpaid Guarantee Claims	47,388,475	-	-	47,388,475	200%	94,776,950
Total	57,279,709,142	1,513,878,668	1,205,812,259	56,073,896,883		29,830,433,652
Total RWE for credit risk Before Adjustment (A)+(B)	161,147,692,719	1,513,878,668	6,401,727,642	153,232,086,409		98,363,009,230
Adjustment under Pillar II						
Add: 10% of the Loan and facilities in excess of Single Obligor Limits (6.4 a 3)						
Add: 1% of the contract (sale) value in case of the sale of credit with recourse (6.4 a 4)						
Total RWE for credit risk (After Bank's Adjustment of Pillar II)	161,147,692,719	1,513,878,668	6,401,727,642	153,232,086,409		98,363,009,230

i. Risk Weighted Exposure of Operational Risk

Particulars	Year 1	Year 2	Year 3
Net Interest Income	1,588,461,085	1,931,054,278	2,665,915,437
Commission and Discount Income	150,562,047	725,657,786	666,788,096
Other Operating Income	331,044,044	184,185,328	153,885,690
Exchange Fluctuation Income	100,813,834	122,512,091	185,077,297
Additional Interest Suspense during the period	(38,285,872)	(16,505,561)	4,990,560
Gross Income (a)	2,132,595,138	2,946,903,922	3,676,657,081
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a*b)]	319,889,271	442,035,588	551,498,563
Capital Requirement for operational risk (d) (average of c)			437,807,808
Risk Weight (reciprocal of capital requirement of 11%) in times (e)			9.09
Equivalent Risk Weight Exposure[f=(d*e)]			3,979,672,975
<i>PILLAR II ADJUSTMENT</i>			-
If Gross Income for all the last three years is negative (6.4 a 8)			-
Total Credit and Investment (net of Specific Provisions)			-
Capital Requirement for operational risk (5%)			-
Risk Weight (reciprocal of capital requirement of 11%) in times			9.09
Equivalent Risk Weight Exposure[g]			-
Equivalent Risk Weight Exposure [h=f+g]			3,979,672,975

ii. Risk Weighted Exposure of Market Risk

Currency	Open Position (FCY)	Exchange Rate	Open Position (NPR)	Relevant Open Position
INR	182,083,096	1.60	291,332,954	291,332,954
USD	12,209	109.55	1,337,514	1,337,514
GBP	1,590	136.09	216,443	216,443
EUR	2,652	122.71	325,407	325,407
THB	43,464	3.53	153,428	153,428
CHF	653	110.72	72,335	72,335
AUD	6,144	76.78	471,711	471,711
CAD	8,995	83.60	751,996	751,996
SGD	2,869	80.44	230,751	230,751
JPY	1,979,303	1.01	1,997,117	1,997,117
HKD	7,792	14.01	109,169	109,169
DKK	46,124	16.42	757,350	757,350
SEK	452	11.66	5,270	5,270
SAR	20,036	28.98	580,641	580,641
QAR	2,875	29.85	85,809	85,809
AED	15,781	29.59	466,958	466,958
MYR	10,559	26.47	279,508	279,508
KRW	53,258	0.09	4,932	4,932
CNY	11,536	15.90	183,419	183,419
KWD	305	356.47	108,617	108,617
BHD	-	288.30	-	-
Total Open Position (a)			299,471,329	299,471,329
Fixed Percentage (b)			-	5%
Capital Charge for Market Risk [c=(a*b)]				14,973,567
Risk Weight (reciprocal of capital requirement of 11%) in times (d)				9.09
Equivalent Risk Weight Exposure [e=(c*d)]				136,109,724

10. Amount of NPAs

Classification of Loan	Gross NPA	Net NPA
Restructured/Rescheduled Loan	-	-
Sub-Standard Loan	230,040,112	172,530,084
Doubtful Loan	229,234,726	114,617,363
Loss Loan	301,753,625	-

11. NPA ratios

Gross NPA to Gross Loan & Advance	1.00%
Net NPA to Net Loan & Advances	0.38%

12. Movement of Non-performing Assets

Particulars	Opening Balance	Closing Balance	Difference
Sub-standard Loan	126,285,052	230,040,112	103,755,060
Doubtful Loan	111,355,246	229,234,726	117,879,480
Loss Loan	365,728,649	301,753,625	(63,975,024)

13. Write off of loans and interest suspense

Particulars	Opening Balance	Closing Balance	Difference
Loan and Interest Suspense write-off	-	-	-

14. Movements in loan loss provisions and Interest suspense

i. Movement of Loan Loss Provision

Particulars	Opening Balance	Closing Balance	% Change
Pass Loan	690,104,520	738,595,194	7.03%
Watch list	56,590,635	114,786,237	107.25%
Sub-standard Loan	31,571,263	57,510,028	82.16%
Doubtful Loan	55,677,623	114,617,363	105.86%
Loss Loan	365,728,649	301,753,625	(17.49%)
Personal Guarantee	1,175,803	6,426,000	446.52%

ii. Movement of Interest Suspense

Particulars	Opening Balance	Closing Balance	% Change
Interest Suspense	322,919,211	397,806,710	23.19%

15. Details of additional loan loss provisions

Particulars	Opening Balance	Closing Balance	Additional Provision
Pass Loan	690,104,520	738,595,194	48,490,674
Watch List	56,590,635	117,286,237	60,695,602
Sub-standard Loan	31,571,263	57,510,028	25,938,765
Doubtful Loan	55,677,623	114,617,363	58,939,740
Loss Loan	365,728,649	301,753,625	(63,975,024)
Personal Guarantee	1,175,803	6,426,000	5,250,197

16. Segregation of investment portfolio into held for trading, held to maturity, available for sale and Investment in associates category

Investment Portfolio	Amount Rs
Held for Trading	-
Held to Maturity	-

Investment Securities measured at Amortized Cost

Particulars	Amount Rs	AIR	Amount at Amortized Cost
Treasury Bills	-	-	-
Development Bond	8,862,695,000	82,023,800	8,944,718,800
Foreign Bond	662,999,831	10,335,237	673,335,068
Grand Total	9,525,694,831	92,359,037	9,618,053,868

Placement with Bank and Financial Institutions

Particulars	Amount	AIR	Total Amount
Placement with Domestic BFIs	13,841,100	219,138	14,060,238
Placement with Foreign BFIs	1,098,500,000	6,169,479	1,140,669,479
Grand Total	1,112,341,100.00	6,388,617	1,118,729,717

