

१५ औं वार्षिक प्रतिवेदन २०७८/२०७९

Rs. in crore



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को

पन्ध्रौं वार्षिक साधारणसभा सम्बन्धी सूचना

मिति २०७९/०९/०६ गते (तदनुसार २१ डिसेम्बर, २०२२) मा बसेको सञ्चालक समितिको ४५७ औं बैठकको निर्णयानुसार यस बैंकको पन्ध्रौं वार्षिक साधारणसभा निम्न लिखित मिति, स्थान र समयमा निम्न विषयहरू उपर छलफल तथा निर्णय गर्न बस्ने भएको हुँदा आदरणीय सम्पूर्ण शेयरधनी महानुभावहरूको उपस्थितिकोलागि हार्दिक अनुरोध गर्दछु ।

सभा हुने मिति, स्थान र समय:

सभा हुने मिति : २०७९/०९/२८ गते, बिहीवार (तदनुसार १२ जनवरी, २०२३) ।

स्थान : कार्की ब्याङ्कवेट, बबरमहल, काठमाडौं ।

सभा शुरू हुने समय : बिहान ११:०० बजेदेखि ।

छलफलका विषयहरू :

(क) सामान्य प्रस्तावहरू :

- आर्थिक वर्ष २०७८/७९ को सञ्चालक समितिको प्रतिवेदन उपर छलफल गरी पारित गर्ने ।
- लेखापरीक्षकको प्रतिवेदन सहित २०७९ आषाढ मसान्तको वासलात, मिति २०७८/०८/०१ देखि २०७९/०३/३२ सम्मको नाफा नोक्सान हिसाव र सोही अवधिको नगद प्रवाह लगायतका विवरणहरू उपर छलफल गरी स्वीकृत गर्ने ।
- बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ६३ तथा कम्पनी ऐन, २०६३ को दफा १११ अनुसार आर्थिक वर्ष २०७९/८० को लागि लेखापरीक्षण गर्न लेखापरीक्षण समितिले सिफारिस गरे बमोजिम लेखापरीक्षक नियुक्त गर्ने र निजको पारिश्रमिक अनुमोदन गर्ने ।
- बैंकमा स्वतन्त्र सञ्चालकको नियुक्ति भएको सम्बन्धमा जानकारी ।
- सञ्चालक समितिले प्रस्ताव गरे बमोजिम रु. ९२,३४,८७,९७९/- (बैंकको चुक्ता पूँजीको चार दशमलव नौ पाँच प्रतिशतका दरले) नगद लाभांश वितरण गर्न स्वीकृत गर्ने ।
- बैंकको नियमावली अनुसार समूह "क" संस्थापक शेयरधनीहरूकोतर्फबाट सञ्चालक समितिमा प्रतिनिधित्व हुने सञ्चालक पद - ३ (तीन) र समूह "ख" सर्वसाधारण शेयरधनीहरूकोतर्फबाट सञ्चालक समितिमा प्रतिनिधित्व हुने सञ्चालक पद - २ (दुई) समेत सञ्चालक पद - ५ (पाँच) को निर्वाचन, मनोनयन वा नियुक्त गर्ने ।

(ख) विशेष प्रस्तावहरू :

- सञ्चालक समितिले प्रस्ताव गरे बमोजिम बैंकको चुक्ता पूँजीको ४% (चार प्रतिशत) का दरले हुन आउने रु. ७४,६२,५२,९१२/- बोनस शेयर जारी गर्ने र सोही बमोजिम बैंकको प्रवन्ध-पत्र तथा नियमावलीमा संशोधन गर्ने ।
- निम्न बमोजिम बैंकको प्रवन्धपत्रमा संशोधन/थप गर्ने :
क) बैंकले बोनस शेयर जारी गरे पश्चात बैंकको जारी पूँजी तथा चुक्ता पूँजी बृद्धि हुने भएको हुनाले प्रवन्ध पत्र को दफा ६(ख) र ६(ग) मा संशोधन गर्ने ।
- 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 सञ्चालक समितिलाई सम्पूर्ण अख्तियार प्रदानगर्ने ।
- 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 सञ्चालक समितिलाई अख्तियारी प्रदान गर्ने ।

(ग) विविध

आज्ञाले,
कम्पनी सचिव

साधारणसभा सम्बन्धी सामान्य जानकारीहरु :

- यस साधारणसभा प्रयोजनका लागि मिति २०७९/०९/१४ गते एक दिनका लागि बैंकको शेयर दाखिल खारेज दर्ता बन्द (Book Close) रहनेछ । नेपाल स्टक एक्सचेन्ज लिमिटेडमा मिति २०७९/०९/१३ गतेसम्म कारोबार भई ७ कार्य दिनभित्र यस बैंकको शेयर रजिष्ट्रार, सिभिल क्यापिटल मार्केट्स लि., काठमाडौंमा प्राप्त शेयर नामसारी, दाखिल खारेजीको आधारमा शेयरधनी दर्ता किताबमा कायम शेयरधनीहरूले सो सभामा भाग लिन, एवं लाभांश पाउन सक्नु हुनेछ ।
- वार्षिक साधारणसभामा भाग लिँदा शेयरधनी महानुभावहरूले शेयर प्रमाणपत्र/हितग्राही (DEMAT) खाता खोलिएको प्रमाण र आफ्नो परिचय खुल्ने प्रमाण वा सोको प्रतिलिपि (जस्तै नागरिकता प्रमाणपत्र वा अन्य कुनै फोटो सहितको परिचयपत्र) अनिवार्य रूपमा साथमा लिई सभास्थलमा आउनुहुन अनुरोध छ । हाजिरी पुस्तिका बिहान १०:०० बजेदेखि सभा चालु रहनुजेलसम्म खुल्ला रहनेछ ।
- प्रतिनिधि (प्रोक्सी) नियुक्त गर्न चाहने शेयरधनीहरूले मतदान गर्न पाउने अधिकतम हद वा सीमासम्म त्यस्तो शेयरधनी हकमा रहेको बैंकको अधिकतम शेयर हिस्साको मतदान सीमा हुने गरी प्रतिनिधि-पत्र (प्रोक्सी फाराम) भरी बैंककै शेयरधनीलाई प्रतिनिधि (प्रोक्सी) नियुक्त गरी बैंकको केन्द्रीय कार्यालय, कमलपोखरी, काठमाडौंमा सभा शुरू हुनुभन्दा कम्तिमा ७२ घण्टा अगाडि दर्ता गराई सक्नु पर्नेछ ।
- “मैले यस अधि दिएको सबै प्रतिनिधि-पत्र (प्रोक्सी) बदर गरी यो प्रतिनिधि (प्रोक्सी) लाई मान्यता दिईयोस” 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 बढि व्यक्तिलाई कुनै किसिमबाट विभाजन गरी वा नगरी प्रतिनिधि (प्रोक्सी) नियुक्त गरेको सककल दस्तखत भएमा त्यस्तो सबै प्रतिनिधि (प्रोक्सी) बदर हुनेछ । नाबालक वा मानसिक सन्तुलन ठीक नभएको शेयरधनीहरूको तर्फबाट बैंकको शेयर लगत दर्ता किताबमा संरक्षकको रूपमा नाम दर्ता भएको महानुभावहरूले सभामा भाग लिन, प्रतिनिधि तोकन सक्नु हुनेछ ।
- संयुक्त रूपमा शेयर खरीद गरिएको अवस्थामा शेयरधनीको लगत दर्ता किताबमा पहिले नाम उल्लेख भएको व्यक्ति अथवा सर्वसम्मतबाट प्रतिनिधि नियुक्त गरिएको एक व्यक्तिले मात्र सभामा भाग लिन पाउनुहुनेछ ।
- सभामा भाग लिन प्रतिनिधि नियुक्त गरिसकेपछि सम्बन्धित शेयरधनीले आफैँले भाग लिन वा प्रतिनिधि फेरबदल गर्न चाहेमा सभा सुरु हुनुभन्दा कम्तीमा २४ घण्टा अगावै सो को सूचना बैंकको रजिष्टर्ड कार्यालय, कमलपोखरी, काठमाडौंमा दर्ता गरिसक्नु पर्नेछ । अन्यथा प्रतिनिधि फेरबदल हुन सक्ने छैन । तर, सम्बन्धित शेयरधनी स्वयं सभामा उपस्थित हुन आएमा शेयरधनीले गरिदिएको अख्तियारनामा स्वतः बदर हुनेछ ।
- संस्थापक एवं सर्वसाधारण समूहको सञ्चालकको निर्वाचन सम्बन्धी जानकारी साधारणसभा हुनु भन्दा १५ दिन अगावै बैंकको केन्द्रीय कार्यालय स्थित निर्वाचन अधिकृतको

कार्यालयबाट निर्वाचन सम्बन्धी कार्यक्रमको सूचना बैंकको सूचना पाटीमा प्रकाशित गरिनेछ ।

- सञ्चालक निर्वाचन सम्बन्धी कार्यक्रम सञ्चालक निर्वाचन निर्देशिका बमोजिम निर्वाचन अधिकृतले तोके बमोजिम हुनेछ ।
- सञ्चालक हुनको लागि बैंकको कम्तिमा १०० किता साधारण शेयर धारण गरी मतदाता नामावलीमा नाम उल्लेख भएको शेयरधनी हुनु पर्नेछ र कम्पनी ऐन, २०६३, बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३, नेपाल राष्ट्र बैंकले जारी गरेको निर्देशन तथा बैंकले जारी गरेको सञ्चालक निर्वाचन निर्देशिका बमोजिम अयोग्य नभएको व्यक्तिले मात्र उम्मेदवारी दर्ता गर्न सक्नेछ । संस्थापक शेयरधनीले सर्वसाधारण समूहको शेयरधनीको तर्फबाट उम्मेदवारी दिन सक्ने छैन ।
- सञ्चालक पदमा उमेदवार हुन चाहने शेयरधनीले माथि उल्लेख भए बमोजिम बैंकको केन्द्रीय कार्यालयमा प्रकाशित निर्वाचन सम्बन्धी कार्यक्रमको सूचनामा उल्लेखित मितिमा निर्धारित समय भित्र बैंकको उमेदवार हुन चाहेको समूहको एकजना शेयरधनी प्रस्तावक र अर्को एकजना शेयरधनी समर्थक सहित तोकिएको ढाँचा बमोजिम आफ्नो उमेदवारीको दरखास्त दर्ता गर्नु पर्नेछ । उम्मेदवारीबाट आफ्नो नाम फिर्ता लिन चाहेमासमेत सोही निर्वाचन सम्बन्धी कार्यक्रम बमोजिम आफ्नो नाम फिर्ता लिन दरखास्त दर्ता गर्नुपर्नेछ । सञ्चालक पदमा उम्मेदवारी दिने शेयरधनी अन्य उम्मेदवारको प्रस्तावक र समर्थक हुन सक्ने छैन ।
- सञ्चालकको निर्वाचनमा भाग लिन चाहने उम्मेदवारले बैंकको निर्वाचन निर्देशिकाको अनुसूचीमा उल्लेखित ढाँचाको मनोनयनपत्र तथा सोको दस्तुर रु. १०,०००/- (दस हजार) (पछि फिर्ता नहुने) सहित निर्वाचन तालिकामा उल्लेखित मिति भित्रमा निर्वाचन अधिकृत समक्ष व्यक्तिगत रूपमा आफैँ उपस्थित भई मनोनयन पत्र दाखिला गर्नु पर्नेछ ।
- छलफलको विषय मध्ये विविध शीर्षक अन्तर्गत कुनै विषयमा साधारणसभामा छलफल गर्नुपर्ने भए इच्छुक शेयरधनीले सभा हुनुभन्दा ७ (सात) दिन अगावै सो विषय कम्पनी सचिव मार्फत सञ्चालक समितिको अध्यक्षलाई लिखित रूपमा दिनुहुन अनुरोध छ ।
- शेयरधनी महानुभावहरूको सुरक्षा सुनिश्चित गर्न सुरक्षा जाँच हुने व्यवस्था मिलाइएको हुँदा सुरक्षाकर्मीले आगन्तुक सबैको सुरक्षा जाँच गर्न सक्नेछ । शेयरधनी महानुभावहरूले पनि अति आवश्यक नभए, छाता, भोला, प्याकेट जस्ता सुरक्षा जाँचमा जटिलता ल्याउने सामग्री नलिई आउनु हुन र सुरक्षाकर्मीको जाँचमा सहयोग गर्नु हुन अनुरोध छ ।
- साधारणसभामा सम्बन्धित थप जानकारी तथा बैंकको आर्थिक वार्षिक विवरणका लागि बैंकको केन्द्रीय कार्यालय, कमलपोखरी वा यस बैंकको शेयर रजिष्ट्रार सिभिल क्यापिटल मार्केट्स लि.मा सम्पर्क राख्न अनुरोध छ । सधैं बैंकको वेबसाइट www.primebank.com.np मा समेत हेर्न र Download गर्न सकिने छ ।

प्रोक्सी फाराम

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विषय : प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

..... जिल्ला, म.न.पा./उ.म.न.पा./न.पा./ गाउँपालिका वडा नं. बस्ने
 म/हामी ले त्यस बैंकको संस्थापक/सर्वसाधारण शेयरधनीको हैसियतले मिति २०७९
 साल पौष महिना २८ गते बिहिबारका दिन हुने १५ औं वार्षिक साधारणसभामा म/हामी स्वयम् उपस्थित भई छलफल, निर्णय
 तथा सञ्चालक निर्वाचनमा सहभागी हुन नसक्ने भएको हुनाले उक्त सभामा मेरो/हाम्रो तर्फबाट भाग लिइ उक्त कार्य गर्नका लागि
 जिल्ला, म.न.पा./उ.म.न.पा./न.पा./गाउँपालिका वडा नं. बस्ने
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प्रतिनिधिको

दस्तखत नमूना :
 नाम :
 ठेगाना :
 (शेयरधनी नं./
 हितग्राही खाता नं.) :
 मिति :

निवेदकको

दस्तखत :
 नाम :
 ठेगाना :
 (शेयरधनी नं./
 हितग्राही खाता नं.):
 शेयर संख्या :

.....
 बैंकको छाप

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 कम्पनी सचिवको दस्तखत

द्रष्टव्य : यो प्रोक्सी फाराम साधारणसभा हुनु भन्दा ७२ घण्टा अगावै बैंकको केन्द्रीय कार्यालय, कमलपोखरी, काठमाडौंमा दर्ता गरिसक्नु पर्नेछ ।



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शेयरधनीको नाम :
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१५ औं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेश पत्र

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



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सञ्चालक समितिका अध्यक्षको आ. व. २०७८/७९ को प्रतिवेदन

आदरणीय शेयरधनी महानुभावहरू,

यस प्राइम कमर्सियल बैंक लिमिटेडको पन्ध्रौँ वार्षिक साधारण सभामा उपस्थित भै सभाको गरिमा बढाइदिनु भएकोमा सम्पूर्ण शेयरधनी महानुभावहरूलाई बैंक सञ्चालक समितिको तर्फबाट म हार्दिक स्वागत एवं अभिवादन गर्न चाहन्छु । बैंक स्थापना भएको पन्ध्रौँ वर्ष पूरा हुँदा सम्म बैंकका शेयरधनी महानुभावहरू, ग्राहकवर्ग, नियमन निकाय एवं सम्पूर्ण शुभेच्छुकहरूको सदाशयता र मार्ग निर्देशनका कारण बैंकले आफ्नो व्यवसायलाई विस्तार गरी निरन्तररूपमा दिगो प्रगति गर्दै आएको छ । यस प्राइम कमर्सियल बैंकलाई नेपालकै एक अग्रणी वाणिज्य बैंकको रूपमा स्थापित गराउन यहाँहरूबाट प्राप्त सम्पूर्ण सहयोग एवं सदाशयता प्रति हार्दिक आभार प्रकट गर्न चाहन्छु ।

विश्वभर फैलिएको कोभिड-१९ को महामारी एवं रूस-युक्रेन युद्धका कारणले बिगतका केही वर्षहरू समग्र बैकिङ क्षेत्र एवं उद्योग/व्यवसायहरूका लागि अत्यन्त कठिन एवं चुनौतीपूर्ण रहेको छ । करीब तीन वर्ष अगाडीबाट विश्वव्यापी रूपमा फैलिएको कोभिड-१९ को महामारीले पारेको नकारात्मक प्रभावबाट तंग्रिदै गरेका उद्योग व्यवसायहरू, बैकिङ क्षेत्रमा देखिएको तरलताको चापले थप संकटमा धकेलिएका छन् । करीब एक वर्ष देखि बैकिङ क्षेत्रमा देखिएको तरलता अभावले निर्माणाधिन अवस्थामा रहेका परियोजनाहरू तथा अन्य व्यापार व्यवसायहरूमा आवश्यक ऋण प्रवाह हुन नसकेको एवं कर्जाको व्याज दर वृद्धिका कारण समग्र उद्योग/व्यवसायहरू प्रभावित भएका छन् । यस्तो अवस्थामा बैंकले ऋणी तथा व्यवसायीहरूसँग सहकार्य एवं हातेमालो गरी संयमताका साथ चुनौतीको सामना गर्दै यस संकटबाट पार लगाउन बैंकले समय सापेक्ष आवश्यक नीतिहरू अवलम्बन गर्दै आएको छ । यस्तो कठिन परिस्थितिमा बैंक तथा ऋणीको आपसी सहकार्यमा व्यवसायलाई निरन्तरता दिन सकेको अवस्थामा उपयुक्त समयमा उद्योग व्यवसायहरूले पूनः गति लिने यस बैंकको दृढ विश्वास रहेको छ ।

बिगतका वर्षहरूमा देखिएका कोभिड-१९ र त्यस पछिका बैकिङ क्षेत्रले सामना गर्दै आएको तरलताको चापको कारणले समीक्षा अवधिमा बैंकको व्यवसाय वृद्धि एवम् मूनाफा आर्जनमा केही प्रभाव परेता पनि बैंकले विगत वर्षहरूबाट अवलम्बन गर्दै आएको जोखिम व्यवस्थापनको प्रभावकारी नीति, पूँजीको बलियो आधार, संचालन खर्चमा अपनाइएको मितव्ययीता, गैर कोषमा आधारित आम्दानीको बलियो स्रोत एवं दक्ष जनशक्ति जस्ता सवल पक्षहरूबाट बैंकले दीर्घकालीन रूपमा लगानीकर्ताहरूलाई उच्चतम प्रतिफल प्रदान गर्न बैंक सक्षम रहेको व्यहोरा यस सभालाई जानकारी गराउन चाहन्छु ।

महामारीको यस चुनौतीका बीच उपलब्ध स्रोतको अधिकतम उपयोग गरी तुलनात्मक रूपमा उच्च प्रतिफल आर्जन गर्नुपर्ने अवस्थामा उभिएका छौ । यस विषम परिस्थितिमा समेत बैंकले विगत वर्षहरूमा अवलम्बन गर्दै आएको जोखिम व्यवस्थापनका उत्कृष्ट रणनीति र कार्यशैलीका कारण आर्थिक सूचकांकहरू सन्तोषजनक छन् । आ.व. २०७८/७९ मा बैंकले कुल रु. १ खर्ब ६५ अर्ब निक्षेप संकलन गरी कुल रु. १ खर्ब ५५ अर्ब कर्जा प्रभाव गरेको छ । बैंकको कर्जा जोखिमलाई न्यूनिकरण गर्न र सम्पत्तिको गुणस्तरलाई मजबुत गर्न बैंकले यस आ.व. मा यथेष्ट कर्जा नोक्सानी व्यवस्था गरेकोले संचालन मुनाफामा गत वर्षको भन्दा केहि संकुचन आई रु. ३ अर्ब ९५ करोड आर्जन गरेको छ । यस अवधिमा बैंकले खूद नाफा रु. २ अर्ब ७८ करोड आर्जन गरेको छ र यहि आर्जित खुद मुनाफाबाट ४ प्रतिशत बोनस शेयर र ४.९५ प्रतिशत नगद लाभांश वितरण गर्ने प्रस्ताव यस सभामा प्रस्तुत गरेका छौ ।

बैंकले विगतका वर्षहरूमा आर्जन गरेको मूनाफाबाट बोनस शेयर जारी गर्दै पूँजीको आकार वृद्धि गर्दै लैजाने नीति अवलम्बन गरेको कारणले हाल बैंकको पूँजी पर्याप्तता अनुपात सन्तोषजनक स्तरमा रहेतापनि यस आ. व. मा पनि पूँजीमा केही थप गर्दै वर्तमान बैकिङ क्षेत्रको प्रतिस्पर्धात्मक वातावरणमा बैंकलाई आफ्नो व्यवसायमा वृद्धि गर्नका लागि सुनौलो अवसर रहेको छ । यस चालु आर्थिक वर्षमा मुलुकको समग्र वस्तु आयातमा केही कमी भएसँगै विप्रेषण आप्रवाहमा समेत देखिएका वृद्धिका कारण १४ महिनाको लामो अवधि पछि मुलुकको सोधनान्तरमा बचत भए सँगै बैकिङ क्षेत्रको तरलतामा केही सुधार हुने संकेत देखिएको छ । सोधनान्तर बचतका कारण मुलुकको बैदेशिक मुद्राको संचितिमा समेत देखिएको वृद्धिले देशको अर्थतन्त्र क्रमशः सुधार हुँदै जाने अपेक्षा गरिएको छ ।

कोभिड-१९ महामारीले समग्र व्यापार व्यवसायमा परेको नकारात्मक प्रभाव एवं बैकिङ क्षेत्रमा सिर्जित चरम तरलता अभावको बाबजुत, बैंकले चालु आर्थिक वर्षको पहिलो त्रैमासमा सन्तोषजनक प्रगति हासिल गरेको छ । बैंकले चालु आ.व. को पहिलो त्रैमासको अन्त्यमा रु. १ खर्ब ६२ अर्ब २१ करोड निक्षेप संकलन गरी रु. १ खर्ब ५४ अर्ब ३२ करोड कर्जा प्रवाह गरेको छ । सो अवधिमा बैंकले रु. १ अर्ब २५ करोड २३ लाख संचालन मुनाफा आर्जन गर्नुका साथै रु. ८७ करोड ४१ लाख खुद मुनाफा आर्जन गरेको छ । मुलुकको अर्थतन्त्र एवं बैकिङ क्षेत्रमा देखिएको प्रतिकुल अवस्थामा हाल केहि सुधारको संकेत देखा परे सँगै यस चालु आ. व. मा सन्तोषजनक नतिजा हासिल गर्न बैंक पूर्ण रूपमा प्रयासरत छ ।

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 क्लीयरिङ लि., नेपाल सरकारका सम्बन्धित नियमन 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 यथार्थपरक, वस्तुगत तथा सकारात्मक ढंगले आम जनसमुदाय समक्ष सम्प्रेषण गरिदिने संचार जगत लगायत अन्य सम्पूर्ण शुभेच्छुकहरू प्रति हार्दिक आभार प्रकट गर्दछु ।

धन्यवाद ।

राजेन्द्र दास श्रेष्ठ
अध्यक्ष
सञ्चालक समिति,
प्राइम कमर्सियल बैंक लिमिटेड
मिति: २०७९/०९/२८

प्राइम कमर्सियल बैंक लिमिटेडको पन्ध्रौँ वार्षिक साधारण सभामा संचालक समितिबाट प्रस्तुत आ.व. २०७८/७९ को प्रतिवेदन

आदरणीय शेयरधनी महानुभावहरू,

यस प्राइम कमर्सियल बैंक लिमिटेडको पन्ध्रौँ वार्षिक साधारण सभामा उपस्थित हुनुभएका सम्पूर्ण शेयरधनी एवं अतिथि महानुभावहरूमा यस बैंकको संचालक समिति हार्दिक स्वागत तथा अभिवादन गर्दछ । आर्थिक वर्ष २०७८/७९ मा बैंकले हासिल गरेको उपलब्धिहरू, बैंक सञ्चालनमा देखिएका चुनौतिहरू एवं भविष्यमा बैंकले अख्तियार गर्ने रणनीति एवं दीर्घकालिन योजनाहरूको बारेमा यस प्रतिवेदनमा संक्षिप्त रूपमा प्रस्तुत गरिएको छ ।

१) राष्ट्रिय/अन्तर्राष्ट्रिय अर्थतन्त्र

(क) विश्व अर्थतन्त्र

रुस-युक्रेन युद्धका कारण विश्व अर्थतन्त्रको वृद्धिदरमा गिरावट आउने देखिएको छ । अन्तर्राष्ट्रिय मुद्रा कोषका अनुसार सन् २०२१ मा ६.१ प्रतिशतले विस्तार भएको विश्व अर्थतन्त्रको वृद्धिदर सन् २०२२ मा ३.६ प्रतिशतमा सीमित हुने देखिएको छ । विकसित अर्थतन्त्रको वृद्धिदर अघिल्लो वर्षको ५.२ प्रतिशतको तुलनामा सन् २०२२ मा ३.३ प्रतिशतमा सीमित हुने र उदीयमान अर्थतन्त्रको वृद्धिदर अघिल्लो वर्षको ६.८ प्रतिशतको तुलनामा सन् २०२२ मा ३.८ प्रतिशतमा सीमित हुने कोषको प्रक्षेपण छ ।

विगत एक दशकमा विकसित मुलुकहरूको औसत मुद्रास्फीति १.५ प्रतिशत रहेकोमा सन् २०२२ मा ५.७ प्रतिशत पुग्ने अन्तर्राष्ट्रिय मुद्रा कोषको प्रक्षेपण छ । यसैगरी उदीयमान तथा विकासशील मुलुकहरूमा विगत एक दशकको औसत मुद्रास्फीति ५.१ प्रतिशत रहेकोमा सन् २०२२ मा ८.७ प्रतिशत पुग्ने कोषको प्रक्षेपण छ ।

रुस-युक्रेन युद्धका कारण अन्तर्राष्ट्रिय व्यापार समेत प्रभावित भएको छ । सन् २०२१ मा १०.१ प्रतिशतले विस्तार भएको विश्व व्यापार आयतनको वृद्धिदर सन् २०२२ मा ५.० प्रतिशतमा सीमित हुने अन्तर्राष्ट्रिय मुद्रा कोषको प्रक्षेपण रहेको छ ।

उच्च मूल्य वृद्धिलाई नियन्त्रण गर्न विभिन्न मुलुकका केन्द्रीय बैंकहरूले कसिलो मौद्रिक नीतिको कार्यदिशाअनुरूप ब्याजदरमा वृद्धि गरेका छन् । अमेरिकी फेडरल रिजर्भ, बैंक अफ क्यानाडा, भारतीय रिजर्भ बैंकलगायतले ब्याजदरमा हालका महिनाहरूमा पटक पटक वृद्धि गरेका छन् । अमेरिकी फेडरल रिजर्भले जुन २०२२ मा फेडरल फण्ड रेटमा ७५ आधार बिन्दुले वृद्धि गरी १.५-१.७५ प्रतिशत पुऱ्याएको छ । भारतीय रिजर्भ बैंकले नीतिगत दरमा २०२२ मे महिनामा ४० आधार बिन्दुले तथा जुन महिनामा ५० आधार बिन्दुले वृद्धि गरी ४.९० प्रतिशत पुऱ्याएको छ ।