Available for Sale

Investment in Equity measured at FVTOCI

Particulars	Amount(Rs.)	Fair Value(Rs.)
Nepal Doorsanchar Company Ltd. (NTC)	88,507,473	91,766,367
Neco Insurance Company Ltd.	172,866,982	124,735,545
Nerude Laghubitta Ltd-Promoter	13,303,198	94,923,388
NLG Insurance Company Ltd.	127,566,173	82,155,792
Prabhu Capital Ltd	1,500,000	1,500,000
NEPS Ltd.	15,000,000	15,000,000
Banking Finance & Insurance Institute of Nepal Ltd.	3,000,000	3,000,000
Nepal Clearing House Ltd.	2,600,000	3,744,000
Global IME Samunnat Scheme-1	37,978,706	31,826,134
Laxmi Equity Fund	58,455,870	44,601,829
NABIL Equity Fund	11,265,040	10,510,282
NIBL Pragati Fund	10,298,322	7,661,952
NMB Hybrid Fund	12,636,128	12,673,758
Nepal Life Insurance Ltd.	-	3,604
Grand Total	554,977,892	524,102,650

Investment in Associates	Amount (Rs.)
Mahila Sahayatra Microfinance Bittiya Sanstha Ltd.	14,000,000
Mero Microfinance Bittiya Sanstha Ltd.	37,023,000

17. Summary of the bank's internal approach to assess the adequacy of its capital to support current and future activities:

- Overall risk of the bank is monitored by risk management committee and Audit Committee where the board members are involved.
- To ensure sound capital assessment process; the board, management, audit committee, internal audit and compliance frequently monitor and review quality and effectiveness of the control and mitigate risk to protect the assets of the bank regularly.
- The bank has established sound credit appraisal system and formation of committees with at least 3 members in various levels of approval of final credit disbursement. Regular site visits, analysis of market trend, value of collaterals and adjustments in its policy accordingly, will minimize credit risks.
- The bank has set up Assets Liability Management Committee chaired by CEO to manage interest rate risk, liquidity risk, exchange risk, market risk etc. The bank periodically performs gap analysis of its Assets and Liabilities to manage the liquidity risks.
- Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments Nil

5.3 Classification of financial assets and financial liabilities

NAS 39 requires financial assets to be classified in one of the following categories:

- Financial assets at fair value through profit or loss
 - Held for Trading
 - Designated at fair value through profit or loss
- Financial assets at fair value through OCI
- Financial assets measured at amortized cost
 - Held to maturity investments
 - Loan and Advances

NAS 39 recognizes two classes of financial liabilities:

- Financial liabilities at fair value through profit or loss
- Other financial liabilities measured at amortized cost using the effective interest rate method

The category of financial liability at fair value through profit or loss has two sub-categories:

- Designated by the entity as a liability at fair value through profit or loss upon initial recognition
- Held for trading

The classification of financial assets or liabilities is given in detail in Note 3.4 above.

5.4 Operating Segment Information

5.4.1 General Information

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- whose operating results are regularly reviewed by the banks top level management to make decisions about resources to be allocated to the

segment and assess its performance, and

- for which discrete financial information is available.

Not every part of an entity is necessarily an operating segment or part of an operating segment. For example, a corporate office or some functional departments may not earn revenues or may earn revenues that are only incidental to the activities of the Bank and would not be operating segments. For the purposes of this NFRS, the Bank's post-employment benefit plans are not operating segments.

5.4.2 Information about profit or loss, assets and liabilities

Amount in Million

Particulars	Banking	Treasury	Cards	Others	Total
(a) Revenue from external customers	10,296.21	260.09	50.11	287.69	10,894.09
(b) Intersegment revenues	-	-	-	-	-
(c) Net Revenue	10,296.21	260.09	50.11	287.69	10,894.09
(d) Interest Revenue	-	-	-	-	-
(e) Interest Expense	6,217.52	20.25	-	-	6,237.76
(f) Net interest revenue (b)	4,078.69	239.85	50.11	287.69	4,656.33
(g) Depreciation and Amortization	80.92	-	-	-	80.92
(h) Segment profit/(loss)	3,997.77	239.85	50.11	287.69	4,575.41
(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	134.07	-	1.27	-	135.34
(l) Segment assets	89,154.69	13,074.59	14.41	12.14	102,255.83
(m) Segment liabilities	87,040.12	48.23	36.86	1,726.63	88,851.84

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

The bank has identified the key segments of business on the basis of nature of operations that assists the Executive Committee of the bank in decision making process and to allocate the resources. It will help the management to assess the performance of the

business segments. Investment balances, NRB balance, income from investment, forex income are reported in Corporate Office under Province 3. Segment wise depreciation is not separated and shown in Banking as it is impracticable to segregate.

Since, there is no policy regarding Intra segment revenue and costs, Inter-segment accounting has not been done.

5.4.4 Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

(a) Revenue

Amount in Million

Total revenues for reportable segments	10,606.41
Other revenues	287.69
Elimination of intersegment revenues	-
Banks net revenue from reportable segments	10,894.09

(b) Profit or Loss

Amount in Million

Total profit or loss for reportable segments	4,575.41
Other profit or loss	-
Elimination of intersegment profits	-
Unallocated amounts:	1,290.56
Other operating expenses	135.34
Profit before tax	3,149.52

(c) Assets

Amount in Million

Total asset for reportable segments	102,243.69
Other assets	-
Unallocated amounts	12.14
Entity's assets	102,255.83

(d) Liabilities

Amount in Million

Total liabilities for reportable segments	87,125.21
Other Liabilities	-
Unallocated liabilities	1,726.63
Entity's liabilities	88,851.84

5.4.5 Information about product and services

The bank's Revenue is basically derived from 3 major segments as defined by management as mentioned below:

Amount in Million

S.N	Revenue	10,894.09
A	Banking Operation	10,296.21
B	Treasury	260.09
C	Cards	50.11
D	Other services	287.69

5.4.6 Information about geographical areas

Revenue from following geographical areas is as follows:

Amount in Million

(a) Domestic	10,870.95
Province 1	1,651.94
Province 2	166.70
Province 3	8,397.92
Province 4	358.79
Province 5	294.36
Province 6	1.18
Province 7	0.06
(b) Foreign	23.14
Total	10,894.09

5.4.7 Information about Major Customer

If revenues from transactions with a single external customer amount to 10 percent or more of the banks revenues, the bank shall disclose that fact, the total amount of revenues from each such customer, and the identity of the segment or segments reporting the revenues. The banks revenue from single customer doesn't exceed 10% of total revenue.

5.5 Share options and share based payment

A share-based payment is a transaction in which the bank receives goods or services either as consideration for its equity instruments or by incurring liabilities for amounts based on the price of the entity's shares or other equity instruments of the entity. The bank does not have any share option and share based payment as on reporting date.

5.6 Contingent liabilities and commitment

5.6.1 Contingent Liabilities:

Where the Bank undertakes to make a payment on behalf of its customers for guarantees issued, such as for performance bonds or as irrevocable letters of credit as part of the Bank's transaction banking business for which an obligation to make a payment

has not arisen at the reporting date, those are included in these financial statements as contingent liabilities.

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

5.6.2 Commitments:

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

Please refer Note No. 4.28.1 to 4.28.4 for the detail of contingent liabilities and commitments as at 16 July 2019.

5.6.3 Litigations:

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 Large Taxpayers Office, resulting through normal business operations.

The details of litigations are presented in 4.28.5.

5.7 Related parties disclosures

The related parties of the bank as per the definition of NAS 24 "Related Party Disclosures" are as follows:

5.7.1 Associate Company

S.No.	Particulars	Bank's holding
1	Mahila Sahayatra Microfinance Limited	12.73%
2	Mero Microfinance Bittiya Sansthan Limited	7%

Investments in Associates have been reported in the statement of financial position as investment in Associate and the Bank's incomes received from the associates have been reported in the income statement. The existence of significant influence is evidenced as there is representation of the bank's KMP on the board. The Bank's General Manger, Mr. Sanjeev Manandhar is Chairman of Mero Microfinance Bittiya Sansthan Limited and Deputy General Manager, Mr. Bhairaja Tuladhar is Chairman of Mahila Sahayatra Microfinance Limited.

5.7.2 Key Managerial Personnel

The 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 directors.

Key Management Personnel of the Bank include members of the Board, Chief Executive Officer and top level executive managers. Followings are a list of KMP as at 16th July 2019.

S.No.	Key Management Personnel	Relation
1	Mr. Rajendra Das Shrestha	Chairman
2	Mr. Udaya Mohan Shrestha	Director
3	Mr. Narendra Bajracharya	Director
4	Mr. Gajendra Bista	Director
5	Prof. Dr. Mangala Shrestha	Director
6	Mr. Prachanda Man Shrestha	Director
7	Mr. Manoj Paudel	Director
8	Mr. Narayan Das Manandhar	Chief Executive Officer
9	Mr. Sanjeev Manandhar	General Manager
10	Mr. Motikaji Tuladhar	Deputy General Manager
11	Mr. Bhairaja Tuladhar	Deputy General Manager

5.7.3 Compensation to Board of Directors and Key Management Personnel

All members of the Board are paid meeting fees and monthly allowances. Specific non-executive allowances paid to directors during FY 2075/76 are as under:

Particulars	Amount in NPR
Board Meeting Fee	2,730,000.00
Other Expenses	1,458,278.85
Total	4,188,278.85

Total financial benefit provided to Key Management Personnel ie. Chief Executive Officer, General Manager and Deputy General Managers of the bank during FY 2075/76 are presented below:

S.No.	Particulars	Amount
1	Short term employee benefit	NPR.39,315,006.60
2	Post employment benefit*	Defined contribution plan and defined benefit plan
3	Other long term employee benefit	Leave encashment benefit is provisioned as per Actuarial Valuation
4	Termination benefits	-
5	Share based payment	-

Further, all the key management personnel are provided with vehicle facility and mobile facility as per the staff rule of the Bank.

*Post Employment benefit comprises defined contribution plan and defined benefit plan. Under defined contribution plan Provident fund is provided at 10% of basic salary. Defined benefit plan includes gratuity which is provisioned as per actuarial valuation and is deposited in independent planned assets.

5.8 Merger and acquisition

The Bank has acquired Damak based Kankai Bikas Bank Limited with the swap ratio of 100:71.5 due to which the paid up capital of Rs. 368.225 million has

been increased. It has already started joint transaction from 15th September 2019 (Bhadra 29, 2076).

Similarly, the bank has signed the memorandum of understanding with Lalitpur Finance on 8th June 2019 (Jestha 25, 2076). Likewise, it has also signed the memorandum of understanding with Kailash Bikas Bank Limited on 5th July 2019 (Ashadh 20, 2076).

5.9 Additional Disclosures of non consolidated entities

5.9.1 Investment in Associates and Joint Ventures

Associates are those entities in which the Bank has significant influence, but not control over the financial and operating policies. Investments in associate entities are accounted for using the equity method (equity-accounted investees) and are recognized initially at cost. The cost of the investment includes transaction costs.

As per NAS 28 para 44 An investment in an associate or a joint venture shall be accounted for in the entity's separate financial statements in accordance with para 10 of NAS 27 which states that when an entity prepares separate financial statement, it shall account for investments in subsidiaries, joint venture and associates either:

- a. At cost or
- b. In accordance with NFRS 9

The Bank has used NFRS carve out for accounting of associates. Investment in Mero Micro Finance Bittiya Sanstha Ltd and Mahila Sahayatra Microfinance Bittiya Sanstha Ltd are shown in investment in associated due to significance influence and accounted at Cost as per NAS 27 para 10. The bank does not have any Joint venture.

5.10 Events after reporting period

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. Two types of events can be identified:

(a) Those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the balance sheet date); and

(b) Those that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet date)

Non adjusting Event-Disclosure

The bank has signed a memorandum of understanding with Lalitpur Finance and Kailash Bikas Bank Limited under which the bank will acquire these two entities.

Adjusting Event

The Bank has acquired Kankai Bikas Bank Limited and successfully started the unified transaction from 15th September 2019. Hence, the proposed dividend shall also be distributed to the shareholders of then Kankai Bikas Bank Ltd. The bonus share is proposed on paid up capital of Rs. 9,686,851,700.00 which includes Rs. 368,225,000.00 paid up capital of then Kankai Bikas Bank Ltd.

Further, the Investment property of Phulbari Agriculture was sold back to the owner at book value. There were no other material events after Balance

Sheet date affecting financial status of the Bank.

5.11 Disclosure effect of transition from previous GAAP to NFRSs

The bank has already adopted NFRSs in mid July 2018. Hence, the disclosure effect of transition from Previous GAAP to NFRSs is not applicable in this reporting period.

S.N.	Particulars	Current Year	Previous Year
i	Loan and Advances at Amortized Cost	76,896,398,354	71,167,704,930
ii	Impairment as per NFRS 39	323,519,584	396,486,694
iii	LLP as per NRB Directive No 2	1,336,188,447	1,200,848,493
iv	Higher of the above (ii & iii)	1,336,188,447	1,200,848,493
	Charge to P/L	135,339,954	223,985,612

5.12.2 Financial Assets measured at fair value through OCI

The Bank has invested in the financial assets measured at fair value through OCI. Such investment includes equity investments and Mutual Funds. The valuation of Promoter share whose transactions are not active in the market, per unit cost price is assumed to be fair value.