(स्रोत: अन्तर्राष्ट्रिय मुद्रा कोषको सन् २०२२ को आर्थिक प्रतिवेदन)

(ख) राष्ट्रिय अर्थतन्त्र

कुल गार्हस्थ्य उत्पादन र आर्थिक वृद्धि

केन्द्रीय तथ्याङ्क विभागका अनुसार आर्थिक वर्ष २०७८/७९ मा ५.८४ प्रतिशत आर्थिक वृद्धि हुने अनुमान छ । कृषि क्षेत्रको वृद्धि २.३० प्रतिशत, उद्योग क्षेत्रको १०.१९ प्रतिशत र सेवा क्षेत्रको वृद्धि ५.९३ प्रतिशत रहेको अनुमान छ । आर्थिक वर्ष २०७८/७९ मा कुल गार्हस्थ्य उत्पादनमा कृषि, उद्योग र सेवा क्षेत्रको अंश क्रमशः २३.९५ प्रतिशत, १४.२९ प्रतिशत र ६१.७६ प्रतिशत रहेको छ । आर्थिक वर्ष २०७८/७९ मा कुल गार्हस्थ्य बचत कुल गार्हस्थ्य उत्पादनको ९.२७ प्रतिशत पुगेको छ । कुल स्थिर पूँजी निर्माण र कुल राष्ट्रिय बचतको कुल गार्हस्थ्य उत्पादनसँगको अनुपात क्रमशः २९.३७ प्रतिशत र ३१.९५ प्रतिशत रहेको छ । आर्थिक वर्ष २०७८/७९ मा कुल पर्यटक आगमन संख्यामा उल्लेख्य वृद्धि भएको छ । समीक्षा वर्षमा आगमन पर्यटक संख्या ३,७०,९०६ रहेकोछ । आर्थिक वर्ष २०७७/७८ मा उक्त संख्या ७०,१२३ रहेको थियो । आर्थिक वर्ष २०७८/७९ मा कुल विद्युतको जडित क्षमता वृद्धि भई २,१८९.६ मेगावाट पुगेको छ । जस मध्ये जलविद्युत २,०७५.४ मेगावाट, सोलार ५४.८ मेगावाट, कोजेनेरेसन ६.० मेगावाट र थर्मल ५३.४ मेगावाट विद्युत जडित क्षमता रहेको छ ।

मुद्रास्फीति

२०७९ असार महिनामा वार्षिक विन्दुगत उपभोक्ता मुद्रास्फीति ८.०८ प्रतिशत रहेको छ । २०७८ असार महिनामा यस्तो मुद्रास्फीति ४.१९ प्रतिशत रहेको थियो ।

विश्वव्यापी रूपमा भएको इन्धन तथा खाद्य वस्तुको मूल्यवृद्धि, आपूर्ति प्रणालीमा आएको व्यवधान तथा नेपाली मुद्रा अमेरिकी डलरसँग अवमूल्यन भएका कारणले आर्थिक वर्ष २०७८/७९ का पछिल्ला महिनाहरूमा मुद्रास्फीतिमा चाप रहन पुग्यो । यद्यपि आर्थिक वर्ष २०७८/७९ को शुरुवाती महिनाहरूमा न्यून मुद्रास्फीति रहेको कारण वार्षिक औसत उपभोक्ता मुद्रास्फीति ६.३२ प्रतिशतमा सीमित रहयो । अघिल्लो आर्थिक वर्ष यस्तो मुद्रास्फीति ३.६० प्रतिशत रहेको थियो ।

अघिल्लो आर्थिक वर्षको तुलनामा आर्थिक वर्ष २०७८/७९ मा खाद्य तथा पेय पदार्थ समूह अन्तर्गत घ्यू तथा तेल, दाल तथा गेडागुडी, सुर्तीजन्य पदार्थ र मदिराजन्य पेय पदार्थ उपसमूहको मूल्यवृद्धि क्रमशः २६.१३ प्रतिशत, ९.९२ प्रतिशत, ९.८४ प्रतिशत र ८.५७ प्रतिशत रहेको छ ।

साथै, गैर-खाद्य तथा सेवा समूह अन्तर्गत यातायात, शिक्षा, फर्निचर तथा घरायसी उपकरणहरू र मनोरञ्जन तथा संस्कृति उपसमूहको मुद्रास्फीति क्रमशः १५.८२ प्रतिशत, ८.७८ प्रतिशत, ७.०९ प्रतिशत र ६.६८ प्रतिशत रहेको छ ।

वैदेशिक व्यापार

आर्थिक वर्ष २०७८/७९ मा कुल वस्तु निर्यात ४१.७ प्रतिशतले वृद्धि भई रु. २०० अर्ब ३ करोड पुगेको छ । अधिल्लो वर्ष यस्तो निर्यात ४४.४ प्रतिशतले वृद्धि भएको थियो । गन्तव्यका आधारमा भारत तथा अन्य मुलुकतर्फ भएको निर्यात क्रमशः ४५.९ प्रतिशत र ३०.४ प्रतिशतले वृद्धि भएको छ भने चीनतर्फको निर्यात २०.४ प्रतिशतले घटेको छ । वस्तुगत आधारमा पाम तेल, ऊनी गलैचा, धागो (पोलिष्टर तथा अन्य), जिंक शिट, जुस लगायतका वस्तुको निर्यात बढेको छ भने सोयाविन तेल, अलैंची, चिया, औषधी (आयुर्वेदिक), तार लगायतका वस्तुको निर्यात घटेको छ ।

समीक्षा वर्षमा कुल वस्तु व्यापार घाटा २३.० प्रतिशतले वृद्धि भई रु. १७२० अर्ब ४२ करोड पुगेको छ । अधिल्लो वर्ष यस्तो घाटा २७.३ प्रतिशतले बढेको थियो । समीक्षा वर्षमा निर्यात-आयात अनुपात १०.४ प्रतिशत पुगेको छ । अधिल्लो वर्ष यस्तो अनुपात ९.२ प्रतिशत रहेको थियो ।

समीक्षा वर्षमा भारतबाट परिवर्त्य विदेशी मुद्रा भुक्तानी गरी रु. २१३ अर्ब ५३ करोड बराबरको वस्तु आयात भएको छ । अधिल्लो वर्ष यस्तो आयात रु. १९० अर्ब ५४ करोड बराबरको भएको थियो ।

विप्रेषण आप्रवाह

आर्थिक वर्ष २०७८/७९ मा विप्रेषण आप्रवाह ४.८ प्रतिशतले वृद्धि भई रु. १००७ अर्ब ३१ करोड पुगेको छ । अधिल्लो वर्ष विप्रेषण आप्रवाह ९.८ प्रतिशतले बढेको थियो । अमेरिकी डलरमा विप्रेषण आप्रवाह २.२ प्रतिशतले वृद्धि भई ८ अर्ब ३३ करोड पुगेको छ । अधिल्लो वर्ष यस्तो आप्रवाह ८.२ प्रतिशतले बढेको थियो ।

समीक्षा वर्षमा वैदेशिक रोजगारीका लागि अन्तिम श्रम स्वीकृति (संस्थागत तथा व्यक्तिगत-नयाँ र वैधानिकीकरण) लिने नेपालीको संख्या उल्लेख्य रूपमा वृद्धि भई ३,५४,६६० पुगेको छ । अधिल्लो वर्ष यस्तो संख्या ६२.८ प्रतिशतले घटेको थियो । त्यसैगरी, वैदेशिक रोजगारीका लागि पुनः श्रम स्वीकृति लिने नेपालीको संख्या समीक्षा वर्षमा १९८.५ प्रतिशतले वृद्धि भई २,८२,४५३ पुगेको छ । अधिल्लो वर्ष यस्तो संख्या ४६.८ प्रतिशतले घटेको थियो । समीक्षा वर्षमा खुद ट्रान्सफर ४.३ प्रतिशतले वृद्धि भई रु. १११७ अर्ब ८८ करोड पुगेको छ । अधिल्लो वर्ष यस्तो ट्रान्सफर ९.१ प्रतिशतले बढेको थियो ।

चालु खाता एवम् शोधनान्तर स्थिति

आर्थिक वर्ष २०७८/७९ मा चालु खाता रु. ६२३ अर्ब ३३ करोडले घाटामा रहेको छ । अधिल्लो वर्ष चालु खाता रु. ३३३ अर्ब ६७ करोडले घाटामा रहेको थियो । अमेरिकी डलरमा अधिल्लो वर्ष २ अर्ब ८४ करोडले घाटामा रहेको चालु खाता समीक्षा वर्षमा ५ अर्ब १७ करोडले घाटामा रहेको छ ।

समीक्षा वर्षमा पूँजीगत ट्रान्सफर ३४.५ प्रतिशतले कमी आई रु. ९ अर्ब ९९ करोड पुगेको छ भने खुद प्रत्यक्ष

वैदेशिक लगानी ४.९ प्रतिशतले कमी आई रु. १८ अर्ब ५६ करोड कायम भएको छ । अधिल्लो वर्ष पूँजीगत ट्रान्सफर रु. १५ अर्ब २६ करोड र खुद प्रत्यक्ष वैदेशिक लगानी रु. १९ अर्ब ५१ करोड रहेको थियो

समीक्षा वर्षमा शोधनान्तर स्थिति रु. २५५ अर्ब २६ करोडले घाटामा रहेको छ । अधिल्लो वर्ष शोधनान्तर स्थिति रु. १ अर्ब २३ करोडले बचतमा रहेको थियो । अमेरिकी डलरमा अधिल्लो वर्ष ३१ लाखले घाटामा रहेको शोधनान्तर स्थिति समीक्षा वर्षमा २ अर्ब १४ करोडले घाटामा रहेको छ ।

विनिमय दर र सञ्चिति

२०७८ असार मसान्तको तुलनामा २०७९ असार मसान्तमा अमेरिकी डलरसँग नेपाली रुपैयाँ ६.६४ प्रतिशतले अवमूल्यन भएको छ । अधिल्लो वर्ष नेपाली रुपैयाँ १.१ प्रतिशतले अधिमूल्यन भएको थियो । २०७९ असार मसान्तमा अमेरिकी डलर एकको खरिद विनिमय दर रु. १२७.५१ पुगेको छ । २०७८ असार मसान्तमा उक्त विनिमय दर रु. ११९.०४ रहेको थियो ।

२०७८ असार मसान्तमा रु. १३९९ अर्ब ३ करोड बराबर रहेको कुल विदेशी विनिमय सञ्चिति १३.१ प्रतिशतले कमी आई २०७९ असार मसान्तमा रु. १२१५ अर्ब ८० करोड कायम भएको छ । अमेरिकी डलरमा यस्तो सञ्चिति २०७८ असार मसान्तमा ११ अर्ब ७५ करोड रहेकोमा २०७९ असार मसान्तमा १८.९ प्रतिशतले कमी आई ९ अर्ब ५४ करोड कायम भएको छ ।

कुल विदेशी विनिमय सञ्चितिमध्ये नेपाल राष्ट्र बैंकमा रहेको सञ्चिति २०७८ असार मसान्तमा रु. १२४४ अर्ब ६३ करोड रहेकोमा २०७९ असार मसान्तमा १५.१ प्रतिशतले कमी आई रु. १०५६ अर्ब ३९ करोड कायम भएको छ । बैंक तथा वित्तीय संस्था (नेपाल राष्ट्र बैंकबाहेक) सँग रहेको विदेशी विनिमय सञ्चिति २०७८ असार मसान्तमा रु. १५४ अर्ब ३९ करोड रहेकोमा २०७९ असार मसान्तमा ३.२ प्रतिशतले वृद्धि भई रु. १५९ अर्ब ४१ करोड पुगेको छ । २०७९ असार मसान्तको कुल विदेशी विनिमय सञ्चितिमा भारतीय मुद्राको अंश २३.६ प्रतिशत रहेको छ ।

ब्याजदर

२०७८ असारमा ९१-दिने ट्रेजरी बिलको भारित औसत ब्याजदर ४.५५ प्रतिशत रहेकोमा २०७९ असारमा १०.६६ प्रतिशत रहेको छ । वाणिज्य बैंकहरुबीचको अन्तर-बैंक कारोबारको भारित औसत ब्याजदर २०७८ असारमा ४.१२ प्रतिशत रहेकोमा २०७९ असारमा ६.९९ प्रतिशत रहेको छ । मौद्रिक नीतिको संचालन लक्ष्यको रूपमा लिइने औसत अन्तर-बैंक ब्याजदर २०७९ असारमा ७.०१ प्रतिशत रहेको छ ।

वाणिज्य बैंकहरुको औसत आधार दर २०७८ असारमा ६.८६ प्रतिशत रहेकोमा २०७९ असारमा ९.५४ प्रतिशत कायम भएको छ । २०७९ असारमा वाणिज्य बैंकहरुको निक्षेपको भारित औसत ब्याजदर ७.४१ प्रतिशत र

कर्जाको भारत औसत ब्याजदर ११.६२ प्रतिशत रहेको छ । अघिल्लो वर्ष यस्ता दरहरू क्रमशः ४.६५ प्रतिशत र ८.४३ प्रतिशत रहेका थिए ।

मर्जर र प्राप्ति

वित्तीय स्थायित्व सुदृढीकरण गर्ने उद्देश्यले यस बैंकले बैंक तथा वित्तीय संस्था गाभ्ने/गाभिने तथा प्राप्ति सम्बन्धी प्रक्रिया शुरू गराए पश्चात् २०७९ असार मसान्तसम्म कुल २४५ बैंक तथा वित्तीय संस्थाहरू मर्जर/प्राप्ति प्रक्रियामा सामेल भएका छन् । यस मध्ये १७८ संस्थाहरूको इजाजत खारेज हुन गई ६७ संस्था कायम भएका छन् ।

निक्षेप संकलन तथा कर्जा प्रवाह

समीक्षा वर्षमा बैंक तथा वित्तीय संस्थाहरूको निक्षेप ९ प्रतिशतले बढेको छ । अघिल्लो वर्ष यस्तो निक्षेप २१.४ प्रतिशतले बढेको थियो । २०७९ असारमा बैंक तथा वित्तीय संस्थाहरूको कुल निक्षेपमा चल्ती, बचत र मुद्दतीको अंश क्रमशः ८.९ प्रतिशत, २७.६ प्रतिशत र ५५.८ प्रतिशत रहेको छ । अघिल्लो वर्ष यस्तो अंश क्रमशः १०.४ प्रतिशत, ३४.२ प्रतिशत र ४७ प्रतिशत रहेको थियो ।

२०७९ असार मसान्तमा बैंक तथा वित्तीय संस्थाहरूको कुल निक्षेपमा संस्थागत निक्षेपको अंश ३८.३ प्रतिशत रहेको छ । २०७८ असार मसान्तमा यस्तो निक्षेपको अंश ४२.७ प्रतिशत रहेको थियो ।

समीक्षा वर्षमा बैंक तथा वित्तीय संस्थाहरूबाट निजी क्षेत्रमा प्रवाहित कर्जा १३.१ प्रतिशतले बढेको छ । अघिल्लो वर्ष यस्तो कर्जा २७.३ प्रतिशतले बढेको थियो ।

२०७९ असार मसान्तमा बैंक तथा वित्तीय संस्थाहरूबाट निजी क्षेत्रमा प्रवाहित कर्जामध्ये गैर-वित्तीय संस्थागत क्षेत्रतर्फ प्रवाह भएको कर्जाको अंश ६३.३ प्रतिशत र व्यक्तिगत तथा घरपरिवार क्षेत्रतर्फ प्रवाह भएको कर्जाको अंश ३६.७ प्रतिशत रहेको छ । अघिल्लो वर्ष यस्तो अंश क्रमशः ६३.६ प्रतिशत र ३६.४ प्रतिशत रहेको थियो ।

समीक्षा वर्षमा निजी क्षेत्रतर्फ प्रवाहित कर्जामध्ये वाणिज्य बैंकहरूको कर्जा प्रवाह १२.७ प्रतिशतले, विकास बैंकहरूको कर्जा प्रवाह १३.९ प्रतिशतले र वित्त कम्पनीहरूको २९.८ प्रतिशतले बढेको छ ।

आर्थिक वर्ष २०७८/७९ मा बैंक तथा वित्तीय संस्थाहरूको कृषि क्षेत्रतर्फको कर्जा १९.७ प्रतिशतले, औद्योगिक उत्पादन क्षेत्रतर्फको कर्जा ८ प्रतिशतले, यातायात, संचार तथा सार्वजनिक सेवा क्षेत्रतर्फको कर्जा १५.७ प्रतिशतले, थोक तथा खुद्रा व्यापार क्षेत्रतर्फको कर्जा १३.३ प्रतिशतले र सेवा उद्योग क्षेत्रतर्फको कर्जा ८.७ प्रतिशतले बढेको छ ।

तरलता व्यवस्थापन

समीक्षा वर्षमा रिभर्स रिपोमार्फत रु. २८ अर्ब ३५ करोड र निक्षेप संकलन बोलकबोलमार्फत रु. ३१ अर्ब ६५ करोड

गरी कुल रु. ६० अर्ब तरलता प्रशोधन गरिएको छ । अघिल्लो वर्षको सोही अवधिमा कुल रु. ३०३ अर्ब २९ करोड तरलता प्रशोधन भएको थियो ।

आर्थिक वर्ष २०७८/७९ मा रिपोमार्फत रु. ४७६ अर्ब ३९ करोड, सोभै खरिदमार्फत रु. ५५ अर्ब ९२ करोड र स्थायी तरलता सुविधामार्फत रु. ९१७० अर्ब ११ करोडगरी कुल रु. ९७०२ अर्ब ४१ करोड तरलता प्रवाह गरिएको छ । अघिल्लो वर्ष कुल रु. ४३८ अर्ब २८ करोड तरलता प्रवाह भएको थियो । समीक्षा वर्षमा यस बैंकले विदेशी विनिमय बजार (वाणिज्य बैंकहरू) बाट अमेरिकी डलर २ अर्ब ९१ करोड खूद खरिद गरी रु. ३५५ अर्ब ५७ करोड तरलता प्रवाह गरेको छ । अघिल्लो वर्ष विदेशी विनिमय बजारबाट अमेरिकी डलर ३ अर्ब ६० करोड खरिद गरी रु. ४२५ अर्ब ९४ करोड तरलता प्रवाह गरिएको थियो ।

समीक्षा वर्षमा अमेरिकी डलर ४ अर्ब ९२ करोड बिक्री गरी रु. ५९५ अर्ब २३ करोड बराबरको भारतीय रुपैयाँ खरिद भएको छ । अघिल्लो वर्ष अमेरिकी डलर ४ अर्ब ५४ करोड लगायत अन्य विदेशी मुद्रा बिक्री गरी रु. ५३५ अर्ब २३ करोड बराबरको भारतीय रुपैयाँ खरिद भएको थियो ।

वित्तीय पहुँच

कुल ७५३ स्थानीय तहमध्ये २०७९ असारसम्म ७५२ तहमा वाणिज्य बैंकहरूका शाखा विस्तार भएका छन् । २०७८ असारसम्म ७५० स्थानीय तहमा वाणिज्य बैंकहरूका शाखा विस्तार भएका थिए ।

इजाजतप्राप्त बैंक तथा वित्तीय संस्थाहरूको संख्या २०७९ असार मसान्तमा १२६ रहेको छ । यस मध्ये २६ वाणिज्य बैंक, १७ विकास बैंक, १७ वित्त कम्पनी, ६५ लघुवित्त वित्तीय संस्था र १ पूर्वाधार विकास बैंक सञ्चालनमा रहेका छन् । बैंक तथा वित्तीय संस्थाहरूको शाखा संख्या २०७८ असार मसान्तमा १०,६८३ रहेकोमा २०७९ असार मसान्तमा ११,५२८ पुगेको छ ।

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

२. आर्थिक वर्ष २०७८/७९ मा बैंकको कारोबारको सिंहावलोकन

कोभिड-१९ संक्रमणका कारण सृजित प्रतिकूल परिस्थितीमा समेत यस बैंकले आफ्नो सेवाग्राहीहरूलाई प्रभावकारी बैकिङ्ग सेवा सुविधा प्रदान गर्दै आएको छ । यस आर्थिक वर्षमा ग्राहकआधार विस्तार गर्दै शेयरधनीहरूलाई सन्तोषजनक प्रतिफल दिन सफल भएको छ । यस बैंकको काठमाण्डौ उपत्यका भित्र ४९ तथा उपत्यका बाहिर १३८ गरी जम्मा १८७ वटा शाखा कार्यालय तथा १०८ वटा एटिएम पुगेका छन् ।

आर्थिक वर्ष २०७८/७९ को वित्तीय विवरण Nepal Financial Reporting Standard (NFRS) बमोजिमको सर्वमान्य लेखाको सिद्धान्तका आधारमा तयार गरिएको छ । समीक्षा अवधि र अघिल्लो आर्थिक वर्ष २०७७/७८ को वित्तीय विवरण अनुसार

यस बैंकको वित्तीय स्थितिको तुलनात्मक अवस्था देहाय बमोजिम रहेका छन् ।

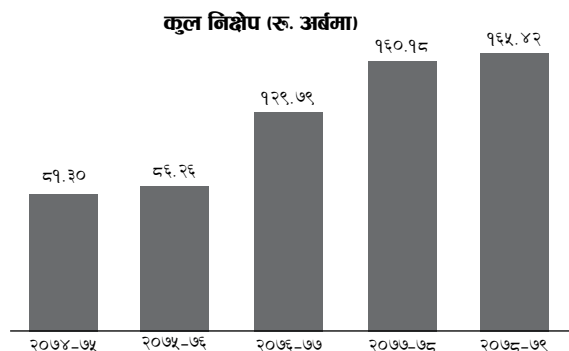
तुलनात्मक प्रगति विवरण

विवरण	आ.ब. २०७८/७९	आ.ब. २०७७/७८	बढी/ (घटी)	प्रतिशत
चुक्ता पूँजी*	१८,६५६,३२२,८०४	१६,०८३,०३६,९००	२,५७३,२८५,९०४	१६.००%
कुल सम्पत्ति	२१०,३६१,८९५,३९५	१९०,५३७,२१८,७३२	१९,८२४,६७७,६६४	१०.४०%
कुल निक्षेप	१६५,४१७,६७०,१९०	१६०,१८१,८८७,६३०	५,२३५,७८२,५६०	३.२७%
कुल कर्जा	१५४,९९९,८२१,२०८	१४२,९३०,६८५,५५३	११,९६९,१३५,६५५	८.३९%
कुल लगानी	३१,४४८,८६७,५८३	२३,४७२,८७७,३२१	७,९७५,९९०,२६३	३३.९८%
खुद व्याज आम्दानी	६,१८६,९६५,७०८	५,९४८,८९०,५५०	२३८,०७५,१५८	४.००%
कर्मचारी खर्च	१,६७०,३६३,०५५	१,५९१,३४२,५२५	७९,०२०,५३०	४.९७%
अन्य संचालन खर्च	८०१,५९३,५२९	७९६,६९१,९२७	४,९०१,६०२	०.६२%
कुल संचालन खर्च	२,४७१,९५६,५८४	२,३८८,०३४,४५२	८३,९२२,१३२	३.५१%
संचालन मुनाफा	३,९५१,४३४,०२१	४,६८५,३३३,८४२	(७३३,८९९,८२१)	-१५.६६%
खुद नाफा/(नोक्सान)	२,७८७,३३६,३४७	३,२६८,४००,६८७	(४८१,०६४,३४१)	-१४.७२%

*प्रस्तावित बोनस शेयर बाहेक

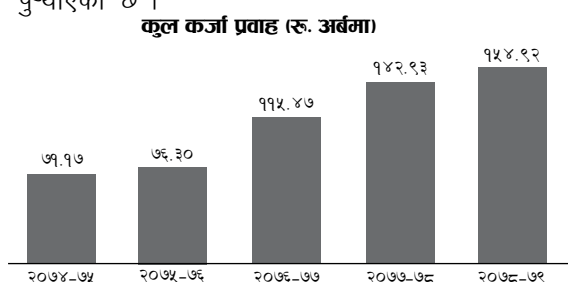
(क) निक्षेप परिचालन

मुलुकमा देखिएको तरलता अभावका कारण यस बैंकले गत आर्थिक वर्षको भन्दा ३.२७ प्रतिशतले मात्र बृद्धि गरी यस आ. ब. मा कुल निक्षेप रु. १ खर्ब ६५ अर्ब ४२ करोड संकलन गरेको छ । साथै संस्थागत एवं ठूला निक्षेपको अंशलाई सिमामा राखी क्रमिक रूपले साना निक्षेपकर्ताहरूलाई बढाएको छ । बैंकको बिगत पाँच वर्षको निक्षेप संकलन यस प्रकार रहेको छ ।



(ख) कर्जा प्रवाह

केन्द्रिय बैंकको कसिलो मौद्रिक नीतिका कारण गत वर्षको तुलनामा यस आर्थिक वर्षमा बैंकले कर्जा प्रवाहमा न्यून प्रतिशतले बृद्धि गर्दै रु. १ खर्ब ५४ अर्ब ९२ करोड पुऱ्याएको छ ।



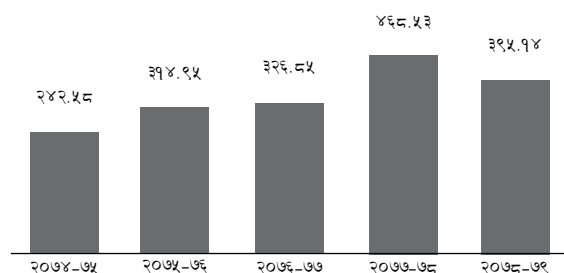
यस बैंकले मुलुकले उच्च प्राथमिकताका साथ महत्त्व

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 आफ्नो लगानी बिस्तार गर्दै लाने क्रममा छ । यसै गरी बैंकले सहूलियतपूर्ण कर्जालाई पनि प्रथमिकताका साथ लगानी गर्दै आएको छ । बैंकले विगत पाँच वर्षहरूमा प्रवाह गरेको कर्जाको निम्न बमोजिम समिक्षा गरिएको छ ।

(ग) संचालन र खुद मुनाफा

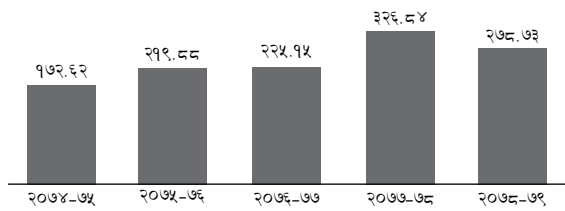
यस अवधिमा विश्व अर्थतन्त्र सँगै मुलुकको अर्थतन्त्रमा पनि नकारात्मक असर परेसँगै समग्र आर्थिक क्रियाकलाप सुस्ताएको अवस्था देखिएको छ । नेपाल राष्ट्र बैंकको निर्देशनमा बैंकको कर्जा जोखिमलाई नियन्त्रण गर्न र सम्पत्तिको गुणस्तरलाई कायम राखी थप मजबुत बनाउन बैंकले यस आर्थिक वर्षमा यथेष्ट कर्जा नोक्सानी व्यवस्था गरिएको कारण गत वर्षमा बैंकले रु. ४ अर्ब ६८ करोड सञ्चालन मुनाफा आर्जन गरेकोमा यस आ.व. मा केहि संकुचन भई रु. ३ अर्ब ९५ करोड आर्जन गरेको छ ।