The difference between instruments fair value and Carrying Amount has been recognized in Fair Value Reserve and movement is charged to Other Comprehensive Income.

Particulars	Cost Price	Market Value	Movement
Investment in Listed Equity	402,243,826	393,584,696	(8,659,130)
Investment in Unlisted Equity	22,100,000	23,244,000	1,144,000
Investment in Mutual Funds	130,634,066	107,273,954	(23,360,112)
Total			(30,875,242)
Less: Previous Year's Reserve			(39,964,754)
Gain from Investment measured at Fair Value through OCI			9,089,513

5.12.3 Interest Income

As per NAS 18 para 20 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.

Thus, cash interest income and AIR having overdue date less than 365 days are recognized as Interest Income. Similarly, the bank has complied with the Guideline issued by NRB "Guideline on Recognition of Interest Income, 2019" which was effective from 2018/2019.

Particulars	FY 2075-76	FY 2074-75
Total AIR on Ashadh end	576,243,437	395,874,280
Interest recovered as per NRB Directive 4(3)(ka)(a)	178,436,726	72,955,069
Remaining AIR	397,806,710	322,919,211
AIR calculated but suspended to recognize in Interest Income	193,516,506	151,027,557
AIR recognized as income	204,290,205	171,891,654
Charge to PL	32,398,550	100,179,435

5.12 Other Disclosures

5.12.1 Adjustment on loan Impairment

In compliance with the NRB Directives and subsequent amendment there to, specific loan loss provision were made based on the arrears time period and General provision were made at a specified rate directed by NRB time to time. Thus, total provision under Pass Loan as per NRB Directive No. 2 is categorized as Collective Impairment and remaining are categorized as Individual Impairment.

Accrued Interest Income Outstanding as on Ashadh end 2076 which have been recovered from 1st Shrawan to 30th Shrawan 2076 amounting to Rs. **178,436,726.00** has been recognized as interest income by the bank in FY 2075-76.

5.12.4 Transfers in Regulatory Reserve

As per the circular no 6/076/77 issued on 2076/07/26, the bank has deducted its retained earnings and transferred to regulatory reserve for Accrued Interest Receivables and Loan loss provision on Non Banking Assets after deduction of Employee bonus and applicable taxes.

5.12.5 Business Combination

During the Fiscal Year 2076/77, the bank has acquired Kankai Bikas Bank Limited with the approval through Special Annual General Meeting dated 7th August 2019 (Shrawan 22, 2076). The joint transaction took place on 15th September 2019 (Bhadra 29, 2076). With the swap ratio of 100:71.50, the bank acquired all the assets and liabilities of Kankai Bikas Bank Limited. The swap ratio is determined by the independent valuator which was based on the Guideline issued by NRB. On the acquisition date, the bank has issued Rs. 3,682,250 shares to its shareholders at Rs. 100 each and bargain purchase gain of Rs. 146,775,000 is recognized.

5.12.6 Statutory Reserves and Funds

The reserves of the Bank include statutory reserves and funds set aside for specific purpose as per Banks and Financial Institutions Act, 2017 and NRB Directives. The various reserves and funds are as below:

i. General Reserve

As per Section 44 of Bank and Financial Institution Act 2017, 20% of net profit is to be added in the general reserve fund of the bank. During this year the bank has transferred Rs. 439,758,449 from its Retained Earnings to General Reserve Fund.

ii. Exchange Equalization Reserve

As per Section 45 of Bank and Financial Institution Act 2017, the reserve of 25% of the foreign exchange gain realized on the translation of foreign currency to reporting currency during the year, other than Indian Currency is to be created. The bank has transferred Rs. 834,025 as Exchange Equalization Reserve from its Retained Earnings.

iii. Corporate Social Responsibility Reserve

As per NRB Directive 6/076, clause (16), 1% of Net Profit of the year is required to be created as Corporate Social Responsibility (CSR) Fund. Balance in this fund will be reclassified to Retained Earnings after the expenses are incurred in the subsequent years. The movement of the fund is shown as per below

Particulars	Current Year	Previous Year
Total Opening Fund	32,205,376	15,852,726
Less: Expenses in current year	-7,573,104	-909,811
Fund created during the year	21,987,922	17,262,461
Remaining Fund	46,620,195	32,205,376

iv. Regulatory Reserve

Particulars	Amount
a. Interest receivable (-)/previous accrued interest received (+)	171,891,654
b. Short loan loss provision on Non Banking Assets (-)/resersal (+)	15,528,305
c. Deferred tax assets recognised (-)/ reversal (+)	33,163,681
Opening Regulatory Reserve	220,583,641
Add:	
a. Interest receivable (-)/previous accrued interest received (+)	20,411,087
b. Short loan loss provision on Non Banking Assets (-)/resersal (+)	143,029,676
c. Deferred tax assets recognised (-)/ reversal (+)	41,169,246
d. Negative Fair Value Reserve and Actuarial Gain/Loss	21,612,669
e. Negative Actuarial Gain/Loss	9,847,334
Total Regulatory reserve created during Ashadh 2076	236,070,012
Total Regulatory reserve as on Ashadh end 2076	456,653,653

v. Investment Adjustment Reserve

Investment Adjustment Reserve is to be created as per the regulatory requirement of NRB Directive no 8. During the year Rs. 15,000,000 has been transferred from Investment Adjustment Reserve to Retained Earnings as reversal of provision maintained for Nepal Electronic Payment System Limited.

Particulars	Amount
Nepal Electronic Payment System Ltd	15,000,000
Prabhu Capital Ltd. Promoter Share	1,500,000
Total Opening Balance	16,500,000
Less: Reversal of Provision for NEPS	15,000,000
Remaining Fund	1,500,000

vi. Fair Value Reserve

During this year, fair value gain of Rs. 9,089,513 has been recognized where by net amount of Rs. 6,362,659 has been transferred to reserve from Retained Earnings.

vii. Actuarial Gain/Loss

During this year, actuarial loss of Rs. 12,680,320 has been recognized in Other Comprehensive Income and transferred net amount to Reserve of Rs. 8,876,224 from Retained Earnings.

viii. Training and Development Fund

As per NRB Directive No: 6(6) and circular No: 3/76-77 the bank is required to incur expenses at least 3% of its preceding year's employee salary and allowance towards employee training and development. The bank has spent Rs. 10,943,645 in the FY 2075-76 as training and development expenses which are higher than the mandatory requirement. The bank has used previous reserve of Rs. 2,370,857.00 during this fiscal year.

5.12.7 Proposed Dividend

The Board of Directors has proposed bonus share of 16% on paid up capital Rs. 9,686,851,700.00 of the bank amounting Rs. 1,549,896,272 vide 384th Board Meeting date 25th November 2019 which shall be approved by the Annual General Meeting. The dividend is distributed to the shareholder as on book close date.

The Paid up capital of prior to acquisition was Rs. 9,318,626,700 and additional capital after acquisition of Kankai Bikas Bank limited is Rs. 368,225,000. As per Section 47(ka) of Income Tax Act 2058, dividend tax shall not be levied on the dividend distributed by the bank to the existing shareholders existing at the time of acquisition within 2 years after the date of acquisition. So, the bank has not made provision for the dividend tax.

Prime Commercial Bank Limited
List of Shareholders Holding 0.5% and above Shares
 As on Ashadh end 2076

S.No.	Name	Number of Shares Held	Paid up in Amount	% of Shareholding
1	Umesh Shrestha	3,221,732	322,173,200	4.01%
2	Subash Shrestha	906,518	90,651,800	1.13%
3	Roshan Shrestha	902,755	90,275,500	1.12%
4	Bikram Pandey	899,916	89,991,600	1.12%
5	Sushila Mittal	756,102	75,610,200	0.94%
6	Naresh Lal Shrestha	736,750	73,675,000	0.92%
7	Sundar Narayan Joshi	736,749	73,674,900	0.92%
8	Saileja Bajracharya	729,386	72,938,600	0.91%
9	Shyam Bdr Shrestha	729,386	72,938,600	0.91%
10	Narendra Bajracharya	707,284	70,728,400	0.88%
11	Manohar Das Mool	699,915	69,991,500	0.87%
12	Sanendra Bajracharya	699,914	69,991,400	0.87%
13	Mahesh Raj Karnikar	578,480	57,848,000	0.72%
14	Mahendra Ratna Shakya	536,943	53,694,300	0.67%
15	Anjalee Pradhan	492,263	49,226,300	0.61%
16	Udaya Mohan Shreshta	478,889	47,888,900	0.60%
17	Kedar Bhakta Shrestha	449,372	44,937,200	0.56%
18	Ramesh Kumar Silwal	418,375	41,837,500	0.52%
19	Manju Agarwal	403,434	40,343,400	0.50%

The above figures are before the adjustment of bonus share distributed for the FY 2074-75

Prime Commercial Bank Limited
Interim Financial Statement
Condensed Statement of Financial Position
 As on Quarter Ended Asad End 2076

Amount in NPR

Assets	This Quarter Ending	Immediate Previous Year Ending
Cash and Cash Equivalents	5,304,983,311	4,502,735,569
Due from Nepal Rastra Bank	7,807,981,176	8,815,836,010
Placement with Bank and Financial Institutions	1,118,729,717	1,960,450,695
Derivative Financial Instruments	-	-
Other Trading Assets	-	-
Loans and Advances to B/FIs	3,012,624,838	2,829,040,379
Loans and Advances to Customers	72,518,614,076	67,137,816,058
Investment Securities	10,143,371,174	8,428,082,790
Current Tax Assets	162,718,412	153,617,101
Investment in Subsidiaries	-	-
Investment in Associates	51,023,000	28,000,000
Investment Property	251,726,725	15,528,305
Property and Equipment	744,947,388	606,763,277
Goodwill and Intangible Assets	7,708,980	5,278,217
Deferred Tax Assets	51,950,493	33,163,681
Other Assets	1,249,919,686	527,666,934
Total Assets	102,426,298,977	95,043,979,017

Liabilities	This Quarter Ending	Immediate Previous Year Ending
Due to Bank and Financial Institutions	9,217,763,323	8,668,488,205
Due to Nepal Rastra Bank	1,269,349,325	1,269,890,141
Derivative Financial Instruments	-	-
Deposits from Customers	77,040,074,374	72,635,987,983
Borrowings	-	-
Current Tax Liabilities	-	-
Provisions	-	-
Deferred Tax Liabilities	-	-
Other Liabilities	1,319,704,544	1,261,902,073
Debt Securities Issued	-	-
Subordinated Liabilities	-	-
Total Liabilities	88,846,891,567	83,836,268,402
Equity		
Share Capital	9,318,626,689	8,033,298,870
Share Premium	-	-
Retained Earnings	1,651,332,473	1,335,887,667
Reserves	2,609,448,248	1,838,524,079
Total Equity Attributable to Equity Holders	13,579,407,410	11,207,710,615
Non Controlling Interest	-	-
Total Equity	13,579,407,410	11,207,710,615
Total Liabilities and Equity	102,426,298,977	95,043,979,017

Prime Commercial Bank Limited
Interim Financial Statement
Condensed Statement of Profit or Loss
 For the Quarter Ended Ashadh 2076

Particulars	Current Year		Previous Year Corresponding		Amount in NPR
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter	
Interest Income	2,624,810,767	9,833,846,028	2,436,508,054	8,559,690,846	
Interest Expense	1,628,516,069	6,236,020,970	1,600,716,077	5,893,775,409	
Net Interest Income	996,294,698	3,597,825,058	835,791,977	2,665,915,437	
Fee and Commission Income	150,185,210	766,010,990	142,610,993	666,143,848	
Fee and Commission Expense	25,671,947	53,484,808	31,988,487	46,529,774	
Net Fee and Commission Income	124,513,264	712,526,181	110,622,506	619,614,074	
Net Interest, Fee and Commission Income	1,120,807,961	4,310,351,239	946,414,483	3,285,529,512	
Net Trading Income	61,649,653	234,439,303	53,998,426	177,877,342	
Other Operating Income	29,330,341	78,471,482	53,662,866	161,729,893	
Total Operating Income	1,211,787,955	4,623,262,024	1,054,075,775	3,625,136,747	
Impairment Charge/ (Reversal) for Loans and Other Losses	(317,371,593)	24,989,346	49,560,041	223,985,612	
Net Operating Income	1,529,159,549	4,598,272,678	1,004,515,735	3,401,151,135	
Operating Expense					
Personnel Expenses	308,124,445	886,321,281	179,938,790	631,648,386	
Other Operating Expenses	125,113,617	368,827,762	87,858,769	273,537,368	
Depreciation & Amortisation	22,029,092	79,946,057	20,057,722	70,128,273	
Operating Profit	1,073,892,395	3,273,177,577	716,660,454	2,425,837,108	
Non Operating Income	-	-	21,587,289	21,587,289	
Non Operating Expense	-	-	-	-	
Profit Before Income Tax	1,073,892,395	3,273,177,577	738,247,743	2,447,424,397	
Income Tax Expense	256,463,210	907,843,439	190,351,000	721,178,288	
Current Tax	256,463,210	907,843,439	198,032,863	728,860,152	
Deferred Tax	-	-	(7,681,864)	(7,681,864)	
Profit for the Period	817,429,186	2,365,334,138	547,896,743	1,726,246,109	