कुल संचालन मुनाफा (रु. करोडमा)



यसै गरी गत वर्ष खुद मुनाफा रु. ३ अर्ब २६ करोड रहेकोमा यस आ.व. मा खुद मुनाफा रु. २ अर्ब ७८ करोड रहेको छ जुन अधिल्लो वर्षको तुलनामा १४.७२ प्रतिशतले घटी हो ।

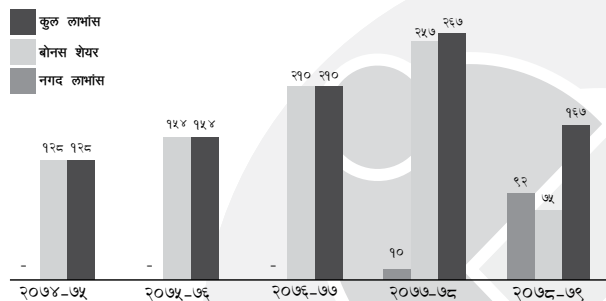
खुद मुनाफा (रु. करोडमा)



(घ) लाभ/बोनस शेयर

यस बैंकले आफ्ना लगानीकर्ताहरूलाई उच्चतम प्रतिफल प्रदान गर्न विशेष प्राथमिकता दिँदै आ.व. २०७८/७९ मा नेपाल राष्ट्र बैंकबाट स्वीकृत भए अनुसार असार मसान्तमा कायम रहेको कूल पूँजी रु. १८,६५६,३२२,८०४/- को ४ प्रतिशतले रु. ७४६,२५२,९९२/- बोनस शेयर तथा ४.९५ प्रतिशतले हुने रु. ९२३,४८७,९७९/- वितरण गर्ने प्रस्ताव यहाँहरू समक्ष स्वीकृतिको लागि पेश गर्दछौं ।

लाभ/बोनस (रु. करोडमा)



(ङ) शाखा सञ्जालमा विस्तार

नेपाल राष्ट्र बैंकको एकीकृत निर्देशनको पालना गर्दै बैंकको व्यवसाय वृद्धि गर्ने र सरकारी कारोबार गर्ने गरी बैंकका शाखाहरू सातै प्रदेशहरूमा अवस्थित छन् । प्रदेशिक मातहतका शाखाहरूको कामकारबाहीको अनुगमन र निरीक्षण गर्न सातै प्रदेशमा छुट्टै प्रादेशिक कार्यालयको व्यवस्था समेत गरिएको छ । विगत वर्षमा बैंकले १ नयाँ शाखा विस्तार तथा एकै स्थानमा भएको विभिन्न शाखाहरू समायोजन गरी बैंकको जम्मा शाखा सञ्जाल १८७ रहेका छन् ।

३. विविध

(क) आन्तरिक नियन्त्रण र जोखिम व्यवस्थापन

बैंकिङ क्षेत्रमा केहि समयबाट बढ्दै गएको संचालन जोखिम र अनलाईन सुबिधाहरूबाट 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 लागु गर्दै आउने क्रममा IS Audit लाई निरन्तरता दिँदै आएको छ । यसका साथै विभिन्न कारोबारको संचालनमा संलग्न कर्मचारीहरूको कारोबारको प्रकृति अनुसार अधिकार प्रत्यायोजन गरिएको छ । संचालन जोखिम न्यूनीकरणका लागि Steering Committee गठन गरी हरेक 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 कामकारबाहीहरू प्रचलित कानून बमोजिम भए गरेको छ/छैन त्यसको यकिन गर्ने उद्देश्यले बैंकमा एउटा स्वतन्त्र आन्तरिक लेखापरिक्षण विभाग गठन गरी त्यस विभागलाई गैरकार्यकारी संचालकको संयोजकत्वमा गठित लेखापरिक्षण समिति मातहत राखिएको छ । बैंकले आन्तरिक नियन्त्रण प्रणाली मजबुत गर्न तथा जोखिम व्यवस्थापन प्रणाली प्रभावकारी बनाउन Risk Based Internal Audit को अवधारणामा आन्तरिक लेखापरिक्षण विभागबाट लेखापरिक्षण गर्ने गरिएको छ । विभिन्न बैंकिङ जोखिमहरू व्यवस्थापनका लागि बैंकले सधैं अग्रिम सतर्कता अपनाउँदै आएको छ ।

(ख) संस्थागत सुशासन

संस्थाको लक्ष्य प्राप्ति तथा दीर्घकालीन सफलताको लागि संस्थागत सुशासन कायम रहनु अपरिहार्य भएकोले यसको परिपालनामा बैंक सदैव प्रतिवद्ध रहेको छ । संस्थागत सुशासनको मार्ग दर्शक 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 गरी सम्पूर्ण सरोकारवाला पक्षहरूको हितलाई सर्वोपरि बनाउन बैंकको दैनिक कार्य सञ्चालन प्रणाली नियन्त्रित एवं चुस्तदुरुस्त ढङ्गले सञ्चालित हुने वातावरण श्रृजना गरिएको छ । जसका निमित्त व्यवस्थापन तथा सञ्चालक स्तरका आन्तरिक लेखापरिक्षण, 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, छनौट, 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 मुल्याङ्कन गर्दै आफ्ना जनशक्तिलाई थप दक्षता प्रदान गर्न समय सापेक्ष आवश्यक आन्तरिक, वाह्य तथा अन्तर्राष्ट्रिय तालिम प्रदान गर्दै आएको छ । यसैक्रममा बैंकले यस आर्थिक वर्षमा १४६ वटा विभिन्न तालिम, सेमिनार तथा अन्तरक्रिया कार्यक्रममा १,५१२ कर्मचारीहरूलाई समावेश गर्‍यो । साथै समीक्षा वर्षमा बैंकमा १,६०० जना कर्मचारीहरू कार्यरत रहेकोमा ९३९ पुरुष कर्मचारी छन् भने ६६१ जना महिला कर्मचारी रहेका छन् ।

(घ) संस्थागत सामाजिक उत्तरदायित्व

नेपाल राष्ट्र बैंकको निर्देशन अनुसार प्रत्येक आर्थिक वर्षको खुद मुनाफाबाट १ प्रतिशत रकम संस्थागत सामाजिक उत्तरदायित्वको प्रयोजनको लागि छुट्याउनु पर्ने व्यवस्था रहे बमोजिम कोष खडा गरी आगामी आर्थिक वर्षमा परिचालन गरिने छ । बैंकले आफ्नो संस्थागत सामाजिक उत्तरदायित्व नियमावली अनुरूप विभिन्न कार्यक्रमहरू गरिरहेको छ । यस आर्थिक वर्षमा बैंकले सामाजिक उत्तरदायित्व बहन गर्दै खप्तड स्वामी ज्ञान आधिष्ठान, नेपाल क्यान्सर केयर फाउण्डेसन, मनकामना क्षेत्र विकास कोष, लुम्बिनी आँखा प्रतिष्ठान तथा अनुसन्धान केन्द्र, कर्मचारीहरूको कोरोना भाइरस रोकथाम व्यवस्थापन, विभिन्न स्थानीय निकायमा खडा गरिएको कोषहरू, विभिन्न स्वास्थ्य संस्था र अञ्चल अस्पतालहरूको लागि प्रत्यक्ष तथा अप्रत्यक्ष रूपमा योगदान गरेको छ । समीक्षा वर्षमा बैंकले आफ्ना कर्मचारीको लागि कोभिड-१९ को महामारीबाट सुरक्षित राख्न, रोकथाम गर्न तथा उपचार बापत रु १,४०९,९९०/- यस कोषबाट खर्च गरेको छ ।

साथै, दिगो बिकासका लक्षहरू अन्तर्गत रु. ४,३७३,६९९/- बराबरको आर्थिक सहयोग, स्वास्थ्य उपचारार्थ बापत रु. ३,४५७,९८४/-, वित्तीय साक्षात्कारमा रु. ४९०,०००/- र खोलौं खाता अर्न्तगत रु. ५,४९२/- आर्थिक सहयोग स्वरूप यस बैंकले संस्थागत सामाजिक उत्तरदायित्वमा खर्च गरेको छ ।

(ङ) सरकारी राजस्वमा योगदान

आ. व. २०७८/७९ मा बैंकले अग्रिम आयकर बापत रु. १ अर्ब ५८ करोड र विभिन्न भुक्तानीमा कर कट्टी गरे बापत रु. ८९ करोड गरी कुल रु. २ अर्ब ४७ करोड ठूला करदाता कार्यालयमा दाखिला गरेको छ ।

(च) बैंकको भावी योजना र रणनीति

कोभिड-१९ को प्रभाव र पूर्वी यूरोपेली देशमा देखिएको द्वन्दका कारण विश्व अर्थतन्त्र सँगै मुलुकको अर्थतन्त्रमा नकारात्मक असर परेसँगै समग्र आर्थिक क्रियाकलाप सुस्ताएको अवस्था देखिएको छ । यस परिस्थितिमा मुलुकको अर्थतन्त्र एवं व्यवसायीहरूमा परेको असर न्यूनीकरण गर्नका लागि एवं ऋणीको व्यवसाय निरन्तरताका लागि नेपाल राष्ट्र बैंकको निर्देशनको समेत अधीनमा रही आवश्यक सुविधा प्रदान गरी समस्या सम्बोधन गर्ने रणनीति बैंकले लिएको छ ।

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 वर्षहरूमा समेत सो क्रमलाई निरन्तरता दिनेछ । आगामी वर्षहरूमा पनि बैंकले आफ्नो पूँजी, ग्राहक संख्या र शाखा संज्जाल अझ मजबुत बनाउने रणनीति लिएको छ ।

बैंकले आफ्नो लगानी विस्तार गरी मुलुकको पूर्वाधार विकासका लागि महत्वपूर्ण योगदान गर्दै आएको छ र यसलाई आगामी वर्षहरूमा पनि निरन्तरता दिइनेछ । नविकरणीय 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 बैकिङ्ग 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 ।

नेपाल राष्ट्र बैंकले विगत वर्षहरूदेखि नै उत्पादनशिल क्षेत्र, जलविद्युत परियोजना, कृषि क्षेत्र एवं साना तथा मझौला उद्योगमा लगानी बढाउनका लागि विशेष प्रोत्साहन गर्दै आएकोमा यस बैंकले समेत यी क्षेत्रहरूलाई विशेष प्राथमिकता दिदै प्रत्येक कृषि क्षेत्रलाई सुहाउँदो थप विविध कर्जा योजनाहरू विस्तार गर्ने छ ।

कृषि, उर्जा, पर्यटन एवम् साना तथा मझौला उद्योगमा कर्जा प्रवाह विस्तार गरी वित्तीय साधनको उत्पादनशील उपयोगलाई प्रोत्साहन गरी राष्ट्र विकासमा टेवा पुर्‍याउने 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 पुनर्निर्माण पुनरकर्जा लिई कर्जा उपलब्ध गराउने कार्य प्राथमिकताका साथ गर्दै आएको छ ।

अन्त्यमा.

यस बैंकको प्रगतिमा प्रत्यक्ष वा अप्रत्यक्ष रूपले सहयोग पुर्‍याउनु 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 पुर्‍याउने 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 ।

सञ्चालक समिति

मिति : २०७९/०९/२८

प्राइम कमर्सियल बैंक लिमिटेड

प्राइम कमर्सियल बैंक लिमिटेडको

कम्पनी ऐन, २०६३ को दफा १०९ सँग 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
 • बैंकङ्ग क्षेत्रमा विद्यमान बढ्दो प्रतिस्पर्धा
 • विदेशी विनिमय दर र व्याज दरमा हुने जोखिम
 • बहुमूल्य धातुको मूल्यमा उतारचढाव
- (ग) प्रतिवेदन तयार भएको मितिसम्म चालू वर्षको उपलब्धि र भविष्यमा गर्नु पर्ने कुराको सम्बन्धमा सञ्चालक 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) संचालक समितिमा भएको हेरफेर र सोको कारण,**
 • श्री गजेन्द्र बिष्ट मिति २०७८/०९/०६ मा सम्पन्न १४ औं वार्षिक साधारणसभाबाट सर्वसाधारण शेयरधनी समूहबाट सञ्चालक पदमा ४ वर्षका लागि निर्विरोध निर्वाचित हुनु भएको ।
 • यस आ. व. मा स्वतन्त्र संचालकको पदावधि समाप्त भएको हुँनाले मिति २०७९/०८/२९ मा बसेको सञ्चालक समितिको ४५५ औं बैठकबाट प्रा. डा. तारा चित्रकार स्वतन्त्र सञ्चालक पदमा आगामी ४ वर्षकालागि नियुक्त गरिएको ।
- (च) कारोबारलाई असर पार्ने मुख्य कुराहरू,**
 • विश्वव्यापी रूपमा फैलिरहेको कोरोनाको महामारीको कारणले विश्व अर्थतन्त्रमा नै परेको नकारात्मक प्रभावबाट सम्पूर्ण बैंकिङ्ग क्षेत्र नै अभिप्रभावित हुन सक्ने प्रक्षेपण ।
 • अन्तर्राष्ट्रिय जगतमा प्रतिस्पर्धात्मक रूपमा आएको विभिन्न online बैंकिङ्ग उपकरणहरू र त्यसले निम्त्याउने जोखिमहरू ।
 • निक्षेप तथा कर्जा लगानीको व्याजदरमा हुने परिवर्तन ।
 • विनिमयदरमा हुने परिवर्तन ।
 • पूँजी बजारमा आउने उतारचढाव ।
- (छ) लेखापरीक्षण प्रतिवेदनमा कुनै कैफियत उल्लेख भएको भए सो उपर सञ्चालक समितिको प्रतिक्रिया**
सबै कैफियतहरूलाई यथाशिघ्र सुधार गरिसकिएका अवस्था रहेको छ ।
- (ज) लाभांश बाँडफाँड गर्न सिफारिस गरिएको रकम**
आ. व. २०७८/७९ को वितरण योग्य मुनाफाबाट असार मसान्तमा कायम रहेको यस बैंकको चुक्ता पूँजी रु. १८,६५६,३२२,८०४/- को ४ प्रतिशतले रु. ७४६,२५२,९९२/- बोनस शेयर र ४.९५ प्रतिशतले रु. ९२३,४८७,९७९/- नगद लाभांश (कर प्रयोजनको लागि समेत) 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 अन्त्यमा 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 सञ्चालक 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	सञ्चालक/अध्यक्ष	३२९,४६९
२.	उदय मोहन श्रेष्ठ	सञ्चालक	८५९,६९७
३.	नरेन्द्र बज्राचार्य	सञ्चालक	१,२६९,५९७
४.	डा. गजेन्द्र विष्ट	सञ्चालक	१८,४२२

५.	प्रचण्ड मान श्रेष्ठ	सञ्चालक	१,७९३
६.	मनोज पौडेल	सञ्चालक	१,७९३
७.	प्रा. डा. तारा चित्रकार	सञ्चालक	
८.	सुजन काफ्ले एण्ड एसोसियट्स	वाह्य लेखा परीक्षक	-
९.	नारायण दास मानन्धर	प्रमुख कार्यकारी अधिकृत	३९२,७८०
१०.	संजीव मानन्धर	महाप्रबन्धक	५९३,१४०
११.	अमृत चरण श्रेष्ठ	महाप्रबन्धक	-

(ढ) विगत आर्थिक वर्षमा कम्पनीसँग सम्बन्धित सम्झौताहरूमा कुनै सञ्चालक 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
- संचालन जोखिम न्यूनीकरणको लागि विभिन्न नियमावली तथा विनियमावलीको अक्षरस पालना गरिएको ।

(थ) विगत आर्थिक वर्षको कुल व्यवस्थापन खर्चको विवरण

शीर्षक	रकम रु.
कर्मचारी खर्च	१,६७०,३६३,०५५
संचालन खर्च	४७१,९०९,८८२
हसकट्टि खर्च	३२९,६८३,६४६
जम्मा खर्च	२,४७१,९५६,५८३

(द) लेखापरीक्षण समितिका सदस्यहरूको नामावली, निजहरूले प्राप्त गरेको पारिश्रमिक, भत्ता तथा सुविधा, सो समितिले गरेको काम कारवाहीको विवरण र सो समितिले कुनै सुझाव दिएको भए सोको विवरण

बैंकको संचालक श्री उदयमोहन श्रेष्ठको संयोजकत्वमा गठित लेखापरीक्षण समितिमा संचालक श्री प्रचण्डमान श्रेष्ठ र श्री गजेन्द्र बिष्ट सदस्य रहनु भएको तथा बैंकका आन्तरिक लेखापरीक्षण विभागका प्रमुख श्री मिलन चन्द्र महर्जन सचिव रहनुभएको छ । यस समितिका सचिवलाई बाहेक सदस्यहरूलाई बैठक भत्ता मात्र प्रदान गरिएको छ । समीक्षा वर्षमा समितिको बैठक सात (७) पटक बसेको छ ।

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 सञ्चालक समितिलाई जानकारी गराउने गरिएको छ ।

(ध) सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख, कम्पनीका आधारभूत शेयरधनी वा निजको नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठित संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाँकी भए सो कुरा : नभएको ।

(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	३,०३०,०००	-	-
२	तलब	-	१०,०८०,०००	६,६८५,८००
३	भत्ता	-	८,५२७,०००	५,४३२,४८७
४	दशैं भत्ता	-	१,४००,०००	९०७,१५०
५	सञ्चयकोष	-	१,००८,०००	६६८,५८०
६	बोनस	-	प्रचलित बोनस ऐन अनुरूप	प्रचलित बोनस ऐन अनुरूप
७	गाडी सुविधा	छैन	छ	छ
८	मोवाइल	छ	छ	छ
९	इन्धन	छ	छ	छ

*सञ्चालक समितिको सदस्यहरूलाई टेलिफोन/ मोबाईल/ पत्रपत्रिका तथा अन्य खर्चहरू वापत रु. १,६९६,३०२.११ 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. १०४,०१०,६७७/-

(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 ।

धितोपत्र दर्ता तथा निष्काशन नियमावली, २०७३ को अनुसूची - १५ वमोजिम
(नियम २६ को उपनियम (२) सँग सम्बन्धित)
प्राइम कमर्सियल बैंक लिमिटेडको
आर्थिक वर्ष २०७८/७९ को विवरण

१. संचालक समितिको प्रतिवेदन

१५ औं वार्षिक प्रतिवेदनको सम्बन्धित शीर्षक अन्तर्गत राखिएको ।

२. लेखापरिक्षकको प्रतिवेदन

१५ औं वार्षिक प्रतिवेदनको सम्बन्धित शीर्षक अन्तर्गत राखिएको ।

३. लेखापरिक्षण भएको वित्तीय विवरण

१५ औं वार्षिक प्रतिवेदनको सम्बन्धित शीर्षक अन्तर्गत राखिएको ।

४. कानूनी कारवाही सम्बन्धी विवरण

देहाय अनुसारको मुद्दा दायर भएको भए, मुद्दा दायर भएको मिति, विषय, मुद्दा दायर भएको संस्थापक वा सञ्चालकको नाम र सम्भाव्य कानूनी सम्बन्धी विवरण समावेश गरिनुपर्ने :

क) त्रैमासिक अवधिमा संगठित संस्थाले वा संस्थाको विरुद्ध कुनै मुद्दा दायर भएको भए

यस त्रैमासिक अवधिमा यस बैंकले वा बैंकको विरुद्धमा कुनै मुद्दा दायर नगरेको अबस्था छ ।

ख) संगठित संस्थाको संस्थापक वा सञ्चालकले वा संस्थापक वा सञ्चालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौज्दारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको वा भएको भए समीक्षा अवधिमा बैंकको संस्थापक वा सञ्चालकले वा संस्थापक वा सञ्चालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौज्दारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर नभएको ।

ग) कुनै संस्थापक वा सञ्चालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर भएको भए

हालसम्म बैंकको संस्थापक वा संचालकले वा संस्थापक वा संचालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौज्दारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर नभएको ।

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 कारोबार शेयर संख्या र कारोबार दिन ।

विवरण	पहिलो त्रैमास	दोश्रो त्रैमास	तेश्रो त्रैमास	चौथो त्रैमास
अधिकतम मूल्य (रु.)	५४०	४९८	३९२	३०८
न्यूनतम मूल्य (रु.)	४४०	३९०	२९४.७	२३८.५
अन्तिम मूल्य (रु.)	४७९	३७२	३०२	२६५
कारोबार संख्या	५४,६१७	३०,४४०	१९,८८३	२०,६७३
कारोबार दिन	५७	५९	५८	६४
कारोबार शेयर संख्या	९,०४३,७८५	४,३९५,३७०	२,९९०,२६९	३,९६६,७३७

६. समस्या तथा चुनौती

आन्तरिक समस्या र चुनौती

- बैकिङ्ग क्षेत्रमा देखिएको आर्थिक तरलताको उचित व्यवस्थापनका लागि देखिएका चुनौतिहरू ।
- महामारीका कारणले पुर्वाधारमा आधारित परियोजना लगाएतका अन्य लगानीका अवसरहरूमा कमी आउनु ।
- महामारीका कारणले बैंकका कर्मचारीहरूमा बढ्दो स्वास्थ्य सम्बन्धि जोखिम ।

बाह्य समस्या र चुनौती

- विश्वव्यापी रूपमा फैलिरहेको कोरोनाको महामारीको कारणले विश्व अर्थतन्त्रको कुल ग्राहस्थ उत्पादनमा हास आउनुका साथै मुलुकको अर्थतन्त्रमा समेत परेको नकारात्मक प्रभावबाट सम्पूर्ण बैकिङ्ग क्षेत्र नै प्रभावित हुन गएको र अनिश्चित समय सम्म प्रभाव पर्न सक्ने चुनौति रहेको ।
- कोरोनाको महामारीले थलिएको विश्व अर्थतन्त्र माथि उठ्न नपाउँदै रुस युकेन युद्धका कारण विश्व अर्थतन्त्रमा मुद्रास्फीति बढ्नाले आयात महङ्गीएको कारण वैदेशिक मुद्रा सञ्चितीमा हास आए सँगै समग्र अर्थतन्त्रनै सुस्ताएको ।
- विभिन्न व्यापार व्यवसायहरू सामान्य ढंगले सुचारु हुन नसकेको कारणले ब्याज तथा ऋण असुली अत्यन्त चुनौतिपूर्ण रहेको ।
- देशको आर्थिक तथा राजनैतिक अस्थिरताका कारण आउन सक्ने जोखिमहरू ।

७. संस्थागत सुशासन

सम्बन्धि विवरण संचालक समितिको १५ औं वार्षिक प्रतिवेदनको बुदा नं. ३(ख) मा उल्लेख गरिएको ।

SUJAN KAFLE & ASSOCIATES Chartered Accountants

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Bhimsenmarg, Bishalnagar, Kathmandu, Nepal
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PRIME COMMERCIAL BANK LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Prime Commercial Bank Limited, (herein after 'the bank/company') which comprise the statement of financial position as at Ashad 32, 2079 (corresponding to July 16, 2022) and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information prepared in accordance with Nepal Financial Reporting Standards (NFRS).

In our opinion, the accompanying financial statements of the bank present fairly, in all material respects, the financial position of the bank as at Ashad 32, 2079 (corresponding to July 16, 2022) and its financial performance, the statement of comprehensive income, the statement of changes in equity and the statement of cash flow for the year then ended in accordance with the Nepal Financial Reporting Standards (NFRS).

Basis of Opinion

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

Key Audit Matters¹

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the basis of opinion, we have determined the following matters as key audit matters for the current period to communicate in our report-

¹ As per NSA 701



S. N.	Key Audit Matters	Audit's Response
1.	<p>Goodwill on Merger and Acquisition</p> <p><i>(Refer note 3.2.1 and 5.12.5 of the financial statements)</i></p> <p>Bank had acquired M/s Kankai Bikas Bank Ltd and M/s Kailash Bikas Bank Ltd during FY 2076-77 and the bank had calculated and restated goodwill retrospectively. The bank is required annually to test the goodwill for impairment assessing the economic capacity of the goodwill in the current scenario.</p>	<p>We did our review of the impairment test based on NFRS 3: Business combination, relevant interpretation, explanatory notes issued by ASB and guidance notes issued the ICAN and including-</p> <ul style="list-style-type: none"> - Reviewing the initial recognition, subsequent test and the impairment test conducted at the end of year FY 2078-79 based on current financial indicators of the bank and overall economic scenario; - Validation of assumptions taken at the time of acquisition and corresponding terms conditions in relation to current scenario.
2.	<p>Impairment of Loans and Advances</p> <p><i>(Refer Note 3.4.6 and 5.12.1 of the financial statements)</i></p> <p>Directive 4 issued by NRB requires that a bank shall measure impairment loss on loans and advances at the higher of-</p> <ul style="list-style-type: none"> • The amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provisioning; and • Amount determined adopting Incurred Loss Model as per the Carve out provided on NFRS 9 financial instruments-impairment. <p>Impairment of loans and advances under incurred loss model requires assessment of future cash flows as well as historical loss experiences of portfolios. On the other hand, impairment of loans and advances under NRB norms for loan loss provisioning require assessment of the overdue status of loans and advances and proper utilization of loans for the intended purpose. Significant estimates and assumptions were used by the management in such calculations.</p>	<p>We approached the verification of impairment of loans and advances by way of:</p> <ul style="list-style-type: none"> - Review the performing and non-performing status of loans and advances by obtaining data from the system and matching the same with the NRB 2.2 report. - Review of corporate and branches level credit files based on systematic sampling to map contemporary and merging risks in different industry segments and nations as a whole, specifically due to COVID-19 and international wars. - Duly reviewing the policy framework and Walked through the practice adopted by the bank for credit operation during the year as per regulator norms. - Assessing the single obligor norms, multi-banking facility, and consortium financing and segmental credit exposure and reporting of the bank.



S. N.	Key Audit Matters	Audit's Response
3.	The Bank's key financial accounting and reporting processes are highly dependent on the automated controls over the Bank's IT systems. There is a risk that gaps in the change management, segregation of duties or user access management controls (in relation to key financial accounting and reporting systems) may undermine our ability to place some reliance thereon in our audit	<p>Our audit approach regarding obtaining reliance on Bank's IT systems included the following procedures:</p> <ul style="list-style-type: none"> - Obtained and inspected the change management policies and for a sample of changes in inputs and control functions on the system, has been reviewed to confirm that changes had been performed in line with approved decisions. - Tested a sample of the automated controls that are designed to enforce appropriate segregation of duties. - Tested the design, operation and effectiveness of control over granting, removal and appropriateness of access rights on the accounting and reporting system of the bank. <p>We have tested a sample of outputs particularly interest income and expenses on loans and advances of the system through manual calculations.</p>

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we will perform, we conclude that there will be material misstatement of the other information, we will require to report that fact appropriately.