Condensed Statement of Other Comprehensive Income

Profit/(Loss) for the period	817,429,186	2,365,334,138	547,896,743	1,726,246,109
Other Comprehensive Income	26,310,062	6,362,659	(1,425,068)	(84,973,074)
Total Comprehensive Income	843,739,247	2,371,696,797	546,471,675	1,641,273,035
Basic Earnings per Share	-	25.38	-	21.49
Diluted Earnings per Share	-	25.38	-	21.49
Profit Attributable to:				
Equity-holders of the Bank	817,429,186	2,365,334,138	547,896,743	1,726,246,109
Non-Controlling Interest	-	-	-	-
Total	817,429,186	2,365,334,138	547,896,743	1,726,246,109

Ratio as per NRB Directives

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter(YTD)	This Quarter	Upto This Quarter(YTD)
Capital Fund to RWA		12.78%		12.24%
Non-Performing Loan (NPL) to total Loan		0.92%		0.85%
Total Loan Loss Provision to Total NPL		175.36%		199.02%
Cost of Funds		7.90%		8.04%
Credit to Deposit Ratio		77.00%		75.22%
Base Rate		10.03%		10.47%
Interest Rate Spread		4.32%		4.23%

Notes to Interim Financial Statements

- Above financial statements has been prepared as per NRB format and are NFRS compliant. The bank has applied carve-out issued by ICAN.
- Previous period figure have been regrouped / rearranged / restated wherever necessary.
- Loan and Advances include interest receivables, staff loan and are presented net of impairment charges.
- Personnel Expenses include employee bonus provision.
- Capital Adequacy Ratio has been calculated as per NRB Directive.
- Provision for Gratuity and Leave for this Fiscal Year has been provided as per Personal Bylaws of the bank, which might change according to the Actuarial Valuation Report.
- Equity Investment and Mutual Fund are categorized as available for sale and are measured at fair value through OCI.
- Corresponding previous year quarter ending figures are as per Audited Financial Statement of FY 2074-75 which was in accordance with NFRSs.
- Above figures are subject to change upon otherwise instructions of Statutory Auditor and/or Regulatory Authorities .
- The detail interim financial report has been published in the Bank's website: www.primebank.com.np

Prime Commercial Bank Ltd.
Comparison Unaudited and Audited Financial Statements as of FY 2075/76
 Rs. in '000'

Statement of Financial Position	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
Assets					
Cash and cash equivalent	5,304,983	5,304,763	(220)	0.00%	Placement below 3 months are shown in this category
Due from NRB and placements with BFIs	8,926,711	8,926,711	-	-	
Loan and advances	75,531,239	75,560,210	28,971	0.04%	AIR adjusted in Loan and Advances
Investments Securities	10,194,394	10,142,157	(52,238)	(0.51%)	Due to change in Fair Value and adjustment of AIR and reclassification to Investment in Associates
Investment in subsidiaris and associates	-	51,023	51,023	100%	Recalssification of Investment Securities to Investment in Associate
Property And Equipment	744,947	743,977	(971)	(0.13%)	Adjustment after statutory audit
Goodwill and intangible assets	7,709	7,709	-	-	
Other assets	1,716,315	1,519,280	(197,035)	(11.48%)	Regrouping and reclassification of assets
Total Assets	102,426,299	102,255,830	(170,469)		
Capital and Liabilities					
Paid up Capital	9,318,627	9,318,627	-	-	
Reserves and surplus	4,260,781	4,085,363	(175,418)	(4.12%)	Change in profit due to LLP and other statutory and regulatory adjustments
Deposits	86,257,838	86,257,838	-	-	
Borrowings	-	-	-	-	
Bond and Debenture	-	-	-	-	
Other liabilities and provisions	2,589,054	2,594,003	4,949	0.19%	Regrouping and reclassification of liabilities
Total Capital and Liabilities	102,426,299	102,255,830	170,469		

Statement of Profit or Loss	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
Interest income	9,833,846	9,822,371	(11,475)	(0.12%)	Adjustment of income from Staff Loan and bond amortization adjustments
Interest expense	6,236,021	6,237,764	1,743	0.03%	Interest adjustment after statutory audit.
Net interest income	3,597,825	3,584,607	(13,218)	(0.37%)	
Fee and commission income	766,011	766,872	861	0.11%	Due to reclassification of commission of LC and Guarantee
Fee and commission expense	53,485	51,276	(2,209)	(4.13%)	Due to Reclassification of Expense heads.
Net fee and commission income	4,310,351	4,300,203	(10,148)	(0.24%)	
Other operating income	312,911	304,851	(8,060)	(2.58%)	Due to increase in R&M expenses
Total operaing income	4,623,262	4,605,054	(18,208)	(0.39%)	
Impairment charge/(reversal) for loans and other losses	24,989	135,340	110,351	441.59%	Due to increment in LLP after statutory audit and NRB instruction
Net operating income	4,598,273	4,469,714	(128,559)	(2.80%)	
Personnel expenses	886,321	888,335	2,014	0.23%	Due to Acturial Valuation Expenses and changes in figure of employee bonus
Other operating expenses	438,774	431,863	(6,911)	(1.57%)	Due to change in depreciation charge and reclassification of operating expenses to fees and commission expense
Operating profit	3,273,178	3,149,516	(123,662)	(3.78%)	
Non operating income/expense	-	-	-	-	
Profit before tax	3,273,178	3,149,516	(123,662)	(3.78%)	
Income tax	907,843	950,723	42,880	4.72%	Change in income/expenses and effect of Deferred Tax
Profit /(loss) for the period	2,365,334	2,198,792	(166,542)	(7.04%)	
Other comprehensive income	6,363	2,514	(3,849)	(60.50%)	Due to changes in AFS reserve
Total comprehensive income	2,371,697	2,196,279	(175,418)	(7.40%)	
Distributable Profit					
Net profit/(loss) for the period	2,365,334	2,198,792	(166,542)	(7.04%)	
Less: Regulatory adjustment as per NRB Directive	(288,917)	(207,124)	81,793	28.31%	Due to changes on regularoty reseve after regulatory requirement and statutory audit adjustment
Profit/(loss) after regulatory adjustments	2,076,417	1,991,669	(84,749)	4.08%	