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

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

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

The Audit committee composed of supervisory board of directors as members is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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



continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.

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

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

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

Report on the requirements of Bank and Financial Institutions Act, 2073 and Companies Act, 2063

As per Section 66(3) of Bank and Financial Institutions Act, 2073 we declare that-

- replies to the queries as per the demand were provided,
- the balance sheet, off-balance sheet transactions, profit and loss account, cash flow statement and other financial statements, as well, have been prepared in such format and in accordance with such procedures as prescribed by the Rastra Bank, and whether or not they actually matched with the accounts, records, books and ledgers maintained by the bank and financial institution,
- the accounts, records, books and ledgers have been maintained accurately in accordance with prevailing laws,
- any official of the bank or financial institution has not committed any act contrary to the prevailing laws or committed any irregularity or caused any loss or damage to the bank or financial institution,
- credits have been written off as per the Credit Write-off Byelaws or directives of the Rastra Bank,
- the transactions of the financial institution have been carried on in a satisfactory manner as prescribed by the Rastra Bank,



- matters to be informed to the shareholders have been adequately provided in notes to accounts and other disclosure,

We did not come across cases, based on our audit, of accounting related fraud and the cases where the board of directors or any director or any office bearer of the bank has acted contrary to the provisions of law or caused loss or damage to the bank or committed any misappropriation of the funds of bank and materially complied with the provisions of the Companies Act 2063 as well.



Lab Kumar Khatri | FCA
Partner

Place: Kathmandu,
Date: December 16, 2022

UDIN: 221216CA00739FSFG3

Prime Commercial Bank Limited

Statement of Financial Position

As on 32 Ashadh 2079 (July 16, 2022)

(NPR)

Particulars	Note	Current Year	Previous Year
Assets			
Cash and Cash Equivalents	4.1	11,620,911,866	7,864,971,018
Due from Nepal Rastra Bank	4.2	8,860,332,435	10,497,986,812
Placement with Bank and Financial Institutions	4.3	144,901,159	4,766,883,849
Derivative Financial Instruments	4.4	-	-
Other Trading Assets	4.5	-	-
Loans and Advances to B/FIs	4.6	6,672,760,600	6,097,765,504
Loans and Advances to Customers	4.7	147,053,901,572	135,383,783,808
Investment Securities	4.8	31,402,844,583	23,426,854,321
Current Tax Assets	4.9	640,047,029	288,058,641
Investment in Subsidiaries	4.10	-	-
Investment in Associates	4.11	46,023,000	46,023,000
Investment Property	4.12	529,813,300	365,775,958
Property and Equipment	4.13	1,973,692,537	1,048,084,951
Goodwill and Intangible Assets	4.14	379,539,830	382,519,299
Deferred Tax Assets	4.15	123,167,702	34,938,030
Other Assets	4.16	913,959,782	693,318,869
Total Assets		210,361,895,395	190,896,964,060
Liabilities			
Due to Bank and Financial Institutions	4.17	6,096,829,391	6,042,373,556
Due to Nepal Rastra Bank	4.18	4,556,140,870	2,360,808,929
Derivative Financial Instruments	4.19	-	-
Deposits from Customers	4.20	160,203,350,799	154,139,514,074
Borrowing	4.21	-	-
Current Tax Liabilities	4.9	-	-
Provisions	4.22	-	-
Deferred Tax Liabilities	4.15	-	-
Other Liabilities	4.23	3,354,346,258	1,612,039,976
Debt Securities Issued	4.24	9,145,519,492	2,440,968,911
Subordinated Liabilities	4.25	-	-
Total Liabilities		183,356,186,810	166,595,705,446
Equity			
Share Capital	4.26	18,656,322,804	16,083,036,900
Share Premium		-	-
Retained Earnings		1,738,854,392	2,719,161,524
Reserves	4.27	6,610,531,389	5,499,060,190
Total Equity Attributable to Equity Holders		27,005,708,585	24,301,258,614
Non-Controlling Interest		-	-
Total Equity		27,005,708,585	24,301,258,614
Total Liabilities and Equity		210,361,895,395	190,896,964,060
Contingent Liabilities and Commitments	4.28	82,856,782,932	83,387,413,838
Net Assets Value per Share		144.75	151.10

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

Laba Kumar Khatri, FCA
Partner
Sujan Kafle and Associates
Chartered Accountants

Narendra Bajracharya
Director

Gajendra Bista
Director

Prachanda Man Shrestha
Director

Manoj Paudel
Director

Dr. Tara Chitrakar
Director

Date: 15th December 2022 | Place: Kamalpokhari, Kathmandu

Prime Commercial Bank Limited Statement of Profit and Loss

As on 32 Ashadh 2079 (July 16, 2022)

(NPR)

Particulars	Note	Current Year	Previous Year
Interest Income	4.29	18,301,356,511	14,009,655,970
Interest Expense	4.30	12,114,390,803	8,060,765,419
Net Interest Income		6,186,965,708	5,948,890,550
Fee and Commission Income	4.31	1,230,738,396	1,450,286,023
Fee and Commission Expense	4.32	142,548,201	105,269,669
Net Fee and Commission Income		1,088,190,195	1,345,016,354
Net Interest, Fee and Commission Income		7,275,155,903	7,293,906,904
Net Trading Income	4.33	231,163,380	321,266,753
Other Operating Income	4.34	156,907,726	227,490,763
Total Operating Income		7,663,227,009	7,842,664,420
Impairment Charge/ (Reversal) for Loans and Other Losses	4.35	1,239,836,403	769,296,125
Net Operating Income		6,423,390,606	7,073,368,295
Operating Expense		-	-
Personnel Expenses	4.36	1,670,363,055	1,591,342,525
Other Operating Expenses	4.37	471,909,882	612,310,804
Depreciation & Amortization	4.38	329,683,646	184,381,124
Operating Profit		3,951,434,021	4,685,333,842
Non-Operating Income	4.39	-	-
Non-Operating Expense	4.40	-	-
Profit Before Income Tax		3,951,434,021	4,685,333,842
Income Tax Expense	4.41		
Current Tax		1,260,318,248	1,502,607,145
Deferred Tax		(96,220,573)	(85,673,990)
Profit for the Year		2,787,336,347	3,268,400,687
Profit Attributable to:			
Equity-holders of the Bank		2,787,336,347	3,268,400,687
Non-Controlling Interest		-	-
Profit for the Year		2,787,336,347	3,268,400,687
Earnings per Share			
Basic Earnings per Share		14.94	20.32
Diluted Earnings per Share		14.94	20.32

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

Laba Kumar Khatri, FCA
Partner
Sujan Kafle and Associates
Chartered Accountants

Narendra Bajracharya
Director

Gajendra Bista
Director

Prachanda Man Shrestha
Director

Manoj Paudel
Director

Dr. Tara Chitrakar
Director

Date: 15th December 2022 | Place: Kamalpokhari, Kathmandu

Prime Commercial Bank Limited

Statement of Other Comprehensive Income

For the year ended 32 Ashadh 2079 (July 16, 2022)

(NPR)

Particulars	Note	Current Year	Previous Year
Profit for the year		2,787,336,347	3,268,400,687
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		46,874,469	196,179,218
Gains/(losses) on revaluation		-	-
Actuarial gains/(losses) on defined benefit plans		(20,238,130)	12,760,940
Income tax relating to above items		(7,990,902)	(62,682,047)
Net other comprehensive income that will not be reclassified to profit or loss		18,645,437	146,258,111
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		18,645,437	146,258,111
Total Comprehensive Income for the Year		2,805,981,784	3,414,658,798
Total Comprehensive Income attributable to:			
Equity-Holders of the Bank		2,805,981,784	3,414,658,798
Non-Controlling Interest		-	-
Total Comprehensive Income for the Year		2,805,981,784	3,414,658,798

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	Laba Kumar Khatri, FCA Partner Sujan Kafle and Associates Chartered Accountants
Narendra Bajracharya Director	Gajendra Bista Director	Prachanda Man Shrestha Director	Manoj Paudel Director	Dr. Tara Chitrakar Director

Date: 15th December 2022 | Place: Kamalpokhari, Kathmandu

Prime Commercial Bank Limited Statement of Change in Equity

For the year ended 31 Ashadh 2079 (July 16, 2022)

Atributable to Equity-Holders of Prime Commercial Bank Limited

(NPR)

Particular	Share Capital	Share Premium	General Reserve	Capital Reserve	Exchange Reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Investment Reserve Adjustment	Retained Earning	Other Reserves	Total
Balance at Shrawan 01, 2077	13,985,249,504	644,823	3,357,337,059	322,211,268	4,184,721	875,343,578	59,716,994	-	3,500,000	1,888,969,218	29,697,324	20,526,854,489
Adjustment/Restatement	-	-	-	(322,211,268)	-	-	-	-	-	(14,029,194)	695,985,789	359,745,328
Adjustment/Restated Balance as at Shrawan 01, 2077	13,985,249,504	644,823	3,357,337,059	-	4,184,721	875,343,578	59,716,994	-	3,500,000	1,874,940,025	725,683,113	20,886,599,817
Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	3,268,400,687	-	3,268,400,687
Other Comprehensive Income, Net of Tax	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) from investment in equity instruments measured at fair value	-	-	-	-	-	-	-	-	-	137,325,452	-	137,325,452
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	8,932,658	-	8,932,658
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	3,414,658,798	-	3,414,658,800
Transfer to Reserves during the year	-	-	653,680,137	-	648,095	(36,803,669)	137,325,452	-	-	(796,466,680)	41,616,665	-
Transfer from Reserves during the year	-	-	-	-	-	22,991,943	-	-	-	960,687	(23,952,630)	-
Transactions with Owners, directly recognized in Equity	-	-	-	-	-	-	-	-	-	-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	2,097,787,396	(644,823)	-	-	-	-	-	-	-	(1,774,931,305)	(322,211,268)	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from acquired entities	-	-	-	-	-	359,745,328	-	-	-	-	(359,745,328)	-
Total Contributions by and Distributions	2,097,787,396	(644,823)	653,680,137	-	648,095	345,933,601	137,325,452	-	-	844,221,500	(664,292,561)	3,414,658,800
Balance at Ashadh 31, 2078	16,083,036,900	-	4,011,017,197	-	4,832,816	1,221,277,179	197,042,446	-	3,500,000	2,719,161,524	61,390,552	24,301,258,614

Particular	Share Capital	Share Premium	General Reserve	Capital Reserve	Exchange Equalization Reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Investment Adjustment Reserve	Retained Earning	Other Reserves	Total
Balance at Shrawan 01, 2078	16,083,036,900	-	4,011,017,197	-	4,832,816	1,221,277,179	197,042,446	-	3,500,000	2,719,161,524	61,390,552	24,301,258,614
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	400	400
Adjustment/Restated Balance as at Shrawan 01, 2078	16,083,036,900	-	4,011,017,197	-	4,832,816	1,221,277,179	197,042,446	-	3,500,000	2,719,161,524	61,390,952	24,301,259,014
Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	2,787,336,347	-	2,787,336,347
Other Comprehensive Income, Net of Tax	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) from investment in equity instruments measured at fair value	-	-	-	-	-	-	-	-	-	32,812,128	-	32,812,128
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	(14,166,691)	-	(14,166,691)
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	2,805,981,784	-	2,805,981,784
Transfer to Reserves during the year	-	-	557,467,269	-	481,102	501,334,095	32,812,128	-	-	(1,121,207,086)	29,112,492	-
Transfer from Reserves during the year	-	-	-	-	-	-	-	-	-	9,736,286	(9,736,286)	-
Transactions with Owners, directly recognized in Equity	-	-	-	-	-	-	-	-	-	-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	2,573,285,904	-	-	-	-	-	-	-	-	(2,573,285,904)	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	(101,532,212)	-	(101,532,212)
Total Contributions by and Distributions	2,573,285,904	-	557,467,269	-	481,102	501,334,095	32,812,128	-	-	(980,307,132)	19,376,206	2,704,449,572
Balance at Ashadh 32, 2079	18,656,322,804	-	4,568,484,466	-	5,313,918	1,722,611,274	229,854,574	-	3,500,000	1,738,854,392	80,767,159	27,005,708,585
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	Laba Kumar Khatri, FCA Partner								
Narendra Bajracharya Director	Gajendra Bista Director	Prachanda Man Shrestha Director	Manoj Paudel Director	Sujan Kafle and Associates Chartered Accountants								
				Dr. Tara Chitrakar Director								

 Date: 15th December 2022 | Place: Kamalpokhari, Kathmandu

Prime Commercial Bank Limited

Statement of Cash Flow

For the year ended 32 Ashadh 2079 (July 16, 2022)

(NPR)

Particulars	Current Year	Previous Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest Received	16,020,293,826	13,288,583,574
Fee and Other Income Received	1,285,371,750	1,126,237,095
Dividend Received	-	-
Receipts from Other Operating Activities	255,441,173	385,306,280
Interest Paid	(12,163,170,930)	(7,991,030,431)
Commissions and Fees Paid	(142,548,201)	(105,269,669)
Cash Payment to Employees	(1,697,170,781)	(1,442,892,323)
Other Expenses Paid	(467,416,187)	(595,857,903)
Operating Cash Flows before Changes in Operating Assets and Liabilities	3,090,800,650	4,665,076,622
(Increase) Decrease in Operating Assets	-	-
Due from Nepal Rastra Bank	1,637,654,377	(1,781,839,371)
Placement with Banks and Financial Institutions	4,619,427,896	(2,508,253,539)
Other Trading Assets	-	-
Loans and Advances to BFIs	(582,569,113)	(2,020,314,943)
Loans and Advances to Customers	(11,681,972,416)	(25,701,276,990)
Other Assets	(220,640,913)	99,609,160
Increase (Decrease) in Operating Liabilities	-	-
Due to Banks and Financial Institutions	54,455,835	(4,307,917,857)
Due to Nepal Rastra Bank	2,195,331,941	2,239,611,574
Deposit from Customers	6,063,836,726	34,697,900,451
Borrowings	-	-
Other Liabilities	1,735,054,394	(8,745,780)
Net Cash Flow from Operating Activities before Tax Paid	6,911,379,377	5,373,849,328
Income Tax Paid	(1,612,306,637)	(1,653,895,662)
Net Cash Flow from Operating Activities	5,299,072,740	3,719,953,666
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
Purchase of Investment Securities	(10,690,404,777)	(10,043,182,120)
Receipts from Sale of Investment Securities	2,802,601,412	613,600,468
Purchase of Property and Equipment	(1,247,969,337)	(181,332,301)
Receipts from Sale of Property and Equipment	8,000,038	59,992,149
Purchase of Intangible Assets	(8,698,882)	(37,242,410)
Receipts from Sale of Intangible Assets	-	-
Purchase of Investment Properties	(289,873,222)	(3,613,945)
Receipts from Sale of Investment Properties	129,681,821	148,305,858
Interest Received	1,063,209,743	745,419,380
Dividend Received	81,903,575	19,166,233
Net Cash Used in Investing Activities	(8,151,549,629)	(8,678,886,688)

Particulars	Current Year	Previous Year
Receipts from Issue of Debt Securities	6,704,550,581	2,441,385,678
Repayments of Debt Securities	-	-
Receipts from Issue of Subordinated Liabilities	-	-
Repayments of Subordinated Liabilities	-	-
Receipt from Issue of Shares	-	-
Dividends Paid	(98,057,250)	(42,125)
Interest Paid	-	-
Net Cash from Financing Activities	6,606,493,330	2,441,343,553
Net Increase (Decrease) in Cash and Cash Equivalents	3,754,016,442	(2,517,589,469)
Cash and Cash Equivalents at Shrawan 01, 2078	7,864,971,018	10,379,968,108
Effect of Exchange Rate fluctuations on Cash and Cash Equivalents Held	1,924,406	2,592,379
Cash and Cash Equivalents at Ashadh 32, 2079	11,620,911,866	7,864,971,018

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	Laba Kumar Khatri, FCA Partner Sujan Kafle and Associates Chartered Accountants
Narendra Bajracharya Director	Gajendra Bista Director	Prachanda Man Shrestha Director	Manoj Paudel Director	Dr. Tara Chitrakar Director

Date: 15th December 2022 | Place: Kamalpokhari, 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) and Kailash Bikas Bank Limited on 12th March 2020.

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 189 branches and 107 ATMs.

1.2 Financial Statements

The Financial Statements of the Bank for the year ended 32nd Ashadh 2079 corresponding to 16 July 2022 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 Financial Statement of the bank for the year ended Ashadh end 2079, 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 Swabhimaan Laghubitta Bittiya Sanstha Limited are the Associates of the Bank.

Mero Micro Finance is joint initiative of 10 institutions with 8 Commercial banks and 2 development banks. It has been incorporated and registered as a 'D' class national level financial institution and started formal microfinance operation from 18 July, 2013 through its first branch office Battar located in Nuwakot district. The paid up capital of Mero Microfinance Lagubitta Bittiya Sanstha is NRs. 1.2 billion.

Swabhimaan Laghubitta Bittiya Sanstha Limited

(SLBSL) registered as a public limited company in August 17, 2016 and received the operation license in May 09, 2017 from Nepal Rastra Bank to function as a "D" Class financial Institution. It has been working with the license in 10 districts ie. Rupandehi, Kapilvastu, Palpa, Salyan, Rolpa, Pyuthan, Nawalparasi, Gulmi, Syangja and Arghakanchi.

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 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 2079/04/02, on NFRS requirement, which allowed alternative treatments and the bank adopted following carve outs:

S. No.	NFRS/NAS	Particulars
1	NFRS 9: Para 5.4 Financial Instruments	Impracticability to determine transaction cost of all previous years which is the part of effective interest rate
2	NFRS 9: Para 5.5 Recognition of Expected Credit Loss	Impairment and collectability of financial assets measured at amortized cost.

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	32 nd Ashadh 2079	16 th July 2022
Previous Year	31 st Ashadh 2078	15 th July 2021
Statement of Profit and Loss Account		
Current Year	1 st Shrawan 2078 - 32 nd Ashadh 2079	16 th July 2021 - 16 th July 2022
Previous Year	1 st Shrawan 2077 - 31 st Ashadh 2078	16 th July 2020 - 15 th July 2021

2.2.2 Approval of Financial Statement

The accompanied Financial Statements have been authorized by the 456th Board of Directors meeting vide its resolution dated 15th December 2022 (29th Mangsir 2079) 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 (NPR), 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 as per Para 5.5 NFRS 9 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 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 entity'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 and Interpretation not adopted

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.

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.

2.7 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.

2.8 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.

2.9 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.

2.10 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.

- c. 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 shall be accounted using the Explanatory Note on Accounting for Business Combination issued by Institute of Chartered Accountants of Nepal.

Para 18 of NFRS 3 states that "The acquirer shall measure the identifiable assets acquired and the liabilities assumed at their acquisition date fair values." It is clarified that the identifiable assets and liabilities are measured at their individual fair values as on acquisition date. Those assets and liabilities acquired are brought in the books of the acquirer at same values as at the acquisition date.

Para 32 of NFRS 3 states that "The acquirer shall recognize goodwill as of the acquisition date measured as the excess of (a) over (b) below:

- (a) The aggregate of:
 - i) The consideration transferred measured in accordance with this NFRS, which generally requires acquisition-date fair value (paragraph 37)
 - ii) The amount of any non-controlling interest in the acquiree measured in accordance with this NFRS; and
 - iii) In a business combination achieved in stages (paragraphs 41 and 42), the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.
- (b) The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with NFRS. The standard requires to recognize goodwill for the excess of the value derived as per (a) over (b).

Goodwill may be measured in a business combination effected through exchange of equity interest of the acquirer by considering the business valuation of acquiree computed based on the similar terms as for the purpose of computing swap ratio. The excess of consideration paid by the acquirer over the business value of the acquiree is only considered as goodwill because it represents the expected synergies and other benefits arising from combining the businesses.

The bank uses other observable inputs such as the value determined for the purpose of determining swap ratio between the acquirer and acquiree to determine the fair value of the equity instruments to be issued by the acquirer to the owners of acquiree.

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 Financial reporting standard NFRS 9 (Financial Instruments: Recognition and Measurement). Transaction costs in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with the Statement of Profit or Loss.

3.4.2 Classification and Subsequent Measurement of Financial Instruments

3.4.2.1 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 Financial reporting standard NFRS 9 "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:

- a. Such designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring the assets.
- b. 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.
- c. 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

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.

3.4.2.2 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 Financial reporting standard NFRS 9 (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.

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 Financial reporting standard NFRS 9 (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.

i) 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. 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. The hierarchy of Fair Value is described in 5.1.6.

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. Initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received.

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 faults.

(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
- 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 writes 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:

- i. Bank's aggregate exposure to the customer;
- ii. The viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flows to service debt obligations;
- iii. The amount and timing of expected receipts and recoveries;
- iv. 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;
- v. 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:

- i. To cover losses which have been incurred but have not yet been identified on loans subject to individual assessment; and
- ii. 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 Financial Assets

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

Bank uses the following method to calculate historical loss experience on 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 losses. 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 and measurement

The Bank applies the requirements of the Nepal Accounting Standard – NAS 16 (Property, Plant and Equipment) in accounting for the 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. 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.

3.7.2 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.

3.7.3 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.

3.7.4 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.

3.7.5 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.

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

Rate of Depreciation per annum (%)

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.

3.7.6 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 or lease period.

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 iMovable 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. Commission from Guarantee and LC is recognized on yearly 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:

- i. Short term employee benefits
- ii. Post employee benefits
- iii. Other long term employee benefits
- iv. 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 a 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 '4.23 Other Liabilities'.

Bank contributed 10% on the basic 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).

i) 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 obligation.

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.

ii) **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.

When Bank is a lessee under Operating leases, the Bank recognizes right-of-use assets (ROU) for the leased assets and included in 'Property, plant and equipment' and the corresponding lease liability to the lesser is included in 'Other liabilities'.

3.16.1 Right-of-use assets (ROU)

The ROU asset is initially measured at cost at the amount of the lease liability plus any initial direct costs incurred by the bank and depreciated using the straight line methods from the coMencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. Subsequently the bank measures the right of use (ROU) assets applying cost model where the bank shall measure right of use assets at cost less any accumulated depreciation and any accumulated impairments losses; and adjusted re-measurement of lease liability.

3.16.2 Lease Liability

When Bank is a lessee under Operating leases at the coMencement date of lease, the bank recognizes lease liabilities measured at the present value of the lease payments that are not paid at the date. The lease payments are discounted using the lessee's incremental borrowing rate. Subsequently, the bank measures the lease liability by increasing the carrying amount to reflect interest on lease liability, reducing the carrying amount to reflect the lease payments made and re-measuring the carrying amount to reflect any reassessment or lease modifications or revised in substance fixed lease payments.

Interest on lease liability 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.

3.16.3 Short term lease and leases of low value assets

The bank has elected not to recognize ROU assets and lease liabilities for leases of low value assets and short term leases for which the lease term ends with 12 months of the date of initial application.

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 gains or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the rates of exchange prevailing at the end of the reporting period.

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

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

3.18 Financial guarantee and loan 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 entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available.

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

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	4,152,938,425	3,779,068,089
Balances with BFIs	6,558,731,612	984,525,487
Money at Call and Short Notice	-	1,000,027,397
Other	-	-
Placement less than 3 months	909,241,829	2,101,350,045
Total	11,620,911,866	7,864,971,018

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	4,630,395,839	4,296,368,180
Securities purchased under Resale Agreement	-	-
Other Deposit and Receivable from NRB	4,229,936,595	6,201,618,632
Total	8,860,332,435	10,497,986,812

Minimum Statutory balances as prescribed by NRB which is 3% 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	16,127,105	2,950,237,620
Placement with Foreign BFIs	128,774,053	1,816,646,228
Less: Allowances for Impairment	-	-
Total	144,901,159	4,766,883,849

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	6,760,649,038	6,178,079,925
Other	-	-
Less: Allowances for Impairment	87,888,437	80,314,421
Total	6,672,760,600	6,097,765,504

4.6.1 Allowances for Impairment

Particulars	Current Year	Previous Year
Balance at Shrawan 01	80,314,421	41,445,244
Impairment Losss for the year:	-	-
Charge for the year	23,415,910	39,933,161
Recoveries/Reversal	15,841,893	1,063,984
Amount Written Off	-	-
Balance at Ashadh End	87,888,437	80,314,421

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	151,444,986,843	138,542,606,692
Less: Impairment Allowances	-	-
Collective Impairment	1,763,106,503	1,626,267,843
Individual Impairment	2,627,978,767	1,532,555,041
Net Amount	147,053,901,572	135,383,783,808
Loans and Advances measured at FVTPL	-	-
Total	147,053,901,572	135,383,783,808

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	40,509,112,787	38,650,766,886
Overdraft	43,005,655,885	37,525,729,886
Trust Receipt/Import Loans	325,548,242	2,313,143,324
Demand and other Working Capital Loans	17,379,563,898	17,594,392,360
Personal Residential Loans	8,077,206,962	7,265,473,866
Real Estate Loans	13,325,539,086	12,130,262,004
Margin Lending Loans	3,466,905,646	4,276,877,412
Hire Purchase Loans	6,833,878,646	6,928,660,067
Deprived Sector Loans	3,654,304,705	1,344,393,715
Bills Purchased	514,251,745	325,884,859
Staffs Loans	944,580,945	669,175,071
Other	11,067,204,568	8,397,068,821
Sub-Total	149,103,753,115	137,421,828,272
Interest Receivable	2,341,233,728	1,120,778,420
Grand Total	151,444,986,843	138,542,606,692

4.7.2: Analysis of Loans and Advances - By Currency

Particulars	Current Year	Previous Year
Nepalese Rupee	151,365,107,009	137,352,016,738
Indian Rupee	-	-
United States Dollar	79,879,834	1,190,589,954
Great Britain Pound	-	-
Euro	-	-
Japanese Yen	-	-
Chinese Yuan	-	-
Other	-	-
Grand Total	151,444,986,843	138,542,606,692

4.7.3: Analysis of Loans and Advances - By collateral

Particulars	Current Year	Previous Year
Secured		
Moveable/Immoveable Assets	132,294,785,814	121,727,707,070
Gold and Silver	6,954,496,465	4,970,912,330
Guarantee of Domestic BFIs	-	-
Government Guarantee	155,323,335	153,815,773
Guarantee of International Rated Bank	-	-
Collateral of Export Document	-	-
Collateral of Fixed Deposit Receipt	1,418,310,192	714,500,300
Collateral of Government Securities	-	-
Counter Guarantee	-	-
Personal Guarantee	175,951,885	96,530,959
Other Collateral	8,104,885,423	9,758,361,840
Subtotal	149,103,753,115	137,421,828,272
<i>Unsecured(AIR)</i>	2,341,233,728	1,120,778,420
Grand Total	151,444,986,843	138,542,606,692

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	1,532,000,867	1,429,781,679
Impairment Loss for the year	-	-
Charge for the year	1,218,194,705	360,806,130
Recoveries/Reversals during the year	122,216,805	258,586,941
Write-Offs	-	-
Exchange Rate Variance on Foreign Currency	-	-
Other Movement	-	-
Balance at Ashadh End	2,627,978,767	1,532,000,867
Collective Allowances for Impairment	-	-
Balance at Sharawan 01	1,626,822,017	998,614,257
Impairment Loss for the year	-	-
Charge/(Reversal) for the year	136,284,486	628,207,760
Exchange Rate Variance on Foreign Currency	-	-
Other Movement	-	-
Balance at Ashadh End	1,763,106,503	1,626,822,017
Total Allowances for Impairment	4,391,085,270	3,158,822,884

4.8 Investment Securities

Particulars	Current Year	Previous Year
Investment Securities measured at Amortized Cost	30,753,161,506	22,798,775,583
Investment in Equity measured at FVTOCI	649,683,077	628,078,738
Total	31,402,844,583	23,426,854,321

4.8.1: Investment Securities measured at Amortized Cost

Particulars	Current Year	Previous Year
Debt Securities		
Government Bonds	24,177,538,225	19,284,383,961
Government Treasury Bills	2,192,634,757	1,651,697,368
Nepal Rastra Bank Bonds	-	-
Nepal Rastra Bank Deposit Instruments	-	-
Other	4,382,988,524	1,246,578,000
Government Bond Foreign	-	616,116,253
Less: Specific Allowances for Impairment	-	-
Total	30,753,161,506	22,798,775,583

4.8.2: Investment in Equity measured at FVTOCI

Particulars	Current Year	Previous Year
Equity Instruments		
Quoted Equity Securities	582,514,283	593,850,398
Unquoted Equity Securities	67,168,795	34,228,340
Total	649,683,077	628,078,738

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 Chilime Hydro power Company Limited	33,511,687	23,779,464	33,511,687	37,246,392
58,283 Public shares of Rs. 100 each fully paid				
1.2 Civil Laghubitta Bittiya Sanstha Limited	500	6,192	500	11,900
8 Public shares of Rs. 100 each fully paid				
1.3 Deprosc Laghubitta Bittiya Sanstha Limited	-	385	-	690
0.41 fraction share Rs. 100 each fully paid				
1.4 Global IME Laghubitta Bittiya Sanstha Limited	1,055	25,980	1,055	36,595
20 Public shares of bonus received				
1.5 Jalpa Laghubitta Bittiya Sanstha Limited	7,000,000	22,456,882	7,000,000	6,580,000
65,800 Promoter shares of Rs. 100 each fully paid				
1.6 Kisan Laghubitta Bittiya Sanstha Limited	11,770,000	23,053,899	11,770,000	17,254,820
117,700 Promoter share Rs. 100 each fully paid				
1.7 National Microfinance Laghubitta Bittiya Sanstha Ltd.	14,000,000	38,450,453	14,000,000	29,611,094
177,395.40 Promoter shares of Rs. 100 each fully paid				
1.8 National Microfinance Laghubitta Bittiya Sanstha Ltd.	-	3,870	-	7,206
2 Public shares of Rs. 100 each fully paid				
1.9 NECO Insurance Company Ltd.	-	1,388	-	-
2 Ordinary shares bonus received				
1.10 Nepal Life Insurance Company Ltd.	1,022	2,241	1,022	1,919
3 Public shares bonus received				
1.11 Nerude Lagubitta Bittiya Sanstha Ltd.	10,861,843	231,876,805	12,457,203	149,329,800
576,807.97 Promoter shares of Rs. 100 each fully paid				
1.12 Ngadi Group Power Limited	-	297	-	-
1 Public shares bonus received				
1.13 Nirdhan Uthan Laghubitta Bittiya Sanstha Limited	-	36,267	-	8,000
33 Ordinary shares bonus received				
1.14 NLG Insurance Company Ltd.	2,705	1,912	2,705	4,880
4 Public shares of bonus received				
1.15 Prime Life Insurance Company Limited	-	-	-	22,896
24 Ordinary shares of Rs. 100 each fully paid				
1.16 Ridi Hydropower Development Company Limited	-	-	564	9,216
16 Public shares of bonus received				
1.17 RMDC Laghubitta Bittiya Sanstha Limited	-	1,676	-	410,527
2 Public shares of bonus received				
1.18 Sana Kisan Laghubitta Bittiya Sanstha Limited	-	-	-	190,240
116 Public shares of bonus received				
1.19 Siddhartha Insurance Limited	-	1,631	-	29,624
3 ordinary share of Rs. 100 each fully paid				
1.20 Soaltee Hotel Ltd.	1,799,610	1,696,748	2,121,780	2,588,298
8,379 ordinary shares of Rs. 10 each fully paid				
1.21 Surya Life Insurance Company Limited	1,854,508	8,993,509	2,181,745	6,940,175
24,176.10 Promoter shares of Rs. 100 each fully paid				
1.22 Surya Life Insurance Company Limited	690,847	3,485,385	363,610	3,877,932
9,006.16 Public shares of Rs. 100 each fully paid				
1.23 Suryodaya Womi Laghubitta Bittiya Sanstha Limited	-	783	-	1,620
1 Public shares of Rs. 100 each fully paid				
Total	81,493,777	353,875,766	83,411,871	254,163,823

4.8.3: Information relating to Investment in Equities

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
2. Investment in Unquoted Equity				
2.1 Annapurna Developers	2,000,000	2,000,000	2,000,000	2,000,000
20,000 Promoter shares of Rs. 100 each fully paid				
2.2 Banking Finance & Insurance Institution	3,000,000	3,949,770	3,000,000	3,300,000
33,000 Promoter shares of Rs. 100 each fully paid				
2.3 Karja Suchana Kendra	94,500	1,181,300	94,500	1,181,300
11,813 Promoter shares of Rs. 100 each fully paid				
2.4 Nepal Clearing House Ltd.	4,089,300	34,561,738	4,089,300	11,214,240
154,756.36 Promoter shares of Rs. 100 each fully paid				
2.5 Nepal Electronic Payment System Limited	15,000,000	22,429,500	15,000,000	15,000,000
150,000 Promoter shares of Rs. 100 each fully paid				
2.6 Prabhu Capital Limited	1,500,000	3,046,487	1,500,000	1,532,800
18,758 Promoter shares of Rs. 100 each fully paid				
Total	25,683,800	67,168,795	25,683,800	34,228,340
3. Investment in Mutual Funds				
3.1 Citizen Mutual Fund-1	12,503,090	11,002,640	12,503,090	15,728,774
1,250,300 units of Rs. 10 each fully paid				
3.2 Laxmi Equity Fund	58,460,297	57,876,261	58,460,297	80,676,001
5,846,087 units of Rs. 10 each fully paid				
3.3 MEGA Mutual Fund-1	4,363,300	3,486,277	-	-
436,330 units of Rs. 10 each fully paid				
3.4 Nabil Balance Fund-2	2,500,000	2,695,000	2,500,000	3,525,000
250,000 units of Rs. 10 each fully paid				
3.5 Nabil Balance Fund 3	166,700	157,198	-	-
16,670 units of Rs. 10 each fully paid				
3.6 NABIL Equity Fund	22,642,720	22,642,720	22,642,720	33,058,371
2,264,272 units of Rs. 10 each fully paid				
3.7 NIBL Pragati Fund	20,587,398	20,631,821	20,587,398	30,577,100
2,059,064 units of Rs. 10 each fully paid				
3.8 NIBL Samriddhi Fund 1	-	-	27,882,036	40,039,342
2,788,255 units of Rs. 10 each fully paid				
3.9 NIC Asia Balance Fund	2,500,000	2,677,500	2,500,000	3,432,500
250,000 units of Rs. 10 each fully paid				
3.10 NIC Asia Dynamic Debt Fund	6,648,300	7,120,329	6,648,300	7,485,986
664,830 units of Rs. 10 each fully paid				
3.11 NIC Asia Growth Fund	2,500,000	2,787,500	2,500,000	3,750,000
250,000 units of Rs. 10 each fully paid				
3.12 NMB 50	2,500,000	3,225,000	2,500,000	3,737,500
250,000 units of Rs. 10 each fully paid				
3.13 NMB Hybrid Fund-1	25,413,078	33,341,594	25,413,078	34,688,472
2,541,280 units of Rs. 10 each fully paid				
3.14 Sanima Equity Fund	29,000,000	36,975,000	29,000,000	48,691,000
2,900,000 units of Rs. 10 each fully paid				
3.15 Siddhartha Equity Fund	19,356,940	19,124,676	19,356,940	27,196,529
1,935,696 units of Rs. 10 each fully paid				
3.16 Siddhartha Investment Growth Scheme-2	5,000,000	4,895,000	5,000,000	7,100,000
500,000 units of Rs. 10 each fully paid				
Total	214,141,824	228,638,517	237,493,860	339,686,575

4.9 Current Tax Assets

Particulars	Current Year	Previous Year
Current Tax Assets		
Current year Income Tax Assets	1,881,160,145	1,731,477,449
Tax Assets of Prior Periods	19,205,132	59,188,337
Current Tax Liabilities		
Current year Income Tax Liabilities	1,241,113,116	1,443,418,808
Tax Liabilities of Prior Periods	19,205,132	59,188,337
Total	640,047,029	288,058,641

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	-	-	-	-
Total	-	-	-	-

4.10.2: Investment in Unquoted Subsidiaries

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
.....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.	-	-
Total	-	-

4.10.4: Non Controlling Interest of the Subsidiaries

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

4.11 Investment in Associates

Particulars	Current Year	Previous Year
Investment in Quoted Associates	46,023,000	46,023,000
Investment in Unquoted Associates	-	-
Total Investment	46,023,000	46,023,000
Less: Impairment Allowances	-	-
Net Carrying Amount	46,023,000	46,023,000

4.11.1: Investment in Quoted Associates

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
1.1 Mero Microfinance Bittiya Sansatha Limited 839,999.80 Promoter shares of Rs. 100 each fully paid	37,023,000	83,999,980	37,023,000	69,999,900
1.2 Swabhimaan Laghubitta Bittiya Sanstha Limited 177,177.16 Promoter shares of Rs. 100 each fully paid	9,000,000	17,717,716	9,000,000	13,392,000
Total	46,023,000	101,717,696	46,023,000	83,391,900

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

Particular	Percentage of Ownership held by Bank	
	Current Year	Previous Year
3.1 Mero Microfinance Bittiya Sansatha Limited	7.00%	7.00%
3.3 Swabhimaan Microfinance Bittiya Sanstha Limited	14.55%	14.55%

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 Sansatha Limited	839,999.80	83,999,980	598,598.00	69,999,900
4.3 Swabhimaan Microfinance Bittiya Sanstha Limited	177,177.16	17,717,716	111,600.00	13,392,000
Total	1,017,176.96	101,717,696	710,198.00	83,391,900

4.12 Investment Properties

Particulars	Current Year	Previous Year
Investment Properties measured at Fair Value		
Balance as on Shrawan 01.	365,775,958	496,489,981
Addition/(Disposal) during the year.	169,794,172	(130,714,023)
Net Changes in fair value during the year.	(5,756,830)	-
Adjustment/Transfer.	-	-
Net Amount	529,813,300	365,775,958
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	529,813,300	365,775,958

4.13 Property and Equipment

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixtures	Machinery	Equipment & others	Right to Use Assets (ROU)	Total Ashadh End 2079	Total Ashadh End 2078
Cost											
As on Shrawan 01 2077	311,296,406	202,403,178	341,313,109	166,914,621	142,920,026	185,569,795	-	367,474,764	-	1,717,891,899	1,265,539,253
Addition during the year	-	-	-	-	-	-	-	-	-	-	-
Acquisition	-	-	-	-	-	-	-	-	-	-	344,635,989
Capitalization	38,690,000	16,010,800	25,613,464	6,008,263	26,193,015	12,022,177	-	28,948,306	-	153,486,025	123,763,798
Disposal during the year	-	-	(6,807,581)	(1,176,503)	(13,602,148)	(3,159,522)	-	(4,042,751)	-	(28,788,505)	(16,047,141)
Adjustment/Revaluation	-	4,193,697	64,442,721	69,556,292	33,263,068	49,847,535	-	69,502,483	-	290,805,795	-
Balance as on Ashadh end 2078	349,986,406	222,607,675	424,561,713	241,302,673	188,773,961	244,279,985	-	461,882,801	-	2,133,395,214	1,717,891,899
Addition during the Year	-	-	-	-	-	-	-	-	-	-	-
Acquisition	-	-	-	-	-	-	-	-	1,065,874,008	1,065,874,008	-
Capitalization	62,663,716	8,260,958	26,353,065	13,380,203	25,104,000	7,910,508	-	39,872,769	-	183,545,219	153,486,025
Disposal during the year	-	-	(14,401,538)	(2,259,892)	(13,987,302)	(4,302,872)	-	(9,880,298)	(6,556,759)	(51,388,662)	(28,788,505)
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-	290,805,795
Balance as on Ashadh end 2079	412,650,122	230,868,632	436,513,240	252,422,985	199,890,659	247,887,621	-	491,875,272	1,059,317,248	3,331,425,779	2,133,395,214
Depreciation and Impairment											
As on Shrawan 01 2077	-	14,867,140	161,961,415	86,460,835	62,876,505	99,785,051	-	215,726,171	-	641,677,116	521,562,627
Depreciation charge for the year	-	4,878,265	28,829,181	26,040,826	28,926,574	29,941,518	-	54,240,525	-	172,856,889	132,528,473
Impairment for the year	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(4,115,015)	(675,749)	(11,396,097)	(1,814,240)	-	(2,989,146)	-	(20,990,246)	(13,539,337)
Adjustments	-	4,152,983	64,100,630	72,016,996	32,987,479	51,130,439	-	67,377,977	-	291,766,505	1,125,353
As on Ashadh end 2078	-	23,898,388	250,776,211	183,842,908	113,394,461	179,042,768	-	334,355,527	-	1,085,310,264	641,677,116
Impairment for the year	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	5,580,459	28,500,269	25,724,949	29,687,982	27,458,541	-	53,959,520	147,093,575	318,005,295	172,856,889
Disposals	-	-	(13,356,763)	(1,922,198)	(13,011,321)	(3,328,895)	-	(7,406,380)	(6,556,759)	(45,582,317)	(20,990,246)
Adjustments	-	-	-	-	-	-	-	-	-	-	291,766,505
As on Ashadh end 2079	-	29,478,847	265,919,716	207,645,659	130,071,122	203,172,414	-	380,908,667	140,536,816	1,357,733,242	1,085,310,264
Capital Work in Progress											
Net Book Value	412,650,122	201,389,785	170,593,524	44,777,325	69,819,536	44,715,207	-	110,966,605	918,780,432	1,973,692,537	1,048,084,951
As on Ashadh end 2077	311,296,406	187,536,038	179,351,694	80,453,786	80,043,521	85,784,744	-	151,748,594	-	1,076,214,783	-
As on Ashadh end 2078	349,986,406	198,709,287	173,785,502	57,459,765	75,379,499	65,237,217	-	127,527,275	-	1,048,084,951	-
As on Ashadh end 2079	412,650,122	201,389,785	170,593,524	44,777,325	69,819,536	44,715,207	-	110,966,605	918,780,432	1,973,692,537	-

4.14 Goodwill and Intangible Assets

Particulars	Goodwill	Software		Other	Total Ashadh End 2079	Total Ashadh End 2078
		Purchased	Developed			
Cost						
As on Shrawan 01, 2077	-	45,000,654	-	-	45,000,654	28,802,022
Addition during the year						
Acquisition	-	-	-	-	-	-
Capitalization	-	18,417,143	-	-	18,417,143	8,270,102
Disposal during the year	-	-	-	-	-	7,928,530
Adjustment/Revaluation	359,745,328	9,089,698	-	-	368,835,026	359,745,328
Balance as on Ashadh end 2078	359,745,328	72,507,495	-	-	432,252,823	404,745,982
Addition during the Year						
Acquisition	-	-	-	-	-	-
Capitalization	-	8,796,261	-	-	8,796,261	18,417,143
Disposal during the year	-	(290,772)	-	-	(290,772)	-
Adjustment/Revaluation	-	-	-	-	-	9,089,698
Balance as on Ashadh end 2079	359,745,328	81,012,984	-	-	440,758,312	432,252,823
Amortization and Impairment						
As on Shrawan 01, 2077	-	29,005,320	-	-	29,005,320	21,093,042
Amortization charge for the year	-	11,524,234	-	-	11,524,234	7,912,278
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment due to Acquisition	-	9,203,970	-	-	9,203,970	-
As on Ashadh end 2078	-	49,733,525	-	-	49,733,525	29,005,320
Impairment for the year	-	-	-	-	-	-
Amortization charge for the year	-	11,678,351	-	-	11,678,351	11,524,234
Disposals	-	(193,393)	-	-	(193,394)	-
Adjustment	-	-	-	-	-	9,203,970
As on Ashadh end 2079	-	61,218,483	-	-	61,218,482	49,733,525
Capital Work in Progress						
Net Book Value	359,745,328	19,794,501	-	-	379,539,830	382,519,299
As on Ashadh end 2077	-	15,995,334	-	-	15,995,334	-
As on Ashadh end 2078	359,745,328	22,773,970	-	-	382,519,299	-
As on Ashadh end 2079	359,745,328	19,794,501	-	-	379,539,830	-

4.15 Deferred Tax

Particulars	Ashadh End 2079		
	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 (Fair Value)	-	(14,062,341)	(14,062,341)
Property and Equipment	48,530,311	-	48,530,311
Employees' Defined Benefit Plan	61,869,624	-	61,869,624
Lease Liabilities	26,615,983	-	26,615,983
Provisions	-	-	-
Other Temporary Differences	214,124	-	214,124
Deferred tax on temporary differences	137,230,043	(14,062,341)	123,167,702
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 2079			123,167,702
Deferred Tax (Asset)/ Liabilities as on Shrawan 01 2078			34,938,030
Origination/(Reversal) during the year			88,229,672
Deferred Tax expense (income) recognized in profit or loss			96,220,573
Deferred Tax expense (income) recognized in OCI			(7,990,902)
Deferred Tax expense (income) recognized directly in Equity			-

Particulars	Ashadh End 2078		
	Deferred Tax Assets	Deferred Tax Liabilities	Previous 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 (Fair Value)	-	(84,446,762)	(84,446,762)
Property and Equipment	37,160,098	-	37,160,098
Employees' Defined Benefit Plan	69,810,958	-	69,810,958
Lease Liabilities	12,413,736	-	12,413,736
Provisions	-	-	-
Other Temporary Differences	-	-	-
Deferred tax on temporary differences	119,384,792	(84,446,762)	34,938,030
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 2078			34,938,030
Deferred Tax (Asset)/ Liabilities as on Shrawan 01 2077			11,946,088
Origination/(Reversal) during the year			22,991,943
Deferred Tax expense (income) recognized in profit or loss			85,673,990
Deferred Tax expense (income) recognized in OCI			(62,682,047)
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	437,204,024	199,786,426
Accrued Income	-	-
Prepayments and Deposits	41,415,499	39,078,342
Income Tax Deposit	-	-
Deferred Employee Expenditure	202,907,727	148,211,968
Other Assets	232,432,533	306,242,134
Stock of Stationery	14,293,166	18,024,302
Advance Others	52,082,347	55,781,731
Receivable Remittance	2,841,466	9,917,321
Receivable VISA A/C	47,121,441	20,017,693
Khandbari-Tumlingtar Receivable	2,834,370	2,834,370
Transit Items (including Cheques)	15,669,844	41,364,024
Receivable from GON	35,851,729	112,859,590
Bullion Stock	78	393,721
Advance for Bullion Stock	-	-
Spot Deal Receivable	1,320,882	242,023
NDF receivable	-	-
Others Asset	60,417,210	44,807,358
Total	913,959,782	693,318,869

4.17 Due to Banks and Financial Institutions

Particulars	Current Year	Previous Year
Money Market Deposits	-	-
Interbank Borrowing	882,510,000	-
Other Deposits from BFIs	5,214,319,391	6,042,373,556
Settlement and Clearing Accounts	-	-
Others.	-	-
Total	6,096,829,391	6,042,373,556

4.18 Due to Nepal Rastra Bank

Particulars	Current Year	Previous Year
Refinance from NRB		
a. Reconstruction Refinancing	-	-
b. Project Refinancing	3,056,140,870	2,360,808,929
Standing Liquidity Facility	1,500,000,000	-
Lender of Last Resort facility from NRB	-	-
Securities sold under repurchase agreements	-	-
Other Payable to NRB	-	-
Total	4,556,140,870	2,360,808,929

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.	62,062,285,494	62,039,121,385
Call Deposits	8,803,337,714	10,254,218,254
Current Deposits.	2,578,218,212	10,529,540,342
Others.	55,268,288	2,788,569,305
Individual Customers:	-	-
Term Deposits	45,903,712,463	31,109,139,755
Saving Deposits	30,526,188,201	36,523,156,747
Current Deposits	5,807,162,341	794,692,364
Others	4,467,178,086	101,075,922
Total	160,203,350,799	154,139,514,074

4.20.1: Currency wise analysis of deposit from customers

Particulars	Current Year	Previous Year
Nepalese Rupee	157,848,915,723	152,239,634,131
Indian Rupee	6,176,654	6,176,654
United States Dollar	2,347,519,673	1,893,047,996
Great Britain Pound	45,152	49,221
Euro	693,597	606,082
Japanese Yen	-	-
Chinese Yuan	-	-
Other	-	-
Total	160,203,350,799	154,139,514,074

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

Other Provisions	-	-
Particulars	Current Year	Previous Year
Provisions for Redundancy	-	-
Provisions for Restructuring	-	-
Pending Legal Issues and Tax Litigation	-	-
Onerous Contracts	-	-
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	37,457,960	5,841,970
Liabilities for long service leave	148,535,990	116,474,351
Short term employee benefits	87,069,228	75,772,029
Bills payable	206,918,897	115,125,498
Creditors and accruals	187,794,527	35,257,297
Interest payable on deposits	2,337,772	83,505,750
Interest payable on borrowing	32,387,851	-
Liabilities on deferred grant income	-	-
Unpaid Dividend	104,010,677	100,535,716
Liabilities under Finance Lease	-	-
Employee bonus payable	439,134,374	520,678,799
Other Liabilities		
Audit Fee	2,825,000	1,695,000
Provision for expenses	30,125,731	26,762,036
Visa Debit Card Payable	39,960,027	8,859,000
Unearned Discount & Commission	233,532,365	178,899,011
Tax deducted at source payable	167,095,902	169,054,239
Retention amount	6,063,152	7,220,363
Account Payable	365,028,700	68,073,940
Card Related Payable	57,326,932	22,557,650
Gold Loan Commission Payable	2,913,906	3,551,630
NDF Payable	71,155,224	12,433,892
Remittance Payable	-	-
Spot Deal Payable	-	-
Liabilities under Operating Lease	1,007,500,376	41,379,119
Other Liability	125,171,665	18,362,687
Total	3,354,346,258	1,612,039,976

4.23.1: Defined Benefit Obligation

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

Particulars	Current Year	Previous Year
Present value of unfunded obligations	148,535,990	116,474,350
Present value of funded obligations	210,860,040	162,265,120
Total present value of obligations	359,396,030	278,739,470
Fair value of plan assets	173,402,080	156,423,140
Present value of net obligations	-	-
Recognized liability for defined benefit obligations	185,993,950	122,316,330

4.23.2: Plan Assets

Particulars	Current Year	Previous Year
Equity securities	-	-
Government bonds	-	-
Bank deposit	-	-
Other	173,402,080	156,423,140
Total	173,402,080	156,423,140

4.23.3: Movement in the present value of defined benefit obligations

Particulars	Current Year	Previous Year
Defined benefit obligations at Shrawan 1	278,739,470	251,587,340
Actuarial (Gain)/Losses	39,825,150	(16,834,010)
Benefits paid by the plan	(11,225,520)	(9,728,980)
Current service costs and interest	52,056,930	53,715,120
Defined benefit obligations at Ashadh end	359,396,030	278,739,470

4.23.4: Movement in the fair value of plan assets

Particulars	Current Year	Previous Year
Fair value of plan assets at Shrawan 1	156,423,140	153,531,780
Acquisition Adjustment	-	-
Contributions paid into the plan	5,841,980	-
Benefits paid during the year	(4,670,050)	(5,112,130)
Actuarial (losses) gains	-	-
Expected return on plan assets	15,807,010	8,003,490
Fair value of plan assets at Ashadh end	173,402,080	156,423,140

4.23.5: Amount recognised in profit or loss

Particulars	Current Year	Previous Year
Current service costs	30,454,170	14,343,960
Interest on obligation	8,954,600	26,435,610
Expected return on plan assets	-	-
Immediate recognition of (gains) / losses – other long term employee benefit plans	16,428,160	858,980
Total	55,836,930	41,638,550

4.23.6: Amount recognised in other comprehensive income

Particulars	Current Year	Previous Year
Actuarial (gain)/loss	20,238,130	(12,760,940)
Total	20,238,130	(12,760,940)

4.23.7: Actuarial Assumptions

Particulars	Current Year	Previous Year
Discount rate	8.00%	8.00%
Expected return on plan asset	5.00%	5.00%
Future salary increase	6.00%	6.00%
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	9,145,519,492	2,440,968,911
Total	9,145,519,492	2,440,968,911

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	18,656,322,804	16,083,036,900
Convertible preference shares (equity component only)	-	-
Irredeemable preference shares (equity component only)	-	-
Perpetual debt (equity component only)	-	-
Total	18,656,322,804	16,083,036,900

4.26.1: Ordinary Shares

Particulars	Current Year	Previous Year
Authorized Capital		
220,000,000 Ordinary share of NPR. 100 each	22,000,000,000	22,000,000,000
Issued capital		
186,563,228 Ordinary share of NPR. 100 each	18,656,322,804	16,083,036,900
Subscribed and paid up capital		
186,563,228 Ordinary share of NPR 100 each	18,656,322,804	16,083,036,900
Total	18,656,322,804	16,083,036,900

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%	9,141,598,174	49.00%	7,880,688,081
Other (Promoter)	51.00%	9,514,724,630	51.00%	8,202,348,819
Foreign ownership	-	-	-	-
Total	100.00%	18,656,322,804	100.00%	16,803,036,900

4.27 Reserves

Particulars	Current Year	Previous Year
Statutory general reserve	4,568,484,466	4,011,017,196
Exchange equalization reserve	5,313,918	4,832,816
Corporate social responsibility reserve	51,956,704	33,819,226
Capital redemption reserve	-	-
Regulatory reserve	1,722,611,274	1,221,277,180
Investment adjustment reserve	3,500,000	3,500,000
Capital reserve	-	-
Assets revaluation reserve	-	-
Fair value reserve	229,854,574	197,042,446
Dividend equalization reserve	-	-
Actuarial gain	9,452,030	23,618,721
Special reserve	-	-
Other reserve	-	-
Training and Development Fund	19,358,424	3,952,605
Deferred Tax Reserve	-	-
Total	6,610,531,389	5,499,060,190

4.28 Contingent Liabilities and Commitments

Particulars	Current Year	Previous Year
Contingent liabilities	68,733,763,158	66,067,973,415
Undrawn and undisbursed facilities	12,719,219,265	15,974,799,597
Capital commitment	24,858,688	8,558,844
Lease Commitment	1,314,505,482	1,306,653,936
Litigation	64,436,338	29,428,047
Total	82,856,782,932	83,387,413,838

4.28.1: Contingent Liabilities

Particulars	Current Year	Previous Year
Acceptance and documentary credit	161,712,053	169,402,527
Bills for collection (Letter of Credit)	8,006,529,807	8,712,182,199
Forward exchange contracts	4,062,407,704	7,240,376,197
Guarantees	47,272,000,781	44,751,225,930
Underwriting commitment	-	-
Other commitments	9,231,112,812	5,194,786,561
Total	68,733,763,158	66,067,973,415

4.28.2: Undrawn and undisbursed facilities

Particulars	Current Year	Previous Year
Undisbursed amount of loans	7,665,386,741	9,185,231,936
Undrawn limits of overdrafts	4,448,904,975	6,479,480,548
Undrawn limits of credit cards	604,927,548	310,087,113
Undrawn limits of letter of credit	-	-
Undrawn limits of guarantee	-	-
Total	12,719,219,265	15,974,799,597

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	24,858,688	8,558,844
Approved but not contracted for	-	-
Sub total	24,858,688	8,558,844
Capital commitments in relation to Intangible assets	-	-
Approved and contracted for	-	-
Approved but not contracted for	-	-
Sub total	-	-
Total	24,858,688	8,558,844

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	176,781,542	163,708,799
Later than 1 year but not later than 5 years	719,539,619	656,030,534
Later than 5 years	418,184,321	486,914,602
Sub total	1,314,505,482	1,306,653,936
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	-	-
Total	1,314,505,482	1,306,653,936

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 are under review for final settlement in LTO. The bank has filed case in Revenue Tribunal Office for the FY 2071-72, FY 2072-73 whereas the issue of FY 2073-74 and FY 2074-75 are in administrative review.