PRIME COMMERCIAL BANK LIMITED

Principal Indicators

As on 31 Ashadh 2076

S.N	Particulars	Unit	FY 2075/76 (NFRS)	FY 2074/75 (NFRS)	FY 2073/74	FY 2072/73	FY 2071/72
1	Net Profit/Total Income	Percent	20.18	18.01	22.84	25.02	19.14
2	Earnings Per Share	Rs.	23.60	21.49	23.21	30.11	23.74
3	Market Value Per Share	Rs.	278	287	421	746	455
4	Price Earning Ratio	Ratio	11.78	13.36	18.14	24.77	19.16
5	Dividend in Share Capital (Including Bonus)	Percent	16.00	16.00	27.00	17.25	18.95
6	Cash Dividend in Share Capital	Percent	-	-	-	0.91	0.95
7	Interest Income/Loan and Advances	Percent	12.16	11.51	8.63	8.46	9.61
8	Staff Expenses/Total Operating Expenses	Percent	55.49	52.96	48.75	45.22	41.48
9	Interest Expenses in Total Deposit	Percent	7.23	7.25	4.98	4.07	4.52
10	FX Fluctuation Gain/Total Income	Percent	2.18	1.93	1.91	2.26	1.90
11	Staff Bonus/Total Staff Expenses	Percent	39.39	38.75	42.92	43.32	37.77
12	Net Profit/Loan and Advances	Percent	2.86	2.43	2.50	2.72	2.23
13	Net Profit/Total Assets	Percent	2.15	1.82	1.89	2.05	1.63
14	Total Loan/Deposits	Percent	89.15	87.53	89.12	85.00	81.63
15	Total Operating Expenses/Total Assets	Percent	1.29	1.03	0.74	0.85	0.92
16	Capital Adequacy Ratio:						
	A. Core Capital	Percent	11.97	11.43	12.45	10.76	11.29
	B. Supplementary Capital	Percent	0.80	0.80	0.83	0.84	0.87
	C. Total Capital Fund	Percent	12.76	12.24	13.28	11.60	12.16
17	Liquidity (CRR)	Percent	9.83	11.42	13.27	10.97	10.83
18	Non-performing Loan/Total Loan (as per NRB)	Percent	1.00	0.85	0.88	1.23	1.83
19	Weighted Average Interest Rate Spread	Percent	4.32	4.23	3.45	3.34	3.42
20	Book Net worth	Rs.	143.84	139.52	149.16	145.84	138.93
21	Total Share of PCBL	Number	93,186,267	80,332,989	63,254,322	37,052,623	31,400,528
22	Total Staff	Number	725	691	571	390	362
23	Base Rate	Percent	10.03	10.47	10.64	6.93	7.62
24	No of Branches (including EC)	Number	73	64	55	32	32
25	No of ATM	Number	46	36	33	26	25



नेपाल राष्ट्र बैंक
बैंक सुपरिवेक्षण विभाग



प.सं: बै.सु.वि./अफसाइट/एजिएम/२२/२०७६/७७

केन्द्रीय कार्यालय
बालुवाटार, काठमाडौं।
फोन नं.: ४४१९८०५,७
फ्याक्स नं.: ४४१०१५९
Site: www.nrb.org.np
Email: bsd@nrb.org.np
पोस्ट बक्स:७३

मिति : २०७६/०८/२९

प्राइम कमर्सियल बैंक लिमिटेड,
कमलपोखरी, काठमाडौं

विषय: लाभांश घोषणा/वितरण तथा वित्तीय विवरण प्रकाशन सम्बन्धमा।

महाशय,

त्यस बैंकबाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातका आधारमा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ४७ को उपदफा (२) का प्रावधानहरु पालना गरेको देखिएको हुँदा, ऐ. ऐनको उपदफा (१) बमोजिम प्रस्तावित रु.१,५४,९८,९६,२७२।- (अक्षररूपी एक अर्ब चौवन्न करोड अन्ठानब्वे लाख छयानब्वे हजार दुई सय बहत्तर मात्र) बराबरको बोनस शेयर अन्य प्रचलित कानूनी व्यवस्थाको समेत पालना गर्ने गरी वार्षिक साधारण सभाबाट स्वीकृत भएको अवस्थामा मात्रै वितरण गर्न स्वीकृतिका साथै आ.व. २०७५/७६ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गर्ने प्रयोजनार्थ देहायका निर्देशन सहित सार्वजनिक गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउँदछु।

- लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरु पूर्णरूपले सुधार गर्नु तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिने आवश्यक व्यवस्था मिलाउनुहुन।
- यस बैंकबाट जारी गरिएको एकीकृत निर्देशन नं. १० को बुँदा नं. ७ बमोजिम इजाजतपत्रप्राप्त कुनै एक बैंक तथा वित्तीय संस्थाको संस्थापक शेयरमा लगानी गर्दा चुक्ता पूँजीको बढीमा १५ प्रतिशत र अन्य बैंक तथा वित्तीय संस्थाहरुमा चुक्ता पूँजीको बढीमा १ प्रतिशतसम्म मात्र लगानी गर्न सकिने व्यवस्था रहेकोले उल्लिखित सीमाभन्दा बढी शेयर धारण गर्ने संस्थापक शेयरधनीहरु रहेमा ती संस्थापक शेयरधनीहरुले आफ्नो शेयर सो सीमाभित्र नल्याएसम्म प्रस्तावित बोनस शेयर वितरण रोक्का राख्ने व्यवस्था मिलाउनुहुन।
- बैंक तथा वित्तीय संस्था सम्बन्धी ऐन २०७३ को दफा ११ को उपदफा (३) मा बैंकको चुक्ता पूँजीको २ प्रतिशत भन्दा बढी शेयर धारण गरेका संस्थापकहरुले आफुले धारण गरेको संस्थापक शेयर बिक्री तथा धितो बन्धक राख्दा नेपाल राष्ट्र बैंकको स्वीकृति लिनु पर्ने व्यवस्था रहेकोले नेपाल राष्ट्र बैंकको स्वीकृति नलिई आफुले धारण गरेको शेयर धितो बन्धक राखी अन्य बैंक तथा वित्तीय संस्थाबाट कर्जा उपयोग गरेका संस्थापक शेयरधनीहरु रहेमा ती संस्थापक शेयरधनीहरुलाई सोको स्वीकृति नलिएसम्म वा शेयर धितो बन्धक राखी उपयोग गरेको कर्जा पूर्ण रुपमा चुक्ता गरी शेयर फुकुवा नगरेसम्म प्रस्तावित बोनस शेयर वितरण रोक्का राख्ने व्यवस्था मिलाउनुहुन।

उपरोक्त निर्देशनहरुलाई त्यस बैंकको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नुहुन।