4.29 Interest Income

Particulars	Current Year	Previous Year
Cash and cash equivalent	45,825,260	25,898,782
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	29,688,329	66,808,999
Loan and advances to bank and financial institutions	-	-
Loans and advances to customers	17,066,970,728	13,109,768,788
Investment securities	1,063,209,743	745,419,380
Loan and advances to staff	95,662,451	61,854,358
Other Interest Income	-	(94,338)
Total interest income	18,301,356,511	14,009,655,970

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	43,875,643	80,822
Due to Nepal Rastra Bank	258,966,130	31,116,186
Deposits from customers	11,477,933,048	7,971,887,974
Borrowing	-	-
Debt securities issued	257,459,297	57,680,438
Subordinated liabilities	-	-
Other Charges		
Lease Liability	76,156,684	-
Total Interest expense	12,114,390,803	8,060,765,419

4.31 Fees and Commission Income

Particulars	Current Year	Previous Year
Loan administration fees	436,250	486,566
Service fees	435,684,211	521,711,555
Consortium fees	34,200,512	17,463,782
Commitment fees	1,260,870	3,472,498
DD/TT/Swift fees	17,562,967	13,716,771
Credit card/ATM issuance and renewal fees	105,005,842	53,573,004
Prepayment and swap fees	7,467,140	19,102,506
Investment banking fees	-	-
Asset management fees	-	-
Brokerage fees	-	-
Remittance fees	22,923,040	23,950,449
Commission on letter of credit	74,351,087	81,148,708
Commission on guarantee contracts issued	395,849,654	620,610,895
Commission on share underwriting/issue	-	-
Locker rental	5,106,768	3,703,775
Others		
Bancassurance Commission	-	-
DP related Fees	-	-
ATM Commission	-	-
Mobile Banking Commission	74,059,709	42,227,841
Other fees and commission income	56,830,346	49,117,674
Total Fees and Commission Income	1,230,738,396	1,450,286,023

4.32 Fees and Commission Expense

Particulars	Current Year	Previous Year
ATM management fees	24,611	-
VISA/Master card fees	70,356,882	37,688,258
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees.	12,365,719	6,669,374
Remittance fees and commission	1,745,800	9,620
Other fees and commission expense	58,055,189	60,902,417
Total Fees and Commission Expense	142,548,201	105,269,669

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 foreign exchange transition	231,163,380	321,266,753
Other	-	-
Net trading income	231,163,380	321,266,753

4.34 Other Operating Income

Particulars	Current Year	Previous Year
Foreign exchange revaluation gain	1,924,406	2,592,379
Gain/loss on sale of investment securities	41,312,428	168,240,509
Fair value gain/loss on investment properties	(5,756,829)	-
Dividend on equity instruments	81,903,575	19,166,233
Gain/loss on sale of property and equipment	3,643,583	4,447,366
Gain/loss on sale of investment property	3,845,941	11,232,589
Operating lease income	-	-
Gain/loss on sale of gold and silver	-	78,312
Other Operating Income	30,034,622	21,733,374
Total	156,907,726	227,490,763

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

Particulars	Current Year	Previous Year
Impairment charge/(reversal) on loan and advances to BFIs	7,574,017	38,869,177
Impairment charge/(reversal) on loan and advances to customers	1,232,262,386	730,426,948
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	1,239,836,403	769,296,125

4.36 Personnel Expenses

Particulars	Current Year	Previous Year
Salary	496,144,508	428,976,117
Allowances	345,755,536	303,520,677
Gratuity Expense	40,684,136	46,843,291
Provident Fund	49,330,631	42,921,482
Uniform	14,129,602	14,422,100
Training & development expense	6,569,084	4,849,496
Leave encashment	38,617,110	22,986,340
Medical	183,034	44,490
Insurance	6,306,684	5,335,112
Employees incentive	-	-
Cash-settled share-based payments	-	-
Pension expense	-	-
Finance expense under NFRS	52,881,552	38,217,306
Other expenses related to staff	180,712,954	162,633,465
Dashain Expense	62,253,268	57,990,164
Outsourced Staff Expenses	51,959,810	48,135,764
Other employee expenses	66,499,876	56,507,537
Subtotal	1,231,314,831	1,070,749,876
Employees Bonus	439,048,225	520,592,649
Grand total	1,670,363,055	1,591,342,525

4.37 Other Operating Expense

Particulars	Current Year	Previous Year
Directors' fee	2,220,000	2,535,000
Directors' expense	1,652,375	1,329,851
Auditors' remuneration		
Statutory Audit	2,825,000	1,695,000
Revenue Audit	-	-
Other audit related expense	755,803	52,844
Professional and legal expense	229,809	177,914
Office administration expense	424,063,655	363,071,825
Operating lease expense	166,443	189,954,941
Operating expense of investment properties	-	-
Corporate social responsibility expense	9,736,286	23,952,630
Onerous lease provisions	-	-
Other Expenses		
Other committee meeting Fees & Expenses	853,927	1,030,160
Share Related Expenses	7,420,562	6,451,010
Debenture Related Expenses	-	-
Written Off Expenses	-	-
Other Expenses	21,986,023	22,059,630
Total	471,909,882	612,310,804

4.37.1 Office Administrative Expenses

Particulars	Current Year	Previous Year
Water and Electricity	36,304,693	31,540,376
Repair and Maintenance		
a. Building	3,425,839	1,656,084
b. Vehicle	3,456,808	2,645,505
c. Computer and accessories	914,013	877,383
d. Office Equipment and Furniture	18,375,194	15,462,863
e. Others	5,988,850	2,169,074
Insurance	33,166,849	27,314,370
Postage, Telex, Telephone, Fax	46,890,367	47,948,936
Printing and Stationery	32,053,180	21,082,679
Newspaper, Books and Journals	435,463	388,654
Advertisement	3,574,694	1,837,205
Donation	500	18,000
Security Expenses	128,712,411	115,978,225
Deposit and Loan Guarantee Premium	31,325,370	28,100,879
Travel Allowance and Expenses	6,863,762	4,166,642
Entertainment	-	-
Annual/Special General Meeting Expenses	1,011,552	494,977
Others		
a. Power & Fuel	17,555,373	10,601,043
b. Business Promotion	3,347,096	1,348,944
c. Cleaning Expenses	12,128,783	11,429,160
d. Rates and Taxes	8,473,400	10,671,055
e. Technical & Consultancy Fee	2,944,285	2,334,726
f. Expenses for Capital Items	2,983,224	3,098,838
g. Others	24,131,950	21,906,207
Total	424,063,655	363,071,825

4.38 Depreciation and Amortisation

Particulars	Current Year	Previous Year
Depreciation on property and equipment	318,005,295	172,856,889
Depreciation on investment property	-	-
Amortization of intangible assets	11,678,351	11,524,234
Total	329,683,646	184,381,124

4.39 Non Operating Income

Particulars	Current Year	Previous Year
Recovery of loan written off	-	-
Other income-Gain on Bargain Purchase	-	-
Total	-	-

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	1,241,113,116	1,443,418,808
Adjustments for prior years	19,205,132	59,188,337
Deferred tax expense	-	-
Origination and reversal of temporary differences	(96,220,573)	(85,673,990)
Changes in tax rate	-	-
Recognition of previously unrecognized tax losses	-	-
Total income tax expense	1,164,097,675	1,416,933,155

4.41.1: Reconciliation of tax expense and accounting profit

Particulars	Current Year	Previous Year
Profit before tax	3,951,434,021	4,685,333,842
Tax amount at tax rate of 30%	1,185,430,206	1,405,600,153
Effect of NFRS Re-measurement	-	-
Add: Tax effect of expenses that are not deductible for tax purpose	164,842,078	90,290,395
Less: Tax effect on exempt income	-	-
Add/less: Tax effect on other items	(109,159,168)	(53,805,994)
Other Tax adjustment	-	1,334,254
Adjustment of Prior Years Tax and temporary Difference	19,205,132	59,188,337
Total income tax expense	1,260,318,248	1,502,607,145
Effective tax rate	31.90%	32.07%

Prime Commercial Bank Limited Statement of Distributable Profit or Loss

For the year ended 32 Ashadh 2079 (July 16, 2022)

(As per NRB Regulation)

Particulars	Current Year	Previous Year
Opening Retained Earning	44,343,409	100,008,720
Net profit or (loss) as per statement of profit or loss	2,787,336,347	3,268,400,687
Appropriations:	-	-
a. General reserve	(557,467,269)	(653,680,137)
b. Foreign exchange fluctuation fund	(481,102)	(648,095)
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	(27,873,363)	(32,684,007)
e. Employees' training fund	(15,405,820)	-
f. Other	9,736,286	23,952,630
Profit or (loss) before regulatory adjustment	2,195,845,078	2,605,341,078
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(315,506,370)	(45,546,165)
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 (+)	(97,598,053)	82,349,834
e. Deferred tax assets recognized (-)/ reversal (+)	(88,229,672)	(22,991,943)
f. Goodwill recognized (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognized (-)/reversal (+)	-	-
h. Actuarial loss recognized (-)/reversal (+)	-	-
i. Other (+/-)	-	-
Distributable profit or (loss)	1,738,854,392	2,719,161,524

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's 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 bank's 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 with-in 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 form 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

Those derived from unadjusted quoted price 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 other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This category includes instruments valued using: quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets

Level 3

Inputs not based on observable data and where the unobservable inputs have a significant effect on assets and liability. It includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

5.2 Capital management

5.2.1 Qualitative Disclosures

a) 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.

b) 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 Management Committee.

d) 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 2025.

e) 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:

i) 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.

ii) 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.

iii) 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.

iv) 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.

v) 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.

vi) 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.

vii) 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.

viii) 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.

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

5.2.2 Quantitative Disclosures

A) Tier 1 capital and a breakdown of its components:

Core Capital (Tier 1)	Amount
Paid up Equity Share Capital	18,656,322,804
Statutory General Reserves	4,568,484,466
Proposed Bonus Equity Shares	-
Share Premium	-
Retained Earnings	1,738,854,392
Un-audited current year cumulative profit	-
Capital Redemption Reserve	-
Other Free Reserve	-
Less: Fictitious Assets	-
Less: Intangible Assets	(19,794,501)
Less: Deferred Tax Assets	-
Less: Investment in equity in licensed Financial Institutions	(46,023,000)
Total Core Capital (Tier I)	24,897,844,161

B) Tier 2 capital and a breakdown of its components:

Supplementary Capital (Tier 2)	Amount (NPR)
Subordinated Term Debt	-
General loan loss provision	2,615,368,702
Exchange Equalization Reserve	5,313,918
Investment Adjustment Reserve	3,500,000
Total Supplementary Capital (Tier II)	2,624,182,620

C) 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

D) 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	19,794,501
Investment in equity in licensed Financial Institutions	46,023,000
Total Deduction from Tier I Capital	65,817,501

E) Total Qualifying Capital:

Total Qualifying Capital	Amount
Core Capital (Tier 1)	24,897,844,161
Supplementary Capital (Tier 2)	2,624,182,620
Total qualifying capital	27,522,026,780

F) Capital Adequacy Ratio:

Capital Adequacy Ratio	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	11.87%
Tier 1 & Tier 2 Capital to Total Risk Weighted Exposures	13.12%

G) Risk weighted exposures for credit risk, operational risk and market risk

Risk Weighted Exposures	Amount
Risk weighted Exposures for Credit Risk	192,254,486,625
Risk weighted Exposures for Operational Risk	8,433,511,801
Risk weighted exposures for Market Risk	213,703,964
Total Risk Weighted Exposures (Before adjustments of Pillar II)	200,901,702,390
Adjustment under Pillar II	
ALM policies & practices are not satisfactory, add ...% 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.	2,889,888,111
Overall risk management policies and procedures are not satisfactory. Add 3% of RWE	6,027,051,072
If desired level of disclosure requirement has not been achieved, Add.....% of RWE	-
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	209,818,641,572

H) Risk weighted exposure under each of 13 categories

Credit Risk	Claim	RWE
Claims on Govt. and Central Bank	39,328,207,348	-
Claims on Other Financial Entities	-	-
Claims on Banks	14,373,523,637	2,967,922,674
Claims on Corporate and Securities Firm	76,447,736,368	76,375,941,280
Claims on Regulatory Retail Portfolio	25,245,743,780	15,518,878,663
Claims on Secured by Residential Properties	9,492,140,288	5,753,488,186
Claims on Secured by Commercial Real Estate	9,690,515,809	9,690,515,809
Past due Claims	4,899,985,997	4,592,694,316
High Risk Claims	21,745,954,150	27,024,342,215
Lending against Shares(up to NPR2.5 Million)	276,701,112	276,701,112
Trust Receipt Loans for Trading Firms	205,386,286	246,463,543
Other Assets	10,390,613,161	7,588,458,962
Off Balance Sheet Items	82,856,782,932	42,219,079,865
Total	294,953,290,868	192,254,486,625

I) 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	4,152,938,425	-	-	4,152,938,425	0%	-
Balance With Nepal Rastra Bank	8,860,332,435	-	-	8,860,332,435	0%	-
Gold	78	78	-	-	0%	-
Investment in Nepalese Government Securities	26,124,076,301	-	-	26,124,076,301	0%	-
All Claims on Government of Nepal	190,860,109	-	-	190,860,109	0%	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-
All claims on Nepal Rastra Bank	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	20%	-
Claims on Foreign Government and Central Bank (ECA -4-6)	-	-	-	-	50%	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	100%	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework	-	-	-	-	150%	-
Claims on Other Multilateral Development Banks	-	-	-	-	0%	-
Claims on Domestic Public Sector Entities	-	-	-	-	100%	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	100%	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	20%	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	50%	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	100%	-
Claims on domestic banks that meet capital adequacy requirements	12,791,201,806	-	-	12,791,201,806	150%	-
Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	20%	2,558,240,361
Claims on foreign bank (ECA Rating 0-1)	1,223,817,220	-	-	1,223,817,220	100%	-
Claims on foreign bank (ECA Rating 2)	310,726,488	-	-	310,726,488	20%	244,763,444
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	50%	155,363,244
Claims on foreign bank (ECA Rating 7)	-	-	-	-	100%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	150%	-
Claims on Domestic Corporates (Credit rating score equivalent to AAA)	47,778,123	-	-	47,778,123	20%	9,555,625
Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)	-	-	-	-	50%	-
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)	-	-	-	-	70%	-
	-	-	-	-	80%	-

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 Domestic Corporates (Credit rating score equivalent to BBB+ & below)		7,863,994,702	-	-	7,863,994,702	100%	7,863,994,702
Claims on Domestic Corporates (Unrated)		68,583,741,666	-	71,795,088	68,511,946,578	100%	68,511,946,578
Claims on Foreign Corporates (ECA 0-1)		-	-	-	-	20%	-
Claims on Foreign Corporates (ECA 2)		-	-	-	-	50%	-
Claims on Foreign Corporates (ECA 3-6)		-	-	-	-	100%	-
Claims on Foreign Corporates (ECA 7)		-	-	-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)		25,245,743,780	-	4,553,905,563	20,691,838,217	75%	15,518,878,663
Claims fulfilling all criterion of regularity retail except granularity		-	-	-	-	100%	-
Claims secured by residential properties		9,283,092,209	-	-	9,283,092,209	60%	5,569,855,326
Claims not fully secured by residential properties		-	-	-	-	150%	-
Claims secured by residential properties (Overdue)		209,048,079	25,415,219	-	183,632,860	100%	183,632,860
Claims secured by Commercial real estate		9,690,515,809	-	-	9,690,515,809	100%	9,690,515,809
Past due claims (except for claims secured by residential properties)		4,899,985,997	1,838,189,786	-	3,061,796,210	150%	4,592,694,316
High Risk claims		21,745,954,150	-	3,729,726,006	18,016,228,144	150%	27,024,342,215
Lending against Shares (up to NPR2.5 Million)		276,701,112	-	-	276,701,112	100%	276,701,112
Trust Receipt Loans for Trading Firms		205,386,286	-	-	205,386,286	120%	246,463,543
Investments in equity and other capital instruments of institutions listed in stock exchange		4,965,502,806	-	-	4,965,502,806	100%	4,965,502,806
Investments in equity and other capital instruments of institutions not listed in the stock exchange		67,168,795	-	-	67,168,795	150%	100,753,192
Staff loan secured by residential property		813,635,031	143,873,172	-	669,761,859	50%	334,880,930
Interest Receivable/claim on government securities		246,096,682	-	-	246,096,682	0%	-
Cash in transit and other cash items in the process of collection		15,669,844	-	-	15,669,844	20%	3,133,969
Other Assets (as per attachment)		4,282,540,004	2,098,351,938	-	2,184,188,065	100%	2,184,188,065
Total (A)		212,096,507,936	4,105,830,194	8,355,426,658	199,635,251,085		150,035,406,760
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		4,062,407,704	-	-	4,062,407,704	10%	406,240,770
LC Commitments With Original Maturity Upto 6 months domestic counterparty		3,549,601,208	-	373,502,615	3,176,098,593	20%	635,219,719
Foreign counterparty (ECA Rating 0-1)		-	-	-	-	20%	-
Foreign counterparty (ECA Rating 2)		-	-	-	-	50%	-

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)
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	4,456,928,599	-	52,856,632	4,404,071,967	50%	2,202,035,983
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	37,288,315,813	-	1,287,196,652	36,001,119,161	40%	14,400,447,664
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	9,983,684,968	-	49,413,826	9,934,271,143	100%	9,934,271,143
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsements	161,712,053	-	-	161,712,053	100%	161,712,053
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-
Irrevocable Credit commitments (short term)	7,585,728,692	-	-	7,585,728,692	20%	1,517,145,738
Irrevocable Credit commitments (long term)	6,447,996,055	-	-	6,447,996,055	50%	3,223,998,028
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	20%	-
Other Contingent Liabilities	8,902,806,912	-	-	8,902,806,912	100%	8,902,806,912
Unpaid Guarantee Claims	417,600,927	-	-	417,600,927	200%	835,201,855
Total (B)	82,856,782,932	-	1,762,969,725	81,093,813,207		42,219,079,865
Total RWE for credit risk Before Adjustment (A)+(B)	294,953,290,868	4,105,830,194	10,118,396,382	280,729,064,291		192,254,486,625
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)	294,953,290,868	4,105,830,194	10,118,396,382	280,729,064,291		192,254,486,625

ii. Risk Weighted Exposure of Operational Risk

Particulars	Year 1	Year 2	Year 3
Net Interest Income	3,584,607,187	4,640,621,080	5,948,890,550
Commission and Discount Income	766,872,082	902,766,630	1,408,058,182
Other Operating Income	67,075,129	58,398,429	267,126,224
Exchange Fluctuation Income	237,775,405	271,042,665	323,859,132
Additional Interest Suspense during the period	42,488,949	35,946,837	53,014
Gross Income (a)	4,698,818,752	5,908,775,641	7,947,987,103
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a*b)]	704,822,813	886,316,346	1,192,198,065
Capital Requirement for operational risk (d) (average of c)			927,779,075
Risk Weight (reciprocal of capital requirement of 11%) in times (e)			9.09
Equivalent Risk Weight Exposure[f=(d*e)]			8,433,511,801
PILLAR II ADJUSTMENT			
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]			8,433,511,801

iii. Risk Weighted Exposure of Market Risk

Currency	Open Position (FCY)	Exchange Rate	Open Position (NPR)	Relevant Open Position
INR	229,488,191	1.60	367,181,105	367,181,105
USD	639,132	127.60	81,553,282	81,553,282
GBP	50,992	150.27	7,662,562	7,662,562
EUR	46,110	127.26	5,867,938	5,867,938
THB	26,917	3.47	93,403	93,403
CHF	4,351	129.14	561,882	561,882
AUD	6,311	85.57	540,041	540,041
CAD	9,213	97.00	893,691	893,691
SGD	1,172	90.62	106,162	106,162
JPY	3,296,433	0.92	3,022,170	3,022,170
HKD	4,392	16.24	71,328	71,328
DKK	603	17.12	10,317	10,317
SEK	752	12.04	9,056	9,056
SAR	30,441	33.72	1,026,466	1,026,466
QAR	13,406	34.58	463,571	463,571
AED	13,405	34.46	461,938	461,938
MYR	6,459	28.50	184,076	184,076
KRW	160,750	0.10	15,432	15,432
CNY	20,269	18.82	381,458	381,458
KWD	219	410.69	89,855	89,855
BHD	-	335.79	-	-
Total Open Position (a)			470,195,733	470,195,733
Fixed Percentage (b)				5%
Capital Charge for Market Risk [c=(a*b)]				23,509,787
Risk Weight (reciprocal of capital requirement of 11%) in times (d)				9.09
Equivalent Risk Weight Exposure [e=(c*d)]				213,703,964

J) Amount of NPAs

Classification of Loan	Gross NPA	Net NPA
Restructured/Rescheduled Loan	67,130,468	58,739,159
Sub-Standard Loan	927,553,788	695,665,341
Doubtful Loan	245,398,792	122,699,396
Loss Loan	1,500,625,854	-

K) NPA ratios

Particular	Ratio
Gross NPA to Gross Loan & Advance	1.77%
Net NPA to Net Loan & Advances	0.58%

L) Movement of Non-Performing Assets

Particulars	Opening Balance	Closing Balance	Difference
Restructured Loan	70,895,568	67,130,468	(3,765,100)
Sub-standard Loan	378,226,863	927,553,788	549,326,925
Doubtful Loan	298,195,686	245,398,792	(52,796,894)
Loss Loan	772,363,399	1,500,625,854	728,262,455

M) Write off of loans and interest suspense

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

N) Movements in loan loss provisions and Interest suspense
i. Movement of Loan Loss Provision

Particulars	Opening Balance	Closing Balance	% Change
Pass Loan	1,698,589,547	1,853,570,200	9.12%
Watch list	542,727,131	761,798,502	40.36%
Restructured Loan	9,800,377	8,391,308	-14.38%
Sub-standard Loan	68,687,961	231,888,447	237.60%
Doubtful Loan	140,844,547	122,699,396	-12.88%
Loss Loan	777,925,651	1,500,625,854	92.90%
Personal Guarantee	562,090	-	-100.00%

ii. Movement of Interest Suspense

Particulars	Opening Balance	Closing Balance	% Change
Interest Suspense	229,516,356	282,574,204	23.12%

O) Details of additional loan loss provisions

Particulars	Opening Balance	Closing Balance	Additional Provision
Pass Loan	1,698,589,547	1,853,570,200	154,980,653
Watch List	542,727,131	761,798,502	219,071,372
Restructured Loan	9,800,377	8,391,308	(1,409,069)
Sub-standard Loan	68,687,961	231,888,447	163,200,486
Doubtful Loan	140,844,547	122,699,396	(18,145,152)
Loss Loan	777,925,651	1,500,625,854	722,700,203
Personal Guarantee	562,090	-	(562,090)

P) Segregation of investment portfolio into held for trading, held to maturity, available for sale and Investment in associate

Investment Portfolio	Amount	AIR	Amount at Amortized Cost
Held for Trading	-	-	-
Held to Maturity	-	-	-
Investment Securities at Amortized Cost	30,459,654,301	293,507,205	30,753,161,506
Treasury Bills	2,180,726,301	11,908,456	2,192,634,757
Development Bond	23,943,350,000	234,188,225	24,177,538,225
Debenture	4,335,578,000	47,410,524	4,382,988,524
Grand Total	30,459,654,301	293,507,205	30,753,161,506

Available for Sale -Investment in Equity measured at FVTOCI

Particulars	Amount	Fair Value
Annapurna Developers Ltd.	2,000,000	2,000,000
Banking, Finance & Insurance Institute of Nepal Ltd.	3,000,000	3,949,770
Chilime Hydro power Company Ltd.	33,511,687	23,779,464
Citizens Mutual Fund 1	12,503,090	11,002,640
Civil Laghubitta Bittiya Sanstha Ltd.	500	6,192
Deprosc Laghubitta Bittiya Sanstha Ltd.	-	385
Global IME Laghubitta Bittiya Sanstha Ltd.	1,055	25,980
Jalpa Samudayik Laghubitta Bittiya Sanstha Ltd.	7,000,000	22,456,882
Karja Suchana Kendra Ltd.	94,500	1,181,300
Kisan Laghubitta Bittiya Sanstha Ltd.	11,770,000	23,053,899
Laxmi Equity Fund	58,460,297	57,876,261
Mega Mutual Fund 1	4,363,300	3,486,277
Nabil Balance Fund-2	2,500,000	2,695,000
Nabil Balance Fund-3	166,700	157,198
NABIL Equity Fund	22,642,720	22,642,720
National Microfinance Laghubitta Bittiya Sanstha Ltd. Promoter	14,000,000	38,450,453
National Microfinance Laghubitta Bittiya Sanstha Ltd. Public	-	3,870
Neco Insurance Ltd.	-	1,388
Nepal Clearing House Ltd.	4,089,300	34,561,738
Nepal Electronic Payment System Ltd.	15,000,000	22,429,500
Nepal Life Insurance Company Ltd.	1,022	2,241
Nerude Lagubitta Bittiya Sanstha Ltd.	10,861,843	231,876,805
Ngadi Group Power Limited	-	297
NIBL Pragati Fund	20,587,398	20,631,821
NIC Asia Balance Fund	2,500,000	2,677,500
NIC Asia Dynamic Debt Fund	6,648,300	7,120,329
NIC Asia Growth Fund	2,500,000	2,787,500
Nirdhan Uthan Laghubitta Bittiya Sanstha Ltd.	-	36,267
NLG Insurance Company Ltd.	2,705	1,912
NMB 50	2,500,000	3,225,000
NMB Hybrid Fund 1	25,413,078	33,341,594
Prabhu Capital Ltd.	1,500,000	3,046,487
RMDC Laghubitta Bittiya Sanstha Ltd.	-	1,676
Sanima Equity Fund	29,000,000	36,975,000
Siddhartha Equity Fund	19,356,940	19,124,676
Siddhartha Insurance Ltd.	-	1,631
Siddhartha Investment Growth Scheme-2	5,000,000	4,895,000
Soaltee Hotel Ltd.	1,799,610	1,696,748
Surya Life Insurance Company Ltd. Promoter Share	1,854,508	8,993,509
Surya Life Insurance Company Ltd. Public Share	690,847	3,485,385
Womi Laghubitta Bittiya Sanstha Ltd.	-	783
Grand Total	321,319,401	649,683,077

Investment in Associates

Particulars	Amount (NPR)
Mero Microfinance Bittiya Sanstha Ltd.	37,023,000
Swabhimaan Laghubitta Bittiya Sanstha Ltd.	9,000,000
TOTAL	46,023,000

Q) 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.

5.3 Classification of financial assets and financial liabilities

Financial assets to be classified in one of the following categories:

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

Financial liabilities are recognized in two classes :

- 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 entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available.

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.

S. No.	Particulars	Banking	Treasury	Cards	Others	Total
(a)	Revenue from external customers	17,750.25	1,495.03	194.41	480.48	19,920.17
(b)	Intersegment revenues	-	-	-	-	-
(c)	Net Revenue	17,750.25	1,495.03	194.41	480.48	19,920.17
(d)	Interest Revenue			-	-	-
(e)	Interest Expense	12,070.51	43.88			12,114.39
(f)	Net interest revenue	5,988.15	1,451.15	194.41	480.48	7,805.78
(g)	Depreciation and Amortization	329.68				329.68
(h)	Segment profit/(loss)	5350.05	1,451.15	194.41	480.48	7,476.09
(i)	Entity's interest in the profit or loss of associates accounted for using equity method					-
(j)	Other material non-cash items:					-
(k)	Impairment of assets	1,238.57	-	1.27		1,239.84
(l)	Segment assets	173,603.06	36,642.14	93.71	22.99	210,361.90
(m)	Segment liabilities	175,442.88	5,218.34	130.33	2,564.64	183,356.19

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 Mn.

Total revenues for reportable segments	19,439.69
Other revenues	480.48
Elimination of intersegment revenues	-
Banks net revenue from reportable segments	19,920.17

(b) Profit or Loss Amount in Mn.

Total profit or loss for reportable segments	7,476.09
Other profit or loss	-
Elimination of intersegment profits	-
Unallocated amounts:	2,284.82
Other operating expenses	1,239.84
Profit before tax	3,951.43

(c) Assets Amount in Mn.

Total assets for reportable segments	210,338.91
Other assets	-
Unallocated amounts	22.99
Entity's assets	210,361.90

(d) Liabilities Amount in Mn.

Total liabilities for reportable segments	180,791.55
Other Liabilities	-
Unallocated liabilities	2,564.64
Entity's liabilities	183,356.19

(e) 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 Mn.

Revenue	19,920.17
Banking Operation	17,750.25
Treasury	1,495.03
Cards	194.41
Other services	480.48

(f) Information about geographical areas

Revenue from following geographical areas is as follows:

Amount in Mn.

Geographical Areas	Amount
Domestic	19,880.99
Province 1	2,495.62
Province 2	588.56
Province 3	13,597.85
Province 4	1,941.01
Province 5	1,092.28
Province 6	25.81
Province 7	139.86
Foreign	39.17
Total	19,920.17

(g) 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:

Here 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.

Refer Note No. 4.28.1 to 4.28.4 for the detail of contingent liabilities and commitments as at 32nd Ashadh 2079.

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 Companies

S. No.	Particulars	Bank's holding
1	Mero Mirco-finance Bittiya Sanstha Limited	7%
2	Swabhimaan Laghubitta Bittiya Sanstha Limited	14.55%

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 Manager Mr. Sanjeev Manandhar is Chairman of Mero Microfinance Bittiya Sansthan Limited and Deputy Manager Mr. Krishna Prasad Aryal is board director in Swabhimaan Laghubitta Sanstha 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 32nd Ashadh 2079.

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	Mr. Prachanda Man Shrestha	Director
6	Mr. Manoj Paudel	Director
7	Mr. Narayan Das Manandhar	CEO
8	Mr. Sanjeev Manandhar	General Manager
9	Mr. Amrit Charan Shrestha	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 2078/79 are as under:

Particulars	Amount in NPR
Board Meeting Fee	3,030,000
Other Expenses	1,696,302
Total	4,726,302

Total financial benefit provided to Key Management Personnel ie. Chief Executive Officer, General Manager and Deputy General Managers of the bank during FY 2078/79 are presented below:

S. No.	Particulars	Amount
1	Short term employee benefit	51,761,470
2	Post-employment benefit*	Defined contribution plan and benefit plan
3	Other long term employee benefit	-
4	Termination benefits	-
5	Share based payment	-

*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 and accumulated leave encashment which is provisioned as per actuarial valuation or prescribed as per Employee Bylaw of the bank. Gratuity fund is deposited in independent planned assets. Further, all the key management personnel are provided with vehicle facility and mobile facility as per the staff rule of the Bank.

5.8 Merger and acquisition

The bank has not entered into any merger and acquisitions deal during the reporting period.

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:

- At cost or
- In accordance with NFRS 9

Investment in Mero Micro Finance Bittiya Sanstha Ltd and Swabhimaan Laghubitta Bittiya Sanstha Limited 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

Bank monitors and assesses events that may have potential impact to qualify as adjusting and/or non-adjusting events after the end of the reporting period. All adjusting events are adjusted in the books with additional disclosures and non-adjusting material events are disclosed in the notes with possible financial impact, to the extent ascertainable.

Non adjusting Event-Disclosure

There are no material non adjusting events that have occurred subsequent to 32nd Ashadh 2079 till the signing of this financial statement.

Adjusting Event

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.

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 was 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.

S. N.	Particulars	Current Year	Previous Year
i	Loan and Advances at Amortized Cost	158,205,635,880	144,720,686,617
ii	Impairment as per NFRS 39	375,984,121	455,628,139
iii	LLP as per NRB Directive No 2	4,478,973,708	3,239,137,304
iv	Higher of the above (ii & iii)	4,478,973,708	3,239,137,304
Charge to P/L		1,239,836,403	769,296,125

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, Net worth per Share or Net Assets Value 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	81,493,777	353,875,766	272,381,989
Investment in Unlisted Equity	25,683,800	67,168,795	41,484,995
Investment in Mutual Funds	214,141,824	228,638,517	14,496,693
Total	321,319,401	649,683,077	328,363,677
Less: Previous Year's Reserve			281,489,208
Gain from Investment measured at Fair Value through OCI			46,874,469

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 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 2078-79	FY 2077-78
Total AIR on Ashadh end	2,622,078,012	1,349,776,764
Interest recovered as per NRB Directive 4(3)(ka)(a) till 15th Shrawan 2079	901,542,117	292,398,479
Remaining AIR	1,720,535,895	1,057,378,285
AIR calculated but suspended to recognize in Interest Income	282,574,204	229,516,357
AIR recognized as income	1,437,961,690	827,861,928
Income recognized to P/L	610,099,762	72,295,500

Accrued Interest Outstanding as on Ashadh end 2079 which have been recovered from 1st Shrawan to 15th Shrawan 2079 amounting to NPR 901,542,117 has been recognized as interest income by the bank in FY 2078-79. The Amount of NPR 610,099,762 has been recognized as Income in Statement of Profit and Loss and duly transferred to Regulatory Reserve after deducting Employee Bonus and applicable taxes.

5.12.4 Lease

NFRS 16: Leases has come into force on 1 Shrawan 2078 BS (corresponding to 16 July 2021 AD), as adopted by the Institute of Chartered Accountants of Nepal (ICAN). As Nepalese Bank, the Bank applied NFRS 16 Lease for Operating Lease Contracts from being effective from 1 Shrawan 2078 BS (corresponding to 16 July 2021 AD) in its financial statements where the Bank measured the lease liability at the present value of the remaining lease payments, discounted it using the bank's incremental borrowing rate at the date of initial application, and recognized a right-of-use asset at the date of initial application on a lease by lease basis.

Right-of-use assets (ROU)

The Bank recognizes right-of-use assets at the date of initial application of NFRS 16. The ROU asset

is initially measured at cost at the amount of the lease liability plus any initial direct costs incurred by the lessee and depreciated using the straight line methods from the commencement date (from 1 Shrawan 2078 BS corresponding to 16 July 2021 AD) to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

Lease Liability

At the commencement date of lease, the bank recognizes lease liabilities measured at the present value of the lease payments to be made over the lease term using incremental borrowing rate at the date of initial application. Lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments.

Discount Rate

At Initial Recognition, the lease liability is measured at present value of remaining lease payments discounted at incremental borrowing interest rate at 8%.

Short-term lease and leases of low value assets

The Bank has considered lease payment NPR 166,442.80 for lease of space for branch for the period less than 12 months as short term leases for consideration. The Bank recognizes lease payments associated with these lease as an expense.

The impact of the new standard on lessees' financial statements are:

- An increase in recognized assets and liabilities;
- More lease expenses recognized in early periods of lease, and less in the later periods of a lease;
- A shift in lease expense classification from rental expenses to interest expense and depreciation

The detail of Right of Use (ROU) Assets is as follows:

Right Of Use (ROU) Assets	Amount
Cost	
Opening Balance	-
Addition (Initial Recognition)	1,065,874,007
Disposal	(6,556,759)
Closing ROU at Cost	1,059,317,248
Accumulated Depreciation	
Opening	-
Depreciation	147,093,575
Disposal	(6,556,759)
Closing Accumulated Depreciation	140,536,816
Closing WDV (ROU)	918,780,432

The Right of Use (ROU) Assets has been shown as Property Plant and Equipment and further disclosed at Notes 4.13.

The detail of lease liability is as follows:

Lease Liability	Amount
Opening Lease Liability	-
Addition (Initial Recognition)	1,107,253,126
Finance Cost	76,156,684
Payment	(175,909,434)
Closing Lease Liability	1,007,500,376
Current Portion	171,815,970
Non-Current Portion	835,684,406
Total Lease Liability	1,007,500,376

Due to application of NRFS 16 Lease for Operating Lease Contracts, Depreciation on Right of Use (ROU) Assets NPR 147,093,575 has charged as Depreciation and Finance Cost on Lease Liability NPR 76,156,684 as Interest Expenses (Other Charges of Note 4.30) in Profit and Loss Account instead of charging rental expense NPR 175,909,434 as per previous NAS 17 Lease, resulting decrease in Operating Profit by NPR 47,340,825 current FY 2078-79 as follows:

Particular	Amount
Increase in Interest Expense	76,156,684
Decrease in Other Operating Expenses	175,909,434
Increase in Depreciation and Amortization	147,093,575
Decrease in Operating Profit	47,340,825

5.12.5 Business Combination

The Bank had acquired then Kailash Bikas Bank Limited and then Kankai Bikas Bank Limited and applied the explanatory notes issued by ICAN.

Goodwill recognized in connection with acquisition

Particulars	Kailash Bikas Bank Ltd. Acquisition	Kankai Bikas Bank Ltd. Acquisition
No of Equity Instrument of Acquiree	29,239,378	5,150,000
No of Equity Instrument issued	27,485,015	3,682,250
Computation of Goodwill		
A. Consideration Transferred by Acquirer		
(No of equity instrument issued * Fair Value of Equity Instrument of Acquirer as at acquisition date)	4,874,467,467	652,789,280
B. Less Business Value of Acquiree		
(No of Equity Instrument of Acquiree * Fair Value of equity instrument of acquiree as at acquisition date)	4,568,360,418	599,151,000
C. Goodwill (A-B)	306,107,048	53,638,280

The amount of Goodwill as arrived in (C.) above will be carried over to the books. Resulting difference at the date of acquisition after recognition of face value of equity instruments issued has recognized as other components of equity and duly transferred to Regulatory Reserve.

Particulars	Kailash Bikas bank Ltd. Acquisition	Kankai Bikas Bank Ltd. Acquisition
Dr. Identifiable Net Assets at Fair value	2,923,937,800	515,000,000
Dr. Goodwill(as calculated above)	306,107,049	53,638,280
Cr. Share Capital	2,748,501,532	368,225,000
(No of Equity Instrument Issued * Face Value of equity Instrument)		
Cr. Other Component of Equity(Balancing Figure)	481,543,316	200,413,280

Goodwill recognized of NPR. 306,107,049 and NPR. 53,638,280 is transferred to Regulatory Reserve from Other Component of Equity.

Distribution of Swap Ratio Difference

Particulars	Kailash Bikas bank Ltd. Acquisition	Kankai Bikas Bank Ltd. Acquisition
Dr. Other Component of Equity	175,436,268	146,775,000
Cr. Share Capital	175,436,268	146,775,000

Restatement of Financial Statement due to Acquisition

Particulars	2077-78	2077-78 Restated	Remarks
Assets			
Cash and Cash Equivalents	7,864,971,018	7,864,971,018	-
Due from Nepal Rastra Bank	10,497,986,812	10,497,986,812	-
Placement with Bank and Financial Institutions	4,766,883,849	4,766,883,849	-
Derivative Financial Instruments	-	-	-
Other Trading Assets	-	-	-
Loans and Advances to B/FIs	6,097,765,504	6,097,765,504	-
Loans and Advances to Customers	135,383,783,808	135,383,783,808	-
Investment Securities	23,426,854,321	23,426,854,321	-
Current Tax Assets	288,058,641	288,058,641	-
Investment in Subsidiaries	-	-	-
Investment in Associates	46,023,000	46,023,000	-
Investment Property	365,775,958	365,775,958	-
Property and Equipment	1,048,084,951	1,048,084,951	-
Goodwill and Intangible Assets	22,773,971	382,519,299	Goodwill of Rs 359,745,328 due to Acquisition
Deferred Tax Assets	34,938,030	34,938,030	-
Other Assets	693,318,870	693,318,870	-
Total Assets	190,537,218,732	190,896,964,060	

Particulars	2077-78	2077-78 Restated	Remarks
Liabilities			
Due to Bank and Financial Institutions	6,042,373,556	6,042,373,556	-
Due to Nepal Rastra Bank	2,360,808,929	2,360,808,929	-
Derivative Financial Instruments	-	-	-
Deposits from Customers	154,139,514,074	154,139,514,074	-
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred Tax Liabilities	-	-	-
Other Liabilities	1,612,039,976	1,612,039,976	-
Debt Securities Issued	2,440,968,911	2,440,968,911	-
Subordinated Liabilities	-	-	-
Total Liabilities	166,595,705,446	166,595,705,446	
Equity			
Share Capital	16,083,036,900	16,083,036,900	-
Share Premium	-	-	-
Retained Earnings	2,719,161,524	2,719,161,524	-
Reserves	5,139,314,861	5,499,060,190	Adjustment of NPR 359,745,328 Goodwill due to acquisition
Total Equity Attributable to Equity Holders	23,941,513,286	24,301,258,614	
Non-Controlling Interest	-	-	
Total Equity	23,941,513,286	24,301,258,614	
Total Liabilities and Equity	190,537,218,732	190,896,964,060	

Impairment Test of Goodwill

The goodwill resulting from a business combination is tested for impairment in accordance with the provision of NAS 36 Impairment of Assets. During the years ended July 16, 2022, the bank did not record any significant impairment charges with respect to goodwill.

5.12.6 Transfers in Regulatory Reserve

As per the NRB Directive no 4 clause 3(kha)(ka), 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.

5.12.7 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:

A) 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 NPR 557,467,269 from its Retained Earnings to General Reserve Fund.

B) 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 NPR 481,102 as Exchange Equalization Reserve from its Retained Earnings in current year.

C) Corporate Social Responsibility Reserve

As per NRB Directive 6/077, 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	33,819,226	25,087,849
Add: Adjustments	400	-
Total Opening Fund	33,819,626	25,087,849
Less: Expenses in current year	(9,736,286)	(23,952,630)
Fund created during the year	27,873,363	32,684,007
Remaining Fund	51,956,704	33,819,226

D) Employee Training and Development Reserve

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

Particulars	Current Year	Previous Year
Total Opening Fund	3,952,605	3,952,605
Fund created during the year	15,405,820	-
Remaining Fund	19,358,425	3,952,605

E) Investment Adjustment Reserve

Investment Adjustment Reserve is to be created as per the regulatory requirement of NRB Directive no 8. During the year there was no such provision to be made.

Particulars	Amount
Prabhu Capital Ltd. Promoter Share	1,500,000
Annapurna Developers	2,000,000
Total Opening Balance	3,500,000
Add: During the period	-
Total Fund	3,500,000

F) Fair Value Reserve

During this year, fair value gain of NPR 46,874,469 has been recognized where by net amount of NPR 32,812,128 has been transferred to reserve from Retained Earnings.

G) Actuarial Gain/Loss

During this year, actuarial loss of NPR 20,238,130 has been recognized in Other Comprehensive Income and transferred net amount to Reserve of NPR 14,166,691 from Retained Earnings.

Particulars	Previous Year	FY 2078-79	Total
Cumulative Actuary (Gain)/Loss	(33,741,030)	20,238,130	(13,502,900)
Net of Tax	(23,618,721)	14,166,691	9,452,030

H) Debenture Redemption Reserve

During this year, the bank has issued Subordinated Debt as “10% Prime Debenture 2088” of NPR 1,741,884,000 and 10.15% Prime Debenture 2084 of NPR 5,000,000,000. The bank has not created debenture redemption reserve as per the NRB Directive 2078/16/5/2(kha) where the bank has opted to issue the debenture as Resource mobilization purpose.

S. No.	Particular	Term in Years	Issued Date	Maturity Date	Subscribed amount in NPR
1	8.75% Debenture 2085	8	2077/12/26	2085/12/25	2,447,963,000
2	10 % Debenture 2088	10	2079/01/13	2089/01/12	1,741,884,000
3	10.15% Debenture 2084	5	2079/03/23	2084/03/22	5,000,000,000

I) Regulatory Reserve

The details of regulatory reserve as on Ashadh 2079 is shown in below mentioned table

Particular	Interest Receivable	Short Provision on NBA	Deferred Tax Assets	Others	Regulatory Reserve
FY 2076-77	544,863,330	318,534,161	11,946,088	-	875,343,578
Transfer to Regulatory Reserve					
<i>Against Deferred Tax</i>	-	-	22,991,943	-	22,991,943
<i>Against Interest Receivable</i>	45,546,165	-	-	-	45,546,165
<i>Against Goodwill from acquisition</i>	-	-	-	359,745,328	359,745,328
Transfer from Regulatory Reserve					
<i>Against NBA</i>	-	(82,349,834)	-	-	(82,349,834)
Balance at Ashadh 31, 2078	590,409,495	236,184,326	34,938,030	359,745,328	1,221,277,179
Transfer to Regulatory Reserve					
<i>Against NBA</i>	-	97,598,053	-	-	97,598,053
<i>Against Deferred Tax</i>	-	-	88,229,672	-	88,229,672
<i>Against Actuary Loss Reserve</i>	-	-	-	-	-
<i>Against Interest Receivable</i>	315,506,370	-	-	-	315,506,370
Balance at Ashadh 32, 2079	905,915,865	333,782,379	123,167,702	359,745,328	1,722,611,274

5.12.8 COVID Impact during the year

A several waves of COVID-19 has been hit hard and affected loan recovery resulting delinquent loan account in large scale. Beyond the obvious health concerns the spread of corona virus presents major challenges for many of the borrowers have faced several hardships to meet the loan commitment of the bank. Central bank has also assisted the stabilization of the financial market by issuing several circulars/directives for providing relaxation to the borrowers such as lower interest rate, working capital funding and etc. The bank has complied with the notices, circulars and directives of Nepal Rastra Bank to mitigate the COVID impact in the economy.

(a) Status of NRB Forbearance COVID Related

Particulars	As of Ashadh End 2079	
	No of Customers	Amount
Enhancement of Working Capital Loan by 20% (Unified Directive 2078/2/36/6)	180	417,853,785
Extension for repayment of Principal and Interest up to one year (Restaurant, Party palace, etc.) (Unified Directive 2078/2/44/4)	469	2,794,414,847
Extension for repayment of Principal and Interest up to two years (Hotels, Travels, Trekking, etc.) (Unified Directive 2078/2/44/5)	81	2,410,927,676
Extension of moratorium period (Unified Directive 2078/2/7/kha)	1	53,366,636
Extension of repayment by reducing installment (Unified Directive 2078/2/46)	714	7,274,691,542
Restructured/Rescheduled Loan with 5% LLP (Unified Directive 2078/2/8/4)	1,162	2,259,349,120
TOTAL	2,607	15,210,603,607

(b) Refinance and Business Continuity Loan as on Ashadh 2079

Particulars	Count	Approved amount	Disbursed amount
Refinance Loan	365	3,056,140,870	3,056,140,870
Business Continuity Loan	-	-	-

(c) Subsidized Loan as on Ashadh 2079

Particulars	No. of Total Loan	Approved Credit	Total Outstanding Amount
Subsidized Loan	4,348	11,695,749,419	10,091,842,157

5.12.9 Proposed Dividend

The Board of Directors has proposed dividend of 8.95% (4% Bonus Share NPR 746,252,912.00 and 4.95% cash dividend NPR 923,487,979.00) on the existing paid up capital NPR 18,656,322,804 of the bank amounting NPR 1,669,740,891.00 to all the shareholders vide 456th Board Meeting date 15th December 2022 which shall be approved by the upcoming Annual General Meeting. The dividend shall be distributed to the shareholders as on book close date. Upon approval from AGM the paid up capital of the bank will reach to NPR 19,402,575,716.

Prime Commercial Bank Limited

List of shareholders holding 0.5% and above shares

For the year ended 32 Ashadh 2079 (July 16, 2022)

S. No.	Name	Total Shareholding	Percentage
1	Umesh Shrestha	5,050,483	2.71
2	Nirmal Pradhan	2,711,847	1.45
3	Vinod Chandra Varal	2,561,472	1.37
4	Krishna Puri	1,920,282	1.03
5	Bikram Pandey	1,615,374	0.87
6	Sushila Mittal	1,357,223	0.73
7	Sweta Maskey Shrestha	1,322,498	0.71
8	Sundar Narayan Joshi	1,322,485	0.71
9	Shailaja Bajracharya	1,309,268	0.70
10	Shyam Bahadur Shrestha	1,309,267	0.70
11	Narendra Bajracharya	1,269,597	0.68
12	Manohar Das Mool	1,256,367	0.67
13	Sanendra Bajracharya	1,256,366	0.67
14	Anjalee Pradhan	1,256,075	0.67
15	Mahesh Raj Karnikar	1,038,386	0.56
16	Tejendra Man Malla	1,015,173	0.54
17	Naresh Lal Shrestha	991,387	0.53
18	Mahendra Ratna Shakya	963,823	0.52
19	Rajesh Shrestha	960,971	0.52
20	Santosh Narayan Shrestha	935,790	0.50

Prime Commercial Bank Limited

List of Promoter Share Pledged

For the year ended 32 Ashadh 2079 (July 16, 2022)

S. No.	Promoter's name	Held Shares	Pledged Shares	Free Balance Share	S. No.	Promoter's name	Held Shares	Pledged Shares	Free Balance Share
1	Srijana Pandey	48,314	35,903	12,411	48	Anil Shrestha	72,489	62,487	10,002
2	Kamala Shrestha	416,603	416,603	-	49	Durga Prasai	127,218	127,218	-
3	Laxman Thapa	96,651	58,352	38,299	50	Hari Bimali	169,415	146,048	23,367
4	Birendra Bajracharya	372,269	23,099	349,170	51	Narayan Paudel	352,986	304,299	48,687
5	Bijay Rajbhandari	161,351	63,643	97,708	52	Madhav Parajuli	94,115	32,800	61,315
6	Pramila Pandey	193,303	193,303	-	53	Man Budhathoki	209,866	55,965	153,901
7	Rajuram Silwal	144,981	26,969	118,012	54	Ratnakaji Maharjan	96,651	83,320	13,331
8	Basant Karanjit	11,438	7,000	4,438	55	Prakash Karki	18,267	15,748	2,519
9	Saroj Pandey	96,651	83,320	13,331	56	Surya Sahu Teli	45,665	39,367	6,298
10	Ang Sherpa	379,767	240,000	139,767	57	Mukti Bhattarai	200,586	149,068	51,518
11	Sunil Shrestha	96,657	96,657	-	58	Krishna Adhikari	12,801	11,035	1,766
12	Dinesh Shrestha	96,631	86,631	10,000	59	Indra Shrestha	27,592	27,592	-
13	Janak Shrestha	11,438	8,575	2,863	60	Guna Adhikari	114,161	85,579	28,582
14	Malati Bajracharya	83,324	25,426	57,898	61	Sunita Shrestha	166,955	128,773	38,182
15	Sanendra Bajracharya	918,203	917,554	649	62	Ramesh Agrawal	85,531	62,000	23,531
16	Subash Shrestha	36,719	36,719	-	63	Kalpna Joshi	4,013	3,460	553
17	Roshan Shrestha	22,735	22,735	-	64	Jayandra Chudal	154,971	133,060	21,911
18	Kalpna Nepal	4,013	388	3,625	65	Dinesh Shrestha	96,650	83,319	13,331
19	Rajan Pokharel	45,665	39,367	6,298	66	Hem Sharma	8,031	5,969	2,062
20	Usha Bhusal	10,688	10,688	-	67	Jyoti Bastola	4,013	3,460	553
21	Basanta Paudel	84,481	72,829	11,652	68	Hari Baral	678,268	450,608	227,660
22	Ganesh Shrestha	11,465	9,884	1,581	69	Laxman Bhandari	27,050	27,050	-
23	Sabita Agrawal	152,113	84,527	67,586	70	Sumit Shrestha	117,171	101,010	16,161
24	Uma Shah	34,878	29,737	5,141	71	Sulochana Shrestha	122,813	100,000	22,813
25	Govinda Gadtaula	2,320	2,000	320	72	Rajani Baidhya Pradhan	13,390	11,670	1,720
26	Deepak Shrestha	124,420	92,459	31,961	73	Navin Baidya	5,331	5,331	-
27	Chandra Tuladhar	69,026	69,026	-	74	Rajesh Shrestha	944,571	944,286	285
28	Dipak Tuladhar	88,164	74,623	13,541	75	Pramila Maharjan	103,690	103,690	-
29	Bhupendra Pradhan	362,532	248,400	114,132	76	Kumar Khatri Poudel	96,651	83,320	13,331
30	Sony Pradhan	241,626	208,298	33,328	77	Min Shrestha	296,672	253,624	43,048
31	Rupak Pradhan	96,651	83,320	13,331	78	Rajani Pradhan	99,198	99,198	-
32	Fadindra Acharya	26,628	22,955	3,673	79	Anil Sharma	160,119	138,000	22,119
33	Suresh Vaidya	183,261	183,261	-	80	Navin Vaidya	72,879	72,879	-
34	Ananda Shrestha	96,651	83,320	13,331	81	Manoj Shrestha	71,033	61,233	9,800
35	Purushottam Manandhar	150,088	60,000	90,088	82	Jayendra Shrestha	338,279	338,279	-
36	Thakur Paudel	48,315	41,651	6,664	83	Rojena Shrestha (Shaha)	338,279	318,279	20,000
37	Kiran Ghimire	2,403	2,007	396	84	Janani Pradhan (Shrestha)	210,095	210,095	-
38	Bandana Thapaliya	241,629	24,767	216,862	85	Raj Rai	36,654	31,599	5,055
39	Usha Thapa Silwal	241,629	156,148	85,481	86	Lila Baniya	95,821	82,605	13,216
40	Satish Shrestha	96,651	71,828	24,823	87	Khushboo Shrestha	338,281	291,618	46,663
41	Jip Lama	483,260	416,604	66,656	88	Tejendra Malla	993,668	450,000	543,668
42	Bidya Shakya	96,651	67,000	29,651	89	Kamal Shrestha	40,600	30,000	10,600
43	Chanda Shahi Khadgi	193,303	166,641	26,662	90	Captive Investment Company Pvt.Ltd .	212,517	183,205	29,312
44	Dipak Sigdel	36,585	31,539	5,046	91	Sushma Rathi	115,880	43,000	72,880
45	Raju Shrestha	913,541	913,541	-	92	Adya Subedi	24,521	24,521	-
46	Gopal Agrawal	55,836	48,135	7,701	93	Gita Subedi	94,616	81,566	13,050
47	Subash Bhattarai	323,830	275,752	48,078	94	Ritesh Agarwal (Saraf)	309,376	90,000	219,376