भवदीय,

(टिकाराम खतिवडा)
उप-निर्देशक

बोधार्थ

- नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग।
- बैंक सुपरिवेक्षण विभाग, प्रतिवेदन कार्यान्वयन इकाई, प्राइम कमर्सियल बैंक लिमिटेड।

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प्रवन्धपत्रमा प्रस्तावित संशोधन

सि. न.	हालको व्यवस्था	प्रस्तावित संशोधन	संशोधन गर्नु परेको कारण
१.	दफा ६ (ख) बैंकले तत्काल जारी गर्ने शेयर पुँजी रु.९,६८,६८,५१,७००/- (नौ अर्ब अठसठ्ठी करोड अठसठ्ठी लाख एकाउन्न हजार सात सय) हुनेछ । सो पुँजीलाई रु.१००/-को दरका ९,६८,६८,५१७ थान साधारण शेयरमा बिभाजन गरिएको छ ।	दफा ६ (ख) बैंकले तत्काल जारी गर्ने शेयर पुँजी रु.१३,९८,५२,४९,५००/- (तेह्र अर्ब अन्तानबे करोड बाउन्न लाख उनान्वास हजार पाँच सय रुपैया) हुनेछ । सो पुँजीलाई रु.१००/-को दरका १३,९८,५२,४९५ थान साधारण शेयरमा बिभाजन गरिएको छ ।	बोनस शेयर जारी तथा कैलाश विकास बैंक लिमिटेडलाई प्राप्ति गरी बैंकको जारी तथा चुक्ता पुँजी बृद्धि गर्न ।
३.	दफा ६(ग) बैंकको तत्काल चुक्ता गर्न कबुल गरेको पुँजी रु.९,६८,६८,५१,७००/- (नौ अर्ब अठसठ्ठी करोड अठसठ्ठी लाख एकाउन्न हजार सात सय) हुनेछ । सो पुँजीलाई रु.१००/-को दरका ९,६८,६८,५१७ थान साधारण शेयरमा बिभाजन गरिएको छ ।	दफा ६(ग) बैंकको तत्काल चुक्ता गर्न कबुल गरेको पुँजी रु.१३,९८,५२,४९,५००/- (तेह्र अर्ब अन्तानबे करोड बाउन्न लाख उनान्वास हजार पाँच सय रुपैया) हुनेछ । सो पुँजीलाई रु.१००/-को दरका १३,९८,५२,४९५थान साधारण शेयरमा बिभाजन गरिएको छ ।	बोनस शेयर जारी तथा कैलाश विकास बैंक लिमिटेडलाई प्राप्ति गरी बैंकको जारी तथा चुक्ता पुँजी बृद्धि गर्न ।

नियमावलीमा प्रस्तावित संशोधन

सि. न.	हालको व्यवस्था	प्रस्तावित संशोधन	संशोधन गर्नु परेको कारण
१	समितिको बैठक सम्बन्धी कार्यविधि : नियम ३८(८) नभएको ।	समितिको बैठक सम्बन्धी कार्यविधि : नियम ३८(८) संचालक समितिको बैठक भिडियो कन्फरेन्सको माध्यमबाट समेत बस्न सकिनेछ । भिडियो कन्फरेन्सको माध्यमबाट बैठक बस्दा संचालकलाई बैठक भत्ता दिइनेछ ।	कम्पनी ऐन तथा नेपाल राष्ट्र बैंकबाट बैंकहरूलाई जारी एकिकृत निर्देशन नं.६/०७६ मा भएको व्यवस्था अनुरूप गर्न बनाउन वान्छनिय भएकोले ।



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SABHAPOKHARI BRANCH Barabise, Sankhuwasabha Phone: 029-413010 Branch Manager: Mr. Taranee Prasad Acharya Email: sabhapokhari@pcbl.com.np	SARAWAL BRANCH Sarawal, Nawalparasi Phone: 078414103 Branch Manager: Mr. Ashok Dhungana Email: sarawal@pcbl.com.np
SARUMARANI BRANCH Baddanda, Pyuthan Phone: 081-620446 Branch Manager: Mr. Sudip Poudel Email: sarumarani@pcbl.com.np	SHAHID LAKHAN BRANCH ShahidLakhan, Gorkha Phone: 016201466/566 Branch Manager: Mr. Amrit Kumar Adhikari Email: shahidlakhan@pcbl.com.np

SIDHUWA BRANCH Sidhuwa, Dhankuta Phone: 026-404176, Fax: 026-404177 Branch Manager: Mr. Rabindra Subedi Email: sidhuwa@pcbl.com.np	SINDHULI BRANCH Bank Road, Sindhuli Phone: 047-520632/520733, Fax: 047-520734 Branch Manager: Mr. Ram Kumar Shrestha Email: sindhuli@pcbl.com.np
SOMBARE BRANCH Ratuwamai Municipality: 10, Sombare Phone: 9752038930 Branch Manager: Mr. Prakash Kumar Rajbanshi Email: sombare@pcbl.com.np	SUDHODHAN BRANCH Sudhodhan, Kabilvastu Phone: 9860853084 Branch Manager: Mr. Hari Bahadur Bhandari Email: sudhodhan@pcbl.com.np
SURUNGA BRANCH Surunga, Jhapa Phone: 023-550825, Fax: 023-550835 Branch Manager: Mr. Nir Bahadur Adhikari Email: surunga@pcbl.com.np	TAPLEJUNG BRANCH Birendra Chowk, Phungling Bazar, Taplejung Phone: 024-460702 / 024-460701 Branch Manager: Mr. Sonam Lama Email: taplejung@pcbl.com.np
TAPLI BRANCH Tapli Ropatar, Udayapur Phone: 027-691280/74 Branch Manager: Mr. Prithvi Bahadur Giri Email: tapli@pcbl.com.np	TINGHARE BRANCH Suryodaya Municipality: 03, Tinghare Phone: 027-555251/ 555252 Branch Manager: Mr. Himal Rai Email: tinghare@pcbl.com.np
TRAFFIC CHOWK BRANCH Traffic Chowk, Biratnagar Phone: 21-538051/52, Fax: 021-538218 Branch Manager: Mr. Badri Bikram Adhikari Email: trafficchowk@pcbl.com.np	TUMBWEA BRANCH Tumbewa Rural Municipality, Panchthar Phone: 026-681037 Branch Manager: Mr. Dipendra Nath Shrestha Email: tumbewa@pcbl.com.np
TUMLINGTAR BRANCH Tumlingtar, Sankhuwasabha Phone: 029-575060, Fax: 029-757060 Branch Manager: Mr. Yogesh Regmi Email: tumlingtar@pcbl.com.np	

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