S. No.	Promoter's name	Held Shares	Pledged Shares	Free Balance Share
95	Tej Prasai	17,016	17,016	-
96	Madan Shrestha	109,520	40,020	69,500
97	Kishor Thapa	8,447	7,282	1,165
98	Jagan Gurung	96,651	96,651	-
99	Ashok Baidya	96,651	83,319	13,332
100	Jeewan Agrawal	96,647	77,792	18,855
101	Hemanta Nahata	111,405	96,039	15,366
102	Vikas Dugar	614,505	614,505	-
103	Vinay Todi	83,681	72,139	11,542
104	Anita Saunthalia	227,194	146,740	80,454
105	Suresh Kumar Agrawal	201,149	170,285	30,864
106	Sabita Agrawal	19,776	16,057	3,719
107	Keshab Basnet	15,685	13,517	2,168
108	Sudhir Kumar Palanchoke	4,013	3,460	553
109	Basanta Pant	9,922	8,553	1,369
110	Surya Subedi	96,904	83,538	13,366
111	Chandra Saud	119,660	119,660	-
112	Parshuram Kunwar Chhetri	273,667	235,920	37,747
113	Ram Shrestha	64,573	64,498	75
114	Sushil Ojha	26,757	13,617	13,140
115	Roshan Shrestha	118,473	118,473	-
116	Subash Shrestha	638,697	550,601	88,096
117	Sunil Parajuli	41,053	41,053	-
118	Ganesh Shrestha	10,250	8,837	1,413
119	Diwas Rai	77,121	65,288	11,833
120	Suraj Sangachhe	96,651	83,320	13,331
121	Chudamani Chaulagain	122,356	105,480	16,876
122	Satish Chand Shrestha	189,847	189,847	-
123	Rameshor Shrestha	48,315	41,651	6,664
124	Dharma Balla	273,668	205,149	68,519
125	Arjun Joshi	96,651	83,320	13,331

S. No.	Promoter's name	Held Shares	Pledged Shares	Free Balance Share
126	Pramod Agrawal	68,797	68,797	-
127	Sharad Chenka	712,511	539,511	173,000
128	Gyanendra Manandhar	48,315	41,644	6,671
129	Uddhav Rijal	82,652	71,252	11,400
130	Shambhu Sah	4,014	3,461	553
131	Bidhya Sharma Luitel	39,314	39,314	-
132	Uma Baral	36,587	27,427	9,160
133	Vinod Varal	1,935,523	800,000	1,135,523
134	Shiva Sharma	38,285	33,005	5,280
135	Ram Thapa	177,659	130,659	47,000
136	Devendra Joshi	36,587	31,349	5,238
137	Bayan Godar	28,105	24,227	3,878
138	Premal Shrestha	42,039	42,039	-
139	Ram Koirala	36,587	31,541	5,046
140	Bhogendra Gurung	38,282	38,282	-
141	Damu Adhikari	18,290	15,761	2,529
142	Arjun Shrestha	54,727	54,679	48
143	Mahesh Basnet	4,049	2,901	1,148
144	Ganesh Sharma	36,585	29,601	6,984
145	Bishnu Subedi	143,866	1,289	142,577
146	Gandhi Pandit	39,495	29,607	9,888
147	Bharat Thapa	96,556	83,238	13,318
148	Rajesh Shrestha	32,962	24,496	8,466
149	Bijaya Sainju	48,320	41,656	6,664
150	Anju Sharma	341,733	294,598	47,135
151	Nabin Gauli	24,618	24,618	-
152	Anjalee Pradhan	905,537	905,537	-
153	Krishna Pradhan	56,626	56,626	-
154	Shyam Shrestha	956,866	585,000	371,866
155	Sumir Rimal	96,655	72,456	24,199
156	Roshan Shrestha	698,846	698,846	-

Prime Commercial Bank Limited

Statement of Financial Position

Interim Financial Results (Quarterly)

As on 32 Ashadh 2079 (July 16, 2022)

Particulars	This Quarter Ending	Immediate Previous Year audited
Assets		
Cash and Cash Equivalents	11,620,911,866	7,864,971,018
Due from Nepal Rastra Bank	8,860,332,435	10,497,986,812
Placement with Bank and Financial Institutions	144,901,159	4,766,883,849
Derivative Financial Instruments	-	-
Other Trading Assets	-	-
Loans and Advances to B/FIs	6,672,760,600	6,097,765,504
Loans and Advances to Customers	148,166,954,677	135,383,783,808
Investment Securities	31,402,844,583	23,426,854,321
Current Tax Assets	270,548,065	288,058,641
Investment in Subsidiaries	-	-
Investment in Associates	46,023,000	46,023,000
Investment Property	536,542,044	365,775,958
Property and Equipment	1,053,917,325	1,048,084,951
Goodwill and Intangible Assets	19,794,501	22,773,971
Deferred Tax Assets	94,806,436	34,938,030
Other Assets	845,575,292	693,318,870
Total Assets	209,735,911,984	190,537,218,732
Liabilities		
Due to Bank and Financial Institutions	6,096,829,391	6,042,373,556
Due to Nepal Rastra Bank	4,556,140,870	2,360,808,929
Derivative Financial Instruments	-	-
Deposits from Customers	160,203,350,799	154,139,514,074
Borrowing	-	-
Current Tax Liabilities	-	-
Provisions	-	-
Deferred Tax Liabilities	-	-
Other Liabilities	2,180,045,807	1,612,039,976
Debt Securities Issued	9,145,519,492	2,440,968,911
Subordinated Liabilities	-	-
Total Liabilities	182,181,886,359	166,595,705,446
Equity		
Share Capital	18,656,322,804	16,083,036,900
Share Premium	-	-
Retained Earnings	2,390,747,434	2,719,161,525
Reserves	6,506,955,386	5,139,314,861
Total Equity Attributable to Equity Holders	27,554,025,624	23,941,513,286
Non-Controlling Interest	-	-
Total Equity	27,554,025,624	23,941,513,286
Total Liabilities and Equity	209,735,911,984	190,537,218,732
Contingent Liabilities and Commitments	-	-
Net Assets Value per share	147.69	148.86

Prime Commercial Bank Limited

Statement of Profit and Loss

Interim Financial Results (Quarterly)

For the year ended 32 Ashadh 2079 (July 16, 2022)

(NPR)

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Interest Income	5,391,175,792	18,516,923,982	3,737,420,278	14,009,655,970
Interest Expense	3,546,875,421	12,037,486,695	2,194,950,928	8,060,765,419
Net Interest Income	1,844,300,371	6,479,437,287	1,542,469,350	5,948,890,550
Fee and Commission Income	220,016,491	1,155,641,903	314,047,359	1,408,058,182
Fee and Commission Expense	55,224,612	142,548,201	46,964,310	105,269,669
Net Fee and Commission Income	164,791,879	1,013,093,702	267,083,050	1,302,788,513
Net Interest, Fee and Commission Income	2,009,092,250	7,492,530,989	1,809,552,400	7,251,679,063
Net Trading Income	45,512,969	231,163,380	104,142,076	321,266,753
Other Operating Income	37,465,206	234,742,619	91,134,993	269,718,604
Total Operating Income	2,092,070,425	7,958,436,988	2,004,829,468	7,842,664,420
Impairment Charge/ (Reversal) for Loans and Other Losses	88,110,688	188,282,704	702,608,438	769,296,125
Net Operating Income	2,003,959,736	7,770,154,284	1,302,221,030	7,073,368,295
Operating Expense				
Personnel Expenses	434,224,317	1,704,954,668	406,541,222	1,591,342,525
Other Operating Expenses	185,596,394	644,985,803	196,282,258	612,310,804
Depreciation & Amortization	47,067,685	183,256,967	48,020,093	184,381,124
Operating Profit	1,337,071,340	5,236,956,846	651,377,457	4,685,333,842
Non-Operating Income	-	-	-	-
Non-Operating Expense	-	-	-	-
Profit Before Income Tax	1,337,071,340	5,236,956,846	651,377,457	4,685,333,842
Income Tax Expense				
Current Tax	451,790,261	1,629,655,570	286,327,150	1,502,607,145
Deferred Tax	(73,930,747)	(73,930,747)	(85,673,990)	(85,673,990)
Profit for the Year	959,211,826	3,681,232,023	450,724,297	3,268,400,687
Condensed Statement of Comprehensive Income				
Profit/(Loss) for the period	959,211,826	3,681,232,023	450,724,297	3,268,400,687
Other Comprehensive Income	(12,148,535)	32,812,128	29,552,387	146,258,110
Total Comprehensive Income	947,063,291	3,714,044,151	480,276,684	3,414,658,798
Earnings per Share				
Basic Earnings per Share		19.73		20.32
Diluted Earnings per Share		19.73		20.32
Profit Attributable to:				
Equity-holders of the Bank	959,211,826	3,681,232,023	450,724,297	3,268,400,687
Non-Controlling Interest	-	-	-	-
Profit for the Year	959,211,826	3,681,232,023	450,724,297	3,268,400,687

Prime Commercial Bank Limited

Ratios as per NRB Directives

Interim Financial Results (Quarterly)

For the year ended 32 Ashadh 2079 (July 16, 2022)

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Capital Fund to RWA		13.33%		14.82%
Non-Performing Loan (NPL) to total Loan		1.40%		0.98%
Total Loan Loss Provision to Total NPL		158.39%		230.58%
Cost of Funds		8.31%		5.74%
Credit to Deposit Ratio		87.20%		79.60%
Base Rate		9.99%		7.21%
Interest Rate Spread (as per NRB directive)		4.37%		4.09%
Return on Equity (Annualized)		13.36%		13.65%
Return on Assets (Annualized)		1.76%		1.72%
Earnings Per Share		19.73		20.32

Notes to Interim Financial Statements

1. Previous period figures are regrouped/restated wherever necessary.
2. Loan and Advances include interest receivables, staff loan and are presented net of impairment charges.
3. Equity Investment and Mutual Fund are categorized as available for sale and are measured at fair value through OCI.
4. Provision for Defined Benefit Obligation has been made as per projection of Actuary Valuation of previous year.
5. CD ratio has been calculated as per Provision of NRB Directive 2078(5)(6)(6).
6. Above figures are subject to change upon otherwise instructions of Statutory Auditor and/or Regulatory Authorities.
7. The detail interim financial report has been published in the Bank's website: www.primebank.com.np.

Prime Commercial Bank Limited

Comparison of Unaudited and Audited Financial Statements

As on 32 Ashadh 2079 (July 16, 2022)

(NPR "000")

Statement of Financial Position	Unaudited	Audited	Variance Amount	Variance %	Remarks
Assets					
Cash and Cash Equivalents	11,620,912	11,620,912	-	-	
Due from Nepal Rastra Bank	8,860,332	8,860,332	-	-	
Placement with BFIs	144,901	144,901	-	-	
Derivative Financial Instruments	-	-	-	-	
Other Trading Assets	-	-	-	-	
Loans and Advances to B/FIs	6,672,761	6,672,761	-	-	
Loans and Advances to Customers	148,166,955	147,053,902	(1,113,053)	(0.75)	Changes in Loan Loss Provision
Investment Securities	31,402,845	31,402,845	-	-	
Current Tax Assets	270,548	640,047	369,499	136.57	Finalization of tax figure after adjustments
Investment in Subsidiaries	-	-	-	-	
Investment in Associates	46,023	46,023	-	-	
Investment Property	536,542	529,813	(6,729)	(1.25)	Adjustment of fair value in subsequent measurement of Investment Property
Property and Equipment	1,053,917	1,973,693	919,775	87.27	Adjustment of Finance Lease shown in ROU Assets
Goodwill and Intangible Assets	19,795	379,540	359,745	1,817.40	Adjustment of Goodwill arisen through Business Combination restated from previous year
Deferred Tax Assets	94,806	123,168	28,361	29.91	Finalization of deferred tax after statutory audit
Other Assets	845,575	913,960	68,384	8.09	Regrouping and reclassification of assets
Total Assets	209,735,912	210,361,895	625,983		
Liabilities					
Due to BFIs	6,096,829	6,096,829	-	-	
Due to Nepal Rastra Bank	4,556,141	4,556,141	-	-	
Derivative Financial Instruments	-	-	-	-	
Deposits from Customers	160,203,351	160,203,351	-	-	
Borrowing	-	-	-	-	
Current Tax Liabilities	-	-	-	-	
Provisions	-	-	-	-	
Deferred Tax Liabilities	-	-	-	-	
Other Liabilities	2,180,046	3,354,346	1,174,300	53.87	Changes after actuarial valuation for Defined Benefit Plan and Finance Lease
Debt Securities Issued	9,145,519	9,145,519	-	-	
Subordinated Liabilities	-	-	-	-	
Total Liabilities	182,181,886	183,356,187	1,174,300		
Equity					
Share Capital	18,656,323	18,656,323	-	-	
Share Premium	-	-	-	-	
Retained Earnings	2,390,747	1,738,854	(651,893)	(27.27)	Change in profit after statutory audit
Reserves	6,506,955	6,610,531	103,576	1.59	Change in profit after statutory audit and other regulatory adjustments
Total Liabilities and Equity	209,735,912	210,361,895	625,983		

Prime Commercial Bank Limited

Comparison of Unaudited and Audited Financial Statements

For the year ended 32 Ashadh 2079 (July 16, 2022)

(NPR "000")

Statement of Profit and Loss	Unaudited	Audited	Variance Amount	Variance %	Remarks
Interest Income	18,516,924	18,301,357	(215,567)	(1.16)	Adjustment of Deferred Employee Expenditure and Interest Income Reversal
Interest Expense	12,037,487	12,114,391	76,904	0.64	Interest expense charge of Operating Lease
Net Interest Income	6,479,437	6,186,966	(292,472)		
Fee and Commission Income	1,155,642	1,230,738	75,096	6.50	Restated income head with Other Operating Income
Fee and Commission Expense	142,548	142,548	-	-	
Net Fee and Commission Income	1,013,094	1,088,190	75,096		
Net Interest, Fee and Commission Income	7,492,531	7,275,156	(217,375)		
Net Trading Income	231,163	231,163	-	-	
Other Operating Income	234,743	156,908	(77,835)	(33.16)	Adjustment of income head with Fees and Commission Income
Total Operating Income	7,958,437	7,663,227	(295,210)		
Impairment Charge/ (Reversal) for Loans and Other Losses	188,283	1,239,836	1,051,554	558.50	Change in Loan Loss Provision after Statutory and Regulatory adjustments
Net Operating Income	7,770,154	6,423,391	(1,346,764)		
Operating Expense	-	-	-	-	
Personnel Expenses	1,704,955	1,670,363	(34,592)	(2.03)	Due to increase in personnel expenses after Balance Sheet date
Other Operating Expenses	644,986	471,910	(173,076)	(26.83)	Adjustment of depreciation expenses of Operating Lease
Depreciation & Amortization	183,257	329,684	146,427	79.90	
Operating Profit	5,236,957	3,951,434	(1,285,523)		
Non-Operating Income	-	-	-	-	
Non-Operating Expense	-	-	-	-	
Profit Before Income Tax	5,236,957	3,951,434	(1,285,523)		
Income Tax Expense					
Current Tax	1,629,656	1,260,318	(369,337)	(22.66)	Recalculation of tax as per Income Tax Act 2058 after statutory audit.
Deferred Tax	(73,931)	(96,221)	(22,290)	30.15	
Profit for the Year	3,681,232	2,787,336	(893,896)		

नेपाल राष्ट्र बैंकबाट जारी एकीकृत निर्देशिका २०७८ को निर्देशन नं २० बुंदा नं ८ सँग सम्बन्धी विवरण

सेवाग्राहीलाई पर्ने असुविधा तथा सर्वसाधारणको गुनासो सुनुवाई गर्न यस बैंकले "सूचना तथा गुनासो सुनुवाई डेस्क" स्थापना गरी सेवाग्राही तथा सर्वसाधारणको गुनासो सुनुवाई गर्दै आएको छ । सेवाग्राही तथा सर्वसाधारणको गुनासो सुनुवाईका लागि बैंकले विभिन्न माध्यमहरूको व्यवस्था गरी गुनासो सुनुवाई गरि रहेको छ । यस बैंकले गुनासोहरूको सुनुवाईको लागि निम्न व्यवस्था गरेको छ :

वेबसाईट : <https://www.primebank.com.np/grievance/user/index>
 ईमेल : info@primebank.com.np

बैंकको गुनासो सुन्ने अधिकारीको विवरण बैंकको वेबसाईट तथा बैंकका शाखा कार्यालयहरूमा राखिएको छ । गुनासो सुन्ने अधिकारीको विवरण देहाय वमोजिम रहेको छ ।

नाम : श्री प्रशान्त राज डंगोल
 पद : सहायक महाप्रबन्धक
 फोन नम्बर : ०१-४४२३२९५
 EXT : २९६५
 मोबाईल नम्बर : ९७७ -९८५१०९१६०२

आ. व. २०७८/७९ मा सेवाग्राही तथा सर्वसाधारणबाट प्राप्त भएको गुनासोहरूको विवरण

सेवाग्राही तथा सर्वसाधारणको गुनासो सुनुवाईका लागि बैंकले व्यवस्था गरेको विभिन्न माध्यमहरूबाट आ.व. २०७८/७९ मा ग्राहकबाट प्राप्त भएको गुनासा १०० वटा रहेकोमा १०० वटै गुनासो सुनुवाई भइसकेको छ ।

Prime Commercial Bank Limited

Principal Indicators

For the year ended 32 Ashadh 2079 (July 16, 2022)

S. No	Particulars	Unit	Fiscal Year				
			2078/79 (NFRS)	2077/78 (NFRS)	2076/77 (NFRS)	2075/76 (NFRS)	2074/75 (NFRS)
1	Net Profit/Total Income	Percent	13.99	20.42	16.72	20.18	18.01
2	Earnings Per Share	NPR.	14.94	20.32	16.10	23.60	21.49
3	Market Value Per Share	NPR.	265	479	255	278	287
4	Price Earnings Ratio	Ratio	17.74	23.57	15.84	11.78	13.36
5	Dividend in Share Capital (Including Bonus)	Percent	4.00	16.00	15.00	16.00	16.00
6	Cash Dividend in Share Capital	Percent	4.95	0.63	-	-	-
7	Interest Income/Loan and Ad-vances	Percent	10.79	9.17	10.05	12.16	11.51
8	Staff Expenses/ Total Operating Expenses	Percent	60.57	57.34	52.05	55.49	52.96
9	Interest Expenses in Total De-posit	Percent	7.28	5.03	5.85	7.23	7.25
10	FX Fluctuation Gain/ Total In-come	Percent	1.17	2.02	2.01	2.18	1.93
11	Staff Bonus/Total Staff Ex-penses	Percent	26.28	32.71	33.20	39.39	38.75
12	Net Profit/Loan and Advances	Percent	1.76	2.29	1.95	2.86	2.43
13	Net Profit/Total Assets	Percent	1.33	1.72	1.48	2.15	1.82
14	Total Loan/Deposits	Percent	93.65	89.23	88.97	89.15	87.53
15	Total Operating Expenses/Total Assets	Percent	1.18	1.25	1.16	1.29	1.03
16	Capital Adequacy Ratio:						
	A. Core Capital	Percent	11.87	12.28	12.83	11.97	11.43
	B. Supplementary Capital	Percent	1.25	2.54	1.01	0.80	0.80
	C. Total Capital Fund	Percent	13.12	14.82	13.84	12.76	12.24
17	Liquidity (CRR)	Percent	5.51	7.18	7.25	9.83	11.42
18	Non-performing Loan/Total Loan (as per NRB)	Percent	1.77	0.99	1.48	1.00	0.85
19	Weighted Average Interest Rate Spread	Percent	4.37	4.09	4.22	4.32	4.23
20	Book Net worth	NPR.	144.75	148.86	146.78	143.84	139.52
21	Total Share of PCBL	Number	186,563,228	160,830,369	139,852,495	93,186,267	80,332,989
22	Total Staff	Number	1600	1548	1469	725	691
23	Base Rate	Percent	9.99	7.21	8.62	10.03	10.47
24	No of Branches (including EC)	Number	187	192	184	73	64
25	No of ATM	Number	108	107	106	46	36



नेपाल राष्ट्र बैंक

बैंक सुपरिवेक्षण विभाग

प.सं.बै.सु.वि./अफसाइट/एजिएम/१४४/२०७९-८०

दरबारमार्ग, काठमाडौं।

फोन नं.: ४४१९८०४,७

फ्याक्स नं.: ४४१०१४९

Site: www.nrb.org.np

Email: bsd@nrb.org.np

पोस्ट बक्स:७३

मिति: २०७९/०९/०६

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 बैंकको प्रस्ताव बमोजिम सञ्चित मुनाफा रु.१,७३,८८,४४,३९२।- बाट बैंकको २०७९ असार मसान्तमा कायम चुक्ता पूँजीको ४ प्रतिशतले हुन आउने रु.७४,६२,४२,९९२।- (अक्षरेपि चौहत्तर करोड बैसठ्ठी लाख बाउन्न हजार नौ सय बाह्र) बराबरको बोनस सेयर र ४.९५ प्रतिशतले हुन आउने रु.९२,३४,८७,९७९।- (अक्षरेपि बयानबन्धे करोड चौतीस लाख सतासी हजार नौ सय उनान्अस्सी) नगद लाभांश (बोनस सेयर र नगद लाभांशमा लाग्ने कर समेत) गरी कुल रु.१,६६,९७,४०,८९१।- (अक्षरेपि एक अर्ब छैसठ्ठी करोड सन्तानबन्धे लाख चालिस हजार आठ सय एकानबन्धे मात्र) अन्य प्रचलित कानूनी व्यवस्थाको समेत पालना गर्ने गरी वार्षिक साधारण सभाबाट स्वीकृत भएको अवस्थामा मात्रै वितरण गर्न स्वीकृतिका साथै आ.व. २०७८/७९ 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 गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिने आवश्यक 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 विक्री 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 तथा नगद लाभांश वितरण रोक्का राख्ने व्यवस्था मिलाउनुहुन।
- यस बैंकबाट जारी गरिएको एकीकृत निर्देशनको 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 तथा नगद लाभांश वितरण रोक्का राख्ने व्यवस्था मिलाउनुहुन।

उपरोक्त निर्देशनहरुलाई त्यस बैंकको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नुहुन।

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(राकेश प्रजापति)

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सि. न.	हालको व्यवस्था	प्रस्तावित संशोधन	संशोधन गर्नु परेको कारण
१.	दफा ६ (ख) बैंकले तत्काल जारी गर्ने शेयर पूँजी रु. १८,६५,६३,२२,८०४/- (अठार अर्ब पैसट्टी करोड त्रिसट्टी लाख बाइस हजार आठ सय चार रुपैया) हुनेछ । सो पूँजीलाई रु. १००/- को दरका १८,६५,६३,२२८ थान साधारण शेयरमा बिभाजन गरिएको छ ।	दफा ६ (ख) बैंकले तत्काल जारी गर्ने शेयर पूँजी रु. १९,४०,२५,७५,७९६/- (उन्नाइस अर्ब चालिस करोड पचिस लाख पचहत्तर हजार सात सय सोह्र रुपैया) हुनेछ । सो पूँजीलाई रु. १००/- को दरका १९,४०,२५,७५७ थान साधारण शेयरमा बिभाजन गरिएको छ ।	बोनस शेयर जारी गरी बैंकको जारी तथा चुक्ता पूँजी बृद्धि गर्न ।
३.	दफा ६(ग) बैंकको तत्काल चुक्ता गर्न कबुल गरेको पूँजी रु. १८,६५,६३,२२,८०४/- (अठार अर्ब पैसट्टी करोड त्रिसट्टी लाख बाइस हजार आठ सय चार रुपैया) हुनेछ । सो पूँजीलाई रु. १००/- को दरका १८,६५,६३,२२८ थान साधारण शेयरमा बिभाजन गरिएको छ ।	दफा ६(ग) बैंकको तत्काल चुक्ता गर्न कबुल गरेको पूँजी रु. १९,४०,२५,७५,७९६/- (उन्नाइस अर्ब चालिस करोड पचिस लाख पचहत्तर हजार सात सय सोह्र रुपैया) हुनेछ । सो पूँजीलाई रु.१००/- को दरका १९,४०,२५,७५७ थान साधारण शेयरमा बिभाजन गरिएको छ ।	बोनस शेयर जारी गरी बैंकको जारी तथा चुक्ता पूँजी बृद्धि गर्न ।



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